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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 20-F

(Mark One)

☐ **REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF THE SECURITIES EXCHANGE ACT OF 1934**

OR

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2019

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _____ to _____

OR

☐ **SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Date of event requiring this shell company report: _____

Commission file number: 1-33373

CAPITAL PRODUCT PARTNERS L.P.
(Exact name of Registrant as specified in its charter)

Republic of the Marshall Islands
(Jurisdiction of incorporation or organization)

3 Iassonos Street, Piraeus, 18537 Greece
+30 210 458 4950
(Address and telephone number of principal executive offices and company contact person)

Gerasimos (Jerry) Kalogiratos, j.kalogiratos@capitalmaritime.com
(Name and email of company contact person)

Securities registered or to be registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common units representing limited partnership interests	**CPLP**	**Nasdaq Global Select Market**

Securities registered or to be registered pursuant to Section 12(g) of the Act: None

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act: None

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report.

18,178,100 Common Units

348,570 General Partner Units

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

YES ☐ **NO** ☒

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.

YES ☐ **NO** ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

YES ☒ **NO** ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

YES ☒ **NO** ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or an emerging growth company. See definitions of "accelerated filer," "large accelerated filer," and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☐ **Accelerated filer** ☒ **Non-accelerated filer** ☐ **Emerging growth company** ☐

If an emerging growth company that prepares its financial statements in accordance with U.S. GAAP, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards† provided pursuant to Section 13(a) of the Exchange Act. ☐

† The term "new or revised financial accounting standard" refers to any update issued by the Financial Accounting Standards Board to its Accounting Standards Codification after April 5, 2012.

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

U.S. GAAP ☒ **International Financial Reporting Standards as issued by the International Accounting Standards Board** ☐ **Other** ☐

If "Other" has been checked in response to the previous question, indicate by check mark which financial statements item the registrant has elected to follow.

ITEM 17 ☐ **ITEM 18** ☐

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

YES ☐ **NO** ☒

CAPITAL PRODUCT PARTNERS L.P.[1]

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ABOUT THIS REPORT

This annual report on Form 20-F (this "Annual Report") should be read in conjunction with our audited consolidated balance sheets as of December 31, 2019 and 2018, the related consolidated statements of comprehensive (loss)/income, changes in partners' capital, and cash flows, for each of the three years in the period ended December 31, 2019, and the related notes included herein (the "Financial Statements").

In this Annual Report, unless the context otherwise requires:

- the "Partnership," "CPLP," "we," "us" or "our" refer to Capital Product Partners L.P. and, unless the context otherwise requires, its consolidated subsidiaries;
- "Capital Maritime" or "CMTC" refer to Capital Maritime & Trading Corp., our sponsor;
- "General Partner" refers to Capital GP L.L.C., our general partner;
- "Capital Ship Management" and "Capital-Executive" refer to our managers, Capital Ship Management Corp. and Capital-Executive Ship Management Corp., respectively, or the "Managers"; and
- "financing arrangements" refers to our debt financing arrangements as well as our sale-leaseback financing arrangements and "debt" includes indebtedness under such financing arrangements.

DSS TRANSACTION AND MARCH 2019 REVERSE SPLIT

On November 27, 2018, we entered into a definitive transaction agreement with DSS Holdings L.P. ("DSS"), pursuant to which we agreed to combine our crude and product tanker business (the "Tanker Business") with DSS's businesses and operations in a share-for-share transaction (the "DSS Transaction"). The DSS Transaction was completed on March 27, 2019.

In connection with the DSS Transaction, among other things:

- DSS paid to us a total amount of $319.7 million;
- we amended our existing 2017 credit facility, prepaid an amount of $89.3 million thereunder, and fully repaid and retired outstanding loans under bilateral facilities, all of which translated into an aggregate repayment of our debt of $146.5 million plus accrued interest and breakage costs;
- we redeemed and retired all outstanding Class B Convertible Preferred Units (the "Class B Units") at 100% of par value for an aggregate redemption price of $119.5 million which includes accrued dividends of $2.7 million;
- we spun off Diamond S Shipping Inc. ("DSSI"), a newly formed wholly owned subsidiary to which we contributed all of our 25 crude and product tankers, by way of a *pro rata* distribution of DSSI's common stock to the holders of our common and general partner units;
- DSSI combined with DSS's businesses and operations and issued additional shares of common stock to DSS's limited partners; and
- on March 27, 2019, we effected a one for seven reverse split of our common and general partner units, reducing the number of common units issued and outstanding from 127,246,692 to 18,178,100 common units and the number of general partner units issued and outstanding from 2,439,989 to 348,570 general partner units (the "March 2019 Reverse Split").

As of the date of this Annual Report, we own a fleet of 14 vessels, consisting of 13 neo-panamax container vessels and one drybulk vessel.

One of our objectives in pursuing the DSS Transaction was to divest our older assets, realign our charter coverage towards medium- to long-term charters and create the foundation for engaging in growth transactions that aim to be accretive to our distributable cash flow across different shipping segments.

In this Annual Report and the Financial Statements, results of operations of the Tanker Business we spun-off in the DSS Transaction are reported as discontinued operations for all periods presented.

FORWARD LOOKING STATEMENTS

Our disclosure and analysis in this Annual Report concerning our business, operations, cash flows, and financial position, including, among other things, the likelihood of our success in developing and expanding our business, include forward-looking statements. In addition, we and our representatives may from time to time make other oral or written statements which are also forward-looking statements. Such statements include, in particular, statements about our plans, strategies, business prospects, changes and trends in our business, financial condition and the markets in which we operate, and involve risks and uncertainties. In some cases, you can identify the forward-looking statements by the use of words such as “may,” “might,” “could,” “should,” “would,” “expect,” “plan,” “anticipate,” “likely,” “intend,” “forecast,” “believe,” “estimate,” “project,” “predict,” “propose,” “potential,” “continue,” “seek” or the negative of these terms or other comparable terminology. Although these statements are based upon assumptions we believe to be reasonable based upon available information, including projections of revenues, operating margins, earnings, cash flows, working capital and capital expenditures, they are subject to risks and uncertainties that are described more fully in this Annual Report in “Item 3. Key Information—D. Risk Factors” below. These forward-looking statements represent our estimates and assumptions only as of the date of this Annual Report and are not intended to give any assurance as to future results. As a result, you are cautioned not to rely on any forward-looking statements. Forward-looking statements appear in a number of places in this Annual Report and include statements with respect to, among other things:

- expectations regarding our ability to make distributions on our common units;
- our ability to increase our cash available for distribution over time;
- future sales of our units in the public market;
- global economic outlook and growth;
- outcome of trade disputes and sanction regimes currently in place or that may come into effect in the future;
- shipping conditions and fundamentals, including the balance of supply and demand, as well as trends and conditions in the newbuild markets and scrapping of older vessels;
- industry trends such as charter rates and factors affecting the chartering of vessels and vessel values;
- our ability to operate and compete in various new markets;
- our current and future business and growth strategies and other plans and objectives for future operations;
- anticipated future acquisitions of vessels from Capital Maritime or third parties;
- our continued ability to enter into long-term, fixed-rate time charters with our charterers and to re-charter our vessels as their existing charters expire at attractive rates;
- the relationships and reputation of our Managers and our General Partner in the shipping industry;
- anticipated future chartering arrangements;
- the ability of our charterers to meet their obligations under the terms of our charter agreements, including the timely payment of the hire rates under the agreements;
- the financial condition, viability and sustainability of our charterers, including their ability to obtain liquidity and access the capital markets;
- our ability to maximize the use of our vessels;
- our ability to compete successfully for future chartering and newbuild opportunities;
- our ability to access debt, credit and equity markets;
- changes in the availability and costs of funding due to conditions in the bank market, capital markets and other factors;

- our ability to service, refinance or repay our financing under our financing arrangements (collectively our credit facilities and lease financing arrangements) under their current terms and settle any hedging arrangements we may have;
- changes in interest rates;
- changes in propulsion technology or propulsion fuel;
- planned capital expenditures and availability of capital resources to fund capital expenditures;
- the expected lifespan and condition of our vessels;
- the changes to the regulatory requirements applicable to the shipping industry, including, without limitation, stricter requirements adopted by international organizations, such as the International Maritime Organization (also referred to as the "IMO"), a United Nations agency that issues international trade standards for shipping, and the European Union, or by individual countries or charterers and actions taken by regulatory authorities overseeing such areas as safety and environmental compliance;
- the ability of the Partnership to successfully install and operate exhaust gas cleaning systems ("EGCS" or "scrubbers") on certain or all of our vessels;
- the expected cost of, and our ability to comply with, governmental regulations and maritime self-regulatory organization standards, including new environmental regulations and standards, as well as standard regulations imposed by our charterers applicable to our business;
- the impact of heightened regulations and the actions of regulators and other government authorities, including anti-corruption laws and regulations, as well as sanctions and other governmental actions;
- our anticipated general and administrative expenses and our costs and expenses under the management agreements and the administrative services agreement with our Managers, and for reimbursement for fees and costs of our General Partner;
- increases in costs and expenses, including but not limited to crew wages, insurance, provisions, spares, port expenses, lubricating oil, bunkers, repairs, maintenance and general and administrative expenses;
- the adequacy of our insurance arrangements and our ability to obtain insurance and required certifications;
- the impact of heightened environmental and quality concerns of insurance underwriters and charterers;
- the anticipated taxation of our partnership and distributions to our common unitholders;
- the ability of our General Partner to retain its officers and the ability of our Managers to retain key employees;
- our General Partner's and Managers' track records, and past and future performance, in safety, environmental and regulatory matters;
- potential liability and costs due to environmental, safety and other incidents involving our vessels;
- expected financial flexibility to pursue acquisitions and other expansion opportunities; and
- anticipated funds for liquidity needs and the sufficiency of cash flows.

These and other forward-looking statements are made based upon management's current plans, expectations, estimates, assumptions and beliefs concerning future events impacting us and, therefore, involve a number of risks and uncertainties, including those risks discussed in "Item 3. Key Information—D. Risk Factors" below. The risks, uncertainties and assumptions involve known and unknown risks and are inherently subject to significant uncertainties and contingencies, many of which are beyond our control. We caution that forward-looking statements are not guarantees and that actual results could differ materially from those expressed or implied in the forward-looking statements.

Unless required by law, we expressly disclaim any obligation to update any forward-looking statement or statements to reflect events or circumstances after the date on which such statement is made or to reflect the occurrence of unanticipated events. New factors emerge from time to time, and it is not possible for us to predict all of these factors. Further, we cannot assess the impact of each such factor on our business or the extent to which any factor, or combination of factors, may cause actual results to be materially different from those contained in any forward-looking statement. You should carefully review and consider the various disclosures included in this Annual Report and in our other filings made with the U.S. Securities and Exchange Commission (the "SEC") that attempt to advise interested parties of the risks and factors that may affect our business, prospects and results of operations.

PART I

Item 1. Identity of Directors, Senior Management and Advisors.

Not Applicable.

Item 2. Offer Statistics and Expected Timetable.

Not Applicable.

Item 3. Key Information.

A. Selected Financial Data

We have derived the following selected historical financial data for the three years ended December 31, 2019, and as of December 31, 2019 and 2018, from our Financial Statements. The historical financial data presented for the years ended December 31, 2016 and 2015 and as of December 31, 2017, 2016 and 2015 have been derived from audited financial statements not included in this Annual Report retroactively adjusted to present the results of operations and cash flows of the Tanker Business and assets and liabilities that were part of the DSS Transaction as discontinued, and are provided for comparison purposes only.

Our historical results are not necessarily indicative of the results that may be expected in the future. A variety of factors affect our results of operations from time to time, including among other things, the average number of vessels in our fleet, prevailing charter rates, management and administrative services fees, as well as the financing arrangements we enter into from time to time.

The below table should be read together with, and is qualified in its entirety by reference to, the Financial Statements. In addition, the below table should be read together with the introductory note entitled "DSS Transaction and March 2019 Reverse Split" and the section entitled "Item 5. Operating and Financial Review and Prospects—A. Operating Results."

Our Financial Statements are prepared in accordance with United States generally accepted accounting principles ("U.S. GAAP") as described in Note 2 (Significant Accounting Policies) to the Financial Statements. All numbers are in thousands of U.S. Dollars, except numbers of units and earnings per unit.

All unit and per unit amounts presented throughout this Annual Report have been retrospectively restated to reflect the March 2019 Reverse Split.

	Year ended December 31,				
	2019	2018	2017	2016	2015
Income Statement Data from continuing operations:					
Revenues	$ 108,374	$ 116,894	$ 106,696	$ 104,337	$ 88,986
Revenues – related party	—	701	9,976	9,344	12,199
Total revenues	108,374	117,595	116,672	113,681	101,185
Expenses:					
Voyage expenses (1)	2,930	9,113	4,667	3,352	3,293
Vessel operating expenses (2)	26,632	26,427	27,398	28,311	24,328
Vessel operating expenses – related party (2)	3,917	4,221	4,466	4,330	3,598
General and administrative expenses	5,502	5,713	6,236	6,253	6,586
Vessel depreciation and amortization	29,261	32,813	35,979	35,082	27,555
Impairment of vessel	—	28,805	3,282	—	—
Total operating expenses	68,242	107,092	82,028	77,328	65,360
Operating income	40,132	10,503	34,644	36,353	35,825
Interest expense and finance costs	(17,036)	(18,964)	(19,963)	(18,589)	(15,657)
Other income	1,325	850	1,114	986	1,671

	Year ended December 31,				
	2019	2018	2017	2016	2015
Partnership's net income / (loss) from continuing operations	$ 24,421	$ (7,611)	$ 15,795	$ 18,750	$ 21,839
Class B Unitholders' interest in our net income from continuing operations (13)	2,652	11,101	11,101	11,101	11,334
Deemed dividend to Class B Unitholders (13)	9,119	—	—	—	—
General partner's interest in our net income / (loss) from continuing operations	236	(352)	86	150	210
Common unitholders' interest in our net income / (loss) from continuing operations	12,414	(18,360)	4,608	7,499	10,295
Net income / (loss) from continuing operations allocable to limited partner per:					
Common unit basic and diluted	0.68	(1.01)	0.26	0.44	0.63
Weighted–average units outstanding basic and diluted:					
Common units	18,178,144	18,100,455	17,692,192	17,114,761	16,432,983
Balance Sheet Data (at end of the year):					
Fixed assets (4)(5)(8)(11)	$ 576,891	$ 586,100	$ 657,688	$ 723,906	$ 686,526
Total assets from continuing operations(4)(5)(8)(11)	703,462	707,079	844,281	938,478	893,807
Total assets from discontinued operations(4)(5)(9)(10)(12)	—	678,166	621,935	660,127	662,068
Total long-term liabilities from continuing operations (3)(4)(5)(7)(8)(11)	231,989	254,028	301,780	432,606	424,364
Total long-term liabilities from discontinued operations (3)(4)(5)(7)(9)(10)(12)	—	134,744	107,960	146,046	132,445
Total partners' capital (3)(4)(5)(6)(9)(10)(12)	406,737	881,314	933,405	927,757	937,820
Number of units	18,526,670	31,510,003	31,510,003	30,773,993	30,533,254
Common units	18,178,100	18,178,100	18,178,100	17,442,090	17,201,351
Class B units	—	12,983,333	12,983,333	12,983,333	12,983,333
General Partner units	348,570	348,570	348,570	348,570	348,570
Dividends declared per common unit	$ 1.26	$ 2.24	$ 2.24	$ 3.24	$ 6.59
Dividends declared / paid per class B unit	$ 0.42	$ 0.86	$ 0.86	$ 0.86	$ 0.87
Cash Flow Data:					
Net cash provided by operating activities of continuing operations	45,277	60,178	65,928	86,928	66,100
Net cash (used in) / provided by investing activities of continuing operations	(6,519)	37,361	(1,679)	(74,502)	(147,344)
Net cash (used in) / provided by financing activities of continuing operations	(179,142)	(107,955)	(136,329)	(51,013)	3,586

(1) Voyage expenses primarily consist of commissions, port expenses, canal dues and bunkers.

(2) Vessel operating expenses consist of management fees payable to our Managers and actual operating expenses, such as crewing, repairs and maintenance, insurance, stores, spares, lubricants and other operating expenses incurred in respect of our vessels.

(3) In April 2015, we completed an equity offering of 2,079,286 common units, including 157,143 common units sold to Capital Maritime, at a net price of $66.71 per common unit, and received net proceeds before expenses of $133.3 million. The net proceeds were used to partially prepay outstanding loans and related fees and expenses and for general partnership purposes.

(4) On March 31, June 10, June 30 and September 18, 2015, we acquired the shares of the companies owning four vessels, namely the M/T Active, the M/V Akadimos (renamed the "CMA CGM Amazon"), the M/T Amadeus and the M/V Adonis (renamed the "CMA CGM Uruguay") for total consideration of $230.0 million, which was funded by bank loans for a total of $115.0 million and cash on hand. The M/T Active and M/T Amadeus were part of the Tanker Business spun-off in March 2019.

(5) On February 26, 2016, we acquired from Capital Maritime the shares of the company owning the M/V Anaxagoras (renamed the "CMA CGM Magdalena"). We funded the acquisition with the proceeds of bank loans and available cash. On October 24, 2016, we acquired from Capital Maritime the shares of the company owning the M/T Amor, an eco-type MR product tanker, for total consideration of $16.9 million consisting of $16.0 million in cash and the issuance of 40,528 new common units to Capital Maritime, reflecting the fair value of the vessel of $31.6 million and the fair value of the time charter attached to the vessel of $1.1 million, less the assumption of a $15.8 million term loan under a credit facility previously arranged by Capital Maritime with ING Bank N.V. (the "2015 credit facility"). The M/T Amor was part of the Tanker Business spun-off in March 2019.

(6) In September 2016, we entered into an equity distribution agreement with UBS Securities LLC ("UBS") contemplating the offering from time to time, through UBS, as our sales agent, of new common units having an aggregate offering amount of up to $50.0 million (the "ATM offering"). During the period between the launch of the ATM offering and December 31, 2016, we issued 0.2 million new common units in total translating into net proceeds of $4.5 million after payment of sales agent commission but before offering expenses. During the year ended December 31, 2017, we issued 0.7 million new common units in total translating into net proceeds of $17.8 million after payment of sales agent commission but before offering expenses.

(7) On September 6, 2017, we entered into a loan agreement for a new senior secured term loan facility (the "2017 credit facility") for an aggregate principal amount of up to $460.0 million. On October 2, 2017, we repaid $14.0 million outstanding under a former credit facility through available cash. On October 4, 2017, we drew the full amount of $460.0 million under the 2017 credit facility and, together with available cash of $102.2 million, fully repaid total indebtedness of $562.2 million. In connection with the DSS Transaction, on March 27, 2019, we amended the 2017 credit facility and prepaid an amount of $89.3 million thereunder. See also "Item 5. Operating and Financial Review and Prospects—B. Liquidity and Capital Resources—Borrowings."

(8) On December 22, 2017, we entered into a Memorandum of Agreement with an unrelated party for the disposal of the M/T Aristotelis at a price of $29.4 million. In connection with the sale, we recognized an impairment charge of $3.3 million in the consolidated statement of comprehensive (loss)/income for the year ended December 31, 2017, reducing the vessel's carrying value to $28.9 million. We delivered the vessel to its buyer on April 25, 2018 and prepaid $14.4 million under the 2017 credit facility.

(9) On January 17, 2018, we entered into a Share Purchase Agreement with Capital Maritime for the purchase of the shares of the company owning the M/T Aristaios for total consideration of $52.5 million comprised of $24.2 million in cash and the assumption of a bank loan in the amount of $28.3 million. The M/T Aristaios was part of the Tanker Business spun-off in March 2019.

(10) On May 4, 2018, we acquired the shares of the company owning the M/T Anikitos for total consideration of $31.5 million comprised of $15.9 million in cash and the assumption of a bank loan in the amount of $15.6 million. The M/T Anikitos was part of the Tanker Business spun-off in March 2019.

(11) On September 11, 2018, we entered into an agreement with an unaffiliated third party for the disposal of the M/T Amore Mio II at a price of $11.2 million. In this connection, we recognized an impairment charge of $28.8 million in the consolidated statement of comprehensive (loss)/income for the year ended December 31, 2018, reducing the vessel's carrying value to $10.9 million. We delivered the vessel to its buyer on October 15, 2018 and prepaid $5.9 million under the 2017 credit facility.

(12) On March 27, 2019, we completed the DSS Transaction, pursuant to which we completed the sale of our Tanker Business to DSS for a total consideration of $319.7 million. In connection with the DSS Transaction, we repaid an aggregate of $146.5 million of our debt, plus accrued interest and breakage costs. In addition, we redeemed and retired all outstanding Class B Units at 100% par value for an aggregate redemption price of $119.5 million which includes accrued dividends of $2.7 million. See "The DSS Transaction and March 2019 Reverse Split."

(13) On March 27, 2019, we redeemed and retired the Class B Units at 100% of par value for an aggregate redemption price of $119.5. The redemption price includes $107.7 million representing the book value of the Class B Units redeemed net of issuance costs, $9.1 million representing the difference between the book value of the Class B Units redeemed net of issuance costs and the par value (the "deemed divided") and $2.7 million representing dividends accrued and payable to Class B unitholders as of the redemption date.

B. Capitalization and Indebtedness.

Not applicable.

C. Reasons for the Offer and Use of Proceeds.

Not applicable.

D. Risk Factors

An investment in our securities involves a high degree of risk.

Some of the risks described below relate to the industry and the countries in which we operate as of the date of this Annual Report. Please read the introductory note entitled "DSS Transaction and March 2019 Reverse Split" and "Item 4. Information on the Partnership" for information on the current scope of our operations. While we currently own 14 vessels consisting of 13 neo-panamax container vessels and one drybulk vessel, we may in the future re-enter the tanker market or enter into new markets. If that happens, we will be exposed to additional risks.

Furthermore, we are organized as limited partnership under the laws of the Republic of the Marshall Islands. Although many of the risks relating to our business and operations are comparable to those a corporation engaged in a similar business would face, limited partner interests are inherently different from the capital stock of a corporation and involve additional risks.

If any of the following risks actually occurs, our business, financial condition, operating results and cash flow could be materially adversely affected. If that happens, we might not be able to pay distributions on our common units, the trading price of our common units could decline and you could lose all or part of your investment.

The risks described below include forward-looking statements and our actual results may differ substantially from those discussed in such forward-looking statements. For more information, please read "Forward Looking Statements" above.

RISKS RELATED TO OUR INDUSTRY

We are exposed to various risks in the ocean-going container and drybulk shipping industries, which are cyclical and volatile.

The ocean-going container shipping industry is both cyclical and volatile in terms of charter rates and profitability and demand for our vessels depends on a range of factors, including demand for the shipment of cargoes in containers. While containership charter rates peaked in 2005, they have not fully recovered from the negative demand shock in the years 2008 and 2009. During 2018 and 2019, charter rates for container vessels partially recovered with most of the improvement in the neo-panamax segment.

Since the second half of 2011, liner companies have experienced a substantial downturn in container shipping activity, resulting in depressed average freight rates, which has caused financial distress at a number of liner companies, including our charterers, and which could further impact them. In a number of instances, charterers have not performed under, or have requested modifications of, existing time charters.

Containership charter rates depend upon a range of factors, including changes in the supply and demand for ship capacity and changes in the supply and demand for major products transported by containerships. During 2019, demand growth in global trade has slowed down. In 2018, growth stood at 4.3%, while in 2019 growth decreased to 1.8%. The percentage of the worldwide fleet remaining idle reached 7.0% at the end of 2016 and gradually reduced to 2.0% as of the end of 2017. As of the end of 2019, the percentage of the container fleet remaining idle has increased to 6%.

Furthermore, the decline in the containership market has adversely affected the value of container vessels, which follow the trends of freight rates and containership charter rates, and resulted in a less active secondhand market for the sale of vessels.

The drybulk shipping industry is cyclical with attendant volatility in charter rates, vessel values and profitability, with wide disparities across different classes of drybulk carriers.

After reaching historical highs in mid-2008, charter hire rates for drybulk carriers, such as our vessel the M/V Cape Agamemnon, have declined significantly and reached historically low levels in 2016. Capesize charter rates remained below historical averages in 2019. The M/V Cape Agamemnon is currently deployed on a period time charter until June 2020. In the future, we may be forced to re-charter the M/V Cape Agamemnon under short-term time charters, and may be exposed to changes in the spot market and short-term charter rates for capesize drybulk carriers, all of which may affect our earnings and the value of the M/V Cape Agamemnon.

The factors affecting the supply and demand for products shipped in containers and for containerships and/or drybulk vessels are outside our control and the nature, timing, direction and degree of changes in industry conditions are difficult to predict. Some of the factors that influence demand for containerships and/or drybulk vessels include:

- supply and demand, including consumer demand, for products suitable for shipping in containers and/or drybulk products;

- changes in global production of products transported by containerships and/or drybulk vessels;
- seaborne and other transportation patterns, including the distances over which container and/or drybulk cargoes are transported and changes in such patterns and distances;
- the globalization of manufacturing;
- developments in international trade and in the market for exports of containerized goods from emerging markets, including China;
- global and regional economic and political conditions;
- developments in international trade including threats and/or imposition of trade tariffs, including as a result of recent events such as the United Kingdom's departure from the European Union;
- economic growth in China, India and other emerging markets, including trends in the market for imports of raw materials to such markets;
- the relocation of regional and global manufacturing facilities from Asian and emerging markets to developed economies in Europe and the United States;
- environmental and other regulatory developments;
- currency exchange rates;
- weather; and
- cost of bunkers.

Some of the factors that influence the supply of containerships and/or vessel capacity for drybulk carriers include the following:

- the number of newbuild orders and deliveries, which among other factors depend upon the ability of shipyards to meet contracted delivery dates and the ability of purchasers to finance such new acquisition;
- the extent of newbuild vessel deferrals;
- the scrapping rate of containerships and/or drybulk vessels;
- newbuild prices and containership owner access to capital to finance the construction of newbuilds;
- charter rates and the price of steel and other raw materials;
- changes in environmental and other regulations and standards that may limit the profitability, operations or useful life of vessels;
- the number of containerships that are slow-steaming or extra slow-steaming to conserve fuel;
- the number of containerships and/or drybulk vessels that are off-charter, including the number of vessels that are being retrofitted with scrubbers and the number of vessels otherwise not in service (for example, as a result of vessel casualties);
- port and canal congestion and closures; and
- demand for fleet renewal.

If the charter market is depressed when time charters for our containerships expire, we may be forced to re-charter our containerships at reduced or even unprofitable rates, or we may not be able to re-charter them at all, which may reduce or eliminate our earnings or make our earnings volatile and materially and adversely affect our business, financial condition, results of operations, cash flows and ability to make cash distributions and service or refinance our debt.

We currently anticipate that the future demand for the M/V Cape Agamemnon following completion of its charter and, in turn, drybulk charter rates, will be dependent, among other things, upon the rate of economic growth in the global economy, including the world's developing economies, such as China, India, Brazil and Russia, seasonal and regional changes in demand, changes in the

capacity of the global drybulk vessel fleet and the sources and supply of drybulk cargo to be transported by sea. A decline in demand for commodities transported in drybulk vessels or an increase in supply of drybulk vessels could cause a significant decline in charter rates, which could materially adversely affect our business, financial condition, results of operations, cash flows and ability to make cash distributions and service or repay our debt.

An oversupply of containership capacity may prolong or depress current charter rates and adversely affect our ability to re-charter our existing containerships at profitable rates or at all.

From 2005 through the first quarter of 2010, the size of the containership order-book was at historically high levels. Although the container order-book declined compared to previous years, it still represented 10.6% of the existing worldwide fleet as at the end of January 2020. Deliveries of vessels ordered will significantly increase the size of the container fleet over the next two to three years.

An oversupply of newbuild vessels or re-chartered or idle containership capacity entering the market, combined with any decline in the demand for containerships, may depress charter rates and may decrease our ability to re-charter our containerships other than for reduced rates or unprofitable rates or to re-charter our containerships at all, which may materially and adversely affect our business, financial condition, results of operations, cash flows and ability to make cash distributions and service or refinance our debt.

A decrease in the level of export and import of goods, in particular from and to Asia, as a result of trade protectionism, economic sanctions or other factors affecting global markets, could affect demand for shipping, resulting in a material adverse impact on our charterers' business and, in turn, a material adverse impact on our business, financial condition, results of operations, cash flows and ability to make cash distributions and service or refinance our debt.

Our operations expose us to the risk that increased trade protectionism, trade embargoes or other economic sanctions or other factors affecting global markets adversely affect our business. Governments may turn to trade barriers to protect or revive their domestic industries in the face of foreign imports, thereby depressing the demand for shipping. Restrictions on imports, including in the form of tariffs, could have a major impact on global trade and demand for shipping.

The United Kingdom withdrawal from the European Union on January 31, 2020, could affect the demand for global shipping. The relationship between the United Kingdom and the European Union going forward remains uncertain, as the United Kingdom and the European Union have entered into a transition period, ending December 31, 2020, to provide time for them to negotiate the details of their future relationship. There continues to be significant uncertainty about the terms under which the United Kingdom will continue to trade with the European Union after the end of the transition period and how such terms will affect international trade. In particular, there is currently no clarity on the trading arrangements with the European Union and other countries that will apply with respect to the United Kingdom after the transition period. If the transition period terminates without a trade agreement in place, the United Kingdom will lose access to trade agreements with the European Union and other countries, which will require the United Kingdom to negotiate new trade agreements with countries all around the world and may result in the imposition of tariffs on trade between the United Kingdom and other countries until such agreements are negotiated.

In the United States, the current administration has created significant uncertainty about the future relationship between the United States and other exporting countries, including with respect to trade policies, treaties, government regulations and tariffs. The current U.S. administration has stated that it is seeking more favorable terms in its dealings with its trade partners and that it may resort to aggressive tactics, such as the imposition of punitive tariffs, in order to achieve these goals. In addition, the announcement of unilateral tariffs on imported products by the United States has triggered retaliatory actions from certain foreign governments and may trigger retaliatory actions by others, potentially resulting in a "trade war."

Our containerships are deployed on routes involving containerized trade in and out of emerging markets, and our charterers' container shipping and business revenue may be derived from the shipment of goods from Asia to various overseas export markets, including the United States and Europe.

Increasing trade protectionism may cause an increase in (i) the cost of goods exported from regions globally, particularly the Asia-Pacific region, (ii) the length of time required to transport goods and (iii) the risks associated with exporting goods. Such increases may further reduce the quantity of goods to be shipped, shipping time schedules, voyage costs and other associated costs which may adversely affect the business of our charterers. Any reduction in or hindrance to the output of Asia-based exporters could have a material adverse effect on the growth rate of Asia's exports and on our charterers' business, which may in turn affect their ability to make timely charter hire payments to us and to renew and increase the number of their time charters with us.

Furthermore, the government of China has implemented economic policies aimed at increasing domestic consumption of Chinese-made goods and containing capital outflows. These policies may have the effect of reducing the supply of goods available for exports and the level of international trading and may, in turn, result in a decrease in demand for container shipping.

Recently, China is experiencing the outbreak of a coronavirus which has already infected thousands of people, based on the latest report of the World Health Organization. No fully effective vaccines or treatments have been developed yet and effective vaccines or treatments may not be discovered in time to protect against a further spread of the virus in China, Asia or worldwide. As a result of the spread of the coronavirus, several countries have imposed quarantine checks on arriving vessels, which have caused delays in loading and delivery of cargoes and it has been reported that several charterers have invoked *force majeure* clauses as a result. In addition, the measures taken by the Chinese government in response to the outbreak, which included numerous factory closures and restrictions on travel, as well as potential labor shortages resulting from the outbreak, are expected to slow down production in China and in other regions relying on Chinese production or raw materials, and decrease the level of export and import of goods from such regions. The outbreak of the coronavirus has also caused shortages of labor at Chinese shipyards as well as delays in shipments of spares, and limited the ability of service engineers to attend vessels currently docked or berthed at Chinese shipyards. As a result, the outbreak might severely delay the completion of works of vessels in such shipyards including our two vessels currently passing their special survey and/or retrofitting scrubbers at shipyards in the region. Overall, it is too early to assess the full impact of the coronavirus outbreak on global markets, and particularly on the shipping industry. However the spread of the coronavirus has already added, and could continue to add pressure to shipping freight rates and, as a result, could have a material adverse impact on our business, financial condition, results of operations, cash flows and ability to make cash distributions and service or refinance our debt.

The business of our charterers could also be harmed by trade embargoes or other economic sanctions by the United States or other countries against countries in the Middle East, Asia, Russia or elsewhere as a result of terrorist attacks, hostilities or diplomatic or political pressures that limit trading activities with those countries.

Any new or increased trade barriers, trade embargoes or restrictions on trade would have an adverse impact on our charterers' business, operating results and financial condition and could thereby affect their ability to make timely charter hire payments to us and to renew and increase the number of their time charters with us. Such adverse developments could in turn have a material adverse effect on our business, financial condition, results of operations, cash flows and our ability to make cash distributions and service or refinance our debt.

Containership values have been volatile over the last five years. The market values of drybulk vessels have declined. Containership values may decrease and over time may fluctuate substantially and drybulk vessel values may further decline, which may cause us to recognize losses if we sell our container vessels or the M/V Cape Agamemnon, or record impairments and affect our ability to comply with our loan covenants or refinance our debt.

The market values of drybulk vessels have generally experienced high volatility. Containership and drybulk vessel values can fluctuate substantially over time due to a number of different factors, including:

- prevailing economic and market conditions affecting the shipping industry;
- reduced demand for vessels, including as a result of a substantial or extended decline in world trade;
- supply of vessels and capacity;
- types, sizes and ages of vessels;
- prevailing charter rates, the need to upgrade vessels as a result of charterer requirements and the cost of retrofitting or modifying existing ships to respond to technological advances in vessel design or equipment;
- changes in applicable environmental or other regulations or standards, including regulations or standards which relate to the reduction of greenhouse emissions;
- prevailing newbuild prices for similar vessels;
- prevailing demolition prices for similar vessels;
- availability of capital for investment in vessels, including ship finance and public equity;

- supply of containerships in the market for sale, including mass disposals of containerships controlled by financing institutions, "fire sales" of vessels by some of our competitors or other fleet-owners that may be in distress, or commercial banks foreclosing on collateral from time to time; and
- competition from other shipping companies and the availability of other modes of transportation.

If the market values of our vessels deteriorate, we may be required to record an impairment charge in our financial statements. Furthermore, if a charter expires or is terminated, we may be unable to re-charter the vessel at an acceptable rate and, rather than continue to incur costs to maintain the vessel, we may seek to dispose of it. Our inability to dispose of one or more of our vessels at a reasonable price however could result in a loss. A decline in the market value of our vessels could also lead to a default under our financing arrangements and limit our ability to obtain additional financing and service or refinance our debt. If any of these circumstances were to happen, our business, financial condition, results of operations, cash flows and ability to make distributions may be materially and adversely affected.

Our growth and our ability to re-charter our containerships depend on, among other things, our ability to expand relationships with existing charterers and develop relationships with new charterers, for which we will face substantial competition.

The process of obtaining new long-term time charters on containerships is highly competitive, generally involves an intensive screening process and competitive bids, and often extends for several months.

Containership charters are awarded based upon a variety of factors related to the vessel owner, including, among other things:

- shipping industry relationships and reputation for charterer service and safety;
- container shipping experience and quality of vessel operations, including cost effectiveness;
- quality and experience of seafaring crew;
- the ability to finance containerships at competitive rates and the vessel owner's financial stability generally;
- relationships with shipyards and the ability to get suitable berths;
- construction management experience, including the ability to obtain on-time delivery of new vessels according to charterers' specifications;
- willingness to accept operational risks under the charter, such as allowing termination of the charter for force majeure events; and
- competitiveness of the bid in terms of overall price.

Competition for providing containerships for chartering purposes comes from a number of experienced shipping companies, including direct competition from other independent vessel owners and indirect competition from state-sponsored and other major entities with their own fleets. Some of our competitors have significantly greater financial resources than we do and can operate larger fleets and may be able to offer better charter rates. An increasing number of marine transportation companies have entered the containership sector, including many with strong reputations and extensive resources and experience in the marine transportation industry. This increased competition may cause greater price competition for time charters. As a result of these factors, we may be unable to expand our relationships with existing charterers or to develop relationships with new charterers on a profitable basis, if at all, which could harm our business, financial condition, results of operations, cash flows and ability to make cash distributions and to service or refinance our debt.

If a more active short-term or spot containership market develops, we may have more difficulty entering into medium- to long-term, fixed-rate time charters and our existing charterers may begin to pressure us to reduce our charter rates.

One of our principal strategies is to enter into medium- to long-term, fixed-rate time charters. As more containerships become available for the short-term or spot market, we may have difficulty entering into additional medium- to long-term, fixed-rate time charters for our vessels due to the increased supply of vessels and possibly lower rates in the spot market. As a result, our cash flows may be subject to instability in the long term. Currently, three of our container vessels are chartered for less than two years. A more active short-term or spot containership market may require us to enter into charters based on changing market prices, as opposed to contracts based on a fixed rate, which could result in a decrease in our cash flows in periods when the market price for vessels is depressed or us having insufficient funds to cover our financing costs for related vessels. In addition, the development of an active short-term or spot containership market could affect rates under our existing time charters as our current charterers may begin to pressure us to reduce our rates.

A negative change in the economic conditions in Asia, especially in China, Japan or India, could reduce drybulk trade and demand, which would affect charter rates and have a material adverse effect on our business, financial condition, results of operations, cash flows and ability to make cash distribution and service or refinance our debt.

A significant number of the port calls made by Capesize bulk carriers involve the loading or discharging of raw materials in ports in Asia, particularly China, Japan and India. In past years, China and India have had two of the world's fastest growing economies in terms of gross domestic product and have been the main force driving demand for drybulk vessels. If economic growth declines in China, Japan, India and other countries in Asia, we may face decreases in drybulk trade and demand. Moreover, slowdowns in the United States or the economies of the European Union, as occurred following the financial crisis, may adversely affect economic growth in China, Japan, India and other Asian countries. A negative change in economic conditions in any Asian country, particularly China, Japan or India, could reduce demand for Capesize bulk carriers and, as a result, charter rates, and affect our ability to re-charter the M/V Cape Agamemnon at a profitable rate or at all and have a material adverse effect on our business, financial position, results of operations, cash flows and ability to make cash distribution and service or refinance our debt.

An oversupply of drybulk vessel capacity may lead to reductions in charter rates and profitability.

The number of drybulk vessels on order as of the start of February 2020 was estimated by market sources to be approximately 9.9% of the then-existing global drybulk fleet in dwt terms, with deliveries expected mainly during the next 24 months, although available data with regard to cancellations of existing newbuild orders or delays in newbuild deliveries are not always accurate or may not be readily available.

An oversupply of drybulk vessel capacity will likely result in protracted weakness in drybulk charter hire rates. Upon the expiration of the current charter period in June 2020, if we cannot enter into a new period time charter for the M/V Cape Agamemnon on acceptable terms, we may have to secure charters in the spot market, where charter rates are more volatile and revenues are, therefore, less predictable, or we may not be able to charter the vessel at all.

The international drybulk shipping industry is highly competitive, and with only one drybulk vessel in our fleet, we may not be able to compete successfully for charters with established companies with greater resources. As a result, we may not be able to successfully operate the vessel.

We employ the M/V Cape Agamemnon in the highly competitive drybulk market, which is capital intensive and highly fragmented. Competition arises primarily from other vessel owners, some of which have substantially larger fleets of drybulk vessels or greater resources than we currently have or will have in the future. Competition for the transportation of drybulk cargo by sea is intense and depends on price, charterer relationships, operating expertise, professional reputation and size, age, location and condition of the vessel. In this highly fragmented market, companies operating larger fleets, as well as competitors with greater resources, may be able to offer lower charter rates than ours, which could have a material adverse effect on our ability to charter out the M/V Cape Agamemnon and, accordingly, its profitability.

The operation of drybulk vessels has certain unique operational risks, and failure to adequately maintain the M/V Cape Agamemnon could have a material adverse effect on our business, financial condition, results of operations, cash flows and ability to make distributions and service or refinance our debt.

With a drybulk vessel, the cargo itself and its interaction with the vessel may create operational risks. By their nature, drybulk cargoes are often heavy, dense and easily shifted, and they may react badly to water exposure. In addition, drybulk vessels are often subjected to battering treatment during unloading operations with grabs, jackhammers (to pry encrusted cargoes out of the hold) and small bulldozers. This treatment may cause damage to the vessel. Vessels damaged due to treatment during unloading procedures may be more susceptible to breach while at sea. Breaches of a drybulk vessel's hull may lead to the flooding of the vessel's holds. If a drybulk vessel suffers flooding in its forward holds, the bulk cargo may become so dense and waterlogged that its pressure may buckle the vessel's bulkheads, leading to the loss of a vessel. If we or Capital Ship Management do not adequately maintain the M/V Cape Agamemnon, we may be unable to prevent these events. The occurrence of any of these events could have a material adverse effect on our business, financial condition, results of operations, cash flows and ability to make distributions and service or refinance our debt.

RISKS RELATED TO OUR BUSINESS AND OPERATIONS

We may not be able to grow, or to effectively manage our growth.

We spun-off a significant part of our operations as part of the DSS Transaction, and our success depends on our ability to grow our business.

The growth of our business depends upon a variety of factors, some of which we cannot control. These factors include, among other things, our ability to:

- capitalize on opportunities in the markets in which we operate by fixing period charters for our vessels at attractive rates;
- obtain required financing and access to capital markets for new and existing operations;
- identify additional new markets;
- identify vessels and/or shipping companies for acquisitions;
- complete accretive transactions;
- integrate any acquired businesses or vessels successfully with existing operations;
- hire, train and retain qualified personnel to manage, maintain and operate our business and fleet;
- comply with existing and new regulations, such as those imposed by the IMO 2020 and the Ballast Water Management Convention; and
- maintain our commercial and technical management agreements with our Managers or other competent managers.

We may not be able to acquire newly built or secondhand vessels on favorable terms, which could impede our growth and negatively impact our financial condition and ability to pay cash distributions. We may not be able to contract for newbuilds or locate suitable vessels or negotiate acceptable construction or purchase contracts with shipyards and owners, or obtain financing for such acquisitions on economically acceptable terms, or at all.

In view of the relative small size of our current operations, failure to effectively identify, purchase, develop, employ and integrate any vessels or businesses could negatively affect our competitiveness, business, financial condition, results of operations, cash flows and our ability to make cash distributions and service or refinance our debt.

Certain of our vessels are under time charters at rates that are at a substantial premium to the spot and period markets, and our charterers' failure to perform under these time charters could result in a significant loss of expected future revenues and cash flows.

Our container vessels that are chartered to Hyundai Merchant Marine Co Ltd. ("HMM"), Mediterranean Shipping Co. S,A. ("MSC"), Hapag-Lloyd Aktiengesellschaft ("Hapag-Lloyd") and CMA CGM are each currently employed under medium-to-long-term time charters. Similarly, the M/V Cape Agamemnon is currently under a time charter to COSCO Bulk Carrier Co. Ltd. ("COSCO"), a member of China COSCO Shipping (Group) Company ("COSCO Group"), which commenced in July 2010 with earliest expiry date of June 2020.

Given that the rates we charge to these charterers are in certain cases significantly higher than the current period rates, failure to perform by any of them could result in a significant loss of revenues, which may materially and adversely affect our business, financial condition, results of operation, cash flows and our ability to maintain cash distributions and service or refinance our debt. We could lose these charterers or the benefits of the charters if, among other things:

- the charterer is unable or unwilling to perform its obligations under the charters, including the payment of the agreed rates in a timely manner;
- the charterer faces, or continues to face, financial difficulties forcing it to declare bankruptcy, restructure its operations or default under the charters;
- the charterer fails to make charter payments because of its financial inability or its inability to trade our and other vessels profitably or due to the occurrence of losses due to the weaker charter markets;

- the charterer fails to make charter payments due to distress, disagreements with us or otherwise;
- the charterer seeks to renegotiate the terms of the charter agreements due to prevailing economic and market conditions or due to its continued poor performance;
- the charterer exercises certain rights to terminate the charters;
- the charterer terminates the charters because we fail to comply with the terms of the charters, the vessels are lost or damaged beyond repair, there are serious deficiencies in the vessels or prolonged periods of off-hire, or we default under the charters;
- a prolonged force majeure event affecting the charterer, including war or political unrest, prevents us from performing services for that charterer; or
- the charterer terminates the charters because we fail to comply with the safety and regulatory criteria of the charterer or the rules and regulations of various maritime organizations and bodies.

In the event we lose the benefit of the charters with HMM, CMA CGM,MSC, Hapag-Lloyd or COSCO prior to their respective expiration date, we would have to re-charter the vessels at the then prevailing charter rates. In such event, we may not be able to obtain competitive or profitable rates for these vessels or we may not be able to re-charter these vessels at all and our business, financial condition, results of operation, cash flows and ability to make distribution and service or refinance our debt may be materially and adversely affected.

If our charterers do not fulfill their obligations to us, or if they are unable to honor their obligations, our business, financial condition, results of operations, cash flows and ability to make cash distributions and service or refinance our debt may be adversely affected.

Many charterers, including liner companies, are highly leveraged. In recent years, a combination of factors, including, among other things, unavailability of credit, volatility in financial markets, overcapacity, competitive pressure, declines in world trade and depressed freight rates, have severely affected the financial condition of charterers, including liner companies, and their ability to make charter payments, which has resulted in a material increase in the credit and counterparty risks to which we are exposed and our ability to re-charter our vessels at competitive rates.

Furthermore, the surplus of vessels available at lower charter rates and lack of demand for our charterers' services could negatively impact our charterers' willingness to perform their obligations under our time charters that provide for charter rates above current market rates.

For example, HMM, the charterer of five of our container vessels, completed a financial restructuring in July 2016. In connection with this restructuring, we agreed a reduction of the charter rate payable to us of 20% to $23,480 per day (from a gross daily rate of $29,350) for a three and a half year period ended in December 2019. Furthermore, CMA-CGM, the charterer of three of our container vessels, was under financial stress in 2016, in part following its acquisition of Neptune Orient Lines Limited (NOL) and reported a $427.4 million net loss for the year ended December 31, 2016, and COSCO has faced financial difficulties in the past, and could face further financial strains in the future.

If one of our charterers defaults on our time charters for any reason, we may be unable to redeploy the vessel previously employed by such charterer on similarly favorable or competitive terms or at all. Also, we will incur expenses to maintain and insure the vessel but will not receive any revenue if a vessel remains idle before being re-chartered.

A number of our charterers are private companies and we may have limited access to their financial affairs, which may result in us having limited information on their financial strength and ability to meet their financial obligations.

A failure of our charterers to comply with the terms of their respective charters, and our inability to replace such charters at minimum charter rates and maintain minimum financial ratios may result in an event of default under our financing arrangements. The loss of our charterers or a decline in payments under our time charters could have a material adverse effect on our business, financial condition, results of operations, cash flows and our ability to make cash distributions and service or refinance our debt.

We currently derive all of our revenues from a limited number of charterers and the loss of any charterer or charter or vessel could result in a significant loss of revenues and cash flows.

We have derived, and expect that we will continue to derive, all of our revenues and cash flows from a limited number of charterers. For the year ended December 31, 2019, after giving effect to the DSS Transaction, our charterers who individually accounted for more than 10% of total revenues were HMM and CMA CGM, who accounted for 40% and 39% of our revenues, respectively.

We could lose a charterer, including charterers who individually account for more than 10% of our total revenues or the benefits of some or all of our charters, including in circumstances described in "*—Our vessels are under time charters at rates that are at a substantial premium to the spot and period markets, and our charterers' failure to perform under our time charters could result in a significant loss of expected future revenues and cash flows.*"

We depend on our Managers, which are privately held companies for the commercial and technical management of our fleet. If, for any reason, our Managers are unable to provide us with the necessary level of services to support and expand our business or qualify for long-term charters, our business, financial condition, results of operations, cash flows and our ability to make cash distributions and service or refinance our debt may be materially affected.

Our Managers, Capital Ship Management and Capital-Executive are privately held companies. Neither Capital Ship Management nor Capital-Executive is part of the group of companies controlled by Capital Maritime and, accordingly, neither benefits from the financial and operational support of Capital Maritime as parent company.

Under the arrangements we have with our Managers, they provide us with significant commercial and technical management services, including the commercial and technical management for all our vessels, class certifications, vessel maintenance, crewing, procurement, insurance and shipyard supervision, as well as administrative, financial and other support services. Please read "Item 4. Information on the Partnership—B. Business Overview—Our Management Agreements." Accordingly, our operational success and ability to execute our growth strategy depend significantly upon our Managers' satisfactory performance of these services.

Furthermore, our success in securing new charters and expanding our relationships with charterers depend largely on our Managers' reputation, relationships in the shipping industry and ability to qualify for long-term business with major charterers.

If our Managers' reputation or industry relationships are harmed, justifiably or not, or if our Managers do not perform satisfactorily under our management agreements, our ability to renew existing charters upon their expiration, obtain new charters, successfully interact with shipyards during periods of shipyard construction constraints, obtain financing on commercially acceptable terms, access capital markets, or maintain satisfactory relationships with suppliers and other third parties may be materially affected.

If any of the above risks were to happen, our business, financial condition, results of operations, cash flows and our ability to make cash distributions and service or refinance our debt may be materially affected.

The fees and expenses we pay to our Managers for services provided to us are substantial, fluctuate, cannot be easily predicted and may reduce our cash available for distribution to our unitholders.

In the light of the floating fee structure of our management agreements, any increase in the costs and expenses associated with the provision of our Managers' services, by reason, for example, of the condition and age of our vessels, costs of crews for our time chartered vessels and insurance, will be borne by us.

Expenses incurred to manage our fleet depend upon a variety of factors, many of which are beyond our or our Managers' control. Some of these costs, primarily relating to crewing, insurance and enhanced security measures, have increased in the past and may continue to increase in the future. Rises in any of these costs, to the extent charged to us, will reduce our earnings, cash flows and the amount of cash available for distribution to our unitholders.

Fees charged by our Managers and compensation for expenses and liabilities incurred on our behalf, as well as the costs associated with future drydockings or intermediate surveys on our vessels, can be significant. Accordingly, these fees and expenses may adversely affect our business, financial condition, results of operations, cash flows and our ability to make cash distributions and service or refinance our debt.

We depend on our General Partner, a private company under the ownership of Mr. Miltiadis E. Marinakis, for the day-to-day management of our affairs. The change of ownership of our General Partner may affect the way we and our operations are managed and our relationships with our charterers and other counterparties.

Our General Partner, Capital GP L.L.C., is a privately held company initially formed and controlled by Capital Maritime. In April 2019, Capital Maritime transferred all membership interests in our General Partner to Mr. Miltiadis E. Marinakis. Please read "—Risks Inherent in an Investment in Us—*The control of our General Partner may be transferred to a third party without unitholder consent.*" Mr. Miltiadis E. Marinakis, born in 1999, is the son of Mr. Evangelos M. Marinakis. Although not engaged in day-to-day management, Mr. Miltiadis E. Marinakis holds and oversees certain shipping interests on behalf of the Marinakis family.

To date, our board of directors has not exercised its power to appoint officers of the Partnership. As a result, we rely, and expect to continue to rely, solely on the officers of our General Partner. Please read "—Risks Inherent in an Investment in Us—*We currently do not have any officers and rely, and expect to continue to rely, solely on officers of our General Partner, who face conflicts in the allocation of their time to our business*." Accordingly, the proper management of our business depends significantly upon our General Partner.

There can be no assurance that the change of ownership will not affect the way we and our operations are managed. In addition, if the reputation, industry relationships or standing in the market of the General Partner and, in turn, the Partnership are harmed, justifiably or not, or if our General Partner fails to properly manage our affairs, our ability to secure new charters, interact with counterparties, obtain financing on commercially acceptable terms, access capital markets, or maintain satisfactory relationships with suppliers and other third parties may be materially affected.

If any of the above risks were to happen, our business, financial condition, results of operations, cash flows and our ability to make cash distributions and service or refinance our debt may be materially affected.

Our vessels' present and future employment could be adversely affected by an inability to clear charterers' risk assessment process.

Shipping has been, and will remain, heavily regulated. Concerns for the environment have led charterers to develop and implement a strict ongoing due diligence process when selecting their commercial partners. This vetting process has evolved into a sophisticated and comprehensive risk assessment of both the vessel operator and the vessel, including physical ship inspections, completion of vessel inspection questionnaires performed by accredited inspectors and the production of comprehensive risk assessment reports. In the case of term charter relationships, in addition to factors discussed under "*—Our growth and our ability to re-charter our containerships depend on, among other things, our ability to expand relationships with existing charterers and develop relationships with new charterers, for which we will face substantial competition*" the following factors may be considered when awarding such contracts, including:

- office assessments and audits of the vessel operator;
- the operator's environmental, health and safety record;
- compliance with the standards of the International Maritime Organization;
- compliance with heightened industry standards;
- shipping industry relationships, reputation for customer service, technical and operating expertise; and
- compliance with the charterer's codes of conduct, policies and guidelines, including transparency, anti-bribery and ethical conduct requirements and relationships with third parties.

Should either Capital Maritime or our Managers not continue to successfully clear major charterers' risk assessment processes on an ongoing basis, our vessels' present and future employment, as well as our relationship with our existing charterers and our ability to obtain new charterers, whether medium- or long-term, could be adversely affected. Such a situation may lead to major charterers' terminating existing charters and refusing to use our vessels in the future, which would adversely affect our business, financial condition, results of operations, cash flows and ability to make cash distributions and service or refinance our debt.

As our vessels come up for their scheduled drydockings or for the installation of ballast water treatment systems ("BWTS") or scrubbers, the number of off-hire days of our fleet will increase and we will incur expenses related to the drydockings and, as a result, our cash available for distribution to our unitholders may decrease.

As of the date of this Annual Report, five of our vessels have been retrofitted with scrubbers, one has been retrofitted with a BWTS, while one is currently being retrofitted with a scrubber and one is being retrofitted with both a scrubber and a BWTS. We expect that one additional vessel will be retrofitted with a BWTS during 2020. We may decide to retrofit the rest of our fleet with scrubbers and BWTS in 2020 and/or 2021, subject to market developments and shipyard availability. In particular, we have experienced, and may continue to experience, delays in installation works as a result of the recent coronavirus outbreak. The installation of scrubber equipment requires the vessel to be drydocked and incur off-hire days. We estimate that the installation of a scrubber (without any unforeseen delays such as those caused by the coronavirus outbreak) requires 40 to 75 off-hire days per vessel. Certain of our charters, such as those with HMM, may limit the maximum amount of off-hire days per vessel for scrubber installation irrespective of the actual retrofit period.

In addition to the installation of scrubbers or other equipment, such as BWTS, we may decide to put a vessel into drydock before the scheduled drydocking date in anticipation of regulatory changes, opportunities in the charter market or if we deem that, due to the location of the vessel, it will be less costly to put the vessel into drydock at the time.

Once one of our vessels is drydocked, it is automatically considered to be off-hire for the duration of the special or intermediate survey or drydocking, which means that for such period of time that vessel will not be earning any revenues. During that period, we however may incur, or may be required to reimburse our applicable Manager for, on-going operating expenses or other expenses related to the drydock. Accordingly, drydocking may materially affect our cash available for distribution to our unitholders.

If our vessels suffer damage due to the inherent operational risks of the shipping industry, we may experience unexpected drydocking costs and delays or total loss of our vessels, which may adversely affect our business and financial condition.

Our vessels and their cargoes are at risk of being damaged or lost because of events such as marine disasters, bad weather, business interruptions caused by mechanical failures, grounding, fire, explosions and collisions, human error, war, terrorism, piracy and other circumstances or events.

If our vessels suffer damage, they may need to be repaired at a drydocking facility. The costs of drydock repairs are unpredictable and may be substantial. We may have to pay drydocking costs that our insurance does not cover in full. The loss of earnings while these vessels are being repaired and repositioned, as well as the actual cost of these repairs, may adversely affect our business and financial condition. In addition, space at drydocking facilities is sometimes limited and not all drydocking facilities are conveniently located. We may be unable to find space at a suitable drydocking facility or our vessels may be forced to travel to a drydocking facility that is not conveniently located to our vessels' positions. The loss of earnings while these vessels are forced to wait for space or to travel to more distant drydocking facilities may adversely affect our business and financial condition. In cases, where the unexpected off-hire period exceeds the maximum allowed under the respective charter party, the charterer may elect to terminate the charter party. Furthermore, the total loss of any of our vessels could harm our reputation as a safe and reliable vessel owner and operator. If we are unable to adequately maintain or safeguard our vessels, we may be unable to prevent any such damage, costs or loss, which could negatively impact our business, financial condition, results of operations, cash flows and ability to make cash distributions and service or refinance our debt.

As our fleet ages, the risks associated with older vessels could adversely affect our ability to obtain profitable charters, comply with debt covenants or raise financing. In addition, if we purchase and operate second hand vessels, we will be exposed to increased operating costs, which could adversely affect our results of operations.

Our fleet of 14 vessels (including the three neo-panamax container vessels acquired in January 2020) had an average age of approximately 7.8 years as at January 31, 2020, although two of our container vessels were built in 2006 and 2007 and our drybulk vessel was built in 2010. See "Item 4. Information on the Partnership—B. Business Overview—Our Fleet."

In general, the costs of maintaining a vessel in good operating condition increase with the age of the vessel. Older vessels are typically less fuel efficient than more recently constructed vessels due to improvements in engine technology. In addition, cargo insurance rates increase with the age of a vessel, making older vessels less desirable to charterers. Older vessels might also require higher capital expenditure to comply with regulations that came into force after their construction and their values might depreciate faster than more modern vessels. As a result, an ageing fleet might affect our ability to remain in compliance with debt covenants and/or raise financing.

In particular, six of our vessels are not "eco-type" designs. Recent orders of container and drybulk vessels are based on new designs purporting to offer material bunker savings compared to older designs and greater carrying capacity. Such savings could result in a substantial reduction of bunker cost for charterers on a per unit basis. As the supply of "eco-type" vessels increases, if

charterers prefer such vessels over our vessels that are not classified as such, this may reduce demand for our non-“eco-type” vessels, impair our ability to re-charter such vessels at competitive rates or at all. This could adversely affect our business, financial condition, results of operations, cash flows and ability to make cash distributions and service our debt.

If we purchase secondhand vessels, we will not have the same knowledge about their condition as the knowledge we have about the condition of the vessels that were built for and operated solely by us. Generally, we will not receive the benefit of warranties from the builder for any secondhand vessel that we may acquire.

Marine transportation is inherently risky, and an incident involving significant loss of, or environmental contamination by, any of our vessels could harm our reputation and business.

Our vessels and their cargoes are at risk of being damaged or lost because of events such as:

- marine disasters;
- bad weather;
- mechanical failures;
- grounding, fire, explosions and collisions;
- piracy;
- human error; and
- war and terrorism.

An accident involving any of our vessels could result in any of the following:

- environmental damage;
- death or injury to persons, or loss of property;
- delays in the delivery of cargo;
- loss of revenues from, or termination of, charter contracts;
- governmental fines, penalties or restrictions on conducting business;
- higher insurance rates; and
- damage to our reputation and customer relationships generally.

Any of these results could have a material adverse effect on our business, financial condition, operating results and ability to make cash distributions and to service or refinance our debt.

Our insurance may be insufficient to cover losses that may occur to our property or result from our commercial operations.

The operation of ocean-going vessels in international trade is inherently risky. Not all risks can be adequately insured against, and any particular claim upon our insurance may not be paid for any number of reasons. We do not currently maintain off-hire insurance covering loss of revenue during extended vessel off-hire periods such as may occur while a vessel is under repair. Accordingly, any extended vessel off-hire due to an accident or otherwise could have a materially adverse effect on our business, financial condition, operating results and ability to make cash distributions and to service or refinance our debt. Claims covered by insurance are subject to deductibles and since it is possible that a large number of claims may arise, the aggregate amount of these deductibles could be material.

We may be unable to procure adequate insurance coverage at commercially reasonable rates in the future. For example, more stringent environmental regulations have led in the past to increased costs for, and in the future may result in the lack of availability of, insurance against risks of environmental damage or pollution. A catastrophic marine disaster could exceed our insurance coverage. Any uninsured or underinsured loss could harm our business, financial condition, results of operations, cash flows, and ability to make cash distributions and service or refinance our debt. In addition, our insurance may be voidable by the insurers as a result of certain of our actions, such as our ships failing to maintain certification with applicable maritime self-regulatory organizations.

Changes in the insurance markets attributable to terrorist attacks may also make certain types of insurance more difficult for us to obtain. In addition, the insurance that may be available to us may be significantly more expensive than our existing coverage.

We will be subject to funding calls by our protection and indemnity associations, and our associations may not have enough resources to cover claims made against them, resulting in potential unbudgeted supplementary liability to fund claims made upon them and unbudgeted cash-calls made upon us by the associations.

Cover for third party liability incurred in consequence of commercial operations is provided through membership in P&I Associations. P&I Associations are mutual insurance associations whose members must contribute proportionately to cover losses sustained by all the association's members who remain subject to calls for additional funds if the aggregate premiums are insufficient to cover claims submitted to the association. Claims submitted to the associations include those incurred by its members but also claims submitted by other P&I Associations under claims pooling agreements. The P&I Associations to which we belong may not remain viable, and we may become subject to additional funding calls which could adversely affect us.

The crew employment agreements that manning agents enter into on behalf of our Managers, may not prevent labor interruptions, and the failure to renegotiate these agreements or to successfully attract and retain qualified personnel in the future may disrupt our operations and adversely affect our cash flows.

The collective bargaining agreement between our Managers and the Pan-Hellenic Seamen's Federation, effective August 1, 2019, expires on July 31, 2020. This collective bargaining agreement may not prevent labor interruptions and it is subject to renegotiation in the future. Although we believe that our relations with our employees are satisfactory, no assurance can be given that we will be able to successfully extend or renegotiate our collective bargaining agreement when it expires. If we fail to extend or renegotiate our collective bargaining agreement, if disputes with our union arise, or if our unionized workers engage in a strike or other work stoppage or interruption, we could experience a significant disruption of our operations, which could have a material adverse effect on our business, financial condition, results of operations, cash flows and ability to pay cash distributions and service or refinance our debt.

Also, our success depends in part on our ability to attract and retain qualified personnel. In crewing our vessels, we employ certain employees with specialized training who can perform physically demanding work. Competition to attract and retain qualified crew members is intense. If we are not able to attract and retain qualified personnel, it could have a material adverse effect on our business, financial condition, results of operations, cash flows and ability to pay cash distributions and service or refinance our debt.

Arrests of our vessels by maritime claimants could cause a significant loss of earnings for the related off-hire period.

Crew members, suppliers of goods and services to a vessel, shippers of cargo and other parties may be entitled to a maritime lien against a vessel for unsatisfied debts, claims or damages. In certain cases, maritime claimants may be entitled to a maritime lien against a vessel for unsatisfied debts, claims or damages of its manager. In many jurisdictions, a maritime lienholder may enforce its lien by "arresting" or "attaching" a vessel through foreclosure proceedings. In addition, in jurisdictions where the "sister ship" theory of liability applies, a claimant may arrest the vessel that is subject to the claimant's maritime lien and any "associated" vessel, which is any vessel owned or controlled by the same owner. In countries with "sister ship" liability laws, claims might be asserted against us or any of our vessels for liabilities of other vessels that we own. The arrest or attachment of one or more of our vessels could result in significant costs of discharging the maritime lien, loss of earnings for the related off-hire period and other expenses and negatively affect our reputation, which could negatively affect the market for our common units and adversely affect our business, financial condition, results of operations, cash flows and ability to make cash distributions and service or refinance our debt.

Governments could requisition our vessels during a period of war or emergency, resulting in loss of earnings.

The government of a vessel's registry could requisition for title or seize our vessels. Requisition for title occurs when a government takes control of a vessel and becomes the owner. A government could also requisition our vessels for hire. Requisition for hire occurs when a government takes control of a vessel and effectively becomes the charterer at dictated charter rates. Generally, requisitions occur during a period of war or emergency. Government requisition of one or more of our vessels could have a material adverse effect on our business, results of operations, cash flows, financial condition and ability to make cash distributions and service or refinance our debt.

Acts of piracy on ocean-going vessels have continued and could adversely affect our business.

Acts of piracy have historically affected ocean-going vessels trading in regions of the world such as the South China Sea, the Indian Ocean, the Gulf of Aden off the coast of Somalia and the Red Sea. Although the frequency of sea piracy worldwide has decreased in recent years, sea piracy incidents continue to occur, particularly in the Gulf of Aden off the coast of Somalia and increasingly in the Gulf of Guinea.

If these piracy attacks result in regions in which our vessels are deployed being characterized by insurers as "war risk" zones or "listed areas", premiums payable for insurance coverage for our vessels could increase significantly and such insurance coverage may be more difficult to obtain. In addition, crew costs, including costs which may be incurred due to the deployment of onboard security guards, could increase in such circumstances. While the use of security guards is intended to deter and prevent the hijacking of our vessels, it could also increase our risk of liability for death or injury to persons or damage to personal property. Although we believe we are adequately insured to cover loss attributable to such incidents, there is still a risk that they result in significant unrecoverable loss which could have a material adverse effect on us.

Political and government instability can affect the industries in which we operate, which may adversely affect our business.

We conduct most of our operations outside of the United States, and our business, results of operations, cash flows, financial condition and ability to make cash distributions and service or refinance our debt may be adversely affected by the effects of political instability, terrorist or other attacks, war or international hostilities. Terrorist attacks and the continuing response of countries to these attacks, as well as other current and future conflicts, contribute to world economic instability and uncertainty in global financial markets. Terrorist attacks and political instability could result in increased volatility of the financial markets in the United States and globally, and could negatively impact the U.S. and world economy, potentially leading to an economic recession. These uncertainties could also adversely affect our ability to obtain additional financing on terms acceptable to us or at all.

In the past, political instability has also resulted in attacks on vessels, such as the attack on the M/T Limburg in October 2002, mining of waterways and other efforts to disrupt international shipping, particularly in the Arabian Gulf region. Acts of terrorism and piracy have also affected vessels trading in regions such as the South China Sea and the Gulf of Aden off the coast of Somalia. Any such attacks could lead to, among other things, bodily injury or loss of life, vessel or other property damage and increased vessel operational costs, including insurance costs.

Furthermore, our operations may be adversely affected by changing or adverse political and governmental conditions in the countries where our vessels are flagged or registered and in the regions where we otherwise engage in business. Our operations may also be adversely affected by expropriation of vessels, taxes, regulation, tariffs, trade embargoes, economic sanctions or a disruption of, or limit to trading activities, or other adverse events or circumstances in or affecting the countries and regions where we operate or where we may operate in the future.

Increases in fuel prices could adversely affect our profits.

When our vessels are trading on period charters, our charterers are responsible for the cost of fuel in the form of bunkers. However if we trade our vessels in the spot market or they are off-hire or during the vessels' drydocking, we are responsible for the cost of bunkers consumed, which can be a significant vessel expense. Spot charter arrangements generally provide that the vessel owner, or pool operator where relevant, bear the cost of fuel. Because we do not, and do not intend to, hedge our fuel costs, an increase in the price of fuel beyond our expectations may adversely affect our profitability, cash flows and ability to pay cash distributions and service or refinance our debt. The price and supply of fuel is unpredictable and fluctuates as a result of events outside our control, including geo-political developments, supply and demand for oil and gas, actions by members of the Organization of the Petroleum Exporting Countries (also known as OPEC) and other oil and gas producers, war and unrest in oil producing countries and regions, regional production patterns and environmental concerns and regulations. Changes in the actual price of fuel at the time the charter is to be performed could result in the charter being performed at a significantly greater cost than originally anticipated and may result in losses or diminished profits.

In addition, a global 0.5% sulphur cap on marine fuels imposed by the International Maritime Organization came into force on January 1, 2020, as stipulated in 2008 amendments to Annex VI to the International Convention for the Prevention of Pollution from ships ("MARPOL"). See "—Regulatory Risks—*The maritime transportation industry is subject to substantial environmental and other regulations and international standards, which have become stricter over time and which may significantly limit our operations, result in substantial penalties or increase our expenditures*." A potential shortage of low sulphur marine fuels could drive prices upwards, which could adversely affect our profit margins if our vessels are being chartered on the spot market or are off-hire or the profit margins of our charterers.

Increased competition in technology and innovation could reduce our charter hire income and the value of our vessels.

The charter rates and the value and operational life of a vessel are determined by a number of factors, including the vessel's efficiency, operational flexibility and physical life. Determining a vessel's efficiency includes considering its speed and fuel economy, while flexibility considerations include the ability to enter harbors, utilize related docking facilities and pass through canals and straits. A vessel's physical life is related to the original design and construction, maintenance and the impact of the stress of its operations. If new ship designs currently promoted by shipyards as being more fuel efficient perform as promoted, or if new vessels are built in the future that are more efficient, or flexible, have increased capacity, or have longer physical lives than our current vessels, competition from these more technologically advanced vessels could adversely affect our ability to re-charter our vessels, the amount of charter-hire payments that we receive for our vessels once their current charters expire and the resale value of our vessels. This could adversely affect our ability to service our debt or make cash distributions.

We rely on information systems to conduct our business, and failure to protect these systems against security breaches could have a material adverse impact on our business, financial condition, results of operations, cash flows and ability to make cash distributions and service or refinance our debt.

The efficient operation of our business is dependent on information technology systems and networks, which are provided by our Managers. Our operations could be targeted by individuals or groups seeking to sabotage or disrupt our information technology systems and networks, or to steal data. A successful cyber-attack could materially disrupt our operations, including the safety or operation of our vessels, or lead to unauthorized release of information or alteration of information on our systems. Any such attack or other breach of our information technology systems could have a material adverse impact on our business, financial condition, results of operations, cash flows and ability to make cash distributions and service or refinance our debt.

Since 2011, our board of directors has elected not to deduct cash reserves for estimated replacement capital expenditures from our operating surplus. If this practice continues, our asset base and the income generating capacity of our fleet may be significantly affected.

Our partnership agreement provides that our board of directors shall deduct from operating surplus cash reserves that it determines are necessary to fund our future operating expenditures, including estimated maintenance capital expenditures. The amount of estimated maintenance capital expenditures deducted from operating surplus is subject to review and change by our board of directors, provided that any change must be approved by our conflicts committee.

Replacement capital expenditures are made in order to maintain our asset base and the income generating capacity of our fleet. We have in the past incurred substantial replacement capital expenditures. Replacement capital expenditures may vary over time as a result of a range of factors, including changes in:

- the value of the vessels in our fleet;
- the cost of our labor and materials;
- the cost and replacement life of suitable replacement vessels;
- customer/market requirements;
- the age of the vessels in our fleet;
- charter rates in the market; and
- governmental regulations, industry and maritime self-regulatory organization standards relating to safety, security or the environment.

Since 2011, our board of directors has elected not to deduct any cash reserves for estimated replacement capital expenditures from our operating surplus. We account for maintenance capital expenditures required to maintain the operating capacity of our vessels, including any amortization of drydocking costs associated with scheduled drydockings, as part of our operating costs, which are reflected in our operating income.

As a result of this practice, we have become significantly more reliant on our ability to obtain required financing and access the financial markets to fund our replacement capital expenditures from time to time. If this practice continues and external funding is not available to us for any reason, our ability to acquire new vessels or replace a vessel in our fleet to maintain our asset base and our income generating capacity may be significantly impaired, which would negatively affect our business, financial condition, results of operations, cash flows and ability to make cash distributions and service or refinance our debt.

If we finance the purchase of any additional vessels or businesses we acquire in the future through cash from operations, by increasing our indebtedness or by issuing debt or equity securities, our ability to make or increase our cash distributions may be diminished, our financial leverage could increase or our unitholders could be diluted. In addition, if we expand the size of our fleet by directly contracting newbuilds in the future, we will generally be required to make significant installment payments for such acquisitions prior to their delivery and generation of any revenue.

The actual cost of a new vessel varies significantly depending on the market price charged by shipyards, the size and specifications of the vessel, whether a charter is attached to the vessel and the terms of such charter, governmental regulations and maritime self-regulatory organization standards. The total cost of a vessel will be higher and include financing, construction supervision, vessel start-up and other costs.

If we enter into contracts for newbuilds directly with shipyards, we generally will be required to make installment payments prior to their delivery. We typically must pay between 5% and 25% of the purchase price of a vessel upon signing the purchase contract, even though delivery of the completed vessel will not occur until much later (approximately 18–36 months later for current orders), which could reduce cash available for distributions to unitholders.

To fund the acquisition of a vessel or a business or other related capital expenditures, we will be required to use cash from operations or incur borrowings or raise capital through the sale of debt or additional equity securities. Use of cash from operations will reduce cash available for distributions to unitholders. Even if we are successful in obtaining necessary funds, the terms of such financings could limit our ability to pay cash distributions to unitholders. Incurring additional debt may significantly increase our interest expense and financial leverage, and issuing additional equity securities may result in significant unitholder dilution and would increase the aggregate amount of cash required to fund our quarterly distributions to unitholders, which could have a material adverse effect on our ability to increase or make cash distributions.

We are in the process of retrofitting scrubbers and ballast water treatment systems on a number of our vessels. Failure of the scrubber or ballast water treatment equipment to operate effectively could have a material adverse impact on our business, financial condition, results of operations, cash flows and ability to make cash distributions and service or refinance our debt.

As of the date of this Annual Report, five of our vessels have been retrofitted with scrubbers, one has been retrofitted with a BWTS, while one is currently being retrofitted with a scrubber and one is being retrofitted with both a scrubber and a BWTS. We expect that one additional vessel will be retrofitted with a BWTS during 2020. We may decide to retrofit the rest of our fleet with scrubbers and BWTS in 2020 and/or 2021, subject to market developments and yard availability. Marine scrubber technology, and to a certain extent BWTS technology, is relatively untested and failure of the equipment to operate effectively after installation might affect our ability to comply with regulatory requirements and/or our charter party agreements, which could have a material adverse impact on our business, financial condition, results of operations, cash flows and ability to make cash distributions and service or refinance our debt.

RISKS RELATED TO FINANCING ACTIVITIES

We are reliant on our ability to obtain required financing and access the financial markets. Therefore, we may be harmed by any limitation in the availability of external funding, as a result of a contraction or volatility in bank debt or financial markets or for any other reason. If we are unable to obtain required financing or access the capital markets, we may be unable to grow or maintain our asset base, pursue other potential growth opportunities or refinance our existing indebtedness.

We are reliant on our ability to obtain required financing and access the financial markets to operate and grow our business.

However, asset impairments, financial stress, enforcement actions and credit rating pressures experienced in recent years by financial institutions, in particular in the wake of the 2008 financial crisis, combined with a general decline in the willingness of financial institutions to extend credit to the shipping industry due to depressed shipping rates and the deterioration of asset values that have led to losses in many banks' shipping portfolios, as well as changes in overall banking regulations (including, for example, Basel III) have severely constrained the availability of credit supply for shipping companies such as us. For example, following heavy losses in its shipping portfolio and at the EU Commission's behest, one of our main lenders, state-backed Hamburg Commercial Bank AG ("HCOB"), was mandatorily privatized.

In addition, our ability to obtain financing or access capital markets to issue debt or equity securities may be limited by (i) our financial condition at the time of any such financing or issuance, (ii) adverse market conditions affecting the shipping industry, including weaker demand for, or increased supply of, drybulk and container vessels, whether as a result of general economic conditions or the financial condition of charterers and operators of vessels, (iii) weaknesses in the financial markets, (iv) restrictions imposed by our credit facilities, such as collateral maintenance requirements, which could limit our ability to incur additional secured financing and (v) other contingencies and uncertainties, which may be beyond our control. Continued access to external financing and the capital markets is not assured.

As a result, our ability to obtain financing to fund capital expenditures, acquire new vessels or refinance our existing indebtedness is and may continue to be limited. If we are unable to obtain additional financing or issue further equity or debt securities, our ability to fund current and future obligations may be impaired. In addition, restrictions in the availability of credit supply may result in higher interest costs, which would reduce our available cash for distributions. Any failure to obtain funds for necessary future capital expenditures, to grow our asset base or, in time, to refinance our existing indebtedness on terms that are commercially acceptable could have a material adverse impact on our business, financial condition, results of operations, cash flows and our ability to make cash distributions and service or refinance our debt, and could cause the market price of our common units to decline.

We have incurred significant indebtedness, which could adversely affect our ability to finance our operations, refinance our existing indebtedness, pursue desirable business opportunities, successfully run our business or make cash distributions.

As of December 31, 2019, our total debt was $262.4 million under the 2017 credit facility. Following the acquisition of the three neopanamax vessels M/Vs Athos, Aristomenis and Athenian through a combination of cash from operations and issuance of debt in January 2020, as well as the intended refinancing of the 2017 credit facility in March 2020 our total debt is expected to be $405.6 million. Please also refer to “Item 5. Operating and Financial Review and Prospects—B. Liquidity and Capital Resources—Borrowings.”

Our leverage and amounts required to service our debt and leasing obligations could have a significant impact on our operations, including the following:

- principal amortization under our financing arrangements may restrict our ability to pay cash distributions to our unitholders, to manage ongoing business activities and to pursue new acquisitions, investments or capital expenditures;
- our indebtedness will have the general effect of reducing our flexibility to react to changing business and economic conditions and, therefore, may pose substantial risks to our business and our unitholders;
- in the event that we are liquidated, our creditors (senior or, if any, subordinated) and creditors (senior or, if any, subordinated) of our subsidiaries will be entitled to payment in full prior to any distributions to our unitholders; and
- our ability to secure additional financing, or to refinance our existing financing arrangements, may be substantially restricted by the existing level of our indebtedness and the restrictions contained in them.

While our leverage is significant, if future cash flows are insufficient to fund capital expenditures and other expenses or investments, we may need to incur further indebtedness. See “—Risks Related to Our Business and Operations—*Since 2011, our board of directors has elected not to deduct cash reserves for estimated replacement capital expenditures from our operating surplus. If this practice continues, our asset base and the income generating capacity of our fleet may be significantly affected.*”

Our financing arrangements contain, and we expect that any new or amended credit facilities or other financing arrangements we may enter into in the future will contain, restrictive covenants, which may limit our business and financing activities, including our ability to make cash distributions.

Operating and financial restrictions and covenants under our existing financing arrangements and any new financing arrangements we may enter into in the future could adversely affect our ability to finance future operations or capital needs or to engage, expand or pursue our business activities. For example, our current financing arrangements require the consent of our lenders to, or limit our ability to, among other things:

- incur or guarantee indebtedness;
- mortgage, charge, pledge or allow our vessels to be encumbered by any maritime or other lien or any other security interest of any kind except in the ordinary course of business;
- change the flag, class, management or ownership of our vessels;
- change the commercial and technical management of our vessels;

- sell or change the beneficial ownership or control of our vessels; and
- subordinate our obligations thereunder to any general and administrative costs relating to our vessels, including fees payable under our management agreement.

Our existing financing arrangements also require us to comply with the International Safety Management Code and to maintain valid safety management certificates and documents of compliance at all times. Our financing arrangements require us to comply with certain financial covenants:

- to maintain minimum free consolidated liquidity of at least $500,000 per collateralized vessel;
- to maintain a ratio of EBITDA (as defined in each credit facility) to net interest expense of at least 2.00 to 1.00 on a trailing four quarter basis; and
- not to exceed a specified maximum leverage ratio in the form of a ratio of total net indebtedness to (fair value adjusted) total assets of 0.75.

In addition, our financing arrangements require that we maintain a minimum security coverage ratio, usually defined as the ratio of the market value of the collateralized vessels or vessel and net realizable value of additional acceptable security to our outstanding liabilities of 125% or, under our financing arrangement with CMB Financial Leasing Co., Ltd, 120%.

Our financing arrangements prohibit the payment of distributions are not in compliance with certain of these financial covenants or security coverage ratios or upon the occurrence of any other event of default.

Our ability to comply with the covenants and restrictions contained in our financing arrangements may be affected by events beyond our control, including prevailing economic, financial and industry conditions, interest rate developments, changes in the funding costs of our financing institutions and changes in vessel earnings and asset valuations. If market or other economic conditions deteriorate, our ability to comply with these covenants may be impaired. If we are in breach of any of the restrictions, covenants, ratios or tests in our financing arrangements, or if we trigger a cross-default currently contained in our financing arrangements, we may be forced to suspend our distributions, a significant portion of our obligations may become immediately due and payable, and our lenders' commitment (if any) to make further loans to us may terminate. We may not have, or be able to obtain, sufficient funds to make these accelerated payments. In addition, obligations under certain of our financing arrangements are secured by our vessels or through the ownership of the vessels, and if we are unable to repay, or otherwise default on, our obligations under our financing arrangements, the lenders could seek to take control of these assets.

Furthermore, any contemplated vessel acquisitions will have to be at levels that do not impair the required ratios described above. The global economic downturn that occurred within the past several years, depressed shipping markets, lack of capital in the industry and prolonged overcapacity had an adverse effect on vessel values. If the estimated asset values of our vessels decrease, we may be obligated to prepay part of our outstanding debt in order to remain in compliance with the relevant covenants in our financing arrangements, which could have a material adverse effect on our business, financial condition, results of operations, cash flows and our ability to make cash distributions and service or refinance our debt.

If we are in breach of any of the terms of our financing arrangements, a significant portion of our obligations may become immediately due and payable. This could affect our ability to execute our business strategy or make cash distributions.

A default under our financing arrangements could result in foreclosure on any of our vessels and other assets secured under the 2017 credit facility or a loss of our rights as lessee under our lease financing arrangements.

To the extent that cash flows are insufficient to make required service payments under our credit facilities or lease payments under our lease financing arrangements or asset cover is inadequate due to a deterioration in vessel values, we will need to refinance some or all of the principal outstanding under our credit facilities or our leasing liabilities, replace it with alternate credit arrangements or provide additional security. We may not be able to refinance or replace our bank debt or provide additional security at the time they become due.

In the event we default under our financing arrangements or we are not able to refinance our existing loan and leasing obligations with new financing arrangements on commercially acceptable terms, or if our operating results are not sufficient to service current or future indebtedness, or to make relevant principal or lease repayments if necessary, we may be forced to take actions such as reducing or eliminating distributions, reducing or delaying business activities, acquisitions, investments or capital expenditures, selling assets, restructuring or refinancing debt and leasing obligations, or seeking additional equity capital or bankruptcy protection. In addition, the terms of any refinancing or alternate financing arrangement may restrict our financial and operating flexibility and our ability to make cash distributions.

We may not be able to reach agreement with our financiers to amend the terms of the then existing financing arrangements or waive any breaches and we may not have, or be able to obtain, sufficient funds to make any accelerated payments, which could have a material adverse effect on our business, results of operations and financial condition and our ability to make cash distributions.

Events of default under our financing arrangements include:

- failure to pay principal or interest when due;
- breach of certain undertakings, negative covenants and financial covenants contained in the financing arrangements, any related security document or guarantee or the interest rate swap agreements (if any), including failure to maintain unencumbered title to any of the vessel-owning subsidiaries or any of the assets of the vessel-owning subsidiaries and failure to maintain proper insurance;
- any breach of the financing arrangements, any related security document or guarantee or the interest rate swap agreements (if any) (other than breaches described in the preceding two bullet points) if, in the opinion of the lenders or lessors under our lease financing arrangements, such default is capable of remedy and continues unremedied following prior written notice of the lenders for a period of 14 days;
- any breach of representation, warranty or statement made by us in the credit facilities or lease financing arrangements or related security document or guarantee or the interest rate swap agreements (if any);
- a cross-default of our other indebtedness of $5.0 million or greater;
- our inability, in the reasonable opinion of the lenders or lessors under our lease financing arrangements, to pay our debts when due;
- any form of execution, attachment, arrest, sequestration or distress in respect of a sum of $5.0 million or more that is not discharged within 10 business days;
- an event of insolvency or bankruptcy;
- cessation or suspension of our business or of a material part thereof;
- unlawfulness, non-effectiveness or repudiation of any material provision of our credit facilities or lease financing arrangements, of any of the related finance and guarantee documents or of our interest rate swap agreements;
- failure of effectiveness of security documents or guarantee;
- delisting of our common units from the Nasdaq Global Select Market or on any other recognized securities exchange;
- any breach under any provisions contained in our interest rate swap agreements, if we decide to enter into such agreements in the future;
- termination of any interest rate swap agreements or an event of default thereunder that is not timely remedied, if we decide to enter into such agreements in the future;
- invalidity of a security document in any material respect or if any security document ceases to provide a perfected first priority security interest;
- failure by key charter parties, such as HMM and Hapag- Lloyd, or other charterers we may have from time to time, to comply with the terms of their charters to the extent that we are unable to replace the charter in a manner that meets our obligations under the financing arrangements; or
- any other event that occurs or circumstance that arises in light of which our financiers under our financing arrangements reasonably consider that there is a significant risk that we will be unable to discharge our liabilities under our financing arrangements, related security and guarantee documents or interest rate swap agreements.

Certain dealings in connection with sanctioned countries could also trigger a mandatory prepayment event. See "—Regulatory Risks—*Our vessels may be chartered or sub-chartered to parties, or call on ports, located in countries that are subject to restrictions and sanctions imposed by the United States, the European Union and other jurisdictions*."

We anticipate that any subsequent refinancing of our debt could have similar or more onerous restrictions. Please see "Item 5. Operating and Financial Review and Prospects—B. Liquidity and Capital Resources—Borrowings—Our Financing Arrangements" for further information on our existing facilities.

The phase-out of the London Interbank Offered Rate (LIBOR), or the replacement of LIBOR with a different benchmark rate, may adversely affect interest rates and our cost of capital.

On July 27, 2017, the UK Financial Conduct Authority announced that it would phase-out LIBOR by the end of 2021. Changes in the method of calculating LIBOR, or the replacement of LIBOR with an alternative rate or benchmark, may adversely affect interest rates. As our debt typically consists of floating rate bank loans, changes in interest rates may result in higher borrowing costs for us and materially and adversely affect our results of operations, financial condition and ability to make cash distributions.

We cannot predict the effect of the potential changes to LIBOR or the establishment and use of alternative rates or benchmarks. Our existing financing arrangements provide for the use of replacement rates if LIBOR is discontinued. We are in the process of evaluating the impact of LIBOR discontinuation on us. Such replacement rates could be higher or more volatile than LIBOR prior to its discontinuation. The full impact of the expected transition away from LIBOR and the potential discontinuation of LIBOR after 2021 is unclear, but these changes could adversely affect our cash flow, financial condition and results of operations. We may need to renegotiate our financing arrangements or incur indebtedness to refinance our debt, all of which may materially and adversely affect our financial condition and ability to make cash distributions.

REGULATORY RISKS

Our vessels may be chartered or sub-chartered to parties, or call on ports, located in countries that are subject to restrictions and sanctions imposed by the United States, the European Union and other jurisdictions.

Certain countries (including the Crimea region of Ukraine, Cuba, Iran, North Korea, Sudan and Syria), entities and persons are targeted by economic sanctions and embargoes imposed by the United States, the European Union and other jurisdictions, and a number of those countries, currently North Korea, Iran, Sudan and Syria, have been identified as state sponsors of terrorism by the U.S. Department of State. Such economic sanctions and embargo laws and regulations vary in their application with regard to countries, entities or persons and the scope of activities they subject to sanctions. These sanctions and embargo laws and regulations may be strengthened, relaxed or otherwise modified over time.

With regard to Iran, on August 6, 2018, President Trump issued Executive Order 13846, which reinstates provisions of certain Executive Orders that had been revoked in January 2016 to implement the Joint Comprehensive Plan of Action ("JCPOA") agreed to by the five permanent members of the United Nations Security Council, plus Germany, Iran and the European Union. As of November 5, 2018, following the conclusion of the 90- and 180-day "wind-down" periods for activities permitted under or consistent with the JCPOA, all U.S. sanctions (both primary and secondary) that had been waived or lifted under the JCPOA were re-imposed and fully effective.

We are mindful of the restrictions contained in the various economic sanctions programs and embargo laws administered by the United States, the European Union and other jurisdictions that limit the ability of companies and persons from doing business or trading with targeted countries and persons and entities. We believe that we are currently in compliance with all applicable economic sanctions laws and regulations. We generally do not do business in sanctions-targeted jurisdictions unless an activity is authorized by the appropriate governmental or other sanctions authority. We and our general partner and its affiliates have not entered into agreements or other arrangements with the governments or any governmental entities of sanctioned countries, and we and our general partner and its affiliates do not have any direct business dealings with officials or representatives of any sanctioned governments or entities. In addition, our charter agreements include provisions that restrict trades of our vessels to countries or to sub-charterers targeted by economic sanctions unless such trades involving sanctioned countries or persons are permitted under applicable economic sanctions and embargo regimes. Although we have various policies and controls designed to help ensure our compliance with these economic sanctions and embargo laws, it is nevertheless possible that third-party charterers of our vessels, or their sub-charterers, may arrange for vessels in our fleet to call on ports located in one or more sanctioned countries. In order to help maintain our compliance with applicable sanctions and embargo laws and regulations, we monitor and review the movement of our vessels, as well as the cargo being transported by our vessels, on a continuing basis. In 2019, none of the vessels in our fleet made any port calls in Crimea, Cuba, North Korea, Iran, Sudan or Syria.

Notwithstanding the above, it is possible that new, or changes to existing, sanctions-related legislation or agreements may impact our business. In addition, it is possible that the charterers of our vessels may violate applicable sanctions, laws and regulations, using our vessels or otherwise, and the applicable authorities may seek to review our activities as the vessel owner. Moreover, although we believe that we are in compliance with all applicable sanctions and embargo laws and regulations, and intend to maintain

such compliance, the scope of certain laws may be unclear, may be subject to changing interpretations or may be strengthened or otherwise amended. Any violation of sanctions or engagement in sanctionable conduct could result in fines, sanctions or other penalties, and could negatively affect our reputation and result in some investors deciding, or being required, to divest their interest, or not to invest, in our common units. Finally, future expansion of sanctions or the imposition of sanctions on other jurisdictions could prevent our vessels from making any calls at certain ports, which potentially could have a negative impact on our business and results of operations.

We could be adversely affected by violations of the U.S. Foreign Corrupt Practices Act, the U.K. Bribery Act and anti-corruption laws in other applicable jurisdictions.

As an international shipping company, we may operate in countries known to have a reputation for corruption. The U.S. Foreign Corrupt Practices Act of 1977 (the "FCPA") and other anti-corruption laws and regulations in applicable jurisdictions generally prohibit companies registered with the SEC and their intermediaries from making improper payments to government officials for the purpose of obtaining or retaining business. Under the FCPA, companies registered with the SEC may be held liable for some actions taken by strategic or local partners or representatives. Legislation in other countries includes the U.K. Bribery Act, which became effective on July 1, 2011. The U.K. Bribery Act is broader in scope than the FCPA because it does not contain an exception for facilitating payments (i.e., payments to secure or expedite the performance of a "routine governmental action") and covers bribes and payments to private businesses as well as foreign public officials. We and our charterers may be subject to these and similar anti-corruption laws in other applicable jurisdictions. Failure to comply with such legal requirements could expose us to civil and/or criminal penalties, including fines, prosecution and significant reputational damage, all of which could materially and adversely affect our business, including our relationships with our charterers, results of operations, cash flows and ability to make cash distributions and service or refinance our debt. Compliance with the FCPA, the U.K. Bribery Act and other applicable anti-corruption laws and related regulations and policies imposes potentially significant costs and operational burdens. Moreover, the compliance and monitoring mechanisms that we have in place, including our Code of Business Conduct and Ethics, which incorporates our anti-bribery and corruption policy, may not adequately prevent or detect possible violations under applicable anti-bribery and anti-corruption legislation.

We have incurred, and may continue to incur significant costs in complying with the requirements of the U.S. Sarbanes-Oxley Act of 2002. If management is unable to continue to provide reports as to the effectiveness of our internal control over financial reporting or our independent registered public accounting firm is unable to continue to provide us with unqualified attestation reports as to the effectiveness of our internal control over financial reporting, investors could lose confidence in the reliability of our financial statements, which could result in a decrease in the value of our common units. We anticipate that we will continue to incur incremental general and administrative expenses as a publicly traded limited partnership taxed as a corporation.

As a publicly traded limited partnership, we are required to comply with the SEC's reporting requirements and with corporate governance and related requirements of the U.S. Sarbanes-Oxley Act of 2002, the SEC and the Nasdaq Global Select Market, on which our common units are listed. Section 404 of the U.S. Sarbanes-Oxley Act of 2002 ("SOX 404") requires that we evaluate and determine the effectiveness of our internal control over financial reporting on an annual basis and include in our reports filed with the SEC our management's assessment of the effectiveness of our internal control over financial reporting and a related attestation of our independent registered public accounting firm. Capital Ship Management provides substantially all of our financial reporting and we depend on the procedures they have in place. If, in such future annual reports on Form 20-F, our management cannot provide a report as to the effectiveness of our internal control over financial reporting or our independent registered public accounting firm is unable to provide us with an unqualified attestation report as to the effectiveness of our internal control over financial reporting as required by SOX 404, investors could lose confidence in the reliability of our financial statements, which could result in a decrease in the value of our common units.

We have and expect we will continue to have to dedicate a significant amount of time and resources to ensure compliance with the regulatory requirements of SOX 404. We will continue to work with our legal, accounting and financial advisors to identify any areas in which changes should be made to our financial and management control systems to manage our growth and our obligations as a public company. However, these and other measures we may take may not be sufficient to allow us to satisfy our obligations as a public company on a timely and reliable basis. If we have a material weakness in our internal control over financial reporting, we may not detect errors on a timely basis and our financial statements may be materially misstated. We have incurred and will continue to incur legal, accounting and other expenses in complying with these and other applicable regulations.

We anticipate that our incremental general and administrative expenses as a publicly traded limited partnership taxed as a corporation for U.S. federal income tax purposes will include costs associated with annual reports to unitholders, tax returns, investor relations, registrar and transfer agent's fees, incremental director and officer liability insurance costs and director compensation.

The maritime transportation industry is subject to substantial environmental and other regulations and international standards, which have become stricter over time and which may significantly limit our operations, result in substantial penalties or increase our expenditures.

Our operations are affected by extensive and increasingly stringent international, national and local environmental protection laws, regulations, treaties, conventions and standards in force in international waters, the jurisdictional waters of the countries in which our vessels operate, as well as the countries of our vessels' registration. Many of these requirements are designed to reduce the risk of oil spills, limit air emissions and other pollution, and to reduce potential negative environmental effects associated with the maritime industry in general. Further legislation, or amendments to existing legislation, applicable to international and national maritime trade is expected over the coming years relating to environmental matters. See "Item 4. Information on the Partnership—B. Business Overview—Regulation" for more information on regulation applicable to our business.

These requirements can affect the resale value or useful lives of our vessels, increase operational costs, require a reduction in cargo capacity, ship modifications or operational changes or restrictions, decrease profitability, lead to decreased availability of insurance coverage for environmental risks or result in the denial of access to certain jurisdictional waters or ports, or detention in certain ports. Significant expenditures for the installation of additional equipment or new systems on board our vessels may be required in order to comply with existing or future environmental regulations. In addition we may incur significant additional costs in meeting new maintenance, training and inspection requirements, in developing contingency arrangements for potential spills and in obtaining insurance coverage. Government regulation of vessels, particularly in the areas of safety and environmental requirements, can be expected to become stricter in the future and require us to incur significant capital expenditure on our vessels to keep them in compliance, or even to scrap or sell certain vessels altogether.

Under local, national and foreign laws, as well as international treaties and conventions, we could incur material liabilities, including clean up obligations and natural resource damages, in the event that there is a release of petroleum or other hazardous substances from our vessels or otherwise in connection with our operations. We could also become subject to personal injury and property damage claims and natural resource damages relating to the release of, or exposure to, hazardous materials associated with our current or historic operations. Violations of or liabilities under environmental requirements also can result in substantial penalties, fines and other sanctions including, in certain instances, seizure or detention of our vessels.

Furthermore, as a result of marine accidents, we believe that regulation of the shipping industry will continue to become more stringent and more expensive for us and our competitors. Future incidents may result in the adoption of even stricter laws and regulations, which could limit our operations or our ability to do business and which could have a material adverse effect on our business, financial condition, operating results and ability to make cash distributions and to service or refinance our debt and leasing liabilities.

Compliance with safety and other vessel requirements imposed by classification societies may be costly and could reduce our net cash flows and net income.

The hull and machinery of every commercial vessel must be certified as being "in class" by a classification society authorized by its country of registry. The classification society certifies that a vessel is safe and seaworthy in accordance with the applicable rules and regulations of the country of registry of the vessel and the Safety of Life at Sea Convention.

A vessel must undergo annual surveys, intermediate surveys and special surveys. In lieu of a special survey, a vessel's machinery may be placed on a continuous survey cycle, under which the machinery would be surveyed periodically over a five-year period. We expect our vessels to be on special survey cycles for hull inspection and continuous survey cycles for machinery inspection. Every vessel is also required to have its underwater parts inspected by class every two to three years, but for vessels subject to enhanced survey requirements and above 15 years of age, its underwater parts must be inspected in drydock.

If any vessel does not maintain its class or fails any annual, intermediate or special survey, the vessel will be unable to trade between ports and will be unemployable, which could have a material adverse effect on our business, results of operations, cash flows, financial condition and ability to make cash distributions and to service or refinance our debt.

Increased inspection procedures and tighter import and export controls could increase costs and disrupt our business.

International shipping is subject to various security and customs inspection and related procedures in countries of origin and destination and trans-shipment points. Inspection procedures may result in the seizure of contents of our vessels, delays in the loading, offloading, trans-shipment or delivery and the levying of customs duties, fines or other penalties against us.

It is possible that changes to inspection procedures could impose additional financial and legal obligations on us. Changes

to inspection procedures could also impose additional costs and obligations on our charterers and may, in certain cases, render the shipment of certain types of cargo uneconomical or impractical. Any such changes or developments may have a material adverse effect on our business, financial condition, results of operations, cash flows and ability to make cash distributions and service or refinance our debt.

The smuggling of drugs or other contraband onto our vessels may lead to governmental claims against us.

Our vessels call in ports throughout the world, and smugglers may attempt to hide drugs and other contraband on our vessels, with or without the knowledge of crew members. To the extent our vessels are found with contraband, whether inside or attached to the hull of our vessels, and whether with or without the knowledge of any of our crew, we may face governmental or other regulatory claims or penalties, which could have an adverse effect on our business, financial condition, results of operations, cash flows and ability to make distributions and service or refinance our debt.

RISKS INHERENT IN AN INVESTMENT IN US

We cannot assure you that we will pay any distributions on our units.

Our board of directors determines our cash distribution policy and the level of our cash distributions. Generally, our board of directors seeks to maintain a balance between the level of reserves it makes to protect our financial position and liquidity against the desirability of maintaining distributions on our limited partnership interests. We intend to review our distributions from time to time in the light of a range of factors, including our ability to obtain required financing and access financial markets, the repayment or refinancing of our external debt, the level of our capital expenditures, our ability to pursue accretive transactions, our financial condition, results of operations, prospects and applicable provisions of Marshall Islands law.

We may not have sufficient cash available each quarter to pay a minimum quarterly distribution on our common units following the payment of fees and expenses and the establishment by our board of directors of cash reserves. In April 2016, in the face of severely depressed trading prices for master limited partnerships, including us, a significant increase in our cost of capital and potential loss of revenue, our board of directors took the decision to protect our liquidity position by creating a capital reserve and setting distributions on our common units at a level that our board of directors believed to be sustainable and consistent with the proper conduct of our business. We have paid significantly less than the minimum quarterly distribution on our common units since the first quarter of 2016. The minimum quarterly distribution is a target set in our limited partnership agreement. There is no requirement that we make a distribution in this amount.

Our distribution policy from time to time will depend on, among other things, shipping market developments and the charter rates we are able to negotiate when we re-charter our vessels, our cash earnings, financial condition and cash requirements, and could be affected by a variety of factors, including increased or unanticipated expenses, the loss of a vessel, required capital expenditures, reserves established by our board of directors, refinancing or repayment of indebtedness, additional borrowings, compliance with the covenants in our financing arrangements, our anticipated future cost of capital, access to financing and equity and debt capital markets, including for the purposes of refinancing or repaying existing indebtedness, and asset valuations. Our distribution policy may be changed at any time, and from time to time, by our board of directors.

Our ability to make cash distributions is also limited under Marshall Islands law. A Marshall Islands limited partnership cannot make a cash distribution to a partner to the extent that at the time of the distribution, after giving effect to the distribution, all liabilities of the limited partnership (other than liabilities to partners on account of their partnership interests and liabilities for which the recourse of creditors is limited to specified property of the limited partnership) exceed the fair value of its assets. For purposes of this test, the fair value of property that is subject to a liability for which the recourse of creditors is limited shall be included in the assets of the limited partnership only to the extent that the fair value of that property exceeds such liability.

The amount of cash we generate from our operations may differ materially from our profit or loss for the period, which will be affected by non-cash items. As a result, we may not make cash distributions in certain periods even if we were to record a positive net income in those periods. Conversely, we may make cash distributions during periods when we record losses.

In light of the factors described above and elsewhere in this Annual Report, there can be no assurance that we will pay any distributions on our units.

Completion of the DSS Transaction may impact your investment in us.

Before completion of the DSS Transaction, we owned a diversified fleet of 36 vessels across the crude and product tanker, container and drybulk markets. As part of the DSS Transaction, we spun off all of our 25 crude and product tankers. We now own a fleet consisting of 13 neo-panamax container carrier vessels, following the acquisition of three neo-panamax container vessels in January 2020, and one capesize bulk carrier. Accordingly, our market capitalization has decreased significantly.

The significant reduction of the number of vessels in our fleet has resulted in a reduced asset base and a reduction in the amount of cash distributions that our common unitholders would have otherwise received if we had not completed the DSS Transaction. We also expect that our general and administrative expenses will have proportionally a greater impact on our results from operations.

We are exposed to risks associated with a reduced asset base and smaller market capitalization. For example, we may be exposed to increased cash flow variability due to a smaller and less-diverse fleet and a more concentrated customer base in comparison to our fleet and customer base before the completion of the DSS Transaction. This may affect our cash flow and ability to make distributions to you. In addition, in light of our smaller size and market value relative to our competitors, the trading liquidity of our common units and our access to capital markets may be affected, which may have a material adverse impact on the trading price of your common units.

Negative media coverage and public and judicial scrutiny relating to Mr. Evangelos M. Marinakis may adversely affect our reputation and operations, investor confidence and the trading price of our common units.

Mr. Evangelos M. Marinakis is the chairman of Capital Maritime, our sponsor. In addition, as of the date of this Annual Report, the Marinakis family, including Mr. Evangelos M. Marinakis, may be deemed to beneficially own an 18.4% interest in us, through its beneficial ownership of, among other entities, Capital Maritime and Crude Carriers Investments Corp. (“Crude Carriers Investments”). Furthermore, Mr. Miltiadis E. Marinakis, Mr. Evangelos M. Marinakis’s son, is the owner of Capital GP L.L.C., our General Partner.

Mr. Evangelos M. Marinakis holds significant other interests in Greece and abroad. Among other things, Mr. Marinakis is the principal owner of Olympiacos, a Greek professional football team, and the Nottingham Forest football club in England. Mr. Marinakis also owns the Greek media company Alter Ego Media S.A. Furthermore, Mr. Marinakis is a member of the Piraeus city council.

Mr. Marinakis has been the subject of intense and at times negative media scrutiny in Greece, and has been and still is the subject of criminal investigations by the Greek authorities. In addition, in November 2017, Mr. Marinakis was indicted, together with 27 other individuals, for the charge of match-fixing in respect of two soccer matches, as well as, together with seven other individuals, for the attendant charge of joint criminal enterprise. The trial on this matter is currently underway and is expected to conclude in the coming months. Mr. Marinakis has advised us that he does not believe that the pending investigations and proceedings will result in any penalties affecting any of his shipping businesses.

Given the relationships of Mr. Marinakis and certain members of his family with Capital Maritime and us described above, any past or future negative media coverage, public and judicial scrutiny or criminal proceedings in relation to Mr. Marinakis, regardless of the factual basis for the assertions being made or the final outcome of any investigation or proceeding, may affect the reputation and operations of Capital Maritime, as well as our reputation and operations. Such coverage, scrutiny and proceedings may also adversely impact investor confidence and the trading price of our common units.

The control of our General Partner may be transferred to a third party without unitholder consent.

Our General Partner is a limited liability company initially formed and controlled by Capital Maritime as sole member. In April 2019, Capital Maritime transferred all membership interests in our General Partner to Mr. Miltiadis E. Marinakis.

Our partnership agreement does not restrict the ability of the member or members from time to time of our General Partner from transferring control of our General Partner or its assets to a third party, whether in a merger, sale of all membership interests or sale of all or substantially all of its assets, without the consent of our unitholders.

Any such change in control of our General Partner may affect the way we and our operations are managed, which could have a material adverse effect on our business, financial condition, results of operations, cash flows and our ability to make cash distributions and service or refinance our debt.

Please read “—Risks Related to our Business and Operations—*We depend on our General Partner, a private company under the ownership of Mr. Miltiadis E. Marinakis, for the day-to-day management of our affairs. The change of ownership of our General Partner may affect the way we and our operations are managed and our relationships with our charterers and other counterparties*.”

Our General Partner, which may have conflicts of interest, has limited fiduciary and contractual duties, which may permit it to favor its own interests or the interest of its affiliates or related persons to the detriment of other unitholders.

Our General Partner is in charge of our day-to-day affairs consistent with policies and procedures adopted by, and subject to the direction of, our board of directors.

Our General Partner and our directors have a fiduciary duty to manage us in a manner beneficial to us and our unitholders. However, this duty is limited under our partnership agreement. Please see "*—Our partnership agreement limits our General Partner's and our directors' fiduciary duties to our unitholders and restricts the remedies available to unitholders for actions taken by our General Partner or our directors*." In addition, all three officers of our General Partner and one of our directors are officers or directors of Capital Maritime and its affiliates, and as such they have fiduciary duties to Capital Maritime that may cause them to pursue business strategies that disproportionately benefit Capital Maritime or which otherwise are not in the best interests of us or our unitholders. Conflicts of interest may arise between Capital Maritime, our General Partner and their affiliates, on the one hand, and us and our unitholders, on the other hand. As a result of these conflicts, the officers of our General Partner and Capital Maritime may favor their own interests over the interests of our unitholders.

These conflicts include, among others, the following situations:

- neither our partnership agreement nor any other agreement requires our General Partner or its affiliates to pursue a business strategy that favors us or utilizes our assets, and Capital Maritime's officers and directors in their capacity as such have a fiduciary duty to make decisions in the best interests of the shareholders of Capital Maritime, which may be contrary to our interests;
- our General Partner and our directors have limited their liabilities and restricted their fiduciary duties under the laws of the Republic of the Marshall Islands, while also restricting the remedies available to our unitholders, and, as a result of purchasing our units, unitholders are treated as having agreed to the modified standard of fiduciary duties and to certain actions that may be taken by our General Partner and our directors, all as set forth in the partnership agreement;
- our General Partner and our board of directors will be involved in determining the amount and timing of our asset purchases and sales, capital expenditures, borrowings, and issuances of additional partnership securities and reserves, each of which can affect the amount of cash that is available for distribution to our unitholders;
- our General Partner may have substantial influence over our board of directors' decision to cause us to borrow funds in order to permit the payment of cash distributions, even if the purpose or effect of the borrowing is to make incentive distributions;
- our General Partner is entitled to reimbursement of all reasonable costs incurred by it and its affiliates for our benefit;
- our partnership agreement does not restrict us from paying our General Partner or its affiliates for any services rendered to us on terms that are fair and reasonable or entering into additional contractual arrangements with any of these entities on our behalf; and
- our General Partner may exercise its right to call and purchase our outstanding units if it and its affiliates own more than 90% of our common units.

Although a majority of our directors are elected by common unitholders, our General Partner has a substantial influence on decisions made by our board of directors. Please read "Item 6. Directors, Senior Management and Employees."

Affiliates of our General Partner may favor their own interests in any vote by our unitholders.

Under the terms of our partnership agreement, the affirmative vote of a majority of common units is required in order to reach certain decisions or actions, including:

- amendments to the definition of available cash, operating surplus and adjusted operating surplus;
- elimination of the obligation to hold an annual general meeting;
- removal of any appointed director for cause;

- the ability of the board of directors to cause us to sell, exchange or otherwise dispose of all or substantially all of our assets;
- withdrawal of the General Partner;
- removal of the General Partner;
- dissolution of the partnership;
- change to the quorum requirements;
- approval of merger or consolidation; and
- any other amendment to the partnership agreement, except for certain amendments related to the day-to-day management of the Partnership and amendments necessary or appropriate to carrying out our business consistent with historical practice, including any change that our board of directors determines to be necessary or appropriate to qualify or continue our qualification as a limited partnership, or any amendment that our board of directors, and, if required, our General Partner, determines to be necessary or appropriate in connection with the authorization and issuance of any class or series of our securities.

Capital Maritime and its affiliates are not subject to the limitations on voting rights imposed on our other limited partners and would be attributed their pro rata share of any voting rights reallocated as a result of such limitations.

Accordingly, Capital Maritime and its affiliates may favor their own interests or the interests of our General Partner in any vote by our unitholders. These considerations may significantly impact any vote under the terms of our partnership agreement and may significantly affect your rights under our partnership agreement.

Please also read "*—Unitholders have limited voting rights and our partnership agreement restricts the voting rights of unitholders owning 5% or more of our units"* for information on additional restrictions imposed by our partnership agreement.

Capital Maritime and its affiliates may engage in competition with us.

The omnibus agreement that we and Capital Maritime have entered into imposes certain mutual restrictions on the acquisition, ownership and operations, and provides for certain rights of first refusal in respect, of product and crude oil tankers. The omnibus agreement however contains significant exceptions. It also does not apply to container and drybulk vessels and other shipping markets. Accordingly, Capital Maritime and its controlled affiliates have significant ability to compete with us, which could harm our business. Please read "Item 7. Major Unitholders and Related Party Transactions—B. Related-Party Transactions" for further information.

Our Managers may provide management services to other shipping companies and may face conflicts between our interests and the interests of such other shipping companies.

Capital Ship Management and Capital Executive may provide management services to shipping companies other than us. In particular, Capital Ship Management will continue to assume the commercial and technical management of the Tanker Business we contributed to DSSI for a period of five years following completion of the DSS Transaction under separate arrangements that Capital Ship Management entered into with DSSI.

The ability of our Managers to serve other shipping companies may raise conflicts of interest. For example, if we were to acquire crude or product tanker vessels, our interest in securing new charters or extending existing charters may conflict with those of DSSI. Capital Ship Management could be inclined to allocate charters in a manner that increases the compensation that it may receive rather than based on our best interests. If that were to happen, our business, financial condition, results of operations, cash flows and ability to make cash distributions and service or refinance our debt may be materially affected.

We currently do not have any officers and rely, and expect to continue to rely, solely on officers of our General Partner, who face conflicts in the allocation of their time to our business.

Our board of directors has not exercised its power to appoint officers of the Partnership to date, and, as a result, we rely, and expect to continue to rely, solely on the officers of our General Partner, who are not required to work full-time on our affairs and who also work for Capital Maritime, Capital Ship Management and/or their respective affiliates.

For example, our General Partner's Chief Executive Officer, Chief Financial Officer and Chief Operating Officer are also executive officers or employees of Capital Maritime. Capital Maritime and our Managers each conduct substantial businesses and activities of their own in which we have no economic interest.

As a result, there could be material competition for the time and effort of the officers of our General Partner who also provide services to Capital Maritime, Capital Ship Management and/or their respective affiliates, which could have a material adverse effect on our business, financial condition, results of operations, cash flows and ability to make cash distributions and service or refinance our debt.

Our partnership agreement limits our General Partner's and our directors' fiduciary duties to our unitholders and restricts the remedies available to unitholders for actions taken by our General Partner or our directors.

Our partnership agreement contains provisions that restrict the standards and fiduciary duties to which our General Partner and directors may otherwise be held by or owed to you pursuant to Marshall Islands law. For example, our partnership agreement:

- permits our General Partner to make a number of decisions in its individual capacity, as opposed to in its capacity as our General Partner. Where our partnership agreement permits, our General Partner may consider only the interests and factors that it desires, and in such cases, it has no duty or obligation to give any consideration to any interest of, or factors affecting, us, our affiliates or our unitholders. Specifically, pursuant to our partnership agreement, our General Partner will be considered to be acting in its individual capacity if it exercises its right to call and purchase limited partner interests, including common units, preemptive rights or registration rights, consents or withholds consent to any merger or consolidation of the partnership, appoints any directors or votes for the election of any director, votes or refrains from voting on amendments to our partnership agreement that require a vote of the outstanding units, voluntarily withdraws from the partnership, transfers (to the extent permitted under our partnership agreement) or refrains from transferring its units, General Partner interest or IDRs, or votes upon the dissolution of the partnership;
- provides that our General Partner and our directors are entitled to make other decisions in "good faith" if they reasonably believe that the decision is in our best interests;
- generally provides that affiliated transactions and resolutions of conflicts of interest not approved by the conflicts committee of our board of directors and not involving a vote of unitholders must be on terms no less favorable to us than those generally being provided to or available from unrelated third parties or be "fair and reasonable" to us and that, in determining whether a transaction or resolution is "fair and reasonable," our board of directors may consider the totality of the relationships between the parties involved, including other transactions that may be particularly advantageous or beneficial to us; and
- provides that neither our General Partner and its officers nor our directors will be liable for monetary damages to us, our limited partners or assignees for any acts or omissions unless there has been a final and non-appealable judgment entered by a court of competent jurisdiction determining that our General Partner or directors or its officers or directors or those other persons engaged in actual fraud or willful misconduct.

In order to become a limited partner of our partnership, a unitholder is required to agree to be bound by the provisions in the partnership agreement, including the provisions discussed above. Please read "7.B: Related-Party Transactions—Conflicts of Interest and Fiduciary Duties."

Unitholders have limited voting rights and our partnership agreement restricts the voting rights of unitholders owning 5% or more of our units.

Holders of units have only limited voting rights on matters affecting our business.

We hold a meeting of the limited partners every year to elect one or more members of our board of directors and to vote on any other matters that are properly brought before the meeting. Common unitholders (excluding Capital Maritime and its affiliates) elect five of the eight members of our board of directors. Currently our board has seven members, of which five were elected by common unitholders. The elected directors are elected on a staggered basis and serve for three-year terms. Our General Partner in its sole discretion has the right to appoint the remaining three directors, who also serve for three-year terms. Any and all elected directors may be removed with cause only by the affirmative vote of a majority of the other elected directors or at a properly called meeting of the common unitholders by the affirmative vote of the holders of a majority of the outstanding common units.

The partnership agreement contains provisions limiting the ability of unitholders to call meetings or to acquire information about our operations, as well as other provisions limiting the unitholders' ability to influence the manner or direction of management. Unitholders have no right to elect our General Partner, and our General Partner may not be removed except by a vote of the holders of at least two thirds of the outstanding units, including any units owned by our General Partner and its affiliates, and a majority vote of our board of directors. Currently, 15,486,174 common units representing 83.2% of our common units are owned by public unitholders.

Our partnership agreement further restricts unitholders' voting rights by providing that if any person or group, other than our General Partner, its affiliates, their transferees and persons who acquired such units with the prior approval of our board of directors, beneficially owns 5% or more of any class of units then outstanding, any such units owned by that person or group in excess of 4.9% may not be voted on any matter and will not be considered to be outstanding when sending notices of a meeting of unitholders, calculating required votes, except for purposes of nominating a person for election to our board, determining the presence of a quorum or for other similar purposes, unless required by law. The voting rights of any such unitholders in excess of 4.9% will be redistributed pro rata among the other unitholders of the same class holding less than 4.9% of the voting power of that class. As affiliates of our General Partner, Capital Maritime and Crude Carriers Investments are not subject to such limitation and will be attributed their pro rata share of any units reallocated as a result of such limitation. Further, this limitation does not apply to unitholders who acquire more than 5% of any class of units then outstanding with the prior approval of our board of directors.

As of the date of this Annual Report, based on 18,971,670 units issued and outstanding (including 348,570 general partner units), the Marinakis family, including Evangelos M. Marinakis, the chairman of Capital Maritime, may be deemed to beneficially own an 18.4% interest in us, through Capital Maritime, which may be deemed to beneficially own 2,667,753 common units representing a 14.1% interest in us, our General Partner, which may be deemed to beneficially own 348,570 general partner units representing a 1.8% interest in us, and Crude Carriers Investments, which may be deemed to beneficially own 469,173 common units, representing a 2.5% interest in us.

Our partnership agreement contains provisions that may have the effect of discouraging a person or group from attempting to remove our current management or our General Partner.

Our partnership agreement contains provisions that may have the effect of discouraging a person or group from attempting to remove our current management or our General Partner:

- the unitholders will be unable to remove our General Partner without its consent so long as our General Partner and its affiliates or related persons own sufficient units to be able to prevent such removal. The vote of the holders of at least two thirds of all outstanding units voting together as a single class and a majority vote of our board of directors is required to remove the General Partner. As of the date of this Annual Report, based on a total of 18,971,670 units issued and outstanding (including 348,570 general partner units), the Marinakis family, including Evangelos M. Marinakis, the chairman of Capital Maritime, may be deemed to beneficially own an 18.4% interest in us.
- common unitholders elect five of the eight members of our board of directors. Our General Partner in its sole discretion has the right to appoint the remaining three directors.
- election of the five directors elected by common unitholders is staggered, meaning that the members of only one of three classes of our elected directors are selected each year. In addition, the directors appointed by our General Partner will serve for terms determined by our General Partner.
- our partnership agreement contains provisions limiting the ability of unitholders to call meetings of unitholders, to nominate directors and to acquire information about our operations, as well as other provisions limiting the unitholders' ability to influence the manner or direction of management.
- Unitholders have limited voting rights, as described under "*—Unitholders have limited voting rights and our partnership agreement restricts the voting rights of unitholders owning 5% or more of our units.*"
- we have substantial latitude in issuing equity securities without unitholder approval.

One effect of these provisions may be to diminish the price at which our units will trade.

Our General Partner has a limited call right that may require unitholders to sell your units at an undesirable time or price.

If at any time our General Partner and its affiliates own more than 90% of the units of a class, our General Partner will have the right, which it may assign to any of its affiliates or to us, but not the obligation, to acquire all, but not less than all, of the units of such class held by unaffiliated persons at a price not less than their then-current market price. As a result, unitholders may be required to sell your units at an undesirable time or price and may not receive any return on their investment. Unitholders may also incur a tax liability upon a sale of their units.

Our common units are equity securities and are subordinated to our existing and future indebtedness and will be subject to prior distribution and liquidation rights of any preferred units we may issue in the future.

Our common units are equity interests and do not constitute indebtedness. Our common units rank junior to all indebtedness and other non-equity claims on us with respect to the assets available to satisfy claims, including in a liquidation of the Partnership. Additionally, holders of our common units are subject to the prior distribution and liquidation rights of any preferred units we may issue in the future. Our board of directors is authorized to issue additional classes or series of preferred units without the approval or consent of the holders of our common units. Any actual or possible reduction in the amount of distributions made on our common units could materially and adversely affect the market price of the common units.

Future sales of our common units, or the issuance of preferred units, debt securities or warrants, could cause the market price of our common units to decline.

The market price of our common units could decline due to sales of a large number of units, or the issuance of debt securities or warrants, in the market, or the perception that these sales could occur. These sales could also make it more difficult or impossible for us to sell equity securities in the future at a time and price that we deem appropriate to raise funds through future offerings of such equity securities.

Since our initial public offering, we conducted a number of issuances of common and preferred units, and we may engage in additional such issuances in the future.

The issuance by us of additional units or other equity securities of equal or senior rank may have the following effects:

- our unitholders' proportionate ownership interest in us will decrease;
- the amount of cash available for distribution on each unit may decrease;
- the relative voting power of each previously outstanding unit may be diminished; and
- the market price of the units may decline.

You may not have limited liability if a court finds that unitholder action constitutes control of our business.

As a limited partner in a partnership organized under the laws of the Republic of the Marshall Islands, you could be held liable for our obligations to the same extent as a General Partner if a court determines that you "participated in the control" of our business (and the person who transacts business with us reasonably believes, based on the limited partner's conduct, that the limited partner is a general partner). Our General Partner generally has unlimited liability for the obligations of the Partnership, such as its debts and environmental liabilities. In addition, the limitations on the liability of holders of limited partner interests for the obligations of a limited partnership have not been clearly established in some jurisdictions in which we do business. Please read "Item 10. Additional Information—B. Memorandum and Articles of Association—The Partnership Agreement—Limited Liability" for a more detailed discussion of the implications of the limitations on liability to a unitholder.

We can borrow money to pay distributions or buy back our units, which would reduce the amount of credit available to operate our business.

Our partnership agreement allows us to make working capital borrowings to pay distributions. Accordingly, we can make distributions on all our units even though cash generated by our operations may not be sufficient to pay such distributions. Any working capital borrowings by us to make distributions will reduce the amount of working capital borrowings we can make for operating our business. For more information, please read "Item 5. Operating and Financial Review and Prospects—B. Liquidity and Capital Resources—Borrowings."

Increases in interest rates may cause the market price of our units to decline.

An increase in interest rates may cause a corresponding decline in demand for equity investments in general, and in particular, for yield-based equity investments such as our units. Any such increase in interest rates or reduction in demand for our units resulting from other relatively more attractive investment opportunities may cause the trading price or the market value of our units to decline.

Unitholders may have liability to repay distributions.

Under some circumstances, unitholders may have to repay amounts wrongfully returned or distributed to them. Under the Marshall Islands Limited Partnership Act (the "MILPA"), we may not make a distribution if the distribution would cause our liabilities (other than liabilities to partners on account of their partnership interest and liabilities for which the recourse of creditors is limited to specified property of ours) to exceed the fair value of our assets, except that the fair value of property that is subject to a liability for which the recourse of creditors is limited shall be included in our assets only to the extent that the fair value of that property exceeds that liability. The MILPA provides that for a period of three years from the date of the impermissible distribution, limited partners who received the distribution and who knew at the time of the distribution that it violated the MILPA will be liable to the limited partnership for the distribution amount. Assignees who become substituted limited partners are liable for the obligations of the assignor to make contributions to the partnership that are known to the assignee at the time it became a limited partner and for unknown obligations if the liabilities could be determined from the partnership agreement.

Our organization as a limited partnership under the laws of the Republic of the Marshall Islands may limit the ability of our unitholders to protect their interests.

Our affairs are governed by our partnership agreement and the MILPA. The provisions of the MILPA resemble provisions of the limited partnership laws of a number of states in the United States, most notably Delaware. The MILPA also provides that, as it relates to nonresident limited partnerships, such as us, it is to be applied and construed to make the laws of the Marshall Islands, with respect to the subject matter of the MILPA, uniform with the laws of the State of Delaware and, so long as it does not conflict with the MILPA or decisions of the High and Supreme Courts of the Republic of the Marshall Islands, the non-statutory law (or case law) of the State of Delaware is adopted as the law of the Marshall Islands. However, there have been few, if any, judicial cases in the Republic of the Marshall Islands interpreting the MILPA. For example, the rights and fiduciary responsibilities of directors under the laws of the Republic of the Marshall Islands are not as clearly established as the rights and fiduciary responsibilities of directors under statutes or judicial precedent in existence in certain U.S. jurisdictions. Although the MILPA does specifically incorporate the non-statutory law, or judicial case law, of the State of Delaware, our public unitholders may have more difficulty in protecting their interests in the face of actions by management, directors or controlling unitholders than would shareholders of a limited partnership organized in a U.S. jurisdiction.

It may not be possible for investors to enforce U.S. judgments against us.

We are organized under the laws of the Republic of the Marshall Islands, as is our General Partner and most of our subsidiaries. Most of our directors and the directors and officers of our General Partner and those of our subsidiaries are residents of countries other than the United States. Substantially all of our assets and those of our subsidiaries are located outside the United States. As a result, it may be difficult or impossible for U.S. investors to serve process within the United States upon us or to enforce judgment upon us for civil liabilities in U.S. courts. In addition, you should not assume that courts in the countries in which we or our subsidiaries are incorporated or organized or where our assets or the assets of our subsidiaries are located (1) would enforce judgments of U.S. courts obtained in actions against us or our subsidiaries based upon the civil liability provisions of applicable U.S. federal and state securities laws or (2) would impose, in original actions, liabilities against us or our subsidiaries based upon these laws.

TAX RISKS

In addition to the following risk factors, you should read "Item 10. Additional Information—E. Taxation" below for a more complete discussion of the expected material U.S. federal and non-U.S. income tax considerations relating to us and the ownership and disposition of our units.

U.S. tax authorities could treat us as a "passive foreign investment company," which could have adverse U.S. federal income tax consequences to U.S. unitholders.

A foreign entity taxed as a corporation for U.S. federal income tax purposes will be treated as a "passive foreign investment company" (a "PFIC") for U.S. federal income tax purposes if (x) at least 75% of its gross income for any taxable year consists of certain types of "passive income," or (y) at least 50% of the average value of the entity's assets produce or are held for the production of those types of "passive income." For purposes of these tests, "passive income" includes dividends, interest, gains from

the sale or exchange of investment property, and rents and royalties other than rents and royalties that are received from unrelated parties in connection with the active conduct of a trade or business. For purposes of these tests, income derived from the performance of services does not constitute "passive income." U.S. persons who own shares of a PFIC are subject to a disadvantageous U.S. federal income tax regime with respect to the income derived by the PFIC, the distributions they receive from the PFIC, and the gain, if any, they derive from the sale or other disposition of their shares in the PFIC.

Based on our current and projected method of operation, we believe that we are not currently a PFIC and we do not expect to become a PFIC in the future. We intend to treat our income from spot and time chartering activities as non-passive income, and the vessels engaged in those activities as non-passive assets, for PFIC purposes. However, no assurance can be given that the Internal Revenue Service (the "IRS") or a United States court will accept this position, and there is accordingly a risk that the IRS or a United States court could determine that we are a PFIC. Moreover, no assurance can be given that we would not constitute a PFIC for any future taxable year if there were to be changes in our assets, income or operations. See "Item 10. Additional Information—E. Taxation—Material U.S. Federal Income Tax Considerations—U.S. Federal Income Taxation of U.S. Holders—PFIC Status and Significant Tax Consequences."

We may have to pay tax on United States source income, which would reduce our earnings.

Under the Internal Revenue Code of 1986, as amended (the "Code"), 50% of the gross shipping income of a vessel owning or chartering corporation that is attributable to transportation that either begins or ends, but that does not both begin and end, in the United States is characterized as U.S. source shipping income and such income generally is subject to a 4% U.S. federal income tax without allowance for deduction, unless that corporation qualifies for exemption from tax under Section 883 of the Code. We believe that we and each of our subsidiaries will qualify for this statutory tax exemption, and we will take this position for U.S. federal income tax return reporting purposes. See "Item 10. Additional Information—E. Taxation—Material U.S. Federal Income Tax Considerations—The Section 883 Exemption." However, there are factual circumstances, including some that may be beyond our control, which could cause us to lose the benefit of this tax exemption. In addition, our conclusion that we currently qualify for this exemption is based upon legal authorities that do not expressly contemplate an organizational structure such as ours. Although we have elected to be treated as a corporation for U.S. federal income tax purposes, for corporate law purposes we are organized as a limited partnership under Marshall Islands law. Our General Partner will be responsible for managing our business and affairs and has been granted certain veto rights over decisions of our board of directors. Therefore, we can give no assurances that the IRS will not take a different position regarding our qualification, or the qualification of any of our subsidiaries, for this tax exemption.

If we or our subsidiaries are not entitled to this exemption under Section 883 of the Code for any taxable year, we or our subsidiaries generally would be subject for those years to a 4% U.S. federal gross income tax on our U.S. source shipping income. The imposition of this taxation could have a negative effect on our business and would result in decreased earnings available for distribution to our unitholders.

You may be subject to income tax in one or more non-U.S. countries, including Greece, as a result of owning our units if, under the laws of any such country, we are considered to be carrying on business there. Such laws may require you to file a tax return with and pay taxes to those countries.

We intend that our affairs and the business of each of our subsidiaries will be conducted and operated in a manner that minimizes income taxes imposed upon us and these subsidiaries or which may be imposed upon you as a result of owning our units. However, because we are organized as a partnership, there is a risk in some jurisdictions that our activities and the activities of our subsidiaries may be attributed to our unitholders for tax purposes and, thus, that you will be subject to tax in one or more non-U.S. countries, including Greece, as a result of owning our units if, under the laws of any such country, we are considered to be carrying on business there. If you are subject to tax in any such country, you may be required to file a tax return with and pay tax in that country based on your allocable share of our income. We may be required to reduce distributions to you on account of any withholding obligations imposed upon us by that country in respect of such allocation to you. The United States may not allow a tax credit for any foreign income taxes that you directly or indirectly incur.

We believe we can conduct our activities in a manner so that our unitholders should not be considered to be carrying on business in Greece solely as a consequence of acquiring, holding, disposing of or participating in the redemption of our units. However, the question of whether either we or any of our subsidiaries will be treated as carrying on business in any country, including Greece, will largely be a question of fact determined through an analysis of contractual arrangements, including the management and the administrative services agreements we have entered into with our Managers, and the way we conduct business or operations, all of which may change over time. The laws of Greece or any other foreign country may also change, which could cause the country's taxing authorities to determine that we are carrying on business in such country and are subject to its taxation laws. Any foreign taxes imposed on us or any subsidiaries or the increase of any tonnage tax will reduce our cash available for distribution.

Item 4. Information on the Partnership.

A. History and Development of the Partnership

We are a master limited partnership organized as Capital Product Partners L.P. under the laws of the Marshall Islands on January 16, 2007. We completed our initial public offering in April 2007. We maintain our principal executive headquarters at 3 Iassonos Street, Piraeus, 18537 Greece and our telephone number is +30 210 4584 950. Our registered address in the Marshall Islands is Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, Marshall Islands MH96960. The name of our registered agent at such address is The Trust Company of the Marshall Islands, Inc. Our website address is www.capitalpplp.com. The SEC maintains an internet website at www.sec.gov that contains reports and other information regarding issuers, including us, that file electronically with the SEC. The information contained on, or that can be accessed through these websites is not part of, and is not incorporated into, this Annual Report.

Recent Developments

Acquisition of vessels

In January 2020 the Partnership completed the acquisition of the three 10,000 TEU sister container vessels, namely the M/V Athos, the M/V Aristomenis and the M/V Athenian built in 2011 at Samsung Heavy Industries Co. Ltd S. Korea, for a total consideration of $162.6 million from Capital Maritime. The vessels are employed under long-term time charters with Hapag-Lloyd which will expire in April 2024. The gross charter rate for each vessel currently amounts to $27,000 per day, increasing to $28,000 per day for the M/V Aristomenis from October 2020, and from July 2021 onwards for the M/V Athos and the M/V Athenian. Each of these time charters includes two one-year options at $32,500 and $33,500 gross per day.

Issuance of long-term debt

On January 17, 2020 the Partnership entered into a new term loan facility with Hamburg Commercial Bank A.G. (the "HCOB Facility") of up to $38.5 million for the purpose of partially financing the acquisition of M/V Athenian. The full amount of the facility was drawn on January 22, 2020 and is payable in 20 consecutive quarterly installments of $0.9 million beginning three months after the drawdown date plus a balloon payment of $21.3 million payable together with the last quarterly installment due in January 2025. The loan facility bears interest at LIBOR plus a margin of 2.55%.

Sale and lease back transactions (financing arrangements)

On January 20, 2020 we entered into an agreement for the sale and lease back of the vessels M/V Athos and M/V Aristomenis with CMB Financial Leasing Co., Ltd, ("CMBFL") for $38.5 million each. The lease agreement has a duration of five years, bears an interest at LIBOR plus a margin of 2.55% and includes a purchase option for us to acquire each vessel on expiration of the lease at the predetermined price of $22.5 million, and requires us to pay the amount of $7.5 million to CMBFL if the option is not exercised. In addition, we have various purchase options commencing from the first year anniversary of the lease. The full amounts were drawn on January 23, 2020.

In December 2019 we entered into a non-binding term sheet with ICBC Financial Leasing Co., Ltd. ("ICBCFL") for the sale and lease back of three vessels currently mortgaged under the 2017 credit facility, namely the CMA CGM Amazon, the CMA CGM Uruguay and the CMA CGM Magdalena, for a total amount of $155.4 million. The lease has a duration of seven years after drawdown, bears interest at LIBOR plus a margin of 2.60% and includes mandatory purchase obligations for us to repurchase the vessels on expiration of the agreement, at the predetermined price of $77.7 million. In addition, we have various purchase options commencing from the first year anniversary of the lease. The estimated amount required to be repaid to release these three vessels under the 2017 credit facility (based on the current principal amount outstanding under our 2017 credit facility and vessel charter free fair market values as of December 31, 2019) is $119.9 million. We expect the agreement to be finalized during March 2020.

2019 Developments

Completion of the DSS Transaction

On November 27, 2018, we entered into a definitive transaction agreement with DSS, pursuant to which we agreed to spin off the Tanker Business into a separate publicly listed company, DSSI, which would then combine with DSS's businesses and operations in a share-for-share transaction. The DSS Transaction was completed on March 27, 2019. Please read the introductory note entitled "DSS Transaction and March 2019 Reverse Split" for more information.

Scrubber installation update

As of the date of this annual report, we completed the installation of scrubbers on five vessels, four of which are 5,000 TEU container vessels, and commenced the process of installing scrubbers on one additional 5,000 TEU container vessel. In October 2018, we entered into a series of agreements with HMM to increase the daily charter rate under each of the five charters for these vessels we have with HMM by $4,900 in light of the expenditure we will incur in connection with the installation of scrubbers. This increase is effective from January 1, 2020, or, if later, the installation date of the scrubbers. Accordingly, the four vessels on which scrubbers have been installed are earning the increased daily rate. Under previous charter restructuring arrangements with HMM, on January 1, 2020, the daily charter rate under each of the five charters we have with HMM reverted to the original daily gross rate of $29,350. Accordingly, the daily charter rate for these four vessels increased to $34,250.

Change of Manager

In August 2019, we completed the process of changing the manager of our container vessels from Capital Ship Management to Capital-Executive, a privately held company ultimately controlled by Mr. Miltiadis E. Marinakis. The agreement with Capital-Executive has the same terms and conditions of our floating fee management agreement with Capital Ship Management. M/V Cape Agamemnon remains under the management of Capital Ship Management under our floating fee management agreement with Capital Ship Management.

Adoption of an amended and restated omnibus incentive compensation plan

As of December 31, 2018, all restricted units issuable under our Omnibus Incentive Compensation Plan (the "Plan") had been issued. In July 2019, our board of directors adopted an amended and restated Plan, so as to reserve for issuance a maximum number of 740,000 restricted common units.

Change of Ownership of our General Partner

Our General Partner is a limited liability company initially formed and controlled by Capital Maritime as sole member. In April 2019, Capital Maritime transferred all membership interests in our General Partner to Mr. Miltiadis E. Marinakis. See "Item 3. Key Information—D. Risk Factors—Risks Related to our Business and Operations—*We depend on our General Partner, a private company under the ownership of Mr. Miltiadis E. Marinakis, for the day-to-day management of our affairs. The change of ownership of our General Partner may affect the way we and our operations are managed and our relationships with our charterers and other counterparties.*"

2018 Developments

Management Buy-Out of our Manager

Capital Ship Management is a privately held company initially formed and controlled by Capital Maritime. In 2018, Capital Ship Management conducted a management buy-out led by its senior management. Since then, Capital Ship Management is no longer part of the group of companies controlled by Capital Maritime.

Some members of the senior management of Capital Ship Management are also current directors or officers of Capital Maritime.

In addition, Mr. Gerasimos Ventouris, an officer of Capital Ship Management and director and officer of Capital Maritime, serves as the chief operating officer of our General Partner and Mr. Gurpal Grewal, a technical director of Capital Ship Management, serves as one of our directors appointed by our General Partner.

Please read "Item 3. Key Information—D. Risk Factors—Risks Related to Our Business and Operations—*We depend on our Managers, which are privately held companies, for the commercial and technical management of our fleet. If, for any reason, our Managers are unable to provide us with the necessary level of services to support and expand our business or qualify for long-term charters, our business, financial condition, results of operations, cash flows and our ability to make cash distributions and service or refinance our debt may be materially affected.*"

Scrubber Agreements with HMM

In October 2018, we entered into a series of agreements with HMM as described above under "—2019 Developments—Scrubber installation update."

Sale and Acquisition of Vessels

On September 11, 2018, we entered into a memorandum of agreement for the sale of the M/T Amore Mio II (159,982 dwt, Crude Oil Carrier, built 2001, Daewoo Shipbuilding & Marine Engineering, South Korea) to an unaffiliated third party for the amount of $11.2 million. We delivered the vessel on October 15, 2018. In connection with the sale, we recorded an impairment charge of $28.8 million and made a mandatory prepayment of $5.9 million under our 2017 credit facility.

In May 2018, we acquired from Capital Maritime the shares of the company owning the eco-type MR product tanker M/T Anikitos (50,082 dwt IMO II/III chemical product tanker built in 2016, Samsung Heavy Industries (Ningbo) Co., Ltd.) for total consideration of approximately $31.5 million. In January 2018, we acquired from Capital Maritime the shares of the company owning the eco-type M/T Aristaios, a crude tanker (113,689 dwt, Ice Class 1C, built in 2017, Daehan Shipbuilding Co. Ltd., South Korea), for total consideration of $52.5 million. The M/T Anikitos and M/T Aristaios were part of the Tanker Business that we spun-off in connection with the DSS Transaction.

2017 Developments

Sale of the M/T Aristotelis

On December 22, 2017, we entered into a memorandum of agreement for the sale of the M/T Aristotelis (51,604 dwt IMO II/III chemical product tanker built in 2013, Hyundai Mipo Dockyard Ltd., South Korea) to an unaffiliated third party for the amount of $29.4 million. We delivered the vessel on April 25, 2018. In connection with the sale, we recorded an impairment charge of $3.3 million and prepaid $14.4 million under our 2017 credit facility.

Refinancing of External Debt

On September 6, 2017, we entered into a $460.0 million credit facility with a syndicate of lenders led by HCOB and ING Bank N.V. (“ING”), as mandated lead arrangers and bookrunners, and BNP Paribas and National Bank of Greece S.A., as arrangers.

On October 4, 2017, we drew the full amount of $460.0 million and, together with available cash of $102.2 million, fully repaid total indebtedness of $562.2 million. Please see “Item 5. Operating and Financial Review and Prospects—B. Liquidity and Capital Resources—Borrowings—Our Credit Facilities” for further information on our 2017 credit facility.

At-the-market Offering

During the year ended December 31, 2017, we issued a total of 0.7 million new common units translating into net proceeds of $17.8 million after payment of sales agent commission (before offering expenses).

B. Business Overview

We are an international owner of ocean-going vessels. Following the spin-off of our Tanker Business in March 2019, and the acquisition of the three 10,000 TEU container vessels in January 2020, our fleet consists of 13 neo-panamax container carrier vessels (1.2 million dwt and total TEU capacity of 99,373, with an average age as at January 31, 2020, of approximately 7.7 years) and one capesize bulk carrier (0.2 million dwt, age as at January 31, 2020, 9.5 years), with an average age of approximately 7.8 years as at January 31, 2020, although two of our container vessels were built in 2006 and 2007 and our drybulk vessel was built in 2010.

All of our vessels are currently chartered under medium- to long-term charters (with remaining revenue-weighted charter of approximately 4.5 years as of January 31, 2020) to reputable charterers, such as CMA CGM, MSC, HMM, Hapag-Lloyd and COSCO. Our fleet is managed by our managers, Capital-Executive and Capital Ship Management, both private companies.

For information on the spin-off of our Tanker Business, please read the introductory note entitled “DSS Transaction and March 2019 Reverse Split.”

Business Strategies

Our primary business objective is to increase cash available for distributions to our unitholders, while maintaining a strong financial position. We aim to realize our business objectives through the following strategies:

- ***Maintain medium- to long-term fixed charters***. We seek to enter into medium- to long-term, fixed-rate charters for a majority of our fleet in an effort to provide visibility of revenues and cash flows. As our vessels come up for re-chartering, we aim to redeploy them under period contracts that reflect our expectations of prevailing market conditions. In the pursuit of our strategies, we evaluate growth opportunities across all shipping sectors. We believe that the average age of our fleet of approximately 7.8 years as at January 31, 2020, compared to an industry average of 12.4 years (adjusted for the composition of our fleet) and the high specifications of our vessels, position us favorably to continue to secure medium- to long-term charters for our vessels.
- ***Expand our fleet through accretive acquisitions.*** Subject to available required financing, we intend to evaluate potential acquisitions of both newbuilds and second-hand vessels across the shipping markets. We also intend to take advantage of opportunities afforded to us by our relationship with our sponsor, Capital Maritime. In January 2020, we acquired three 10,000 TEU container vessels, the M/V Athos, M/V Aristomenis and M/V Athenian, from our sponsor for a total consideration of $162.6 million. Following this acquisition, Capital Maritime and its affiliates controlled a total of 28 vessels in the water. For future acquisitions, we may consider increases in our overall leverage, provided that we are able to maintain low breakeven rates and deliver stable distributions to our unitholders. In addition, we may pursue opportunities for acquisitions of, or combinations with, other shipping businesses.
- ***Maintain and build on our ability to meet rigorous industry and regulatory safety standards.*** We believe that in order for us to be successful in growing our business, we need to maintain our vessel safety record and further build on our high level of customer service and support. We believe that our Managers, Capital-Executive and Capital Ship Management, have strong records of vessel safety and compliance with rigorous health, safety and environmental protection standards, and are committed to providing our charterers with a high level of customer service and support.

Competitive Strengths

We believe that we are well-positioned to execute our business strategies on the basis of the following competitive strengths:

- ***Well-established relationships with our charterers.*** Our customers seek shipping partners that have a reputation for high standards of performance, reliability and safety. We believe that our Managers have well-established reputations within the shipping industry and strong safety and environmental track records. We also believe that our Managers have solid track records of long-standing relationships with a number of major charterers, which positions us favorably to further develop medium- to long-term charter relationships with leading charterers in the shipping industry.
- ***Revenue and cash flow visibility and stability.*** As all of our vessels are chartered under medium- and long-term contracts, we benefit from revenue and cash flow visibility. As our vessels come up for re-chartering, we seek to redeploy them under contracts that reflect our expectations of prevailing market conditions.
- ***High specification fleet.*** Our vessels were primarily constructed by reputable South Korean shipyards to high specifications and had an average age of 7.8 years as at January 31, 2020. In addition, eight of our existing container vessels are “eco, wide beam” type and have an increased cargo intake and reduced bunker consumption as compared to older vessel designs, and are able to transit the new Panama Canal locks. We believe that these characteristics make our containerships more attractive to charterers.
- ***Strong balance sheet, cost efficient operations and acquisition funding.*** We believe that we have maintained a strong balance sheet and that, subject to market conditions, our financial strength positions us favorably to continue to make opportunistic acquisitions and grow our business with charterers as they seek financially sound counterparties for long-term contracts. We also believe that we have a long history of cost efficient ship management with consistent cost performance below industry benchmarks due to our outsourcing of our vessel management and operations to our Managers.

Our Customers

We provide marine transportation services under medium- to long-term time charters with a range of counterparties:

- ***CMA CGM***, a French container transportation and shipping company.
- ***Hyundai Merchant Marine Co. Ltd***, an integrated logistics company, operating around 130 vessels. HMM has worldwide global service networks and diverse logistics facilities.
- ***Mediterranean Shipping Co. S.A.*** is part of the Cargo Division of the MSC Group shipping conglomerate, a global business engaged in the shipping and logistics sector.
- ***COSCO Bulk Carrier Co. Ltd.***, a subsidiary of China COSCO Shipping Corporation Limited (COSCO Group), which is one of the largest drybulk and container owners and operators globally.
- **Hapag Lloyd Aktiengesellschaft**, is a German international shipping and container transportation company. It is currently the world's fifth largest container carrier in terms of vessel capacity.

The loss of any significant customer or a substantial decline in the amount of services requested by a significant customer could harm our business, results of operations, cash flows, financial condition and ability to make cash distributions and service or refinance our debt. See "Item 3. Key Information—D. Risk Factors—Risks Related to Our Business and Operations—*We currently derive all of our revenues from a limited number of charterers and the loss of any charterer or charter or vessel could result in a significant loss of revenues and cash flows.*"

Our Management Agreements

Under our management agreements with Capital Executive and Capital Ship Management:

- we pay our applicable Manager a daily technical management fee per vessel, which is revised annually based on the United States Consumer Price Index;
- we indemnify our applicable Manager for expenses and liabilities it incurs on our behalf in the provision of the contracted for services, including, for example, crew, repairs and maintenance, insurance, stores, spares, lubricants and other operating costs; and
- we bear all costs and expenses associated with a vessel's drydocking.

We expect that vessels acquired in the future will be managed under similar floating fee management arrangements.

Our Fleet

At the time of our initial public offering in 2007, our fleet consisted of eight vessels. As of December 31, 2018, our fleet consisted of 36 vessels with an average age of approximately 8.5 years and average remaining term under our charters of approximately 4.6 years. We completed the spin-off of our Tanker Business on March 27, 2019, and during January 2020 we completed the acquisition of three neo-panamax container vessels from Capital Maritime. We currently own 13 neo-panamax container carrier vessels (1.2 million dwt) with an average age as at January 31, 2020, of approximately 7.7 years, although two of our container vessels were built in 2006 and 2007, and one capesize bulk carrier (0.2 million dwt; age as at January 31, 2020 of 9.5 years).

We intend, subject to prevailing shipping, charter and financing market conditions, to make strategic acquisitions in a prudent manner that is accretive to our unitholders and to long-term distribution growth. In addition, we may pursue opportunities for acquisitions of, or combinations with, other shipping businesses.

The table below provides summary information about the vessels in our current fleet, as well as their delivery date or expected delivery date to us and their employment, including earliest possible redelivery dates of the vessels and relevant charter rates. Sister vessels, which are vessels of similar specifications and size typically built at the same shipyard, are denoted by the same letter in the table. We believe that ownership of sister vessels provides a number of efficiency advantages in the management of our fleet.

All of the vessels in our fleet are or were designed, constructed, inspected and tested in accordance with the rules and regulations of Lloyd's Register of Shipping ("Lloyd's"), Bureau Veritas ("BV") or the American Bureau of Shipping ("ABS") and were under time charters from the time of their delivery.

VESSELS IN OUR FLEET

Vessel name	Sister Vessels (1)	Year built	DWT – TEU (8)	OPEX (per day) (2)	Management Agreement Expiration	Charter Duration/ Type (3)	Expiry of Charter (4)	Daily Charter Rate (Net)	Charterer	Description
DRYBULK VESSEL										
Cape Agamemnon	A	2010	179,221	Floating	Jun 2021	10-yr TC	Jun 2020	$ 40,090	COSCO	Cape Size Dry Cargo
CONTAINER CARRIER VESSELS										
Archimidis (6)	B	2006	108,892–8,266 TEU	Floating	Aug 2024	4-yr TC	Feb 2024	$ 21,850	MSC	Container Carrier
Agamemnon	B	2007	108,892–8,266 TEU	Floating	Aug 2024	4.5-yr TC	Feb 2024	$ 21,850	MSC	Container Carrier
Hyundai Prestige (5)	C	2013	63,010–5,023 TEU	Floating	Aug 2024	12-yr TC	Dec 2024	$ 23,010	HMM	Eco Wide Beam Container Carrier
Hyundai Premium (5)	C	2013	63,010–5,023 TEU	Floating	Aug 2024	12-yr TC	Jan 2025	$ 23,010	HMM	Eco Wide Beam Container Carrier
Hyundai Paramount (5)	C	2013	63,010–5,023 TEU	Floating	Aug 2024	12-yr TC	Feb 2025	$ 23,010	HMM	Eco Wide Beam Container Carrier
Hyundai Privilege (5)	C	2013	63,010–5,023 TEU	Floating	Aug 2024	12-yr TC	Mar 2025	$ 23,010	HMM	Eco Wide Beam Container Carrier
Hyundai Platinum (5)	C	2013	63,010–5,023 TEU	Floating	Aug 2024	12-yr TC	Apr 2025	$ 23,010	HMM	Eco Wide Beam Container Carrier
CMA CGM Amazon	D	2015	115,534–9,288 TEU	Floating	Aug 2024	5-yr TC	May 2020	$ 38,759	CMACGM	Eco-Flex, Wide Beam Container
CMA CGM Uruguay	D	2015	115,639–9,288 TEU	Floating	Aug 2024	5-yr TC	Aug 2020	$ 38,759	CMACGM	Eco-Flex, Wide Beam Container
CMA CGM Magdalena	D	2016	115,639–9,288 TEU	Floating	Aug 2024	5-yr TC	Jan 2021	$ 38,759	CMA CGM	Eco-Flex, Wide Beam Container
Athos (7)	E	2011	118,888-9,954 TEU	Floating	Jan 2025	4.8-yr TC	Apr 2024	$ 26,325	Hapag-Lloyd	Container Carrier
Aristomenis (7)	E	2011	118,712-9,954 TEU	Floating	Jan 2025	5.5-yr TC	Apr 2024	$ 26,325	Hapag-Lloyd	Container Carrier
Athenian (7)	E	2011	118,834-9,954 TEU	Floating	Jan 2025	4.8-yr TC	Apr 2024	$ 26,325	Hapag-Lloyd	Container Carrier
TOTAL FLEET DWT:		**1,415,301–99,373 TEU**								

(1) Sister vessels and shipyards of origin are denoted in the tables by the following letters: (A) this vessel was built by Sungdong Shipbuilding & Marine Engineering Co., Ltd., South Korea; (B): these vessels were built by Daewoo Shipbuilding & Marine Engineering Co. LTD. South Korea; (C): these vessels were built by Hyundai Heavy Industries Co. Ltd, South Korea; (D): these vessels were built by Daewoo-Mangalia Heavy Industries S.A; (E): these vessels were built by Samsung Heavy Industries Co. Ltd.

(2) These vessels are managed under a floating fee management agreement entered into with one of our Managers. For additional details regarding our management agreements, please see "—Our Management Agreements" above.

(3) TC: Time Charter.

(4) Earliest possible redelivery date.

(5) As owner of the M/V Hyundai Prestige, the M/V Hyundai Paramount, the M/V Hyundai Premium, the M/V Hyundai Privilege and the M/V Hyundai Platinum, we entered into a charter restructuring agreement with HMM on July 15, 2016. Under that agreement, we agreed to reduce the charter rate payable under each charter by 20% to a net daily rate of $23,010 (from a net daily rate of $28,616) for a three and a half year period starting on July 18, 2016 and ending on December 31, 2019. The charter restructuring agreement further provided that at the end of the charter reduction period, the charter rate under the respective charter parties would revert to the original net daily rate of $28,763 until the expiry of each charter. In October 2018, we entered into a series of agreements with HMM to increase the daily charter rate under each of the five charters we have with HMM by $4,851 in light of the expenditure we incurred in connection with the installation of scrubbers. Accordingly, the daily charter rate for the four vessels on which scrubbers were installed further increased to $33,614.

(6) The charter is expected to commence upon the completion of the vessel's special survey and scrubbers installation in March 2020. The net charter rate is $21,850 and will expire in February 2024.

(7) The vessels are under long-term time charters with Hapag-Lloyd which will expire in April 2024. The net charter rate for each vessel currently amounts to $26,325 per day, increasing to $27,300 per day for the M/V Aristomenis from October 2020, and from July 2021 onwards for the M/V Athos and the M/V Athenian. Each of these time charters includes two one-year options at $31,688 and $32,663 net per day. The acquisition of the vessels was completed during January 2020.

(8) DWT: Dead Weight Ton. TEU: Twenty-foot Equivalent Units.

Our Charters

All of our vessels are currently chartered under medium- to long-term charters (with remaining revenue-weighted charter duration of approximately 4.5 years as of January 31, 2020). Under certain circumstances, we may operate our vessels in the spot market or certain of our vessels may remain idle until they are fixed under appropriate medium- to long-term charters. As our vessels come up for re-chartering, depending on the prevailing market rates, we may not be able to re-charter them at levels similar to their current charters, or at all, which may affect our business, financial condition, results of operations, cash flows, and ability to make distributions and service or refinance our debt. Please read "—Our Fleet" for more information on our time charters, including counterparties, expected expiration dates of the charters and daily charter rates.

Time Charters

A time charter is a contract for the use of a vessel for a fixed period of time at a specified daily rate. Under a time charter, the vessel's owner provides crewing and other services related to the vessel's operation, the cost of which is included in the daily rates and the charterer is responsible for substantially all vessel voyage costs except for commissions which are assumed by the owner. The basic hire rate payable under the charters is a previously agreed daily rate, as specified in the charter, payable at the beginning of the month in U.S. Dollars.

Bareboat Charters

A bareboat charter is a contract pursuant to which the vessel owner provides the vessel to the customer for a fixed period of time at a specified daily rate, and the customer provides for all of the vessel's expenses (including any commissions) and generally assumes all risk of operation. The customer undertakes to maintain the vessel in a good state of repair and efficient operating condition and drydock the vessel during this period at its cost and as per the classification society requirements. None of our vessels are currently under bareboat charters.

Spot Charters

A spot charter generally refers to a voyage charter or a trip charter or a short-term time charter.

Voyage / Trip Charter

A voyage charter involves the carriage of a specific amount and type of cargo on a "load port-to-discharge port" basis, subject to various cargo handling terms. Under a typical voyage charter, the shipowner is paid on the basis of moving cargo from a loading port to a discharge port. In voyage charters the shipowner generally is responsible for paying both vessel operating costs and voyage expenses, and the charterer generally is responsible for any delay at the loading or discharging ports. Under a typical trip charter or short-term time charter, the shipowner is paid on the basis of moving cargo from a loading port to a discharge port at a set daily rate. The charterer is responsible for paying bunkers and other voyage expenses, while the shipowner is responsible for paying vessel operating expenses.

Seasonality

Our vessels operate under medium- to long-term charters and are not generally subject to the effect of seasonable variations in demand.

Management of Ship Operations, Administration and Safety

Our objective is to run our operations in a safe, efficient and cost-effective manner. To that end, our Managers, Capital-Executive and Capital Ship Management, provide expertise in various functions critical to our operations. Specifically, pursuant to the management and administrative services agreements we have entered into with them, our Managers grant us access to human resources, financial and other administrative services, including bookkeeping, audit and accounting services, administrative and clerical services, banking and financial services, client, investor relations, information technology and technical management services, including commercial management of the vessels, vessel maintenance and crewing (not required for vessels subject to bareboat charters), procurement, insurance and shipyard supervision.

Capital-Executive, is a privately held company ultimately controlled by Mr. Miltiadis E. Marinakis. Capital Ship Management is a privately held company initially formed and controlled by Capital Maritime. In 2018, Capital Ship Management conducted a management buy-out led by its senior management. Since then, Capital Ship Management is no longer part of the group of companies controlled by Capital Maritime. See "Item 3. Key Information—D. Risk Factors—Risks Related to Our Business and Operations—*We depend on our Managers, which are privately held companies for the commercial and technical management of our fleet. If, for any reason, our Manager is unable to provide us with the necessary level of services to support and expand our business or qualify for long-term charters, our business, financial condition, results of operations, cash flows and our ability to make cash distributions and service or refinance our debt may be materially affected.*"

Historically, we had three separate technical and commercial management agreements for the management of our fleet: (i) the fixed fee management agreement, (ii) the floating fee management agreement and (iii), with respect to the vessels acquired as part of the merger with Crude Carriers, the Crude Carriers management agreement. The aggregate management fees paid for the years ended December 31, 2019, 2018 and 2017 were $3.9 million, $4.2 million and $4.5 million, respectively. Following the spin-off of our Tanker Business, all our vessels were managed under one of our floating fee management agreements with our Managers. Please see "—Our Management Agreements" and "Item 7. Major Unitholders and Related Party Transactions—B. Related-Party Transactions—Administrative and executive services agreements with Capital Ship Management."

In compliance with the International Maritime Organization's ISM code, our Managers operate under a safety management system certified by Lloyd's Register of Shipping ("LRS"). Our Managers' management systems also comply with the Quality Standard ISO 9001, the Environmental Management Standard ISO 14001, the Occupational Health & Safety Management System 18001 and the Energy Management Standard 50001, all of which are certified by LRS. In addition, our Managers have implemented an "Integrated Management System Approach" verified by the LRS and adopted "Business Continuity Management" principles in cooperation with LRS.

One of the key strategies of our Managers is the implementation of a regime of responsible, safe and clean shipping in an effort to operate our vessels in a manner intended to protect the safety and health of our Managers' employees, the general public and the environment. Our Managers' senior management teams aim to actively manage the risks inherent in our business and are committed to eliminating incidents that threaten safety, such as groundings, fires, collisions and spills, as well as reducing emissions and waste generation.

Capital Executive currently outsources the technical management and crewing of three of our vessels, the M/V Athenian, the M/V Athos and the M/V Aristomenis, to a third party.

From time to time, our Managers provide management services to shipping companies other than us. In particular, Capital Ship Management will continue to assume the commercial and technical management of the Tanker Business we contributed to DSSI for a period of five years following completion of the DSS Transaction under separate arrangements that Capital Ship Management entered into with DSSI. Please read "Item 3. Key Information—D. Risk Factors—Risks Inherent in an Investment in Us—*Our Managers may provide management services to other shipping companies and may face conflicts between our interests and the interests of such other shipping companies*."

Crewing and Staff

Capital-Executive and Capital Ship Management, through a Capital Ship Management subsidiary in Romania and crewing offices in Romania, Russia and the Philippines, recruit senior officers and crews for our vessels. Our vessels are currently manned primarily by Romanian, Russian and Filipino crew members. We believe that both Capital-Executive and Capital Ship Management have significant experience in operating vessels in this configuration and have access to a pool of certified and experienced crew members whom it can recruit to man our vessels.

Classification, Inspection and Maintenance

Every oceangoing vessel must be "classed" and certified by a classification society. The classification society is responsible for verifying that the vessel has been built and maintained in accordance with the rules and regulations of the classification society and ship's country of registry, as well as the international conventions of which that country has accepted and signed. In addition, where surveys are required by international conventions and corresponding laws and ordinances of a flag state, the classification society will undertake them on application or by official order, acting on behalf of the authorities concerned.

The classification society also undertakes on request other surveys and checks that are required by regulations and requirements of the flag state or port authority. These surveys are subject to agreements made in each individual case and/or to the regulations of the country concerned.

For the maintenance of the class certificate, regular and extraordinary surveys of hull and machinery, including the electrical plant, and any special equipment classed are required to be performed as follows:

- Annual surveys, which are conducted for the hull and the machinery at intervals of 12 months (or up to 15 months) from the date of commencement of the class period indicated on the certificate.

- Intermediate surveys, which are extended annual surveys and are typically conducted each two and a half years (or up to three years) after completion of each class renewal survey. In the case of newbuilds or vessels of up to 15 years of age, the requirements of the intermediate survey can be met through an underwater inspection in lieu of drydocking the vessel. Intermediate surveys may be carried out on the occasion of the second or third annual survey.
- Class renewal surveys (also known as special surveys) are carried out at the intervals indicated by the classification for the hull, which are usually at five-year intervals. During the special survey, the vessel is thoroughly examined, including Non-Destructive Inspections to determine the thickness of the steel structures. Should the thickness be found to be less than class requirements, the classification society will order steel renewals. The classification society may grant a three-month extension for completion of the special survey under certain conditions. Substantial amounts of funds may have to be spent for steel renewals to pass a special survey if the vessel experiences excessive wear and tear. In lieu of the special survey every five years, a ship-owner or manager has the option, depending on the type of ship, of arranging with the classification society for the vessel's hull or machinery to be on a continuous survey cycle, in which every part of the vessel would be surveyed within a five-year cycle. At an owner's application, the surveys required for class renewal may be split according to an agreed schedule to extend over the entire period of class.

These processes are referred to as Continuous Hull Survey ("CHS") and Continuous Machinery Survey. However, the CHS notation is not valid for vessels that are subject to Enhanced Survey Program surveys, as required by the International Convention for the Safety of Life at Sea ("SOLAS").

Occasional Surveys are carried out as a result of unexpected events (e.g., an accident or other circumstances requiring unscheduled attendance by the classification society for reconfirming that the vessel maintains its class) following such an unexpected event.

All areas subject to survey, as defined by the classification society, are required to be surveyed at least once per class period, unless shorter intervals between surveys are prescribed elsewhere.

Vessels above 15 year of age, subject to enhanced survey requirements are also drydocked every two and a half years for inspection of the underwater parts and any deficiencies identified during the inspections need to be rectified either during the inspection or at a later stage if that is found to be appropriate based on its class. The classification surveyor in this case will issue a "recommendation" which must be rectified by the ship-owner within prescribed time limits.

Most insurance underwriters make it a condition for insurance coverage that a vessel be certified as "in class" by a classification society which is a member of the International Association of Classification Societies. All of our vessels are certified as being "in class" by Lloyd's, ABS and BV. All new and secondhand vessels that we may purchase must be certified prior to their delivery under our standard agreements. If any vessel we contract to purchase is not certified as "in class" on the date of closing, under our standard purchase agreements, we will have no obligation to take delivery of such vessel.

Risk Management and Insurance

The operation of any ocean-going vessel carries an inherent risk of catastrophic marine disasters, death or personal injury and property losses caused by adverse weather conditions, mechanical failures, human error, war, terrorism, piracy and other circumstances or events. The occurrence of any of these events may result in loss of revenues or increased costs or, in the case of marine disasters, catastrophic liabilities. Although we believe our current insurance program is usual and comprehensive in our industry, we cannot insure against all risks, and we cannot be certain that all covered risks are adequately insured against or that we will be able to achieve or maintain similar levels of coverage throughout a vessel's useful life. Furthermore, there can be no guarantee that any specific claim will be paid by the insurer or that it will always be possible to obtain insurance coverage at reasonable rates. More stringent environmental regulations have resulted in increased costs for, and may result in the lack of availability of, insurance against the risks of environmental damage or pollution. Any uninsured or under-insured loss could harm our business and financial condition or could materially impair or end our ability to trade or operate.

We believe our current insurance program is prudent. We currently carry the traditional range of marine and liability insurance coverage for each of our vessels to protect against most of the accident-related risks involved in the conduct of our business. Specifically we carry:

- Hull and machinery insurance, which covers loss of or damage to a vessel due to marine perils such as collisions, grounding and heavy weather. Coverage is usually to an agreed "insured value" which, as a matter of policy, is never less than the particular vessel's fair market value. Cover is subject to policy deductibles which are always subject to change.
- Increased value insurance, which enhances hull and machinery insurance cover by increasing the insured value of the vessels in the event of a total loss casualty.
- Protection and indemnity insurance, which is the principal coverage for third-party liabilities and indemnifies against such liabilities incurred while operating vessels, including injury to the crew, third parties, cargo or third-party property loss (including oil pollution) for which the shipowner is responsible. We carry the current maximum available amount of coverage for oil pollution risks, $1.0 billion per vessel per incident.
- War risks insurance, which covers such items as piracy and terrorism.
- Freight, demurrage and defense cover, which is a form of legal costs insurance covering certain costs of prosecuting or defending commercial (usually uninsured operating) claims.

Not all risks are insured and not all risks are insurable. The principal insurable risks which nevertheless remain uninsured across our fleet are "loss of hire" and "strikes".

The following table sets forth certain information regarding our insurance coverage as of December 31, 2019:

Type	Aggregate Sum Insured for All Vessels in Our Existing Fleet
Hull and Machinery	$880.0 million
Increased Value (including Excess Liabilities)	$210.0 million additional "total loss" coverage
Hull & Machinery (War Risks)	$1.09 billion
Protection and Indemnity (P&I) Pollution Liability Claims	Up to $1.0 billion per incident per vessel

Competition

We operate in a highly fragmented, highly diversified global market with many charterers, owners and operators of vessels.

Competition for charters can be intense. The ability to obtain favorable charters depends, in addition to price, on a variety of other factors, including the location, size, age, condition and acceptability of the vessel and its operator to the charterer. Although we believe that at the present time no single company has a dominant position in the markets in which we operate, that could change and we may face substantial competition for medium- to long-term charters from a number of experienced companies who may have greater resources or experience than we do when we try to re-charter our vessels. However, we believe our ability to comply better with the rigorous standards of major charterers relative to less qualified or experienced operators allows us to effectively compete for new charters.

Regulation

General

Our operations and our status as an operator and manager of ships are extensively regulated by international conventions, Class requirements, U.S. federal, state and local as well as non-U.S. health, safety and environmental protection laws and regulations, including, the Comprehensive Environmental Response, Compensation, and Liability Act ("CERCLA"), the U.S. Ports and Waterways Safety Act of 1972, the Act to Prevent Pollution from Ships, the U.S. Clean Air Act ("Clean Air Act"), the U.S. Clean Water Act, as well as regulations adopted by the International Maritime Organization and the European Union, air emission requirements, IMO/USCG/EPA pollution regulations and various SOLAS amendments, as well as insurance requirements and other regulations described below. In addition, various jurisdictions either have or are adopting ballast water management conventions to prevent the introduction of non-indigenous invasive species. Compliance with these laws, regulations and other requirements could entail additional expense, including vessel modifications and implementation of additional operating procedures.

We are also required by various governmental and quasi-governmental agencies and international organizations to obtain permits, licenses and certificates for our vessels, depending upon such factors as the country of registry, the cargo transported, the trading area, the nationality of the vessel's crew, the age and size of the vessel and our status as owner or charterer. Failure to maintain necessary permits, licenses or certificates could require us to incur substantial costs or temporarily suspend the operation of one or more of our vessels.

We believe that the heightened environmental and quality concerns of insurance underwriters, regulators and charterers will impose greater inspection, training and safety requirements on all types of vessels in the shipping industry. In addition to inspections by us, our vessels are subject to both scheduled and unscheduled inspections by a variety of governmental and private entities, each of which may have unique requirements. These entities include the local port authorities (such as USCG, harbor master or equivalent), classification societies, flag state administration P&I Clubs, charterers, and particularly terminal operators which conduct frequent vessel inspections.

It is our policy to operate our vessels in full compliance with applicable environmental laws and regulations. However, regulatory programs are complex, frequently change and may impose increasingly strict requirements, we cannot predict the ultimate cost of complying with these and any future requirements, or their impact on the resale value or useful life of our vessels.

United States Requirements

The United States regulates the shipping industry with extensive environmental protection requirements and a liability regime addressing violations and the cleanup of oil spills, primarily through the Oil Pollution Act of 1990 ("OPA 90"), CERCLA and certain coastal state laws.

CERCLA applies to the discharges of hazardous substances (other than oil) whether on land or at sea, and contains a liability regime that provides for cleanup, removal and natural resource damages. Liability under CERCLA is limited to the greater of $300 per gross ton or $5.0 million for vessels carrying any hazardous substances as cargo, or $0.5 million for any other vessel, per release of or incident involving hazardous substances. These limits of liability do not apply if the incident is caused by gross negligence, willful misconduct, or a violation of certain regulations, in which case, liability is unlimited. We believe that we are in material compliance with OPA 90, CERCLA and all applicable state and local regulations in U.S. ports where our vessels call.

The Clean Water Act requires owners and operators of vessels to adopt contingency plans for reporting and responding to oil spill scenarios up to a "worst case" scenario and to identify and ensure, through contracts or other approved means, the availability of necessary private response resources to respond to a "worst case discharge." In addition, periodic training programs, drills for shore and response personnel, and for vessels and their crews, are required. Our vessel response plans have been approved by the USCG. The Clean Water Act prohibits the discharge of oil or hazardous substances in U.S. navigable waters and imposes strict liability in the form of penalties for unauthorized discharges. The Clean Water Act also imposes substantial liability for the costs of removal, remediation and damages.

U.S. Environmental Protection Agency ("EPA") regulations govern the discharge into U.S. waters of ballast water and other substances incidental to the normal operation of vessels. Under EPA regulations, commercial vessels greater than 79 feet in length are required to obtain coverage under the EPA 2013 Vessel General Permit ("VGP") by submitting a Notice of Intent. The VGP incorporates current USCG requirements for ballast water management as well as supplemental ballast water requirements, and includes technology-based and water-quality based limits for other discharges, such as deck runoff, bilge water and gray water. USCG regulations will phase in stricter VGP ballast management requirements in the future.

Administrative obligations, such as monitoring, recordkeeping and reporting requirements also apply. Implementation of the water treatment standards adopted by the USCG/EPA is required earlier than the implementation of equivalent standards agreed by the International Maritime Organization. For trading in the U.S. waters, vessels are to be fitted with ballast water treatment systems approved by the USCG at the first bottom survey after January 1, 2016. A number of BWTS technologies have Alternate Management System ("AMS") extension approvals and a number of other systems have recently received a USCG type BWTS approval. We have obtained extensions for the majority of our vessels with due date of docking up to and including 2018 to carry out installation of BWTS at the next docking survey occurring after December 31, 2018. Although future extensions may still be granted, obtaining an extension due to lack of type approved systems will now be more difficult because owners must prove that none of the recently approved systems are suitable for their vessels. Compliance with these requirements may impose substantial costs for retrofitting our vessels with BWTS or otherwise restrict our vessels from performing certain operations in U.S. waters that involve the discharge of ballast water.

The Clean Air Act requires the EPA to promulgate standards applicable to emissions of volatile organic compounds, hazardous air pollutants and other air contaminants. The Clean Air Act also requires states to draft State Implementation Plans ("SIPs") designed to attain national health-based air quality standards, which have significant regulatory impacts in major metropolitan and/or industrial areas. Several SIPs regulate emissions resulting from vessel loading and unloading operations by requiring the installation of vapor control equipment. Individual states, including California, also regulate vessel emissions within state waters. California also has adopted fuel content regulations that will apply to all vessels sailing within 24 miles of the California coastline or whose itineraries call for them to enter any California ports, terminal facilities, or internal or estuarine waters. In addition, the International Maritime Organization designates areas extending 200 miles from the U.S. territorial sea baseline adjacent to the Atlantic/Gulf and Pacific coasts and the eight main Hawaiian Islands as Sulphur Emission Control Areas under amendments to the Annex VI of MARPOL (discussed below). In addition, regulatory initiatives to require cold-ironing (shore-based power while docked) or alternative emission reduction measures are under consideration or in the process of adoption in a number of jurisdictions to reduce air emissions from docked ships. Compliance with these regulations entails significant capital expenditures or otherwise increases the costs of our operations.

International Requirements

In September 1997, the International Maritime Organization adopted Annex VI to the International Convention for the Prevention of Pollution from Ships to address air pollution from ships. Annex VI sets limits on sulphur oxide and nitrogen oxide emissions from ship exhausts and prohibits deliberate emissions of ozone depleting substances, such as chlorofluorocarbons. Annex VI also includes a global cap on the sulphur content of fuel oil and allows for special sulphur emission control areas to be established with more stringent controls on sulphur emissions ("SECA areas").

Amendments to Annex VI to the MARPOL address particulate matter, nitrogen oxide and sulphur oxide emissions. The revised Annex VI reduces air pollution from vessels by, among other things (i) implementing a progressive reduction of sulphur oxide emissions from ships, and (ii) establishing new tiers of stringent nitrogen oxide emissions standards for new marine engines, depending on their date of installation. A global 0.5% sulphur cap on marine fuels came into force on January 1, 2020, as agreed in amendments adopted in 2008 for Annex VI to the MARPOL. Annex VI sets progressively stricter regulations to control sulphur oxides (SOx) and nitrous oxides (NOx) emissions from ships, which present both environmental and health risks. The 0.5% sulphur cap marks a significant reduction from the prior global sulphur cap of 3.5%, which came into effect on January 1, 2012.

Shipowners can meet the new requirements by continuing to use fuel types which exceed the 0.5% sulphur limit and retrofitting an approved Exhaust Gas Cleaning System (also known as scrubbers) to remove sulphur from exhaust, which would require a substantial capital expenditure and prolonged off-hire of the vessel during installation, or use petroleum fuels such as marine gasoil (MGO), which meet the 0.5% sulphur limit. According to Clarksons Shipping Intelligence Network, the premium of MGO over 380 CST 3.5% bunker fuel in Rotterdam has averaged $197/mt over the last five years and $257/mt in January 2020. Depending on the vessel type and size, this could mean a substantial increase in the cost of bunkers for the vessel. This cost could increase further if the refining sector is unable to cope with the higher distillate demand, resulting in a tight distillate market and wider spread between HSFOs and MGOs, or by retrofitting the vessel to handle alternative fuels, such as LNG, methanol, biofuels, LPG etc. Retrofitting vessels for the consumption of these type of alternative fuels would involve a substantial capital expenditure and might be uneconomical for most conventional vessel types given current technology and design challenges.

Additionally, as of January 1, 2015, more stringent sulphur emission standards apply in coastal areas designated as Sulphur Emission Control Areas. We incur additional costs to comply with these revised standards. A failure to comply with Annex VI requirements could result in a vessel not being able to operate. All of our vessels are subject to Annex VI regulations. We believe that our existing vessels meet relevant Annex VI requirements. Nevertheless, as most existing vessels are not designed to operate on ultra-low sulphur distillate fuel continuously, we are introducing mitigating measures and or modifications enabling vessels to operate continuously within SECA areas. These mitigation measures and modifications may increase our operating expenses.

In general, as our vessels are employed under time charter arrangements, our charterers are responsible for procuring compliant bunkers for our vessels and incur the cost of these bunkers.

The ISM code, promulgated by the International Maritime Organization, also requires the party with operational control of a vessel to develop an extensive safety management system that includes, among other things, the adoption of a safety and environmental protection policy setting forth instructions and procedures for operating its vessels safely and describing procedures for responding to emergencies. The ISM code requires that vessel operators obtain a safety management certificate for each vessel they operate. No vessel can obtain a certificate unless its manager has been awarded a document of compliance, issued by each flag state, under the ISM code. All of our ocean-going vessels are ISM certified.

Noncompliance with the ISM code and other IMO regulations may subject the shipowner or bareboat charterer to increased liability, may lead to increased premiums and decreases in available insurance coverage for affected vessels and may result in the denial of access to, or detention in, some ports.

Many countries have ratified and follow the liability plan adopted by the International Maritime Organization and set out in the International Convention on Civil Liability for Oil Pollution Damage of 1969 (the "CLC") (the United States, with its separate OPA 90 regime, is not a party to the CLC). Under this convention and depending on whether the country in which the damage results is a party to the 1992 Protocol to the International Convention on Civil Liability for Oil Pollution Damage, a vessel's registered owner is strictly liable for pollution damage caused in the territorial waters of a contracting state by discharge of persistent oil, subject to certain defenses. Under the Protocol for vessels of 5,000 to 140,000 gross tons, liability is limited to approximately $7.1 million plus $989.2 for each additional gross ton over 5,000. For vessels of over 140,000 gross tons, liability is limited to approximately $140.7 million. As the convention calculates liability in terms of a basket of currencies, these figures are based on currency exchange rates on December 31, 2010. The right to limit liability is forfeited under the International Convention on Civil Liability for Oil Pollution Damage where the spill is caused by the owner's actual fault and under the 1992 Protocol where the spill is caused by the owner's intentional or reckless conduct. Vessels trading to states that are parties to these conventions must provide evidence of insurance covering the liability of the owner. In jurisdictions where the International Convention on Civil Liability for Oil Pollution Damage has not been adopted, various legislative schemes or common law regimes govern, and liability is imposed either on the basis of fault or in a manner similar to that convention. We believe that our P&I insurance will cover the liability coverage requirements under the plan adopted by the International Maritime Organization.

In 2001, the International Maritime Organization adopted the International Convention on Civil Liability for Bunker Oil Pollution Damage (the "Bunker Convention"), which imposes strict liability on ship owners for pollution damage caused by discharges of bunker oil in jurisdictional waters of ratifying states. The Bunker Convention also requires registered owners of ships over a certain size to maintain insurance for pollution damage in an amount equal to the limits of liability under the applicable national or international limitation regime (but not exceeding the amount calculated in accordance with the Convention on Limitation of Liability for Maritime Claims of 1976, as amended). Our fleet has been issued with a certificate attesting that insurance is in force in accordance with the insurance provisions of the convention.

As of the date of this Annual Report, five of our vessels have been retrofitted with scrubbers, one has been retrofitted with a BWTS, while one is currently being retrofitted with scrubbers and one is being retrofitted with both scrubbers and a BWTS. We expect that one additional vessel will be retrofitted with a BWTS during 2020. We may decide to retrofit the rest of our fleet with scrubbers and BWTS in 2020 and/or 2021, subject to market developments and yard availability.

Climate Change and Greenhouse Gas Regulation

Increasing concerns about climate change have resulted in a number of international, national and regional measures to limit greenhouse gas emissions and additional stricter measures can be expected in the future.

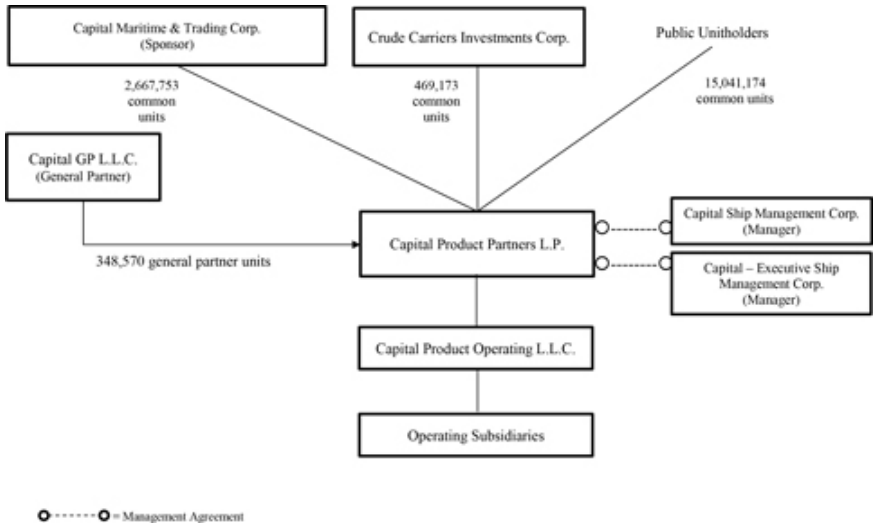
The Kyoto Protocol to the United Nations Framework Convention on Climate Change, or Kyoto Protocol, requires participating countries to implement national programs to reduce emissions of certain gases, generally referred to as greenhouse gases, which contribute to global warming. Currently, the emissions of greenhouse gases from international shipping are not subject to the Kyoto Protocol. However, new treaties may be adopted in the future that include restrictions on shipping emissions. The European Union also has indicated that it intends to propose an expansion of the existing European Union emissions trading scheme to include emissions of greenhouse gases from vessels. In addition, the EPA has begun regulating greenhouse gas emissions under the Clean Air Act and climate change initiatives have been adopted by state and local jurisdictions and are being considered in the U.S. Congress. A consensus agreement reached at the 2015 United Nations Climate Change Conference in Paris and ratified in October 2016 commits participating nations to reduce greenhouse gas emissions with a goal of keeping global temperature increases well below two degrees Celsius, with regular five-year reviews of progress beginning in 2023. National and multilateral efforts to meet these goals could result in reductions in the use of carbon fuels generally, and stricter limits on greenhouse gas emissions from ships in particular. Any passage of climate control legislation or other regulatory initiatives by the International Maritime Organization, European Union, the U.S. or other countries where we operate that restrict emissions of greenhouse gases could have a financial impact on our operations that we cannot predict with certainty at this time. In addition, scientific studies have indicated that increasing concentrations of greenhouse gases in the atmosphere can produce climate changes with significant physical effects, such as increased frequency and severity of storms, floods and other severe weather events that could affect our operations. Increased concern over the effects of climate change may also affect energy strategies and consumption patterns which could adversely affect demand for the marine transport of petroleum products.

Disclosure of activities pursuant to Section 13(r) of the U.S. Securities Exchange Act of 1934

During 2019, none of our vessels and no vessel owned or chartered by Capital Maritime made any port calls to Iran. As part of the voyage charter arrangements between us and third-party charterers or sub-charterers, we or our Managers may pay fees and expenses related to the port calls made in Iran through a private third-party agent in Iran appointed by the third-party charterer or sub-charterer. In 2019 none of our vessels were employed under voyage charter and no such port calls were made.

C. Organizational Structure

The following diagram depicts our organizational structure as of December 31, 2019.



Please also see Note 1 (Basis of Presentation and General Information) to our Financial Statements and Exhibit 8.1 to this Annual Report for a list of our significant subsidiaries as of December 31, 2019.

D. Property, Plants and Equipment

Other than our vessels, we do not have any material property. For further details regarding our vessels, including any environmental issues that may affect our utilization of these assets, please read "—B: Business Overview—Our Fleet" and "—Regulation." Our obligations under our financing arrangements are secured by all our vessels. For further details regarding our financing arrangements, please read "Item 5. Operating and Financial Review and Prospects—B. Liquidity and Capital Resources—Borrowings."

Item 4A. Unresolved Staff Comments.

None.

Item 5. Operating and Financial Review and Prospects.

You should read the following discussion of our financial condition and results of operations in conjunction with our Financial Statements. Among other things, the Financial Statements include more detailed information regarding the basis of presentation for the following information. The Financial Statements have been prepared in accordance with U.S. GAAP and are presented in thousands of U.S. Dollars.

For purposes of both the following discussion and the Financial Statements, results of operations of the Tanker Business we spun-off in the DSS Transaction are reported as discontinued operations for all periods presented. The following discussion relates to results of operations from continuing operations.

The following discussion contains forward-looking statements that are made based upon management's current plans, expectations, estimates, assumptions and beliefs concerning future events impacting us and therefore involve a number of risks and uncertainties, including those risks and uncertainties discussed in "Item 3. Key Information—D. Risk Factors." These risks, uncertainties and assumptions involve known and unknown risks and are inherently subject to significant uncertainties and contingencies, many of which are beyond our control. Forward-looking statements are not guarantees and actual results could differ materially from those expressed or implied in the forward-looking statements.

A. Operating Results

Overview

We are an international owner of ocean going vessels.

We were organized in January 2007 by Capital Maritime, an international shipping company with a long history of operating and investing in the shipping market.

Our primary business objective is to make distributions to our unitholders on a quarterly basis and increase the level of our distributions over time, subject to shipping and charter market developments and our ability to obtain required financing and access financial markets.

We seek to rely on medium- to long-term, fixed-rate period charters and our Managers' cost-efficient management of our vessels to provide visibility of revenues, earnings and distributions in the medium- to long-term. As our vessels come up for re-chartering, we seek to redeploy them on terms that reflect our expectations of the market conditions prevailing at the time.

We intend to further evaluate potential opportunities to acquire both newly built and second-hand vessels from Capital Maritime or third parties (including, potentially, through the acquisition of, or combination with, other shipping businesses) in a prudent manner that is accretive to our unitholders and long-term distribution growth, subject to approval of our board of directors, overall market conditions and our ability to obtain required financing and access financial markets.

We generally rely on external financing sources, including bank borrowings and sale-leaseback arrangements and, depending on market conditions, the issuance of debt and equity securities, to fund the acquisition of new vessels. See "—B. Liquidity and Capital Resources" below.

As of December 31, 2019, the Marinakis family, including Evangelos M. Marinakis, the chairman of Capital Maritime, our sponsor, may be deemed to beneficially own a 18.8% interest in us through, among others, Capital Maritime and Crude Carriers Investments.

The DSS Transaction

As of December 31, 2018, our fleet consisted of 36 high specification vessels with an average age of approximately 8.5 years, including three Suezmax crude oil tankers (0.5 million dwt), one Aframax crude/product oil tanker (0.1 million dwt), 21 medium range product tankers (0.9 million dwt), ten neo-Panamax container carrier vessels (0.9 million dwt) and one Capesize bulk carrier (0.2 million dwt).

Following the spin-off of our Tanker Business completed on March 27, 2019 and the acquisition of three neo-panamax container vessels in January 2020, we currently own a fleet consisting of 13 neo-Panamax container carrier vessels and one Capesize bulk carrier with an average age of approximately 7.8 years as at January 31, 2020.

The significant reduction in the number of our vessels has resulted in a reduced asset base, which has affect, and which we expect will continue to affect our results of operations in a number of respects, including the following:

- We generate comparatively less revenue and incur less operating expenses than if the DSS Transaction had not occurred. See "—Factors to Consider When Evaluating Our Results."
- We may be exposed to increased earnings variability due to a smaller and less-diverse fleet and a more concentrated customer base in comparison to our fleet and customer base before the completion of the DSS Transaction.

- Our general and administrative expenses have proportionally a greater impact on our results from operations.

Our Charters

We generate revenues by charging our charterers for the use of our vessels.

Historically, our vessels were chartered under time or bareboat charter agreements. As of December 31, 2019, all of our vessels were trading in the period market.

Our vessels are currently under contracts with HMM, COSCO, CMA CGM, Hapag-Lloyd and MSC.

The loss of, default by or restructuring of any significant charterer or a substantial decline in the amount of services requested by a significant charterer could harm our business, financial condition and results of operations. Please read "Item 3. Key Information—D. Risk Factors—Risks Related to Our Business and Operations—*We currently derive all of our revenues from a limited number of charterers and the loss of any charterer or charter or vessel could result in a significant loss of revenues and cash flows*."

HMM Restructuring and Scrubber Agreements

HMM, the charterer of five of our container vessels and one of our largest counterparties in terms of revenue, completed a financial restructuring in July 2016. We entered into a charter restructuring agreement with HMM on July 15, 2016. This agreement provided for the reduction of the charter rate payable under the respective charters by 20% to $23,480 per day (from a gross daily rate of $29,350) for a three and a half year period starting in July 2016 and ending in December 2019. The total charter rate reduction for the charter reduction period was approximately $37.0 million. The charter restructuring agreement further provided that at the end of the charter reduction period, the charter rate under the respective charters would revert to the original gross daily rate of $29,350 until the expiry of each charter in 2024 or 2025. As compensation for the charter rate reduction, we received approximately 4.4 million HMM common shares, which we sold on the Stock Market Division of the Korean Exchange for an aggregate consideration of $29.7 million in August 2016. On January 1, 2020, the charter rate reverted to the original gross daily rate of $29,350.

In October 2018, we entered into a series of agreements with HMM to increase the daily charter rate under each of the five charters we have with HMM by $4,900 in light of the expenditure we will incur in connection with the installation of scrubbers. This increase is effective from January 1, 2020, or, if later, the installation date of the scrubbers. As of the date of this Annual Report, scrubbers have been installed on four of the five vessels on charter to HMM and such vessels are earning the increased daily rate.

Factors Affecting Our Future Results of Operations

We believe that the principal factors affecting our future results of operations are the economic, regulatory, financial, credit, political and governmental conditions prevailing in the shipping industry generally and in the countries and markets in which our vessels are chartered.

As of the date of this Annual Report, we are exposed to the container market to a significant extent, as all but one of our vessels are container vessels. We expect that three of our time charters will expire in the coming 12 months.

The world economy has experienced significant economic and political upheavals in recent history. In addition, credit supply has been constrained and financial markets have been particularly turbulent for master limited partnerships such as us. Protectionist trends, global growth and demand for the seaborne transportation of goods, including dry and containerized goods, and overcapacity and deliveries of newly built vessels may affect the shipping industry in general and our business, financial condition, results of operations and cash flows in particular.

Some of the key factors that may affect our business, future financial condition, results of operations and cash flow include the following:

- supply and demand for containerized goods and dry cargo;
- supply and orderbook of vessels, including, container vessels and drybulk vessels;
- the continuing demand for goods from China, India, Brazil and Russia and other emerging markets and developments in international trade including threats and/or imposition of trade tariffs;

- time charter hire levels and our ability to re-charter our vessels at competitive rates as their current charters expire;
- our ability to comply with the covenants in our financing arrangements, including covenants relating to the maintenance of vessel value ratios;
- developments in vessel values, which might affect our ability to comply with certain covenants under our financing arrangements and/or refinance our debt;
- the relationships and reputation of our Managers, our General Partner and Capital Maritime in the shipping industry;
- the effective and efficient technical management of our vessels;
- the strength of and growth in the number of our customer relationships;
- the prevailing spot market rates and the number of our vessels which we may operate in the spot market;
- our level of debt and the related interest expense and amortization of principal;
- the ability to increase the size of our fleet and make additional acquisitions that are accretive to our unitholders;
- our access to debt and equity financing, and the cost of capital required to acquire additional vessels or to implement our business strategy;
- our ability to comply with maritime regulations and standards, including new environmental regulations and standards, and the costs associated therewith; and
- the costs associated with upcoming drydocking of our vessels.

Please read “Item 3. Key Information—D. Risk Factors” for a discussion of certain risks inherent in our business.

Factors to Consider When Evaluating Our Results

We believe it is important to consider the size of our fleet when evaluating our results of operations. As of December 31, 2019, we owned ten neo-Panamax container carrier vessels and one Capesize bulk carrier. As described above under “—Overview—The DSS Transaction,” we spun-off our Tanker Business in March 2019. In addition, during 2019, the weighted average number of our vessels decreased by 1.1 vessels compared to the year ended December 31, 2018, as we sold and delivered the M/T Amore Mio II and the M/T Aristotelis on October 15, 2018 and April 25, 2018, respectively. These two tankers were not part of the Tanker Business that we spun-off in the DSS Transaction. As our fleet grows or as we dispose of our vessels, our results of operations reflect the contribution to revenue of, and the expenses associated with, a varying number of vessels over time, which may affect the comparability of our results year-on-year.

Results of operations of the Tanker Business we spun off in the DSS Transaction are reported as discontinued operations for all periods presented. The following discussion relates to results of operations from continuing operations, which include for applicable periods revenues, expenses and cash flows arising from, in addition to our 11 vessels owned by us (prior to the January 2020 acquisition of three additional vessels), the M/T Amore Mio II and the M/T Aristotelis, which we sold during the year ended December 31, 2018.

Results of Operations

Year Ended December 31, 2019 Compared to Year Ended December 31, 2018

Our results of operations for the years ended December 31, 2019 and 2018 differ primarily due to:

- the decrease in the weighted average number of our vessels by 1.1 vessels following the sale and delivery of the M/T Amore Mio II and the M/T Aristotelis on October 15 and April 25, 2018, respectively;
- the decrease in the number of days during which our vessels were employed under voyage charters in the year ended December 31, 2019 compared to the year ended December 31, 2018;

- the impairment charge we recognized during the year ended December 31, 2018 of $28.8 million in connection with the sale of the M/T Amore Mio II;
- the increase in the number of vessels which underwent their special survey and the installation of scrubbers during the year ended December 31, 2019 compared to none for the year ended December 31, 2018;
- the increase in container charter rates during the year ended December 31, 2019 compared to the corresponding period in 2018, as two of our neo-panamax container vessels were re-chartered at higher rates; and
- lower interest costs incurred as a result of a decrease in the average outstanding debt during the year ended December 31, 2019 compared to the corresponding period in 2018, partly offset by an increase in the LIBOR weighted average interest rate.

Total Revenues

Total revenues, consisting of time charter revenues, amounted to $108.4 million for the year ended December 31, 2019 compared to $117.6 million for the year ended December 31, 2018.

The decrease of $9.2 million was primarily attributable to the decrease in vessel operating days as the weighted average size of our fleet decreased by 1.1 vessels following the sale and delivery of the M/T Amore Mio II and the M/T Aristotelis on October 15, 2018 and April 25, 2018, respectively, partially set off by the increase in the average charter rates earned by certain of our neo-panamax container vessels during 2019.

We had no related party revenues for the year ended December 31, 2019, compared to $0.7 million for the year ended December 31, 2018, as the only vessel chartered by Capital Maritime was sold to a third party and delivered in April 2018.

Time and voyage charter revenues are mainly comprised of the charter hires received from unaffiliated third-party charterers and Capital Maritime, and are generally affected by the number of vessel operating days, the average number of vessels in our fleet and the charter rates.

For information on the risks arising from a concentration of counterparties, see “Item 3. Key Information—D. Risk Factors—Risks Inherent in Our Operations—*We currently derive all of our revenues from a limited number of charterers and the loss of any charterer or charter or vessel could result in a significant loss of revenues and cash flows.*”

Please read “Item 4. Information on the Partnership—B. Business Overview—Our Fleet” and “—Our Charters” for information about the charters on our vessels, including daily charter rates.

Voyage Expenses

Total voyage expenses amounted to $2.9 million for the year ended December 31, 2019, compared to $9.1 million for the year ended December 31, 2018. The decrease of $6.2 million was primarily attributable to the decrease in the number of voyage charters, as none of our vessels were employed under voyage charter during the year ended December 31, 2019, compared to one in the year ended December 31, 2018.

Voyage expenses primarily consist of bunkers, port expenses, canal dues and commissions. Commissions are paid to shipbrokers for negotiating and arranging charter party agreements on our behalf. Voyage expenses incurred during time and bareboat charters are paid for by the charterer, except for commissions, which are paid for by us. Voyage expenses incurred during voyage charters are paid for by us. Please also refer to Note 11 (Voyage Expenses and Vessel Operating Expenses) to the Financial Statements for information on the composition of our voyage expenses.

Vessel Operating Expenses

For the year ended December 31, 2019, our total vessel operating expenses amounted to $30.5 million compared to $30.6 million for the year ended December 31, 2018. The decrease in total vessel operating expenses was primarily due to the decrease in the weighted average size of our fleet, almost fully offset by the costs incurred by certain vessels in connection with the passing of their special survey and costs and penalties incurred in relation to an oil record book violation by one of our neo-panamax container vessels, the M/V CMA CGM Amazon. For more information, please see “Item 8. Financial Information—Consolidated Statements and Other Financial Information—Legal Proceedings.”

Total vessel operating expenses for the year ended December 31, 2019 include expenses of $3.9 million incurred under the management agreements we have with our Managers, compared to $4.2 million during the year ended December 31, 2018.

See Note 11 (Voyage Expenses and Vessel Operating Expenses) to the Financial Statements for information on the composition of our vessel operating expenses.

General and Administrative Expenses

General and administrative expenses amounted to $5.5 million for the year ended December 31, 2019, compared to $5.7 million for the year ended December 31, 2018.

General and administrative expenses include board of directors' fees and expenses, audit and certain legal fees, and other fees related to the expenses of the publicly traded partnership.

Vessel Depreciation and Amortization

Depreciation and amortization amounted to $29.3 million for the year ended December 31, 2019, compared to $32.8 million for the year ended December 31, 2018. The decrease was attributable to the decrease in the average number of vessels in our fleet, partly offset by the increase in the amortization of deferred charges in connection with certain vessels in our fleet passing their special survey during the year ended December 31, 2019.

Generally, depreciation is expected to decrease if the average number of vessels in our fleet decreases.

Impairment of vessels

During the year ended December 31, 2018 we recognized an impairment charge of $28.8 million representing the difference between the carrying value and the fair market value less associated sale costs of the M/T Amore Mio II, which we agreed to sell on September 11, 2018. Upon entering into the sale agreement, we classified the vessel as held for sale and wrote down its carrying value to its fair value less estimated sale costs. We did not recognize any impairment charge during the year ended December 31, 2019.

Please see Note 6 (Vessels, net) to our Financial Statements for more information on impairment charges.

Total Other Expense, Net

Total other expense, net for the year ended December 31, 2019 amounted to $15.7 million, compared to $18.1 million for the year ended December 31, 2018. Total other expense, net includes interest expense and finance costs of $17.0 million for the year ended December 31, 2019, compared to $19.0 million for the year ended December 31, 2018. The decrease of $2.0 million primarily reflects lower interest costs incurred mainly as a result of the decrease in the average outstanding debt during the year ended December 31, 2019 compared to the corresponding period in 2018, partly offset by the increase in the LIBOR weighted average interest rate.

Interest expense and finance costs include interest expense, amortization of financing charges, commitment fees and bank charges.

The weighted average interest rate on the loans outstanding under our credit facilities for the year ended December 31, 2019 was 5.7%, compared to 5.4% for the year ended December 31, 2018. Please also refer to Note 8 (Long Term Debt) to our Financial Statements.

Net Income / (Loss)

Net income from continuing operations for the year ended December 31, 2019 amounted to $24.4 million compared to net loss from continuing operations of $7.6 million for the year ended December 31, 2018.

Year Ended December 31, 2018 Compared to Year Ended December 31, 2017

Our results of operations for the years ended December 31, 2018 and 2017 differ primarily due to:

- the decrease in the weighted average number of our vessels by 0.9 vessels following the sale and delivery of the M/T Amore Mio II and the M/T Aristotelis on October 15, 2018 and April 25, 2018, respectively;
- the increase in container charter rates during the year ended December 31, 2018 compared to the corresponding period in 2017, as two of our neo-panamax container vessels were re-chartered at higher rates;
- the increase in the number of days during which our vessels were employed under voyage charters in the year ended December 31, 2018 compared to the year ended December 31, 2017;
- the impairment charge we recognized during the year ended December 31, 2018 of $28.8 million in connection to the sale of the M/T Amore Mio II, compared to $3.3 million during the year ended December 31, 2017 in connection to the sale of M/T Aristotelis; and
- lower interest costs incurred as a result of a decrease in the average outstanding debt during the year ended December 31, 2018 compared to the corresponding period in 2017 partly offset by an increase in the LIBOR weighted average interest rate.

Total Revenues

Total revenues, consisting of time and voyage charter revenues, amounted to $117.6 million for the year ended December 31, 2018 compared to $116.7 million for the year ended December 31, 2017.

The increase of $0.9 million during the year ended December 31, 2018 compared to the corresponding period in 2017 was primarily attributable to the increase in the charter rates earned by two of our neo-panamax container vessels partly offset, by the decrease in the weighted average number of our vessels by 0.9 vessels.

For the year ended December 31, 2018, related party revenues decreased to $0.7 million, compared to $10.0 million for the year ended December 31, 2017 as the average number of vessels chartered by Capital Maritime decreased by 1.5 vessels.

Time and voyage charter revenues are mainly comprised of the charter hires received from unaffiliated third-party charterers, and are generally affected by the number of vessel operating days, the average number of vessels in our fleet and the charter rates.

Voyage Expenses

Total voyage expenses amounted to $9.1 million for the year ended December 31, 2018, compared to $4.7 million for the year ended December 31, 2017. The increase of $4.4 million was primarily attributable to the increase in the number of voyage charters under which certain of our vessels were employed during the year ended December 31, 2018, compared to the year 2017.

Voyage expenses primarily consist of bunkers, port expenses, canal dues and commissions. Commissions are paid to shipbrokers for negotiating and arranging charter party agreements on our behalf. Voyage expenses incurred during time charters are paid by the charterer, except for commissions, which are paid by us. Voyage expenses incurred during voyage charters are paid by us. Please also refer to Note 11 (Voyage Expenses and Vessel Operating Expenses) to the financial statements included herein for information on the composition of our voyage expenses.

Vessel Operating Expenses

For the year ended December 31, 2018, our total vessel operating expenses amounted to $30.6 million compared to $31.9 million for the year ended December 31, 2017. The $1.3 million decrease in total vessel operating expenses primarily reflects the decrease in the average size of our fleet, following the sale and delivery of the M/T Amore Mio II and M/T Aristotelis in October and April 2018, respectively.

Total vessel operating expenses for the year ended December 31, 2018 include expenses of $4.2 million incurred under the management agreements we have with Capital Ship Management, compared to $4.5 million during the year ended December 31, 2017.

See Note 11 (Voyage Expenses and Vessel Operating Expenses) to the financial statements included herein for information on the composition of our vessel operating expenses.

General and Administrative Expenses

General and administrative expenses amounted to $5.7 million for the year ended December 31, 2018, compared to $6.2 million for the year ended December 31, 2017. General and administrative expenses include board of directors' fees and expenses, audit and certain legal fees, and other fees related to the expenses of the publicly traded partnership.

Vessel Depreciation and Amortization

Depreciation and amortization amounted to $32.8 million for the year ended December 31, 2018, compared to $36.0 million for the year ended December 31, 2017. The decrease was attributed to the decrease in the amortization of drydock and special survey deferred charges and to the decrease in the average size of our fleet, following the sale and delivery of the M/T Amore Mio II and M/T Aristotelis in October and April 2018, respectively.

Generally, depreciation is expected to increase or decrease if the average number of vessels in our fleet increases or decreases, respectively.

Impairment of vessels

Impairment of vessels amounted to $28.8 million for the year ended December 31, 2018 compared to $3.3 million for the year ended December 31, 2017 representing the difference between the carrying and the fair market value less associated sale costs of the M/T Amore Mio II and the M/T Aristotelis, which we agreed to sell on September 11, 2018 and December 22, 2017, respectively. Upon entering into the sale agreements, we classified the vessels as held for sale and wrote down their carrying value to their fair value less estimated sale costs. The fair value of the vessels was based on the transaction price, as the sale price for both vessels was agreed with an unaffiliated third party.

Please see Note 6 (Vessels, net) to our Financial Statements included herein for more information on impairment charges.

Total Other Expense, Net

Total other expense, net for the year ended December 31, 2018 amounted to $18.1 million, compared to $18.8 million for the year ended December 31, 2017. Total other expense, net includes interest expense and finance costs of $19.0 million for the year ended December 31, 2018, compared to $20.0 million for the year ended December 31, 2017. The decrease of $1.0 million reflects lower interest costs incurred mainly as a result of the decrease in the average outstanding debt during the year ended December 31, 2018 compared to the corresponding period in 2017, partly offset by an increase in the LIBOR weighted average interest rate.

Interest expense and finance costs include interest expense, amortization of financing charges, commitment fees and bank charges.

The weighted average interest rate on the loans outstanding under our credit facility for the year ended December 31, 2018 was 5.4%, compared to 4.3% for the year ended December 31, 2017. Please also refer to Note 8 (Long-Term Debt) to the Financial Statements included herein.

Net (Loss) / Income

Net loss for the year ended December 31, 2018 amounted to $7.6 million compared to net income of $15.8 million for the year ended December 31, 2017.

B. Liquidity and Capital Resources

As of December 31, 2019, total cash and cash equivalents (including restricted cash) were $63.5 million. Restricted cash under our 2017 credit facility amounted to $5.5 million.

In connection with the DSS Transaction:

- DSS paid to us a total amount of $319.7 million;

- we amended our existing 2017 credit facility, prepaid an amount of $89.3 million thereunder, and fully repaid and retired outstanding loans under bilateral facilities, all of which translated into an aggregate repayment of our debt of $146.5 million plus accrued interest and breakage costs; and
- we redeemed and retired all outstanding Class B Units at 100% of par value for an aggregate redemption price of $119.5 million, including dividends on Class B Units accrued at the time.

We do not have any undrawn amounts under the terms of our 2017 credit facility. See also "—Borrowings" for information regarding our 2017 credit facility.

Generally, our primary sources of funds have been cash from operations, bank borrowings, sale-leaseback arrangements and securities offerings.

Cash from operations depends on our chartering activity. Depending on the prevailing market rates when our charters expire, we may not be able to re-charter our vessels at levels similar to their current charters, which may affect our future cash flows from operations. Cash flows from operations may be further affected by other factors described in "Item 3. Key Information—D. Risk Factors." We expect that three of our charters will expire in the coming 12 months.

Because we distribute all of our available cash (a contractually defined term, generally referring to cash on hand at the end of each quarter after provision for reserves), we generally rely upon external financing sources, including bank borrowings and securities offerings, to fund replacement, expansion and investment capital expenditures, and to refinance or repay outstanding indebtedness.

In particular, since 2011, our board of directors has elected not to provision cash reserves for estimated replacement capital expenditures. Accordingly, our ability to maintain and grow our asset base, including through further dropdown opportunities from Capital Maritime or acquisitions from third parties, and to pay or increase our distributions as well as to maintain a strong balance sheet depends on, among other things, our ability to obtain required financing, access financial markets and refinance part or all of our existing indebtedness on commercially acceptable terms.

In April 2016, in the face of severely depressed trading prices for master limited partnerships, including us, a significant deterioration in our cost of capital and potential loss of revenue, our board of directors took the decision to protect our liquidity position by creating a capital reserve. We used cash accumulated as a result of quarterly allocations to our capital reserve to partially prepay our indebtedness as part of our refinancing in October 2017. We expect to continue to reserve cash in amounts necessary to service our debt in the future, including to make quarterly amortization payments.

Subject to our ability to obtain required financing and access financial markets, we expect to continue to evaluate opportunities to acquire vessels and businesses.

As of the date of this Annual Report we have installed scrubbers on five of the seven vessels we have committed to retrofit with scrubbers, while the remaining two vessels are expected to complete retrofitting during the first quarter of 2020. The installation of scrubber equipment requires the vessel to be drydocked and incur off-hire days. We estimate that the installation of a scrubber (without any unforeseen delays such as those caused by the coronavirus outbreak) requires 40 to 75 off-hire days per vessel. In October 2018, we entered into a series of agreements with HMM. Among other things, we agreed that the maximum number of off-hire days that will be incurred by us will be 12 days irrespective of the actual period for the scrubbers to be installed on five vessels chartered to HMM. We have already installed scrubbers on four of the five vessels chartered to HMM. See also "Item 4. Information on the Partnership—A. History and Development of the Partnership—2019 Developments—Scrubber installation update." We have contracted to procure scrubbers for our fleet with two third-party manufacturers. Currently, total estimated contracted capital expenditure in relation to the scrubbers to be retrofitted on our vessels amounts to $4.0 of which we have paid $1.4 million and expect to pay approximately $2.6 million in 2020.

As of December 31, 2019, total partners' capital amounted to $406.7 million, a decrease of $474.6 million compared to $881.3 million (including discontinued operations) as of December 31, 2018. The decrease was primarily due to the completion of the DSS Transaction, distributions declared and paid in the total amount of $28.8 million during 2019 and the total net loss of $122.5 million for the period (including an impairment charge of $149.6 million relating to the DSS Transaction).

Subject to shipping, charter and financial market developments, we believe that our working capital will be sufficient to meet our existing liquidity needs for at least the next 12 months.

Cash Flows

The following table summarizes our cash and cash equivalents provided by / (used in) operating, financing and investing activities for the years presented below, in millions.

	2019	2018	2017
Net Cash Provided by Operating Activities	$ 45.3	$ 60.2	$ 65.9
Net Cash (Used in)/Provided by Investing Activities	$ (6.5)	$ 37.4	$ (1.7)
Net Cash Used in Financing Activities	$(179.1)	$(108.0)	$(136.3)

Net Cash Provided by Operating Activities

Net cash provided by operating activities was $45.3 million for the year ended December 31, 2019 compared to $60.2 million for the year ended December 31, 2018. The decrease of $14.9 million was mainly attributable to an increase in the amounts we reimbursed our Managers for expenses paid on our behalf, an increase in payments for operating and other expenses partly offset by a decrease in our trade receivables due to increased collections.

Net cash provided by operating activities was $60.2 million for the year ended December 31, 2018, compared to $65.9 million for the year ended December 31, 2017. The decrease of $5.7 million was mainly attributable to (a) the decrease of $1.2 million in cash from operations, which was attributable mainly to an increase in our total expenses, including vessel voyage expenses, and (b) the negative effect of the changes in our operating assets and liabilities amounting to $4.6 million. Changes in our operating assets and liabilities were driven mainly by an increase in our trade receivables attributable to the increase in the number of voyage charters performed by our vessels, partly offset by a decrease in the amounts we reimbursed to Capital Ship Management for expenses paid on our behalf during the year ended December 31, 2018, compared to the year ended December 31, 2017 as well as to the decrease in the amounts paid for drydocking costs in the year ended December 31, 2018 compared to the year ended December 31, 2017.

Net Cash Used in/Provided by Investing Activities

Net cash used in / provided by investing activities refers primarily to cash used for vessel improvements, including installation of scrubbers and BWTS, and cash provided by proceeds from the sale of vessels. Net cash used in investing activities for the year ended December 31, 2019 amounted to $6.5 million compared to net cash provided by investing activities of $37.4 million during the year ended December 31, 2018. The decrease of $43.9 million in net cash flows from investing activities, was primarily attributable to (a) the net proceeds of $39.8 million from the sale of the vessels M/T Amore Mio II and M/T Aristotelis during the year ended December 31, 2018, compared to the year ended December 31, 2019 during which we did not dispose any vessel and (b) the cash used for vessel improvements including advances relating to the purchase of ballast water treatment systems and scrubbers equipment amounting to $6.5 million during the year ended December 31, 2019 compared to $2.4 million for the year ended December 31, 2018.

Net cash provided by investing activities for the year ended December 31, 2018 of $37.4 million relates to the net proceeds of $39.8 million from the sale of the M/T Aristotelis and the M/T Amore Mio II, partially offset by cash consideration paid for vessel improvements of $0.3 million and the acquisition for scrubbers equipment of $2.1 million. Net cash used in investing activities for the year ended December 31, 2017 of $1.7 million relates to the consideration paid for vessel improvements during the year ended December 31, 2017.

Net Cash Used in Financing Activities

Net cash used in financing activities for the year ended December 31, 2019, was $179.1 million compared to $108.0 million for the year ended December 31, 2018. The increase of $71.1 million in net cash used in financing activities was mainly attributable to the redemption of all outstanding Class B convertible preferred units for the amount of $116.9 million representing the par value of the Class B Units, following the DSS transaction in March 2019 partially offset by (a) the decrease in amortization payments of long-term debt by $22.6 million following, the prepayment of $89.3 million and the consequent amendment of the repayment schedule of our 2017 credit facility and (b) the reduction by $23.8 million in distributions paid to our unitholders during the year ended December 31, 2019 compared to the year ended December 31, 2018.

Net cash used in financing activities for the year ended December 31, 2018, was $108.0 million compared to $136.3 million for the year ended December 31, 2017. The decrease of $28.3 million in net cash used in financing activities was mainly attributable to a decrease of $43.2 million in payments of long-term debt, partially offset by a decrease of $17.8 million in net proceeds from the issuance of common units, during the year ended December 31, 2018 compared to the year ended December 31, 2017. The decrease in payments of long-term debt was primarily attributable to the fact that while our principal amortization increased in the year ended December 31, 2018 compared to the year ended December 31, 2017 and we mandatorily prepaid the portion of the M/T Aristotelis and the M/T Amore Mio II in connection with their disposals in the year ended December 31, 2018, we prepaid a significant portion of our debt in connection with the October 2017 refinancing.

Borrowings

Our long-term borrowings are reflected in our balance sheet as "Long-term debt, net" and in current liabilities as "Current portion of long-term debt, net".

As of December 31, 2019, our total borrowings were $262.4 million, all outstanding under our 2017 credit facility. Upon the closing of the ICBCFL lease, we expect to repay approximately $119.9 million under the 2017 credit facility (based on the current principal amount outstanding under our 2017 credit facility and vessel charter free fair market values as of December 31, 2019).

As of December 31, 2018, our total borrowings (including discontinued operations) were $445.9 million and consisted of:

- $387.4 million principal amount outstanding under our 2017 credit facility;
- $31.0 million principal amount outstanding under the 2015 credit facility (including $15.4 million under the Amor tranche and $15.6 million under the Anikitos tranche); and
- $27.4 million principal amount outstanding under the Aristaios credit facility.

In connection with the completion of the DSS Transaction on March 27, 2019, we amended our existing 2017 credit facility, prepaid an amount of $89.3 million thereunder, and fully repaid and retired all outstanding loans under the 2015 credit facility and the Aristaios credit facility, all of which translated into an aggregate repayment of our debt of $146.5 million plus accrued interest and breakage costs. Please also read the introductory note entitled "DSS Transaction and March 2019 Reverse Split."

The 2017 Credit Facility

On September 6, 2017, we entered into the 2017 credit facility with a syndicate of lenders led by HCB and ING, as mandated lead arrangers and bookrunners, and BNP Paribas and National Bank of Greece S.A., as arrangers. In October 2017, we drew $460.0 million thereunder.

The 2017 credit facility initially consisted of two tranches repayable in 24 equal quarterly instalments of $13.2 million in aggregate in addition to a balloon instalment of $143.0 million payable, together with the final quarterly instalment, in the fourth quarter of 2023. The loans drawn under the 2017 credit facility bear interest at LIBOR plus a margin of 3.25%.

In connection with the DSS Transaction, on March 27, 2019, we amended the 2017 credit facility and prepaid an amount of $89.3 million thereunder. The amended 2017 credit facility consists of a single tranche required to be repaid in 19 equal quarterly instalments of $7.7 million in addition to a balloon installment of $139.1 million payable, together with the final quarterly installment, in the fourth quarter of 2023. As discussed above, upon the closing of the ICBCFL lease, we expect to repay approximately $119.9 million required to release three vessels under the 2017 credit facility.

Our 2017 credit facility contains customary ship finance covenants, including restrictions as to changes in management and ownership of the mortgaged vessels, the incurrence of additional indebtedness and the mortgaging of vessels.

Our 2017 credit facility also contains financial covenants:

- to maintain minimum free consolidated liquidity of at least $0.5 million per collateralized vessel;
- to maintain a ratio of EBITDA (as defined therein) to net interest expense of at least 2.00 to 1.00 on a trailing four-quarter basis; and
- not to exceed a ratio of total net indebtedness to (fair value adjusted) total assets of 0.75.

In addition, our 2017 credit facility requires that we maintain a minimum security coverage ratio, defined as the ratio of the market value of the collateralized vessels and net realizable value of additional acceptable security to outstanding loans, of 125%.

Under our 2017 credit facility, the vessel-owning subsidiaries may pay dividends or make distributions provided that no event of default has occurred and the payment of such dividend or distribution does not result in an event of default, including a breach of any of the financial covenants. Our 2017 credit facility requires the earnings, insurances and requisition compensation of the vessels to be assigned as collateral. It also requires additional security, including pledge and charge on current account, corporate guarantee from each of the vessel-owning subsidiaries and mortgage interest insurance.

Our obligations under our 2017 credit facility are secured by first-priority mortgages over all our vessels and are guaranteed by each vessel-owning subsidiary.

Our 2017 credit facility also contains a "Market Disruption Clause," which the lenders may unilaterally trigger, requiring us to compensate the lenders for any increases to their funding costs caused by disruptions to the market.

As of December 31, 2019, we were in compliance with all financial debt covenants under our 2017 credit facility.

Recent Developments

In January 2020, we entered into a new term loan facility of up to $38.5 million for the purpose of partially financing the acquisition of M/V Athenian and an agreement with CMBFL for the sale-leaseback of the vessels M/V Athos and M/V Aristomenis for a total amount of $77.0 million.

In December 2019, we entered into a non-binding term sheet with ICBCFL for the sale-leaseback of three vessels mortgaged under the 2017 credit facility, for a total amount of $155.4 million. We expect to finalize this arrangement in March 2020.

The operating and financial restrictions and covenants under these arrangements are substantially similar to the restrictions and covenants of the 2017 credit facility, except that the required minimum security coverage ratio under the arrangement with CMBFL is 120%.

Our ability to comply with the covenants and restrictions contained in our financing arrangements may be affected by events beyond our control, including prevailing economic, financial and industry conditions, interest rate developments, changes in the funding costs of our financing institutions and changes in vessel earnings and asset valuations. If market or other economic conditions deteriorate, our ability to comply with these covenants may be impaired. If we are in breach of any of the restrictions, covenants, ratios or tests in our financing arrangements, we may be forced to suspend our distribution, a significant portion of our obligations may become immediately due and payable and our lenders' commitment to make further loans to us (if any) may terminate. We may not have, or be able to obtain, sufficient funds to make these accelerated payments. In addition, obligations under our credit facilities are secured by our vessels, and if we are unable to repay debt under our 2017 credit facility or such other debt instruments, the lenders could seek to foreclose on those assets.

Any contemplated vessel acquisitions will have to be at levels that do not impair the required ratios described above. The global economic downturn that occurred within the past several years depressed shipping markets, lack of capital in the industry and prolonged overcapacity had an adverse effect on vessel values. If the estimated asset values of our vessels decrease, we may be obligated to prepay part of our outstanding debt in order to remain in compliance with the relevant covenants in our financing arrangements. A decline in the market value of our vessels could also affect our ability to refinance our debt and/or limit our ability to obtain additional financing. A decrease of 10% in the aggregate fair market values of our vessels would not cause any violation of the total indebtedness to aggregate market value covenant, contained in our financing arrangements.

Other Credit Facilities (Now Repaid and Retired) Presented in Discontinued Operations.

The Aristaios credit facility.

On January 17, 2018, upon the completion of the acquisition of the shares of the company owning the M/T Aristaios, we assumed Capital Maritime's guarantee with respect to the outstanding balance of $28.3 million under the term loan that was entered into on January 2, 2017 with Credit Agricole Corporate and Investment Bank and ING Bank N.V. (the "Aristaios credit facility"). The term loan was required to be repaid in twelve consecutive equal semi-annual installments of $0.9 million, beginning in July 2018, plus a balloon payment of $17.3 million payable together with the final semi-annual installment due in January 2024. The term loan bore interest at LIBOR plus a margin of 2.85%. We fully repaid and retired the Aristaios credit facility in connection with the DSS Transaction in March 2019.

The 2015 credit facility

On May 4, 2018, and October 24, 2016 upon the completion of the acquisition of the shares of the companies owning the M/T Anikitos and M/T Amor respectively, we assumed Capital Maritime's guarantee with respect to the outstanding balance of $15.6 million (the "Anikitos tranche") and $15.8 million (the "Amor tranche") both under the term loan that was entered into on November 19, 2015 with ING Bank N.V.

The Anikitos tranche was required to be repaid in 13 consecutive equal quarterly installments of $0.4 million, beginning in May 2020, plus a balloon payment of $11.0 million payable together with the final quarterly installment in June 2023. The Amor tranche was required to be repaid in 17 consecutive equal quarterly instalments of $0.3 million, beginning in October 2018, plus a balloon payment of $10.2 million payable together with the final quarterly installment in November 2022.

The 2015 credit facility bore interest at LIBOR plus a margin of 2.50%.

We fully repaid and retired all amounts outstanding under the 2015 credit facility in connection with the DSS Transaction in March 2019.

C. Research and Development

Not applicable.

D. Trend Information

Our results of operations depend primarily on the charter hire rates that we are able to realize for our vessels, which depend on, among other things, the demand and supply dynamics characterizing the container and drybulk markets at the time of re-chartering a vessel. For other trends affecting our business please see other discussions in "—A. Operating Results."

E. Off-Balance Sheet Arrangements

As of December 31, 2019, we have not entered into any off-balance sheet arrangements.

F. Tabular Disclosure of Contractual Obligations

The following table summarizes our long-term contractual obligations as of December 31, 2019 (in thousands of U.S. Dollars).

	Payment due by period				
	Total	Less than 1 year	1-3 years	3-5 years	More than 5 years
Long-term Debt Obligations (1)	$262.4	$ 30.8	$ 61.7	$ 169.9	$ —
Interest Obligations (2)	37.0	12.3	19.0	5.7	—
Management fee and executive services (3)	22.1	5.9	9.6	6.6	—
Vessels' equipment (4)	2.8	2.8	—	—	—
Total	**$324.3**	**$ 51.8**	**$ 90.3**	**$ 182.2**	$ —

(1) Repayment schedule of long-term debt obligation does not reflect the refinancing with ICBC Financial Leasing Co., Ltd.

(2) Interest has been estimated based on LIBOR Bloomberg forward rates and prevailing margins as of December 31, 2019 of 3.25% in respect of our 2017 credit facility.

(3) The fees payable to the Managers represent fees for the provision of commercial and technical services such as crewing, repairs and maintenance, insurance, stores, spares and lubricants. Management fees under the floating fee management agreements have increased annually based on the United States Consumer Price Index for December 2019. The amount of $6.6 million for payments due between three and five years has been calculated on the basis of the expiration dates of our management agreements as in effect on December 31, 2019. In 2019, we amended the executive services agreement with our General Partner according to which our General Partner provides certain executive officers services for the management of the Partnership's business as well as investor relations and corporate support services to the Partnership.

(4) As of December 31, 2019 we had outstanding commitments amounting to $2.8 million relating to the purchase of scrubbers and BWTS on two of our vessels, which are payable during 2020.

G. Critical Accounting Policies

The discussion and analysis of our financial condition and results of operations is based upon our Financial Statements, which have been prepared in accordance with U.S. GAAP. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amount of assets and liabilities, revenues and expenses and related disclosure of contingent assets and liabilities at the date of our financial statements. Actual results may differ from these estimates under different assumptions or conditions.

Critical accounting policies are those that reflect significant judgments or uncertainties, and which could potentially result in materially different results under different assumptions and conditions. We have described below what we believe are our most critical accounting policies. For a description of all of our significant accounting policies, see Note 2 (Significant Accounting Policies) to our Financial Statements.

Vessel Lives and Impairment

The carrying value of each of our vessels represents its original cost (contract price plus initial expenditures) at the time of delivery or purchase less accumulated depreciation or impairment charges. The carrying values of our vessels may not represent their fair market value at any point in time since the market prices of second-hand vessels tend to fluctuate with changes in charter rates and the cost of newbuilds. In the past several years, market conditions have changed significantly as a result of the credit crisis and the resulting slowdown in world trade. Charter rates for vessels have decreased and vessel values have been affected. We consider these market developments as indicators of potential impairment of the carrying amount of our assets.

The table below specifies (i) the carrying value of each of our vessels as of December 31, 2019 and 2018 and (ii) which of those vessels we believe had a charter-free market value below its carrying value. We believe that the aggregate carrying value of the vessels indicated with an asterisk below exceeded their aggregate basic charter-free market value by approximately $77.8 million and $118.3 million as of December 31, 2019 and 2018, respectively. This aggregate difference represents the approximate analysis of the amount by which we believe we would have to reduce our net income if we sold all of such vessels in the current environment, on industry standard terms, in cash transactions, to a willing buyer in circumstances where we are not under any compulsion to sell, and where the buyer is not under any compulsion to buy. For purposes of this calculation, we have assumed that the vessels would be sold at a price that reflects our estimate of their current basic market values.

Our estimates of basic market value assume that the vessels are all in good and seaworthy condition without need for repair and, if inspected, would be certified in class without notations of any kind. Our estimates are based on the average of two estimated market values for the vessels received from third-party independent shipbrokers approved by our financing providers. Vessel values are highly volatile. Accordingly, as such, our estimates may not be indicative of the current or future basic market value of the vessels or prices that could be achieved if the vessels were to be sold.

Vessels	Date acquired by us	Carrying value as of December 31, 2019 (in millions of United States dollars)	Carrying value as of December 31, 2018 (in millions of United States dollars)
M/V Cape Agamemnon	06/09/2011	$ 34.9*	$ 36.8*
M/V Archimidis	12/22/2012	$ 43.3*	$ 46.6*
M/V Agamemnon	12/22/2012	$ 50.5*	$ 49.7*
M/V Hyundai Prestige	09/11/2013	$ 45.3*	$ 43.0*
M/V Hyundai Premium	03/20/2013	$ 43.0*	$ 42.3*
M/V Hyundai Paramount	03/27/2013	$ 44.6*	$ 42.4*
M/V Hyundai Privilege	09/11/2013	$ 45.4*	$ 43.1*
M/V Hyundai Platinum	09/11/2013	$ 41.1*	$ 43.2*
M/V CMA CGM Amazon	06/10/2015	$ 76.0	$ 79.5*
M/V CMA CGM Uruguay	09/18/2015	$ 77.0	$ 80.4*
M/V CMA CGM Magdalena	02/26/2016	$ 75.8	$ 79.1
Total		**$ 576.9**	**$ 586.1**

* Indicates vessels for which we believe that, as of December 31, 2019 and 2018, the carrying value exceeds the basic charter-free market value. As discussed below, we believe that the carrying values of our vessels as of December 31, 2019 and 2018 were recoverable as the undiscounted projected net operating cash flows of these vessels exceeded their carrying value by a significant amount.

We performed undiscounted cash flow tests as of December 31, 2019 and 2018, as an impairment analysis, in which we made estimates and assumptions relating to determining the projected undiscounted net operating cash flows by considering the following:

- the charter revenues from existing time charters for the fixed fleet days (our remaining charter agreement rates);
- vessel operating expenses;
- drydocking expenditures;
- an estimated gross daily time charter equivalent for the unfixed days (based on the ten-year average historical one-year Time Charter Equivalent) over the remaining economic life of each vessel, excluding days of scheduled off-hires;
- residual value of vessels;
- commercial and technical management fees;
- a utilization rate of 98.3 % based on the fleet's historical performance; and
- the remaining estimated life of our vessels.

Although we believe that the assumptions used to evaluate potential impairment, which are largely based on the historical performance of our fleet, are reasonable and appropriate, such assumptions are highly subjective. There can be no assurance as to how long charter rates and vessel values will remain at their currently low levels or whether they will improve by any significant degree. Charter rates may remain at depressed levels for some time which could adversely affect our revenue and profitability, and future assessments of vessel impairment.

Our assumptions, based on historical trends, and our accounting policies are as follows:

- in accordance with the prevailing industry standard, depreciation is calculated using an estimated useful life of 25 years for our vessels, commencing at the date the vessel was originally delivered from the shipyard;
- estimated useful life of vessels takes into account design life, commercial considerations and regulatory restrictions based on our fleet's historical performance;
- estimated charter rates are based on rates under existing vessel contracts and thereafter at market rates at which we expect we can re-charter our vessels based on market trends. We believe that the ten-year average historical Time Charter Equivalent is appropriate (or less than ten years if appropriate data is not available) for the following reasons:
  - it reflects more accurately the earnings capacity of the type, specification, deadweight capacity and average age of our vessels;
  - it reflects the type of business conducted by us (period as opposed to spot);
  - it includes at least one market cycle; and
  - respective data series are adequately populated.
- estimates of vessel utilization, including estimated off-hire time and the estimated amount of time our vessels may spend operating on the spot market, are based on the historical experience of our fleet;
- estimates of operating expenses and drydocking expenditures are based on historical operating and drydocking costs based on the historical experience of our fleet and our expectations of future operating requirements;
- vessel residual values are a product of a vessel's lightweight tonnage and an estimated scrap rate of $180 per ton; and
- the remaining estimated lives of our vessels used in our estimates of future cash flows are consistent with those used in our depreciation calculations.

The impairment test that we conduct is most sensitive to variances in future time charter rates. Based on the sensitivity analysis performed for December 31, 2019 and 2018, we would begin recording impairment on the first vessel that will incur impairment by vessel type for time charter declines from their ten-year historical averages as follows:

	Percentage Decline from which Impairment would be Recorded	
	Year ended December 31, 2019	Year ended December 31, 2018
Vessel		
Cape vessel	24.92%	31.0%
Container vessels 5,000 TEU	35.3%	35.3%
Container vessels 8,000 TEU	22.3%	24.8%
Container vessels 9,000 TEU	—	28.1%

As of February 28, 2020 and December 31, 2019, our current rates for time charters of such vessels on average were above / (below) their ten-year historical averages as follows:

	Time Charter Rates as Compared with Ten-year Historical Average (as percentage above/(below))	
	As of February 28, 2020	As of December 31, 2019
Vessel		
Cape vessel	149.3%	149.3%
Container vessels 5,000 TEU	94.7%*	37.2%
Container vessels 8,000 TEU	(7.4)%	(17.5)%
Container vessels 9,000 TEU	—	—

* The time charter rates include a premium of $4,900 per day in light of the expenditure we incurred in connection with the installation of scrubbers. See “Item 4. Information on the Partnership—A. History and Development of the Partnership—2019 Developments—Scrubber installation update”.

Based on the above assumptions we determined that the undiscounted cash flows support the vessels’ carrying amounts as of December 31, 2019 and 2018.

Recent accounting pronouncements

Please see Note 2(q) (Significant Accounting Policies—Recent Accounting Pronouncements) to our Financial Statements.

Item 6. Directors, Senior Management and Employees.

Management of Capital Product Partners L.P.

Pursuant to our partnership agreement, our General Partner has delegated to our board of directors the authority to oversee and direct our operations, management and policies on an exclusive basis, and such delegation is binding on any successor general partner of the Partnership.

Our General Partner, Capital GP L.L.C., manages our day-to-day activities consistent with the policies and procedures adopted by our board of directors. Our General Partner is a limited liability company initially formed and controlled by Capital Maritime as sole member. In April 2019, Capital Maritime transferred all membership interests in our General Partner to Mr. Miltiadis E. Marinakis. See “Item 3. Key Information—D. Risk Factors—Risks Related to our Business and Operations—*We depend on our General Partner, a private company under the ownership of Mr. Miltiadis E. Marinakis, for the day-to-day management of our affairs. The change of ownership of our General Partner may affect the way we and our operations are managed and our relationships with our charterers and other counterparties.*”

Our board of directors currently consists of seven members, including two members who are designated by our General Partner in its sole discretion and five members who are elected by the common unitholders.

Directors appointed by our General Partner serve as directors for terms determined by our General Partner and directors elected by our common unitholders are divided into three classes serving staggered three-year terms. The initial four directors appointed by Capital Maritime at the time of our IPO were designated as Class I, Class II and Class III elected directors. At each annual meeting of unitholders, directors are elected to succeed the class of directors whose terms have expired by a plurality of the votes of the common unitholders (excluding common units held by Capital Maritime and its affiliates). Directors elected by our common unitholders may be nominated by the board of directors or by any limited partner or group of limited partners that holds at least 10% of the outstanding common units.

At our annual general meeting of unitholders held on October 11, 2019, Keith Forman and Eleni Tsoukala were elected to act as a Class III Directors until the Partnership's 2022 annual meeting of Limited Partners.

Our General Partner intends to cause its officers to devote as much time as is necessary for the proper conduct of our business and affairs. Our General Partner's Chief Executive Officer, Mr. Gerasimos (Jerry) Kalogiratos, Chief Operating Officer, Mr. Gerasimos Ventouris, and Chief Financial Officer, Mr. Nikolaos Kalapotharakos, allocate their time between managing our business and affairs and the business and affairs of Capital Maritime, Capital Ship Management and/or their respective affiliates. The amount of time they allocate between our business and their other positions varies from time to time depending on various circumstances and needs of the businesses, such as the relative levels of strategic activities of the businesses.

Our General Partner owes a fiduciary duty to our unitholders and is liable, as general partner, for all of our debts (to the extent not paid from our assets), except for indebtedness or other obligations that are expressly non-recourse to it. Whenever possible, the partnership agreement directs that we should incur indebtedness or other obligations that are non-recourse to our General Partner. Officers of our General Partner and other individuals providing services to us or our subsidiaries may face a conflict regarding the allocation of their time between our business and the other business interests of Capital Maritime. Our partnership agreement limits our General Partner's and our directors' fiduciary duties to our unitholders and restricts the remedies available to unitholders for actions taken by our General Partner or our directors. Please read "Item 3.D. Risk Factors—Risks Inherent in an Investment in Us—*Our partnership agreement limits our General Partner's and our directors' fiduciary duties to our unitholders and restricts the remedies available to unitholders for actions taken by our General Partner or our directors*" for a more detailed description of such limitations.

A. Directors and Senior Management

Set forth below are the names, ages and positions of our directors and our General Partner's executive officers as of the date of this Annual Report.

Name	Age	Position
Keith Forman(4)	61	Director and Chairman of the Board(5)
Gerasimos (Jerry) Kalogiratos(1)	42	Director and Chief Executive Officer of our General Partner
Gurpal Grewal(1)	73	Director
Rory Hussey(2)	68	Director(5)
Abel Rasterhoff(3)	79	Director(5)
Eleni Tsoukala(4)	42	Director(5)
Dimitris P. Christacopoulos(3)	49	Director(5)
Gerasimos Ventouris	68	Chief Operating Officer of our General Partner
Nikolaos Kalapotharakos	45	Chief Financial Officer of our General Partner

(1) Appointed by our General Partner.
(2) Class I director (term expires in 2020).
(3) Class II director (term expires in 2021).
(4) Class III director (term expires in 2022).
(5) Member of our audit committee, our conflicts committee and compensation committee.

Biographical information with respect to each of our directors, our director nominees and our General Partner's executive officers is set forth below. The business address for our executive officers is 3 Iassonos Street Piraeus, 18537 Greece.

Keith Forman, Director and Chairman of the Board.

Mr. Forman is the chairman of our board of directors and a member of our conflicts committee, audit committee and compensation committee. Mr. Forman joined our board on April 3, 2007. Mr. Forman began a one-year fellowship at Harvard University's Advanced Leadership Initiative in January 2020. Mr. Forman has held a number of executive, director and advisory positions at investment companies and master limited partnerships throughout his career. Since May 2012, Mr. Forman has been acting as a senior advisor to Industry Funds Management, an Australian fund manager investing in infrastructure projects worldwide. Between December 2014 and December 2017, Mr. Forman served as president and chief executive officer of the now discontinued Rentech, Inc. Mr. Forman also served as a director of the general partner of CVR Partners between April 2016 and April 2017. Between November 2007 and March 2010, Mr. Forman was a partner and chief financial officer of Crestwood Midstream Partners, a

private equity-backed investment partnership active in the midstream energy market. Prior to his tenure at Crestwood, Mr. Forman was senior vice president, finance for El Paso Corporation, vice president of El Paso Field Services, and from 1992 to 2003, chief financial officer of GulfTerra Energy Partners L.P., a publicly traded master limited partnership. Mr. Forman holds a B.A. degree in economics and political science from Vanderbilt University.

Gerasimos (Jerry) Kalogiratos, Director and Chief Executive Officer.

Mr. Kalogiratos was appointed as the Chief Executive and Chief Financial Officer of our General Partner on June 12, 2015 and remained as Chief Financial Officer until February 28, 2018, when he was succeeded by Mr. Nikolaos Kalapotharakos. He joined our board of directors in December 2014. Mr. Kalogiratos joined Capital Maritime & Trading Corp. in 2005 and was part of the team that completed the IPO of Capital Product Partners L.P. in 2007. He has also served as Chief Financial Officer and director of NYSE-listed Crude Carriers Corp. before its merger with us in September 2011. He has over 15 years of experience in the shipping and finance industries, specializing in vessel acquisition and projects and shipping finance. Before he joined Capital Maritime, he worked in equity sales in Greece. He completed his MA in European Economics and Politics at the Humboldt University in Berlin and holds a B.A. degree in Politics, Philosophy and Economics from the University of Oxford in the United Kingdom and an Executive Finance degree from the London Business School. Mr. Kalogiratos also serves on the board of directors of DSSI.

Nikolaos Kalapotharakos, Chief Financial Officer.

Mr. Kalapotharakos was appointed as Chief Financial Officer of our General Partner on February 28, 2018. Mr. Kalapotharakos joined Capital Maritime in January 2016 as deputy Chief Financial Officer. He started his professional career in 2001 at PricewaterhouseCoopers (PwC) where he served as an external auditor specializing in shipping companies until 2007 before joining Globus Maritime Limited, a Nasdaq listed owner of drybulk vessels, where he served as its financial controller until the end of 2015. Mr. Kalapotharakos holds a BSc in Economics and Social studies in Economics from the University of Wales, Aberystwyth U.K. and an MSc in Financial and Business Economics from the University of Essex U.K.

Gerasimos Ventouris, Chief Operating Officer.

Mr. Ventouris has been appointed as our Chief Operating Officer as of June 30, 2015. Mr. Ventouris also is the director, president, secretary and Chief Executive Officer of Capital Maritime and has been the Chief Commercial Officer of Capital Ship Management since 2003. Mr. Ventouris brings more than 40 years of experience in the shipping industry. Mr. Ventouris started his career with Union Commercial Steamship, which was then one of the most prominent ship management companies in Piraeus, Greece, and became Operations and Chartering Manager, obtaining considerable experience in all aspects of the management of various types of vessels. He then joined his family shipping business, which he led until 2000, overseeing the operations of a large fleet of bulk carriers, container general cargo and product tankers vessels, as well as the construction and sale and purchase of new vessels. Mr. Ventouris holds a bachelor’s degree in Economics from the University of Athens. Mr. Ventouris also serves on the board of directors of DSSI.

Gurpal Grewal, Director.

Mr. Gurpal Grewal joined our board of directors on November 16, 2017, replacing Mr. Nikolaos Syntychakis who resigned as an Appointed Director of the Partnership. Mr. Gurpal Grewal currently serves as technical director of Capital Ship Management Mr. Grewal is a chartered engineer and has over 35 years of experience in new building design, construction, and supervision of bulk carriers, tankers, LPG and LNG vessels. He previously served as technical director for both Quintana Shipping Co. and Marmaras Navigation Ltd. Between 2004 and 2008, Mr. Grewal was a member of the board of directors and conflicts committee of Quintana Maritime Co. Between June 1998 and September 2005, Mr. Grewal served as technical director and principal surveyor for Lloyd’s Register of Shipping and Industrial Services S.A. (“Lloyd’s Register”) in Greece. Mr. Grewal was also previously employed by Lloyd’s Register in London as a senior ship and engineer surveyor in the Fleet Services Department. In addition, from 1996 to 1998, Mr. Grewal served as assistant chief resident superintendent with John J. McMullen & Associates, New York, where he supervised the new building of product tankers in Spain. Prior to 1996, Mr. Grewal served for ten years as senior engineer at Lloyd’s Register supervising the construction of new building vessels in a variety of shipyards.

Rory Hussey, Director.

Mr. Rory Hussey joined our board of directors on September 8, 2017 and serves on our conflicts committee, audit committee and our compensation committee. Mr. Hussey most recently served as a Managing Director of ING Bank N.V., in charge of ING’s ship finance business in Southern Europe and the Middle East. Mr. Hussey retired from his position in July 2017. Mr. Hussey started his career with Citibank’s shipping team in 1974. He held a variety of positions within Ship Finance at Citibank

and worked for 20 years in Hong Kong, New York, Taipei, and Athens. After returning to London, he headed Citi's transportation finance syndications team. He joined ING Bank N.V. in 2001 in charge of shipping syndications before becoming head of Sales for the London Syndications team. Mr. Hussey subsequently returned to ship finance and became Managing Director of ING Bank N.V. in 2009. Mr. Hussey holds a M.Sc. (Econ) from the London School of Economics and Political Science.

Abel Rasterhoff, Director.

Mr. Rasterhoff joined our board of directors on April 3, 2007. He serves on our conflicts committee and our compensation committee and has been designated as the audit committee's financial expert. Mr. Rasterhoff joined Shell International Petroleum Maatschappij in 1967, and worked for various entities of the Shell group of companies until his retirement from Shell in 1997. From 1981 to 1984, Mr. Rasterhoff was Managing Director of Shell Tankers B.V., Vice Chairman and Chairman-elect of the Dutch Council of Shipping and a Member of the Dutch Government Advisory Committee on the North Sea. From 1991 to 1997, Mr. Rasterhoff was Director and Vice President Finance and Planning for Shell International Trading and Shipping Company Limited. During this period he also served as a Board Member of the Securities and Futures Authority (SFA) in London. From February 1998 to 2004, Mr. Rasterhoff served as a member of the executive board and as Chief Financial Officer of TUI Nederland, the largest Dutch tour operator. From February 2001 to September 2001, Mr. Rasterhoff served as a member of the executive board and as Chief Financial Officer of Connexxion, the government owned public transport company. Mr. Rasterhoff was also on the Supervisory Board of SGR and served as an advisor to the trustees of the TUI Nederland Pension Fund. Mr. Rasterhoff served on the Capital Maritime Board as the chairman of the audit committee from May 2005 until his resignation in February 2007. Mr. Rasterhoff also served as a director and audit committee member of Aegean Marine Petroleum Network Inc., a company listed on the NYSE from December 2006 to May 2012. Mr. Rasterhoff holds a graduate business degree in economics from Groningen State University.

Eleni Tsoukala, Director.

Ms. Tsoukala was appointed to our board of directors on February 28, 2018 and serves on our audit committee, conflicts committee and compensation committee. Ms. Tsoukala is the managing partner and founder of Tsoukala & Partners Law Firm, a leading Greek business law firm. Her legal practice includes corporate advice in cross-border and domestic transactions. Between 2004 and 2007, Ms. Tsoukala served as legal advisor to the Greek Deputy Minister of Finance. Between 2001 and 2003, Ms. Tsoukala practiced at an international law firm in London. Ms. Tsoukala holds an LL.M. degree in International Business Law from University College London and an LL.B. degree from the University of Oxford and is a qualified attorney-at-law admitted to the bar in England and Greece.

Dimitris P. Christacopoulos, Director.

Mr. Christacopoulos joined our board of directors on September 30, 2011, following our merger with NYSE-listed Crude Carriers, where he had served as a director since 2010 and he currently serves on our conflicts committee, audit committee and our compensation committee. Mr. Christacopoulos currently serves as a Partner at Octane Management Consultants. He started his professional career as an analyst in the R&D Department of a major food producer in Greece in 1992 before joining Booz Allen & Hamilton Consulting in 1995 in New York in their Operations Management Group. He subsequently joined Barclays Capital as the Associate Director for Strategic Planning in London from 1999 to 2002 at which time he became Director of Corporate Finance & Strategy at Aspis Group of Companies in Athens where he participated in the Group's Management and Investment Committees. In 2005, he joined Fortis Bank NV/SA as a Director in the Energy, Commodities and Transportation Group and until 2010 acted as the Deputy Country Head for Greece, setting up the bank's Greek branch and expanding its presence in ship and energy finance in the region. Mr. Christacopoulos has a diploma in chemical engineering from the National Technical University of Athens and an MBA from Columbia Business School in New York.

B. Compensation

Reimbursement of Expenses of Our General Partner

Our General Partner does not receive any management fee or other compensation for managing us. Our General Partner and its other affiliates are reimbursed for expenses incurred on our behalf. These expenses include all expenses necessary or appropriate for the conduct of our business and allocable to us, as determined by our General Partner. In 2019, these expenses for which our General Partner was reimbursed amounted to $0.1 million.

Executive Compensation

The compensation of our General Partner's Chief Executive Officer, Chief Financial Officer, and Chief Operating Officer is set and paid by our General Partner, and we reimburse our General Partner for such costs and related expenses under relevant executive service agreements. We do not have a retirement plan for our General Partner's executive officers or directors. Officers and employees of our General Partner or its affiliates may participate in employee benefit plans and arrangements sponsored by Capital Maritime, our General Partner or their affiliates, including plans that may be established in the future. We pay our General Partner $1,880,000 per year as compensation for services related to the management of our business and affairs, including the appointment and performance of relevant duties of the chief executive officer, chief finance officer, and a number of additional officers.

Compensation of Directors

Our directors receive compensation for their services as directors, as well as for serving in the role of committee chair, and have also received restricted units, all of which have now vested. Please read "—E. Share Ownership—Omnibus Incentive Compensation Plan" for additional information. For the year ended December 31, 2019, our directors, including our chairman, received an aggregate cash amount of $0.5 million. In lieu of any other compensation, our chairman receives an annual fee for acting as a director and as the chairman of our board of directors. In addition, each director is reimbursed for out-of-pocket expenses in connection with attending meetings of the board of directors or committees and is fully indemnified by us for actions associated with being a director to the extent permitted under Marshall Islands law.

In connection with the DSS Transaction, the independent members of our board of directors formed a special committee. In light of the significant time commitments required of the members of the special committee, our board of directors agreed that we would pay, without regard to the success or failure of the DSS Transaction and in addition to the reimbursement of expenses and payment of all other fees as members of the our board of directors, (1) $25,000 to each member of the special committee (other than the chairman of the special committee) on January 2, 2019 and, with respect to services performed beginning of January 1, 2019 and ending upon completion of the DSS Transaction (if any), $8,000 per month and (2) $50,000 to the chairman of the special committee on January 2, 2019 and, with respect to services performed beginning of January 1, 2019 and ending upon completion of the DSS Transaction, $16,000 per month.

Services Agreement

Under separate service agreements entered into between our General Partner and its Chief Executive Officer and Chief Operating Officer, if a change in control affecting us occurs, each of our General Partner's officers may resign within six months of such change in control. There are no service agreements between any of the directors and us.

C. Board Practices

Our General Partner, Capital GP L.L.C., manages our day-to-day activities consistent with the policies and procedures adopted by our board of directors. Unitholders are not entitled to elect the directors of our General Partner or directly or indirectly participate in our management or operation. There are no service contracts between us and any of our directors providing for benefits upon termination of their employment or service.

During the year ended December 31, 2019, our board of directors held 10 meetings. As part of our board meetings, our independent directors meet without the non-independent directors in attendance. In addition, the board regularly holds sessions without the CEO and executive officers present. During the year ended December 31, 2019 our independent directors held three executive sessions. Even if Board members are not able to attend a board meeting, all board members are provided information related to each of the agenda items before each meeting, and can therefore provide counsel outside regularly scheduled meetings. All directors were present at all meetings of the board of directors and all meetings of committees of the board of directors on which such director served.

Although the Nasdaq Global Select Market does not require a listed limited partnership like us to have a majority of independent directors on our board of directors or to establish a compensation committee or a nominating/corporate governance committee, our board of directors has established an audit committee, a conflicts committee and a compensation committee comprised solely of independent directors. Each of the committees operates under a written charter adopted by our board of directors which is available under "Corporate Governance" in the Investor Relations tab of our web site at www.capitalpplp.com. The information contained on, or that can be accessed through this website is not part of, and is not incorporated into, this Annual Report. The membership and main functions of each committee are described below.

Audit Committee. The audit committee of our board of directors is composed of three or more independent directors, each of whom must meet the independence standards of the Nasdaq Global Select Market, the SEC and any other applicable laws and regulations governing independence from time to time. The audit committee is currently comprised of directors Abel Rasterhoff (chair), Rory Hussey, Keith Forman, Eleni Tsoukala and Dimitris Christacopoulos. All members of the committee are financially

literate and our board of directors has determined that Mr. Rasterhoff qualifies as an "audit committee financial expert" for purposes of the U.S. Sarbanes-Oxley Act of 2002. The audit committee, among other things, reviews our external financial reporting, engages our external auditors and oversees our internal audit activities and procedures and the adequacy of our internal accounting controls. The audit committee met four times during the year ended December 31, 2019, on January 22, May 3, July 23 and October 22.

Conflicts Committee. The conflicts committee of our board of directors is composed of the same directors constituting the audit committee, being Keith Forman (chair), Abel Rasterhoff, Rory Hussey, Eleni Tsoukala and Dimitris Christacopoulos. The members of our conflicts committee may not be officers or employees of our General Partner or directors, officers or employees of its affiliates, and must meet the independence standards established by the Nasdaq Global Select Market to serve on an audit committee of a board of directors and certain other requirements. The conflicts committee reviews specific matters that the board believes may involve conflicts of interest and determines if the resolution of the conflict of interest is fair and reasonable to us. Any matters approved by the conflicts committee will be conclusively deemed to be fair and reasonable to us, approved by all of our partners, and not a breach by our directors, our General Partner or its affiliates of any duties any of them may owe us or our unitholders. The conflicts committee met during the year ended December 31, 2019, on December 11, 2019.

Compensation Committee. The compensation committee of our board of directors is composed of the same directors constituting the audit committee and conflicts committee, being Rory Hussey (chair), Keith Forman, Abel Rasterhoff, Eleni Tsoukala and Dimitris Christacopoulos. The compensation committee reviews compensation of the members of the board of directors and has overall responsibility for approving and evaluating our compensation plans, policies and programs, but not the compensation of the executive officers of the General Partner of the Partnership and related executive service agreements.

D. Employees

We currently do not have our own executive officers or employees and expect to rely on the officers of our General Partner to manage our day-to-day activities consistent with the policies and procedures adopted by our board of directors and on the employees of our Managers to operate our vessels.

All of the executive officers of our General Partner and one of our directors also are executive officers, directors or employees of Capital Maritime, Capital Ship Management or their respective affiliates.

E. Share Ownership

As of December 31, 2019:

- the chairman of our board of directors, Keith Forman, has owned a small number of common units since the date of our IPO;
- a portion of shares issued to our director Dimitris Christacopoulos when he was a member of the board of directors of Crude Carriers converted to common units in us in the same manner as all shares converted under the terms of our merger agreement with Crude Carriers in 2011; and
- no member of our board of directors owns common or restricted units in a number representing more than 1.0% of our outstanding common units.

Omnibus Incentive Compensation Plan

On April 29, 2008, our board of directors adopted an omnibus incentive compensation plan (the "Plan"), according to which we were entitled to issue a limited number of awards to our employees, consultants, officers, directors or affiliates, including the employees, consultants, officers or directors of our General Partner, our Manager, Capital Maritime and certain key affiliates and other eligible persons. The Plan contemplated awards in the form of incentive stock options, non-qualified stock options, stock appreciation rights, dividend equivalent rights, restricted stock, unrestricted stock, restricted stock units and performance shares. The Plan was administered by our General Partner as authorized by our board of directors. The Plan was amended from time to time. As at December 31, 2018, all restricted units issuable under the Plan had been issued, and all restricted units allocated under the Plan had vested. Please read Note 14 (Omnibus Incentive Compensation Plan) to our Financial Statements.

In July 2019, the board of directors adopted an amended and restated Plan, so as to reserve for issuance a maximum number of 740,000 restricted common units. On the same day, the Partnership awarded 445,000 unvested units to employees and non-employees.. Awards granted to certain employees and non-employees will vest in three equal installments. The remaining awards will vest on December 31, 2021. All awards under the amended Plan are conditional upon the grantee's continued service until the applicable vesting date.

Item 7. Major Unitholders and Related-Party Transactions.

As of December 31, 2019, our partners' capital consisted of 18,178,100 common units, of which 15,041,174 were owned by public unitholders, no subordinated units and 348,570 general partner units. Following the issuance of 445,000 common units on January 21, 2020 under the Plan, our partners' capital consisted of 18,623,100 common units, of which 15,486,174 were owned by public unitholders, no subordinated units and 348,570 general partner units.

Based on 18,971,670 units issued and outstanding (including 348,570 general partner units) on the date of this Annual Report, the Marinakis family, including Evangelos M. Marinakis, the chairman of Capital Maritime, may be deemed to beneficially own an 18.4% interest in us, through Capital Maritime, which may be deemed to beneficially own 2,667,753 common units representing a 14.1% interest in us, our General Partner, which may be deemed to beneficially own 348,570 general partner units representing a 1.8% interest in us, and Crude Carriers Investments, which may be deemed to beneficially own 469,173 common units, representing a 2.5% interest in us.

A. Major Unitholders

The following table sets forth as of the date hereof the beneficial ownership of our common units by each person we know beneficially owns more than 5.0% or more of our common units, and all of our directors and the executive officers of our General Partner as a group. The number of units beneficially owned by each person is determined under SEC rules and the information is not necessarily indicative of beneficial ownership for any other purpose. Under SEC rules a person beneficially owns any units as to which the person has or shares voting or investment power.

Name of Beneficial Owner	Number of Common Units Owned	Percentage of Total Common Units
Capital Maritime (1)	2,667,753	14.3%
Crude Carriers Investments (1)	469,173	2.5%
All executive officers and directors as a group (seven persons) (2)	*	*

(1) The Marinakis family, including Evangelos M. Marinakis, our former chairman, through its ownership of Capital Maritime and Crude Carriers Investments, may be deemed to beneficially own, or to have beneficially owned, all of our units held by Capital Maritime and Crude Carriers Investments.

(2) See "Item 6. Directors, Senior Management and Employees—E. Share Ownership" above.

Our major unitholders have the same voting rights as our other unitholders except that if at any time, any person or group, other than our General Partner, its affiliates, their transferees, and persons who acquired such units with the prior approval of our board of directors, owns beneficially 5% or more of any class of units then outstanding, any such units owned by that person or group in excess of 4.9% may not be voted on any matter and will not be considered to be outstanding when sending notices of a meeting of unitholders, calculating required votes, except for purposes of nominating a person for election to our board, determining the presence of a quorum or for other similar purposes under our partnership agreement, unless otherwise required by law. The voting rights of any such unitholders in excess of 4.9% will be redistributed pro rata among the other unitholders of the same class holding less than 4.9% of the voting power of that class. We are not aware of any arrangements, the operation of which may at a subsequent date result in a change in control of the Partnership.

B. Related-Party Transactions

Our General Partner, which is a private entity wholly owned by Mr. Miltiadis E. Marinakis, controls the appointment of up to three of the members of our board of directors.

Capital Maritime and Crude Carriers Investments can vote the common units they hold in their totality on all matters that arise under the partnership agreement (except for the election of directors elected by holders of our common units).

Accordingly, our General Partner, Capital Maritime and Crude Carriers Investments have the ability to exercise significant influence on important actions we may take.

Omnibus Agreement with Capital Maritime

On September 30, 2011, we entered into an amended and restated Omnibus Agreement with Capital Maritime, Capital GP L.L.C. and Capital Product Operating L.L.C., which governs the manner in which certain future tanker business opportunities will be offered by Capital Maritime to us. The Omnibus Agreement does not apply to container and drybulk vessel, which currently constitute the entirety of our fleet.

Under the terms of the Omnibus Agreement, which continues to apply notwithstanding the change of ownership of our General Partner (see "Item 4. Information on the Partnership—A. History and Development of the Partnership—Recent Developments"):

- Capital Maritime and its controlled affiliates (other than us, our General Partner and our subsidiaries) have agreed not to acquire, own or operate product or crude oil tankers with carrying capacity greater than or equal to 30,000 dwt under time or bareboat charters with a remaining duration (excluding any extension options) of at least 12 months (calculated by reference to the earliest of (a) the date the tanker to which such time or bareboat charter is attached is first acquired by Capital Maritime or any of its controlled affiliates and (b) the date on which a tanker owned by Capital Maritime or any of its controlled affiliates is put under such time or bareboat charter) without the consent of our General Partner or our board of directors or without first offering such tanker vessel to us; and
- we may not acquire, own or operate product or crude oil tankers with a carrying capacity under 30,000 dwt without first offering such tanker vessel to Capital Maritime.

Furthermore, we granted Capital Maritime a right of first offer on the disposal of product and crude oil tankers, whereas Capital Maritime granted us a right of first offer on any disposal or re-chartering of any product and crude oil tanker with a carrying capacity greater than or equal to 30,000 dwt owned or acquired by Capital Maritime or any of its controlled affiliates (other than us).

Administrative and executive services agreements with Capital Ship Management and our General Partner

On April 4, 2007, we entered into an administrative services agreement with Capital Ship Management, pursuant to which Capital Ship Management has agreed to provide certain administrative management services to the Partnership, such as accounting, auditing, legal, insurance, clerical, and other administrative services. On the same date, we entered into an IT services agreement with Capital Ship Management pursuant to which our Manager provides IT management services to CPLP. We also reimburse Capital Ship Management and our General Partner for reasonable costs and expenses incurred in connection with the provision of these services pursuant to both agreements after Capital Ship Management submits to us an invoice for such costs and expenses, together with any supporting detail that may be reasonably required.

In 2019, we amended the executive services agreement with our General Partner according to which our General Partner provides certain executive officers services for the management of the Partnership's business as well as investor relations and corporate support services to the Partnership.

In 2018, Capital Ship Management conducted a management buy-out led by its senior management. Since then, Capital Ship Management is no longer part of the group of companies controlled by Capital Maritime.

Transactions entered into after the year ended December 31, 2019

Share Purchase Agreement for the Acquisition of the Companies Owning the M/V Athenian, the M/V Athos and M/V Aristomenis. On January 22, 2020, and on January 23, 2020 we entered into share purchase agreements with Capital Maritime for the acquisition of the shares of the companies owning the M/V Athenian, the M/V Athos and the M/V Aristomenis (three sister 10,000 TEU container vessels built in 2011 at Samsung Heavy Industries S. Korea), respectively, for a consideration of $54.2 million each. The acquisition of the M/V Athenian was funded with $38.5 million drawn under a term loan entered into with HCOB and $15.7 million of cash at hand, and the acquisition of the M/V Athos and the M/V Aristomenis was funded through a sale and lease back transaction entered into with CMBFL, for an amount of up to $38.5 million each and $31.4 million cash at hand. For a discussion of the financing of this acquisition, see "Item 4. Information on the Partnership—B. History and Development of the Partnership—Recent Developments."

Transactions entered into during the year ended December 31, 2019

1. *Termination Agreement of the Crude Carriers Commercial and Technical Management Agreement.* On March 27, 2019, our subsidiary Crude Carriers Corp. and Capital Ship Management agreed to terminate the commercial and technical management agreement, dated as of March 17, 2010, between them as all vessels covered by this agreement were to be spun off as part of the Tanker Business in connection with the DSS Transaction.

2. *Amendment Agreement Regarding the Floating Rate Management Agreement*. On March 27, 2019, we entered into an amendment agreement with Capital Ship Management to reflect that all our tankers to be spun off as part of the Tanker Business in connection with the DSS Transaction would no longer be managed under the floating rate management agreement.

3. *Amendment Agreement Regarding the Floating Rate Management Agreement*. On August 29, 2019, we entered into an amendment agreement with Capital Ship Management to reflect that all ten of our container vessels would no longer be managed under the floating rate management agreement with Capital Ship Management and that only M/V Cape Agamemnon would continue to be covered by the Floating Rate Management Agreement.

4. *Floating Rate Management Agreement with Capital-Executive*. In August 2019, each vessel-owning subsidiary of our ten container vessels owned at the time entered into a floating rate management agreement with Capital-Executive, pursuant to which Capital-Executive provides certain commercial and technical management services. For more information, please see “Item 10. Additional Information—C. Material Contracts.”

5. *Executive services agreement with our General Partner.* In 2019, we amended the executive services agreement with our General Partner. See “—Administrative and executive services agreement with Capital Ship Management and our General Partner.”

Transactions entered into during the year ended December 31, 2018

Amendments to Management Agreement. On October 16, 2018, June 30, 2018 and January 17, 2018, we amended the floating rate management agreement with Capital Ship Management to reflect, among other things, the list of the vessels covered by such management agreement. Please read “Item 4. Information on the Partnership—B. Business Overview—Our Management Agreements” for information on our management agreements.

Transactions entered into during the year ended December 31, 2017

Amendments to Management Agreement. On March 25, 2017 and December 1, 2017, we amended and restated the fixed fee management agreement (which is no longer in effect) with Capital Ship Management in its entirely to reflect, among other things, the list of the vessels covered by such management agreement. On March 11, 2017, May 1, 2017, July 1, 2017 and December 1, 2017, we amended the floating rate management agreement with Capital Ship Management to reflect, among other things, the list of the vessels covered by such management agreement. Please read “Item 4. Information on the Partnership—B. Business Overview—Our Management Agreements” for information on our management agreements.

CONFLICTS OF INTEREST AND FIDUCIARY DUTIES

Conflicts of Interest

Conflicts of interest exist and may arise in the future as a result of the relationships between our General Partner and Capital Maritime, on the one hand, and us and our unaffiliated limited partners, on the other hand. The officers of our General Partner may have certain fiduciary duties to manage our General Partner in a manner beneficial to its owner. At the same time, our General Partner has a fiduciary duty to manage us in a manner beneficial to us and our unitholders. Similarly, our board of directors has fiduciary duties to manage us in a manner beneficial to us, our General Partner and our limited partners. Furthermore, one of our directors is also a director and officer of Capital Maritime and as such he has fiduciary duties to Capital Maritime that may cause him to pursue business strategies that disproportionately benefit Capital Maritime or which otherwise are not in the best interests of us or our unitholders.

Our partnership affairs are governed by our partnership agreement and the MILPA. The provisions of the MILPA resemble provisions of the limited partnership laws of a number of states in the United States, most notably Delaware. We are not aware of any material difference in unitholder rights between the MILPA and the Delaware Revised Uniform Limited Partnership Act. The MILPA also provides that, as it relates to nonresident limited partnerships, such as us, it is to be applied and construed to make the laws of the Marshall Islands, with respect to the subject matter of the MILPA, uniform with the laws of the State of Delaware and, so long as it does not conflict with the MILPA or decisions of certain Marshall Islands courts, the non-statutory law (or "case law") of the State of Delaware is adopted as the law of the Marshall Islands. There have been, however, few, if any, court cases in the Marshall Islands interpreting the MILPA, in contrast to Delaware, which has a fairly well-developed body of case law interpreting its limited partnership statute.

Accordingly, we cannot predict whether Marshall Islands courts would reach the same conclusions as courts in Delaware. For example, the rights of our unitholders and fiduciary responsibilities of our General Partner and its affiliates under Marshall Islands law are not as clearly established as under judicial precedent in existence in Delaware. Due to the less-developed nature of Marshall Islands law, our public unitholders may have more difficulty in protecting their interests in the face of actions by our General Partner, its affiliates or controlling unitholders than would unitholders of a limited partnership organized in the United States.

Our partnership agreement contains provisions that modify and restrict the fiduciary duties of our General Partner and our directors to the unitholders under Marshall Islands law. Our partnership agreement also restricts the remedies available to unitholders for actions taken by our General Partner or our directors that, without those limitations, might constitute breaches of fiduciary duty.

Neither our General Partner nor our board of directors will be in breach of their obligations under the partnership agreement or their duties to us or the unitholders if the resolution of the conflict is:

- approved by the conflicts committee, although neither our General Partner nor our board of directors are obligated to seek such approval;
- approved by the vote of a majority of the outstanding common units, excluding any common units owned by our General Partner or any of its affiliates, although neither our General Partner nor our board of directors are obligated to seek such approval;
- on terms no less favorable to us than those generally being provided to or available from unrelated third parties, but neither our General Partner nor our directors are required to obtain confirmation to such effect from an independent third party; or
- fair and reasonable to us, taking into account the totality of the relationships between the parties involved, including other transactions that may be particularly favorable or advantageous to us.

Our General Partner or our board of directors may, but are not required to, seek the approval of such resolution from the conflicts committee of our board of directors or from the common unitholders. If neither our General Partner nor our board of directors seek approval from the conflicts committee, and our board of directors determines that the resolution or course of action taken with respect to the conflict of interest satisfies either of the standards set forth in the third and fourth bullet points above, then it will be presumed that, in making its decision, the board of directors, including the board members affected by the conflict, acted in good faith, and in any proceeding brought by or on behalf of any limited partner or the partnership, the person bringing or prosecuting such proceeding will have the burden of overcoming such presumption. When our partnership agreement requires someone to act in good faith, it requires that person to reasonably believe that he is acting in the best interests of the partnership, unless the context otherwise requires.

Conflicts of interest could arise in the situations described below, among others.

Actions taken by our board of directors may affect the amount of cash available for distribution to unitholders.

The amount of cash that is available for distribution to unitholders is affected by decisions of our board of directors regarding such matters as:

- the amount and timing of asset purchases and sales;
- cash expenditures;
- borrowings;
- the issuance of additional units; and

- the creation, reduction or increase of reserves in any quarter.

In addition, borrowings by us and our affiliates do not constitute a breach of any duty owed by our General Partner or our directors to our unitholders, including borrowings that have the purpose or effect of enabling our General Partner or its affiliates to receive incentive distribution rights.

For example, in the event we have not generated sufficient cash from our operations to pay the minimum quarterly distribution on our units, our partnership agreement permits us to borrow funds, which would enable us to make this distribution on all outstanding units.

Our partnership agreement provides that we and our subsidiaries may borrow funds from our General Partner and its affiliates. Our General Partner and its affiliates may not borrow funds from us or our subsidiaries.

Neither our partnership agreement nor any other agreement requires our General Partner or its affiliates to pursue a business strategy that favors us or utilizes our assets or dictates what markets to pursue or grow.

Because all of the officers of our General Partner and one of our directors are also directors, officers or employees of Capital Maritime or its affiliates, such officers and director have fiduciary duties to Capital Maritime that may cause them to pursue business strategies that disproportionately benefit Capital Maritime or which otherwise are not in the best interests of us or our unitholders.

Our General Partner is allowed to take into account the interests of parties other than us.

Our partnership agreement contains provisions that restrict the standards to which our General Partner would otherwise be held by Marshall Islands fiduciary duty law. For example, our partnership agreement permits our General Partner to make a number of decisions in its individual capacity, as opposed to in its capacity as our General Partner. This entitles our General Partner to consider only the interests and factors that it desires, and it has no duty or obligations to give any consideration to any interest of or factors affecting us, our affiliates or any unitholder. Specifically, our General Partner will be considered to be acting in its individual capacity if it exercises its call right, pre-emptive rights or registration rights, consents or withholds consent to any merger or consolidation of the partnership, appoints any directors or votes for the election of any director, votes or refrains from voting on amendments to our partnership agreement that require a vote of the outstanding units, voluntarily withdraws from the partnership, transfers (to the extent permitted under our partnership agreement) or refrains from transferring its units, general partner interest or incentive distribution rights or votes upon the dissolution of the partnership.

We do not have any officers and rely solely on officers of our General Partner.

Our General Partner's Chief Executive Officer, Chief Financial Officer and Chief Operating Officer are also executive officers or employees of Capital Maritime, Capital Ship Management or their respective affiliates.

If the activities of Capital Maritime, Capital Ship Management or their respective affiliates are significantly greater than our activities, there could be material competition for the time and effort of the officers who provide services to our General Partner. The officers of our General Partner are not required to work full-time on our affairs.

We will reimburse our General Partner and its affiliates for expenses.

We will reimburse our General Partner and its affiliates for costs incurred in managing and operating us, including costs incurred in rendering corporate staff and support services to us. Our partnership agreement provides that our General Partner will determine the expenses that are allocable to us in good faith.

Common unitholders will have no right to enforce obligations of our General Partner and its affiliates under agreements with us.

Any agreements between us, on the one hand, and our General Partner and its affiliates, on the other, will not grant to the unitholders, separate and apart from us, the right to enforce the obligations of our General Partner and its affiliates in our favor.

Contracts between us, on the one hand, and Capital Maritime or our General Partner, on the other hand, will not be the result of arms'- length negotiations.

Neither our partnership agreement nor any of the other agreements, contracts and arrangements initially put in place among Capital Maritime or our General Partner and us were the result of arms'-length negotiations.

Our partnership agreement generally provides that any affiliated transaction, such as an agreement, contract or arrangement between us and our General Partner and its affiliates, must be:

- on terms no less favorable to us than those generally being provided to or available from unrelated third parties; or
- "fair and reasonable" to us, taking into account the totality of the relationships between the parties involved (including other transactions that may be particularly favorable or advantageous to us).

Our General Partner may also enter into additional contractual arrangements with any of its affiliates on our behalf; however, there is no obligation of our General Partner and its affiliates to enter into any contracts of this kind, and our General Partner will determine, in good faith, the terms of any of these transactions.

Common units are subject to our General Partner's limited call right.

Our General Partner may exercise its right to call and purchase limited partner interests, including common units, as provided in the partnership agreement and may assign this right to one of its affiliates (including us). Our General Partner may use its own discretion, free of fiduciary duty restrictions, in determining whether to exercise this right. As a result, a common unitholder may have common units purchased from the unitholder at an undesirable time or price. Please read "Item 10. Additional Information—B. Memorandum and Articles of Association—The Partnership Agreement—Limited Call Right."

We may choose not to retain separate counsel for ourselves or for the holders of common units.

The attorneys, independent accountants and others who perform services for us have been retained by our board of directors, our General Partner or our Managers.

We may retain separate counsel for ourselves or the holders of common units in the event of a conflict of interest between our General Partner or our Managers and their respective affiliates, on the one hand, and us or the holders of common units, on the other hand, depending on the nature of the conflict. We do not intend to do so in most cases.

Capital Maritime may compete with us.

Our partnership agreement provides that our General Partner will be restricted from engaging in any business activities other than acting as our general partner and those activities incidental to its ownership of interests in us. In addition, our partnership agreement provides that our General Partner, for so long as it is general partner of our partnership, will cause its affiliates not to engage in, by acquisition or otherwise, certain businesses described in the omnibus agreement. Similarly, under the omnibus agreement, Capital Maritime agreed and agreed to cause it affiliates to agree, for so long as Capital Maritime controls our partnership, not to engage in certain businesses. Except as provided in our partnership agreement and the omnibus agreement, affiliates of our General Partner are not prohibited from engaging in other businesses or activities, including those that might be in direct competition with us.

Fiduciary Duties

Our General Partner and its affiliates are accountable to us and our unitholders as fiduciaries. Fiduciary duties owed to unitholders by our General Partner and its affiliates are prescribed by law and the partnership agreement. The MILPA provides that Marshall Islands partnerships may, in their partnership agreements, restrict or expand the fiduciary duties owed by our General Partner and its affiliates to the limited partners and the partnership. Our directors are subject to the same fiduciary duties as our General Partner, as restricted or expanded by the partnership agreement.

In addition, we have entered into services agreements, and may enter into additional agreements with Capital Ship Management. In the performance of its obligations under these agreements, Capital Ship Management is not held to a fiduciary standard of care but rather to the standards of care specified in the relevant agreement.

Our partnership agreement contains various provisions restricting the fiduciary duties that might otherwise be owed by our General Partner or by our directors. We have adopted these provisions to allow our General Partner and our directors to take into account the interests of other parties in addition to our interests when resolving conflicts of interest. We believe this is appropriate and

necessary because the officers of our General Partner have fiduciary duties to manage our General Partner in a manner beneficial both to its owner, as well as to you. These modifications disadvantage the common unitholders because they restrict the rights and remedies that would otherwise be available to unitholders for actions that, without those limitations, might constitute breaches of fiduciary duty, as described below. The following is a summary of:

- the fiduciary duties imposed on our General Partner and our directors by the MILPA;
- material modifications of these duties contained in our partnership agreement; and
- certain rights and remedies of unitholders contained in the MILPA.

Marshall Islands law fiduciary duty standards	Fiduciary duties are generally considered to include an obligation to act in good faith and with due care and loyalty. The duty of care, in the absence of a provision in a partnership agreement providing otherwise, would generally require a general partner and the directors of a Marshall Islands limited partnership to refrain from engaging in grossly negligent or reckless conduct, intentional misconduct or a knowing violation of law. The duty of loyalty, in the absence of a provision in a partnership agreement providing otherwise, would generally require that a partner refrain from dealing with the limited partnership in the conduct or winding up of the limited partnership business or affairs as or on behalf of a party having an interest adverse to the limited partnership, refrain from competing with the limited partnership in the conduct of the limited partnership's business or affairs before the dissolution of the limited partnership, and to account to the limited partnership and hold as trustee for it any property, profit or benefit derived by the partner in the conduct or winding up of the limited partnership's business or affairs or derived from a use by the partner of partnership property, including the appropriation of a limited partnership opportunity. In addition, although not a fiduciary duty, a partner shall discharge the duties to the limited partnership and exercise any rights consistently with the obligation of good faith and fair dealing.

Partnership agreement modified standards	Our partnership agreement contains provisions that waive or consent to conduct by our General Partner and its affiliates and our directors that might otherwise raise issues as to compliance with fiduciary duties under the laws of the Marshall Islands. For example, Section 7.16 of our partnership agreement provides that when our General Partner is acting in its capacity as our General Partner, as opposed to in its individual capacity, it must act in "good faith" and will not be subject to any other standard under the laws of the Marshall Islands. In addition, when our General Partner is acting in its individual capacity, as opposed to in its capacity as our general partner, it may act without any fiduciary obligation to us or the unitholders whatsoever. These standards reduce the obligations to which our General Partner and our board of directors would otherwise be held. Our partnership agreement generally provides that affiliated transactions and resolutions of conflicts of interest not involving a vote of unitholders and that are not approved by the conflicts committee of our board of directors must be: • on terms no less favorable to us than those generally being provided to or available from unrelated third parties; or • "fair and reasonable" to us, taking into account the totality of the relationships between the parties involved (including other transactions that may be particularly favorable or advantageous to us). If our board of directors does not seek approval from the conflicts committee, and our board of directors determines that the resolution or course of action taken with respect to the conflict of interest satisfies either of the standards set forth in the bullet points above, then it will be presumed that, in making its decision, our board of directors acted in good faith. These standards reduce the obligations to which our board of directors would otherwise be held. In addition to the other more specific provisions limiting the obligations of our General Partner and our directors, our partnership agreement further provides that our General Partner and its officers and our directors, will not be liable for monetary damages to us for errors of judgment or for any acts or omissions unless there has been a final and non-appealable judgment by a court of competent jurisdiction determining that our General Partner or its officers or our directors acted in bad faith or engaged in actual fraud or willful misconduct or, in the case of a criminal matter, acted with knowledge that the conduct was unlawful.
Rights and remedies of unitholders	The provisions of the MILPA resemble the provisions of the limited partnership act of Delaware. For example, like Delaware, the MILPA favors the principles of freedom of contract and enforceability of partnership agreements and allows the partnership agreement to contain terms governing the rights of the unitholders. The rights of our unitholders, including voting and approval rights and the ability of the partnership to issue additional units, are governed by the terms of our partnership agreement. Please read "Item 10. Additional Information—B. Memorandum and Articles of Association—The Partnership Agreement." As to remedies of unitholders, the MILPA permits a limited partner or an assignee of a partnership interest to bring action in the High Court in the right of the limited partnership to recover a judgment in the limited partnership's favor if general partners with authority to do so have refused to bring the action or if effort to cause those general partners to bring the action is not likely to succeed.

In order to become one of our limited partners, a common unitholder is deemed to agree to be bound by the provisions in the partnership agreement, including the provisions discussed above. The failure of a limited partner or transferee to sign a partnership agreement does not render the partnership agreement unenforceable against that person.

Under the partnership agreement, we must indemnify our General Partner and its officers and our directors to the fullest extent permitted by law, against liabilities, costs and expenses incurred by our General Partner or these other persons. We must provide this indemnification unless there has been a final and non-appealable judgment by a court of competent jurisdiction determining that these persons engaged in actual fraud or willful misconduct. We also must provide this indemnification for criminal proceedings when our General Partner or these other persons acted with no reasonable cause to believe that their conduct was

unlawful. Thus, our General Partner and its officers and our directors could be indemnified for their negligent acts if they met the requirements set forth above. To the extent that these provisions purport to include indemnification for liabilities arising under the Securities Act, in the opinion of the Securities and Exchange Commission such indemnification is contrary to public policy and therefore unenforceable. Please read "Item 10 Additional Information—B. Memorandum and Articles of Association—The Partnership Agreement—Indemnification."

C. Interests of Experts and Counsel

Not applicable.

Item 8. Financial Information.

A. Consolidated Statements and Other Financial Information.

See Item 18 for additional information required to be disclosed under this Item 8.

Legal Proceedings

Although we or our subsidiaries may, from time to time, be involved in litigation and claims arising out of our operations in the normal course of business, we are not at present party to any legal proceedings and are not aware of any proceedings against us, or contemplated to be brought against us. We maintain insurance policies with insurers in amounts and with coverage and deductibles as our board of directors believes are reasonable and prudent. We expect that these claims would be covered by insurance, subject to customary deductibles. Those claims, even if lacking merit, could result in the expenditure of significant financial and managerial resources and regardless of the final outcome of any such proceedings could lead to significant reputational damage which could materially affect our business and operations.

In September 2019, one of our subsidiaries reached a settlement with the U.S. Department of Justice ("DOJ") regarding the M/V CMA CGM Amazon for oil record book violations. Under the terms of the agreement, the subsidiary pled guilty to oil record book violations with respect to the M/V CMA CGM Amazon. The subsidiary paid a fine of $500,000 and was placed on probation for 30 months. If, during the term of probation, the subsidiary fails to adhere to the terms of the plea agreement, the DOJ may withdraw from the plea agreement and would be free to prosecute the subsidiary on all charges arising out of its investigation, including any charges dismissed pursuant to the terms of the plea agreement, as well as potentially other charges. The subsidiary is also required to implement an environmental compliance plan in connection with the settlement.

In December 2017, one of our former subsidiaries reached a settlement with the U.S. Department of Justice ("DOJ") regarding the M/T Amoureux for oil record book violation. Under the terms of the agreement, that former subsidiary pled guilty to oil record book violation with respect to the M/T Amoureux, paid $700,000 in fine and was placed on probation for three years. That former subsidiary is also required to implement a comprehensive environmental compliance plan in connection with the settlement. The M/T Amoureux was part of the Tanker Business that we spun-off in connection with the DSS Transaction.

HOW WE MAKE CASH DISTRIBUTIONS

Distributions of Available Cash

General

Within approximately 45 days after the end of each quarter, subject to legal limitations, we distribute all of our available cash to unitholders of record on the applicable record date.

Definition of Available Cash

Available cash means, for each fiscal quarter, all cash and cash equivalents on hand at the end of the quarter:

- less the amount of cash reserves established by our board of directors to:
- provide for the proper conduct of our business (including reserves for future capital expenditures and for our anticipated credit needs);
- comply with applicable law, any of our debt instruments, or other agreements; or
- to the extent permitted under our partnership agreement, provide funds for distributions to our unitholders and to our General Partner for any one or more of the next four quarters;

- plus all additional cash and cash equivalents on hand on the date of determination of available cash for the quarter resulting from working capital borrowings made after the end of the quarter. Working capital borrowings are generally borrowings that are made under our credit agreement and in all cases are used solely for working capital purposes or to pay distributions to partners.

Minimum Quarterly Distribution

Our partnership agreement provides that the minimum quarterly distribution on our common units is (on a pre-reverse split-adjusted basis) $0.2325 per unit, which is equal to $0.93 per unit per year, or $1.6275 per unit, which is equal to $6.51 per unit per year. You should note that there is no guarantee that we will pay the minimum quarterly distribution on the common units in any quarter. Failure to distribute the minimum quarterly distribution on the common units results in our inability to establish certain cash reserves (see "—Definition of Available Cash" above). See information on current distribution levels elsewhere in this Annual Report.

Distribution Policy

Our cash distribution policy generally reflects a basic judgment that our unitholders are better served by us distributing our available cash (after deducting expenses, including cash reserves) rather than retaining it. Because we believe that, subject to our ability to obtain required financing and access financial markets, we will generally finance any expansion capital expenditures from external financing sources, we believe that our investors are best served by us distributing all of our available cash. The board of directors seeks to maintain a balance between the level of reserves it takes to protect our financial position and liquidity against the desirability of maintaining distributions on the limited partnership interests. We intend to review our distributions from time to time in the light of a range of factors, including, among other things, our access to the capital markets, the repayment or refinancing of our external debt, the level of our capital expenditures and our ability to pursue accretive transactions.

Even if our cash distribution policy is not modified or revoked, the decision to make any distribution and the amount thereof are determined by our board of directors, taking into consideration the terms of our partnership agreement. Our distribution policy is subject to certain restrictions, including the following:

- Our common unitholders have no contractual or other legal right to receive distributions other than the right under our partnership agreement to receive available cash on a quarterly basis. Our board of directors has broad discretion to establish reserves and other limitations in determining the amount of available cash.
- While our partnership agreement requires us to distribute all of our available cash, our partnership agreement, including provisions requiring us to make cash distributions contained therein, may be amended. The partnership agreement can be amended in certain circumstances with the approval of a majority of the outstanding common units.
- Even if our cash distribution policy is not modified or revoked, the amount of distributions we pay under our cash distribution policy and the decision to make any distribution is determined by our board of directors, taking into consideration the terms of our partnership agreement and the establishment of any reserves for the prudent conduct of our business.
- Under Section 51 of the Marshall Islands Limited Partnership Act, we may not make a distribution if, after giving effect to the distribution, our liabilities (other than liabilities to partners on account of their partnership interest and liabilities for which the recourse of creditors is limited to specified property of ours) would exceed the fair value of our assets, except that the fair value of property that is subject to a liability for which the recourse of creditors is limited shall be included in our assets only to the extent that the fair value of that property exceeds that liability.
- Our common units are subject to the prior distribution rights of any holders of our preferred units then outstanding.
- We may lack sufficient cash to pay distributions on our common units due to, among other things, decreases in net revenues or increases in operating expenses, principal and interest payments on outstanding debt, tax expenses, working capital requirements, maintenance and replacement capital expenditures or anticipated cash needs.

- Our distribution policy will be affected by restrictions on distributions under our credit facilities which contain material financial tests and covenants that must be satisfied. Should we be unable to satisfy these terms, covenants and restrictions included in our credit facilities or if we are otherwise in default under the credit agreements, our ability to make cash distributions to our unitholders, notwithstanding our stated cash distribution policy, would be materially adversely affected.
- If we make distributions out of capital surplus, as opposed to operating surplus, such distributions will constitute a return of capital and will result in a reduction in the quarterly distribution and the target distribution levels. We do not anticipate that we will make any distributions from capital surplus.
- If the ability of our subsidiaries to make any distribution to us is restricted by, among other things, the provisions of existing and future indebtedness, applicable partnership and limited liability company laws or any other laws and regulations, our ability to make distributions to our unitholders may be restricted.

We have generally declared distributions on our common units in January, April, July and October of each year and paid those distributions in the subsequent month according to our distribution policy, which has changed from time to time.

In view of the DSS Transaction, we have adopted a new annual common unit quarterly distribution guidance of $0.315 per common unit.

Operating Surplus and Capital Surplus

General

All cash distributed to unitholders will be characterized as either “operating surplus” or “capital surplus.” We treat distributions of available cash from operating surplus differently than distributions of available cash from capital surplus.

Definition of Operating Surplus

For any period, other than the quarter during which an event giving rise to our liquidation occurs (unless our unitholders have a right to elect to continue our business and so elect), operating surplus generally means:

- an amount equal to two times the amount needed for any one quarter for us to pay a distribution on all of our units, the general partner units and the incentive distribution rights at the same per-unit amount as was distributed in the immediately preceding quarter; plus
- all of our cash receipts, excluding cash from (1) borrowings, other than working capital borrowings, (2) sales of equity and debt securities, (3) sales or other dispositions of assets outside the ordinary course of business, (4) capital contributions; plus
- working capital borrowings made after the end of a quarter but before the date of determination of operating surplus for the quarter; plus
- interest paid on debt incurred and cash distributions paid on equity securities issued, in each case, to finance all or any portion of the construction, replacement or improvement of a capital asset such as vessels during the period from such financing until the earlier to occur of the date the capital asset is put into service and the date that it is abandoned or disposed of; plus
- interest paid on debt incurred and cash distributions paid on equity securities issued, in each case, to pay the construction period interest on debt incurred, or to pay construction period distributions on equity issued, to finance the construction projects described in the immediately preceding bullet; less
- all of our operating expenditures after the repayment of working capital borrowings, but not (1) the repayment of other borrowings, (2) actual maintenance and replacement capital expenditures or expansion capital expenditures or investment capital expenditures, (3) transaction expenses (including taxes) related to interim capital transactions or (4) distributions; less
- estimated maintenance and replacement capital expenditures and the amount of cash reserves established by our board of directors to provide funds for future operating expenditures; less
- all working capital borrowings not repaid within twelve months after having been incurred.

If a working capital borrowing, which increases operating surplus, is not repaid during the 12-month period following the borrowing, it will be deemed repaid at the end of such period, thus decreasing operating surplus at such time. When such working capital borrowing is in fact repaid, it will not be treated as a reduction in operating surplus because operating surplus will have been previously reduced by the deemed repayment.

As described above, operating surplus includes an amount up to two times the amount needed for any one quarter for us to pay a distribution on all of our units (including the general partner units) and the incentive distribution rights at the same per unit amount as was distributed in the immediately preceding quarter. This amount does not reflect actual cash on hand available to pay distributions to unitholders. Rather, it is a provision that will enable us, if we choose, to distribute as operating surplus up to this amount of cash we receive in the future from non-operating sources, such as asset sales, issuances of securities and long-term borrowings, that would otherwise be distributed as capital surplus. In addition, the effect of including, as described above, certain cash distributions on equity securities or interest payments on debt in operating surplus would be to increase operating surplus by the amount of any such cash distributions or interest payments. As a result, we may also distribute as operating surplus up to the amount of any such cash distributions or interest payments of cash we receive from non-operating sources.

Capital Expenditures

For purposes of determining operating surplus, maintenance and replacement capital expenditures are those capital expenditures required to maintain over the long term the operating capacity of or the revenue generated by our capital assets, and expansion capital expenditures are those capital expenditures that increase the operating capacity of or the revenue generated by our capital assets. To the extent, however, that capital expenditures associated with acquiring a new vessel increase the revenues or the operating capacity of our fleet, those capital expenditures would be classified as expansion capital expenditures.

Investment capital expenditures are those that are neither maintenance and replacement capital expenditures nor expansion capital expenditures. Investment capital expenditures largely will consist of capital expenditures made for investment purposes.

Examples of investment capital expenditures include traditional capital expenditures for investment purposes, such as purchases of equity securities, as well as other capital expenditures that might be made in lieu of such traditional investment capital expenditures, such as the acquisition of a capital asset for investment purposes.

Examples of maintenance and replacement capital expenditures include capital expenditures associated with drydocking, modifying an existing vessel or acquiring a new vessel to the extent such expenditures are incurred to maintain the operating capacity of or the revenue generated by our fleet. Maintenance and replacement capital expenditures will also include interest (and related fees) on debt incurred and distributions on equity issued to finance the construction of a replacement vessel and paid during the construction period, which we define as the period beginning on the date that we enter into a binding construction contract and ending on the earlier of the date that the replacement vessel commences commercial service or the date that the replacement vessel is abandoned or disposed of. Debt incurred to pay or equity issued to fund construction period interest payments, and distributions on such equity, will also be considered maintenance and replacement capital expenditures.

Our partnership agreement provides that an amount equal to an estimate of the average quarterly maintenance and replacement capital expenditures necessary to maintain the operating capacity of or the revenue generated by our capital assets over the long term be subtracted from operating surplus each quarter, as opposed to the actual amounts spent. In the partnership agreement, we refer to these estimated maintenance and replacement capital expenditures to be subtracted from operating surplus as “estimated maintenance capital expenditures.” The amount of estimated maintenance and replacement capital expenditures deducted from operating surplus is subject to review and change by our board of directors at least once a year, provided that any change must be approved by our conflicts committee. The estimate is made at least annually and whenever an event occurs that is likely to result in a material adjustment to the amount of our maintenance and replacement capital expenditures, such as a major acquisition or the introduction of new governmental regulations that will affect our fleet. For purposes of calculating operating surplus, any adjustment to this estimate is prospective only. Our board of directors has elected not to deduct any replacement capital expenditures from our operating surplus since 2011.

Definition of Capital Surplus

Any available cash that is distributed after we distribute the operating surplus is capital surplus. Capital surplus generally is expected to be generated by:

- borrowings other than working capital borrowings;
- sales of debt and equity securities; and

- sales or other dispositions of assets for cash, other than inventory, accounts receivable and other current assets sold in the ordinary course of business or non-current assets sold as part of normal retirements or replacements of assets.

Characterization of Cash Distributions

We will treat all available cash distributed as coming from operating surplus until the sum of all available cash distributed since we began operations equals the operating surplus as of the most recent date of determination of available cash. We will treat any amount distributed in excess of operating surplus, regardless of its source, as capital surplus. As described above, operating surplus includes an amount up to two times the amount needed for any one quarter for us to pay a distribution on all of our units (including the general partner units) and the incentive distribution rights at the same per unit amount as was distributed in the immediately preceding quarter. This amount does not reflect actual cash on hand available to pay distributions to unitholders. Rather, it is a provision that will enable us, if we choose, to distribute as operating surplus up to this amount of cash we receive in the future from non-operating sources, such as asset sales, issuances of securities and long-term borrowings, that would otherwise be distributed as capital surplus. We have not yet made any distributions from capital surplus and do not anticipate doing so in the future.

Distributions of Available Cash From Operating Surplus

We make quarterly distributions of available cash from operating surplus in the following manner, subject to applicable law:

- first, 98% to all unitholders, pro rata, and 2.0% to our General Partner, until we distribute for each outstanding unit an amount equal to the minimum quarterly distribution for that quarter; and
- thereafter, in the manner described in "—Incentive Distribution Rights" below.

The preceding paragraph and other similar disclosure in this Section assumes that our General Partner maintains its initial 2.0% general partner interest. As of the date of this Annual Report, our General Partner holds a 1.84% general partner interest.

Incentive Distribution Rights

Incentive distribution rights represent the right to receive an increasing percentage of quarterly distributions of available cash from operating surplus after the minimum quarterly distribution and the target distribution levels have been achieved. Our General Partner currently holds the incentive distribution rights, but may transfer these rights separately from its general partner interest, subject to restrictions in the partnership agreement. Any transfer by our General Partner of the incentive distribution rights would not change the percentage allocations of quarterly distributions with respect to such rights.

If for any quarter:

- we have paid to the holders of any other outstanding units that are senior in right of distribution to our common units the agreed amount of distribution; and
- we have distributed available cash from operating surplus to the common unitholders in an amount equal to the minimum quarterly distribution,

then, we will distribute any additional available cash from operating surplus for that quarter among the unitholders and our General Partner in the following manner :

- first, 98% to all unitholders, pro rata, and 2.0% to our General Partner, until each unitholder receives a total of $1.6975 per unit for that quarter (the "first target distribution"),
- second, 85% to all unitholders, pro rata, and 15% to our General Partner, until each unitholder receives a total of $1.8725 per unit for that quarter (the "second target distribution"),
- third, 75% to all unitholders, pro rata, and 25% to our General Partner, until each unitholder receives a total of $2.0475 per unit for that quarter (the "third target distribution"), and
- thereafter, 65% to all unitholders, pro rata, and 35% to our General Partner.

The percentage interests set forth above assume that our General Partner maintains its initial 2.0% general partner interest and has not transferred the incentive distribution rights and that we do not issue additional classes of equity securities. As of the date of this Annual Report, our General Partner holds a 1.84% general partner interest.

Following discussion with, and with the unanimous support of, the conflicts committee of our board of directors, Capital Maritime permanently waived its rights to receive quarterly incentive distributions between $1.6975 and $1.75. This waiver effectively increases the first target distribution and the lower bound of the second target distribution (as referenced in the table below) from $1.6975 to $1.75.

Percentage Allocations of Available Cash From Operating Surplus

The following table illustrates the percentage allocations of the additional available cash from operating surplus among the unitholders and our General Partner up to the various target distribution levels. The amounts set forth under "Marginal Percentage Interest in Distributions" are the percentage interests of the unitholders and our General Partner in any available cash from operating surplus we distribute up to and including the corresponding amount in the column "Total Quarterly Distribution Target Amount," until available cash from operating surplus we distribute reaches the next target distribution level, if any. The percentage interests shown for the unitholders and our General Partner for the minimum quarterly distribution are also applicable to quarterly distribution amounts that are less than the minimum quarterly distribution. The percentage interests shown for our General Partner assume that our General Partner maintains its initial 2.0% general partner interest and that our General Partner has not transferred the incentive distribution rights. As of the date of this Annual Report, our General Partner holds a 1.84% general partner interest.

		Marginal Percentage Interest in Distributions	
	Total Quarterly Distribution Target Amount	Unitholders	General Partner
Minimum Quarterly Distribution	$1.6275	98%	2%
First Target Distribution	up to $1.6975 (1)	98%	2%
Second Target Distribution	above $1.6975 (1) up to $1.8725	85%	15%
Third Target Distribution	above $1.8725 up to $2.0475	75%	25%
Thereafter	above $2.0475	65%	35%

(1) As disclosed on our Report on Form 6-K furnished on August 26, 2014, Capital Maritime unilaterally notified the Partnership that it decided to waive its rights to receive quarterly incentive distributions between $1.6975 and $1.75. Capital Maritime permanently waived these rights after discussion with, and with the unanimous support of, the conflicts committee of our board of directors. This waiver effectively increases the First Target Distribution and the lower bound of the Second Target Distribution (as referenced in the table above) from $1.6975 to $1.75.

Distributions From Capital Surplus

How Distributions From Capital Surplus Will Be Made

We will make distributions of available cash from capital surplus, if any, in the following manner:

- first, 98% to the common unitholders, pro rata, and 2% to our General Partner, until we distribute for each common unit an aggregate amount of available cash from capital surplus equal to the initial unit price of the common units issued in our initial public offering; and
- thereafter, we will make distributions of available cash from capital surplus as if they were from operating surplus.

The preceding paragraph is based on the assumption that our General Partner maintains its initial 2.0% general partner interest and that we do not issue additional classes of equity securities. As of the date of this Annual Report, our General Partner holds a 1.84% general partner interest.

Effect of a Distribution From Capital Surplus

The partnership agreement treats a distribution of capital surplus as a return of capital. Each time a distribution of capital surplus is made, the minimum quarterly distribution and the target distribution levels will be reduced in the same proportion as the distribution had to the fair market value of the common units prior to the announcement of the distribution. Because distributions of capital surplus will reduce the minimum quarterly distribution, after any of these distributions are made, it may be easier for our General Partner to receive incentive distributions.

However, any distribution of capital surplus before the minimum quarterly distribution is reduced to zero cannot be applied to the payment of the minimum quarterly distribution or any arrearages.

Adjustment to the Minimum Quarterly Distribution and Target Distribution Levels

In addition to adjusting the minimum quarterly distribution and target distribution levels to reflect a distribution of capital surplus, if we combine our units into fewer units (as we did in connection with the DSS Transaction; please read the introductory note entitled "DSS Transaction and March 2019 Reverse Split.") or subdivide our units into a greater number of units, we will proportionately adjust:

- the minimum quarterly distribution; and
- the target distribution levels.

For example, if a two-for-one split of the common and subordinated units should occur, the minimum quarterly distribution, the target distribution levels would be reduced to 50% of its initial level. We will not make any adjustment by reason of the issuance of additional units for cash or property.

In addition, if legislation is enacted or the official interpretation of any existing legislation is modified by a governmental taxing authority, and as a result any of our subsidiaries becomes subject to taxation as an entity for U.S. federal, state, local or foreign tax purposes, our partnership agreement specifies that the minimum quarterly distribution and the target distribution levels for each quarter will be reduced by multiplying each distribution level by a fraction, the numerator of which is available cash for that quarter and the denominator of which is the sum of available cash for that quarter plus our board of directors' estimate of our direct or indirect aggregate liability for the quarter for such taxes payable by reason of such legislation or interpretation. To the extent that the actual tax liability differs from the estimated tax liability for any quarter, the difference will be accounted for in subsequent quarters.

Distributions of Cash Upon Liquidation

If we dissolve in accordance with the partnership agreement, we will sell or otherwise dispose of our assets in a process called liquidation. We will apply the proceeds of liquidation in the manner set forth below.

If, as of the date three trading days prior to the announcement of the proposed liquidation, the average closing price for our common units for the preceding 20 trading days (or the current market price) is greater than the sum of:

- any arrearages in payment of the minimum quarterly distribution on the common units issued in our initial public offering for any prior quarters during the subordination period (as described below); plus
- the initial unit price of the common units issued in our initial public offering (adjusted as our board of directors determines to be appropriate to give effect to any distribution, subdivision or combination, such as the reverse unit split we effected in March 2019 in connection with the DSS Transaction) (less any prior capital surplus distributions and any prior cash distributions made in connection with a partial liquidation);

then the proceeds of the liquidation will be applied as follows:

- first, 98.0% to the common unitholders, pro rata, and 2.0% to our General Partner, until we distribute for each outstanding common unit an amount equal to the current market price of our common units; and
- thereafter, 50.0% to all unitholders, pro rata, 48.0% to holders of incentive distribution rights and 2.0% to our General Partner.

If, as of the date three trading days prior to the announcement of the proposed liquidation, the current market price of our common units is equal to or less than the sum of:

- any arrearages in payment of the minimum quarterly distribution on the common units issued in our initial public offering for any prior quarters during the subordination period; plus

- the initial unit price of the common units issued in our initial public offering (adjusted as our board of directors determines to be appropriate to give effect to any distribution, subdivision or combination, such as the reverse unit split we effected in March 2019 in connection with the DSS Transaction) (less any prior capital surplus distributions and any prior cash distributions made in connection with a partial liquidation);

then the proceeds of the liquidation will be applied as follows:

- first, 98.0% to the common unitholders, pro rata, and 2.0% to our General Partner, until we distribute for each outstanding common unit an amount equal to such initial unit price (as adjusted) (less any prior capital surplus distributions and any prior cash distributions made in connection with a partial liquidation);
- second, 98.0% to the common unitholders, pro rata, and 2.0% to our General Partner, until we distribute for each outstanding common unit an amount equal to any arrearages in payment of the minimum quarterly distribution on the common units for any prior quarters during the subordination period; and
- thereafter, 50.0% to all unitholders, pro rata, 48.0% to holders of incentive distribution rights and 2.0% to our General Partner.

The preceding paragraph is based on the assumption that our General Partner maintains its initial 2.0% general partner interest and has not transferred the incentive distribution rights and that we do not issue additional classes of equity securities. As of the date of this Annual Report, our General Partner holds a 1.84% general partner interest.

Subordination Period

The subordination period, which terminated on February 14, 2009, was a period during which the common units had the right to receive available cash from operating surplus in an amount equal to the minimum quarterly distribution per quarter, plus any arrearages in the payment of the minimum quarterly distribution on the common units from prior quarters, before any distributions of available cash from operating surplus were made on the "subordinated units," which were issued in addition to the common units in our initial public offering. Upon termination of the subordination period, the subordinated units were converted into common units on a one-for-one basis.

B. Significant Changes

Other than as described in "Item 4. Information on the Partnership—A. History and Development of the Partnership—Recent Developments" and below, no significant changes have occurred since the date of our Financial Statements:

On January 21, 2020, the board of directors of the Partnership declared a cash distribution of $0.35 per common unit for the fourth quarter of 2019. The fourth quarter common unit cash distribution was paid on February 11, 2020, to unitholders of record on February 3, 2020.

Item 9. The Offer and Listing.

Our common units started trading on the Nasdaq Global Select Market under the symbol "CPLP" on March 30, 2007.

Item 10. Additional Information.

A. Share Capital

Not applicable.

B. Memorandum and Articles of Association

We were organized on January 16, 2007 and have perpetual existence. Our purpose under our partnership agreement is to engage in any business activities that may lawfully be engaged in by a limited partnership pursuant to the MILPA.

Our General Partner has delegated to our board of directors the authority to oversee and direct our operations, management and policies on an exclusive basis. Our General Partner, subject to the direction and supervision of our board of directors, manages our business and affairs and carry out our purpose.

Please refer to Exhibit 2.1 (Description of Securities registered under Section 12 of the Exchange Act) to this Annual Report for a summary of the material provisions of our partnership agreement. The partnership agreement, as amended, is filed as Exhibit I to our Report on Form 6-K dated February 24, 2010, as Exhibit I to our Report on Form 6-K dated September 30, 2011, as Exhibit II to our Report on Form 6-K/A dated May 23, 2012, as Exhibit II to our Report on Form 6-K dated March 21, 2013 and as Exhibit A to Exhibit I to our Report on Form 6-K dated August 26, 2014. We will provide prospective investors with a copy of our limited partnership agreement and any amendments thereto upon request at no charge.

We summarize the following provisions of our partnership agreement elsewhere in this Annual Report:

- with regard to distributions of available cash, please read "Item 8. Financial Information—How We Make Cash Distributions," and
- with regard to the fiduciary duties of our General Partner and our directors, please read "Item 7. Major Unitholders and Related Party Transactions—B. Related-Party Transactions—Conflicts of Interest and Fiduciary Duties."

C. Material Contracts

The following is a summary of each material contract, other than contracts entered into in the ordinary course of business, to which we or any of our subsidiaries are a party, for the two years immediately preceding the date of this Annual Report. Please read "Item 7. Major Unitholders and Related Party Transactions—B. Related-Party Transactions" for further detail on the transactions entered into with related parties.

- Transaction Agreement, dated November 27, 2018 (the "Transaction Agreement"), between Capital Product Partners L.P., DSS Holdings L.P. and the other parties named therein. The Transaction Agreement provided that CPLP would contribute its product and crude vessels, $10 million in cash and associated inventories to a newly formed subsidiary, to be called Diamond S Shipping Inc. ("DSSI"), and distribute all the common shares of DSSI on a pro rata basis to all record holders of CPLP's common and general partner units on the basis of one DSSI common share for every 10.19149 CPLP common units (on a pre-split adjusted basis) or CPLP general partner units. The Transaction Agreement further provided that promptly upon completion of the spin-off, DSSI would combine with DSS's business and operations and issue additional shares of common stock to DSS or DSS's equity owners in such amount as to reflect, among other things, the relative net asset values of the respective businesses. Furthermore, the Transaction Agreement contains certain customary and other representations, warranties and covenants.
- Deed of Amendment and Restatement, dated March 8, 2019, relating to our 2017 credit facilities (please see "Item 5. Operating and Financial Review and Prospects—B. Liquidity and Capital Resources—Borrowings").
- Purchase Agreement, dated May 4, 2018, with Capital Maritime to acquire the shares of the company owning the M/T Anikitos.
- Share Purchase Agreements, dated January 22, and January 23, 2020, with Capital Maritime to acquire the shares of the companies owning the M/V Athenian, M/V Athos and M/V Aristomenis respectively, for a total consideration of $162.6 million ($54.2 million each).
- Term Loan Facility, dated January 17, 2020, between Capital Product Partners L.P. and Hamburg Commercial Bank A.G., relating to a $38.5 million term loan for the acquisition of the M/V Athenian.

- In August 2019, each vessel-owning subsidiary for our ten container vessels then owned entered into a floating rate management agreement with Capital-Executive under which the vessel-owning subsidiary is charged actual expenses incurred by Capital-Executive, each with an initial term of five years. According to this agreement, Capital-Executive provides certain commercial and technical services for a daily technical management fee that is revised annually based on the United States Consumer Price Index. The vessel-owning subsidiary also compensates Capital-Executive for all of its costs, expenses and liabilities incurred in providing the above services, including, but not limited to, crew, repairs and maintenance, insurance, stores, spares, lubricants and other operating costs. Costs and expenses associated with the vessel's next scheduled drydocking are borne by the owning company and not by Capital-Executive.
- Purchase Agreement, dated January 17, 2018, with Capital Maritime to acquire the shares of the company owning the M/T Aristaios.

D. Exchange Controls and Other Limitations Affecting Unitholders

We are not aware of any governmental laws, decrees or regulations, including foreign exchange controls, in the Republic of the Marshall Islands that restrict the export or import of capital, or that affect the remittance of dividends, interest or other payments to persons that are both to non-resident and non-citizen holders of our securities. We are not aware of any limitations on the right of non-resident or foreign owners to hold or vote our securities imposed by the laws of the Republic of the Marshall Islands or our partnership agreement.

E. Taxation

Marshall Islands Taxation

The following is a discussion of the material Marshall Islands tax consequences of our activities to unitholders who are not citizens of and do not reside in, maintain offices in or engage in business or transactions in the Marshall Islands ("non-resident holders"). Because we, our subsidiaries and our controlled affiliates do not, and we do not expect that we, our subsidiaries and our controlled affiliates will, conduct business or operations in the Marshall Islands, under current Marshall Islands law non-resident holders of our securities will not be subject to Marshall Islands taxation or withholding on distributions, including upon a return of capital, we make to such non-resident holders. In addition, non-resident holders will not be subject to Marshall Islands stamp, capital gains or other taxes on the purchase, ownership or disposition of our securities, and will not be required by the Republic of the Marshall Islands to file a tax return relating to such securities.

Taxation of the Partnership

Because we, our subsidiaries and our controlled affiliates do not, and we do not expect that we, our subsidiaries and our controlled affiliates will conduct business or operations in the Marshall Islands, under current Marshall Islands law neither we, our subsidiaries nor our controlled affiliates will be subject to Marshall Islands income, capital gains, profits or other taxation, other than taxes or fees due to (i) the continued existence of legal entities registered in the Republic of the Marshall Islands, (ii) the incorporation or dissolution of legal entities registered in the Republic of the Marshall Islands, (iii) filing certificates (such as certificates of incumbency, merger, or redomiciliation) with the Marshall Islands registrar, (iv) obtaining certificates of goodstanding from, or certified copies of documents filed with, the Marshall Islands registrar, or (v) compliance with Marshall Islands law concerning books and records, economic substance regulations and vessel ownership, such as tonnage tax. As a result, distributions by our subsidiaries and our controlled affiliates to us will not be subject to Marshall Islands taxation.

Material U.S. Federal Income Tax Considerations

The following is a discussion of the material U.S. federal income tax considerations that may be relevant to current and prospective common unitholders. This discussion is based upon provisions of the Code, Treasury Regulations, and current administrative rulings and court decisions, all as currently in effect or existence on the date of this Annual Report and all of which are subject to change, possibly with retroactive effect. Changes in these authorities may cause the tax consequences to vary substantially from the consequences described below.

The following discussion applies only to beneficial owners of our common units that own such units as "capital assets" (generally, for investment purposes) and does not comment on all aspects of U.S. federal income taxation which may be important to particular common unitholders in light of their individual circumstances, such as unitholders subject to special tax rules (e.g., financial institutions, insurance companies, broker-dealers, tax-exempt organizations, or former citizens or long-term residents of the United States), persons that will hold the common units as part of a straddle, hedge, conversion, constructive sale, wash sale or other integrated transaction for U.S. federal income tax purposes, persons that own (actually or constructively) 10.0% or more of the total value of all classes of our units or of the total combined voting power of all classes of our units entitled to vote, or U.S. Holders (as defined below) that have a functional currency other than the U.S. dollar, all of whom may be subject to tax rules that differ significantly from those summarized below. If a partnership or other entity classified as a partnership for U.S. federal income tax purposes holds our common units, the tax treatment of a partner thereof will generally depend upon the status of the partner and upon the tax treatment of the partnership. If you are a partner in a partnership holding our common units, you should consult your tax advisor.

No ruling has been or will be requested from the IRS regarding any matter affecting us or our common unitholders. The statements made here may not be sustained by a court if contested by the IRS.

This discussion does not contain information regarding any U.S. state or local, estate or alternative minimum tax considerations concerning the ownership or disposition of our common units. Each common unitholder is urged to consult its tax advisor regarding the U.S. federal, state, local and other tax consequences of the ownership or disposition of our common units.

Election to be Taxed as a Corporation

We have elected to be taxed as a corporation for U.S. federal income tax purposes. As such, among other consequences, U.S. Holders (as defined below) will, subject to the discussion of certain rules relating to PFICs below (please see "—U.S. Federal Income Taxation of U.S. Holders—PFIC Status and Significant Tax Consequences"), generally not be directly subject to U.S. federal income tax on our income, but rather will be subject to U.S. federal income tax on distributions received from us and dispositions of common units, as described below. As a corporation, we may be subject to U.S. federal income tax on our income as discussed below. Additionally, our distributions to common unitholders will generally be reported on IRS Form 1099-DIV.

Taxation of Operating Income

We expect that substantially all of our gross income will be attributable to the transportation of dry cargo and containerized goods. For this purpose, gross income attributable to transportation (or "Transportation Income") includes income derived from, or in connection with, the use (or hiring or leasing for use) of a vessel to transport cargo, or the performance of services directly related to the use of any vessel to transport cargo, and thus includes spot charter, time charter and bareboat charter income.

Transportation Income that is attributable to transportation that begins or ends, but that does not both begin and end, in the United States (or "U.S. Source International Transportation Income") will be considered to be 50% derived from sources within the United States. Transportation Income attributable to transportation that both begins and ends in the United States (or "U.S. Source Domestic Transportation Income") will be considered to be 100% derived from sources within the United States. Transportation Income attributable to transportation exclusively between non-U.S. destinations will be considered to be 100% derived from sources outside the United States. Transportation Income derived from sources outside the United States generally will not be subject to U.S. federal income tax.

Based on our current operations, we do not expect to have U.S. Source Domestic Transportation Income. However, certain of our activities give rise to U.S. Source International Transportation Income, and future expansion of our operations could result in an increase in the amount of U.S. Source International Transportation Income, as well as give rise to U.S. Source Domestic Transportation Income, all of which could be subject to U.S. federal income taxation unless exempt from U.S. taxation under Section 883 of the Code (or the "Section 883 Exemption"), as discussed below.

The Section 883 Exemption

In general, the Section 883 Exemption provides that if a non-U.S. corporation satisfies the requirements of Section 883 of the Code and the Treasury Regulations thereunder (the "Section 883 Regulations"), it will not be subject to the net basis and branch profits taxes or the 4% gross basis tax described below on its U.S. Source International Transportation Income. The Section 883 Exemption applies to U.S. Source International Transportation Income and other forms of related income, such as gain from the sale of a vessel. As discussed below, we believe that under our current ownership structure, the Section 883 Exemption will apply and that, accordingly, we will not be taxed on our U.S. Source International Transportation Income. The Section 883 Exemption does not apply to U.S. Source Domestic Transportation Income.

We will qualify for the Section 883 Exemption if, among other matters, we meet the following three requirements:

- We are organized in a jurisdiction outside the United States that grants an equivalent exemption from tax to corporations organized in the United States (an "Equivalent Exemption");
- We satisfy the "Publicly Traded Test" (as described below); and
- We meet certain substantiation, reporting and other requirements.

The Publicly Traded Test requires that the stock of a non-U.S. corporation be "primarily and regularly traded" on an established securities market either in the United States or in a jurisdiction outside the United States that grants an Equivalent Exemption. The Section 883 Regulations provide, in pertinent part, that equity interests in a non-U.S. corporation will be considered to be "primarily traded" on an established securities market in a given country if the number of units of each class of equity relied

upon to meet the "regularly traded" test that are traded during any taxable year on all established securities markets in that country exceeds the number of units in each such class that are traded during that year on established securities markets in any other single country. Equity of a non-U.S. corporation will be considered to be "regularly traded" on an established securities market under the Section 883 Regulations if one or more classes of equity of the corporation that, in the aggregate, represent more than 50% of the total combined voting power and value of the non-U.S. corporation are listed on such market and certain trading volume requirements are met or deemed met as described below. For this purpose, if one or more "5% Unitholders" (i.e., a unitholder holding, actually or constructively, at least 5% of the vote and value of a class of equity) own in the aggregate 50% or more of the vote and value of a class of equity (the "Closely Held Block"), such class of equity will not be counted towards meeting the "primarily and regularly traded" test (the "Closely Held Block Exception").

We are organized under the laws of the Republic of the Marshall Islands. The U.S. Treasury Department has recognized the Republic of the Marshall Islands as a jurisdiction that grants an Equivalent Exemption. Consequently, our U.S. Source International Transportation Income (including, for this purpose, (i) any such income earned by our subsidiaries that have properly elected to be treated as partnerships or disregarded as entities separate from us for U.S. federal income tax purposes and (ii) any such income earned by subsidiaries that are corporations for U.S. federal income tax purposes, are organized in a jurisdiction that grants an Equivalent Exemption and whose outstanding stock is owned 50% or more by value by us) will be exempt from U.S. federal income taxation provided we meet the Publicly Traded Test. In addition, since our common units are only traded on the Nasdaq Global Select Market, which is considered to be an established securities market, our common units will be deemed to be "primarily traded" on an established securities market.

We believe we meet the trading volume requirements of the Section 883 Exemption because the pertinent regulations provide that trading volume requirements will be deemed to be met with respect to a class of equity traded on an established securities market in the United States where, as will be the case for our common units, the units are regularly quoted by dealers who regularly and actively make offers, purchases and sales of such units to unrelated persons in the ordinary course of business. Additionally, the pertinent regulations also provide that a class of equity will be considered to be "regularly traded" on an established securities market if (i) such class of stock is listed on such market; (ii) such class of stock is traded on such market, other than in minimal quantities, on at least 60 days during the taxable year or one sixth of the days in a short taxable year and (iii) the aggregate number of shares of such class of stock traded on such market during the taxable year is at least 10% of the average number of shares of such class of stock outstanding during such year, or as appropriately adjusted in the case of a short taxable year. We believe that trading of our common units has satisfied these conditions in the past, and we expect that such conditions will continue to be satisfied. Finally, we believe that our common units represent more than 50% of our voting power and value and accordingly we believe that our units should be considered to be "regularly traded" on an established securities market.

These conclusions, however, are based upon legal authorities that do not expressly contemplate an organizational structure such as ours. In particular, although we have elected to be treated as a corporation for U.S. federal income tax purposes, for corporate law purposes we are organized as a limited partnership under Marshall Islands law and our General Partner is responsible for managing our business and affairs and has been granted certain veto rights over decisions of our board of directors. Accordingly, it is possible that the IRS could assert that our units do not meet the "regularly traded" test.

We expect that our units will not lose eligibility for the Section 883 Exemption as a result of the Closely Held Block Exception because our partnership agreement provides that the voting rights of any 5% Unitholders (other than our General Partner and its affiliates, their transferees and persons who acquired such units with the approval of our board of directors) are limited to a 4.9% voting interest in us regardless of how many common units are held by that 5% Unitholder. (The voting rights of any such unitholders in excess of 4.9% will be redistributed pro rata among the other common unitholders holding less than 4.9% of the voting power of all classes of units entitled to vote). If Capital Maritime and our General Partner own 50% or more of our common units, they will provide the necessary documents to establish an exception to the application of the Closely Held Block Exception. This exception is available when shareholders residing in a jurisdiction granting an Equivalent Exemption and meeting certain other requirements own sufficient shares in the Closely Held Block to preclude shareholders who have not met such requirements from owning 50% or more of the outstanding class of equity relied upon to satisfy the Publicly Traded Test.

Thus, although the matter is not free from doubt, we believe that we will satisfy the Publicly Traded Test. Should any of the facts described above cease to be correct, our ability to satisfy the test will be compromised.

Taxation of Operating Income in the Absence of the Section 883 Exemption

If we earn U.S. Source International Transportation Income and the Section 883 Exemption does not apply, the U.S. source portion of such income may be treated as effectively connected with the conduct of a trade or business in the United States (or "Effectively Connected Income") if we have a fixed place of business in the United States and substantially all of our U.S. Source International Transportation Income is attributable to regularly scheduled transportation or, in the case of bareboat charter income, is

attributable to a fixed place of business in the United States. Based on our current operations, none of our potential U.S. Source International Transportation Income is attributable to regularly scheduled transportation or is received pursuant to bareboat charters attributable to a fixed place of business in the United States. As a result, we do not anticipate that any of our U.S. Source International Transportation Income will be treated as Effectively Connected Income. However, there is no assurance that we will not earn income pursuant to regularly scheduled transportation or bareboat charters attributable to a fixed place of business in the United States in the future, which would result in such income being treated as Effectively Connected Income. In addition, any U.S. Source Domestic Transportation Income generally will be treated as Effectively Connected Income.

Any income we earn that is treated as Effectively Connected Income would be subject to U.S. federal corporate income tax (the highest statutory rate is currently 21%) on a net income basis. In addition, a 30% branch profits tax imposed under Section 884 of the Code also would apply to such income, and a branch interest tax could be imposed on certain interest paid or deemed paid by us.

Taxation of Gain on the Sale of a Vessel

Provided we qualify for the Section 883 Exemption, gain from the sale of a vessel should be exempt from tax under Section 883. If, however, we do not qualify for the Section 883 Exemption, then such gain could be treated as effectively connected income (determined under rules different from those discussed above) and subject to the net income and branch profits tax regime described above.

The 4% Gross Basis Tax

If the Section 883 Exemption does not apply and the net income tax does not apply, we would be subject to a 4% U.S. federal income tax on the U.S. source portion of our U.S. Source International Transportation Income, without the benefit of deductions.

U.S. Federal Income Taxation of U.S. Holders

As used herein, the term U.S. Holder means a beneficial owner of our common units that is an individual U.S. citizen or resident (as determined for U.S. federal income tax purposes), a corporation or other entity organized under the laws of the United States or its political subdivisions and classified as a corporation for U.S. federal income tax purposes, an estate the income of which is subject to U.S. federal income taxation regardless of its source, or a trust if a court within the United States is able to exercise primary jurisdiction over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust.

Distributions

Subject to the discussion of the rules applicable to PFICs below, any distributions made by us with respect to our common units to a U.S. Holder generally will constitute dividends, which may be taxable as ordinary income or "qualified dividend income" as described in more detail below, to the extent of our current and accumulated earnings and profits, as determined under U.S. federal income tax principles. Distributions in excess of our earnings and profits will be treated first as a nontaxable return of capital to the extent of the U.S. Holder's tax basis in its common units on a dollar-for-dollar basis and thereafter as capital gain. U.S. Holders that are corporations generally will not be entitled to claim a dividends-received deduction with respect to any distributions they receive from us. Dividends paid with respect to our common units generally will be treated as "passive" income from sources outside the United States for purposes of computing allowable foreign tax credits for U.S. federal income tax purposes.

Dividends paid on our common units to a U.S. Holder who is an individual, trust or estate (in all cases, a "U.S. Individual Holder") will be treated as qualified dividend income that is taxable to such U.S. Individual Holder at preferential rates applicable to long-term capital gain provided that: (i) our common units are readily tradable on an established securities market in the United States (such as the Nasdaq Global Select Market, on which our common units are traded); (ii) we are not a PFIC (which we do not believe we are, have been or will be, as discussed below); (iii) the U.S. Individual Holder has owned the common units for more than 60 days in the 121-day period beginning 60 days before the date on which the common units become ex-dividend (and has not entered into certain risk limiting transactions with respect to such units) and (iv) the U.S. Individual Holder is not under an obligation to make related payments with respect to positions in substantially similar or related property. There is no assurance that any dividends paid on our common units will be eligible for these preferential rates in the hands of a U.S. Individual Holder, and any dividends paid on our common units that are not eligible for these preferential rates will be taxed as ordinary income to a U.S. Individual Holder. Special rules may apply to any "extraordinary dividend" paid by us. An extraordinary dividend is, generally, a dividend with respect to a unit if the amount of the dividend is equal to or in excess of 10 percent of a unitholder's adjusted basis (or fair market value in certain circumstances) in such unit. If we pay an "extraordinary dividend" on our common units that is treated as "qualified dividend income," then any loss derived by a U.S. Individual Holder from the sale or exchange of such units will be treated as long-term capital loss to the extent of the amount of such dividend.

Sale, Exchange or other Disposition of Common Units

Subject to the discussion of PFICs below, a U.S. Holder generally will recognize taxable gain or loss upon a sale, exchange or other disposition of our common units in an amount equal to the difference between the amount realized by the U.S. Holder from such sale, exchange or other disposition and the U.S. Holder's tax basis in such units. Such gain or loss will be treated as long-term capital gain or loss if the U.S. Holder's holding period is greater than one-year at the time of the sale, exchange or other disposition. Such capital gain or loss will generally be treated as U.S. source income or loss, as applicable, for U.S. foreign tax credit purposes. A U.S. Holder's ability to deduct capital losses is subject to certain limitations. Long-term capital gain of a U.S. Individual Holder is generally subject to tax at preferential rates.

PFIC Status and Significant Tax Consequences

Special and adverse U.S. federal income tax rules apply to a U.S. Holder that owns an equity interest in a non-U.S. entity taxed as a corporation and classified as a PFIC for U.S. federal income tax purposes. In general, we will be treated as a PFIC with respect to a U.S. Holder if, for any taxable year in which such holder held our common units, either:

- at least 75% of our gross income (including the gross income of our vessel owning subsidiaries) for such taxable year consists of passive income (e.g., dividends, interest, capital gains and rents derived other than in the active conduct of a rental business); or
- at least 50% of the average value of the assets held by us (including the assets of our vessel-owning subsidiaries) during such taxable year produce, or are held for the production of, passive income.

Income earned, or deemed earned, by us in connection with the performance of services would not constitute passive income. By contrast, rental income would generally constitute "passive income" unless we were treated under specific rules as deriving our rental income in the active conduct of a trade or business. Based on our current and projected methods of operation, we believe that we are not currently a PFIC, nor do we expect to become a PFIC. Although there is no legal authority directly on point, and we are not obtaining a ruling from the IRS on this issue, we will take the position that, for purposes of determining whether we are a PFIC, the gross income we derive or are deemed to derive from the time and spot chartering activities of our wholly owned subsidiaries constitutes services income, rather than rental income. Correspondingly, such income should not constitute passive income, and the assets that we or our wholly owned subsidiaries own and operate in connection with the production of such income, in particular, the vessels we or our subsidiaries own that are subject to time charters, should not constitute passive assets for purposes of determining whether we were a PFIC.

As noted above, there is, however, no direct legal authority under the PFIC rules addressing our method of operation. Moreover, in a case not specifically interpreting the PFIC rules, Tidewater Inc. v. United States, 565 F.3d 299 (5th Cir. 2009), the Fifth Circuit held that the vessel time charters at issue generated predominantly rental income rather than services income. However, the court's ruling was contrary to the position of the IRS that the time charter income should have been treated as services income. Additionally, the IRS later affirmed its position in Tidewater, adding further that the time charters at issue would be treated as giving rise to services income under the PFIC rules.

No assurance, however, can be given that the IRS or a court of law will accept our position, and there is a risk that the IRS or a court of law could determine we are or were a PFIC. In addition, although we intend to conduct our affairs in a manner to avoid, to the extent possible, being classified as a PFIC with respect to any taxable year, we cannot assure U.S. Holders that the nature of our operations will not change in the future, or that we can avoid PFIC status in the future.

As discussed more fully below, if we were to be treated as a PFIC for any taxable year, a U.S. Holder would be subject to different taxation rules depending on whether the U.S. Holder makes an election to treat us as a Qualified Electing Fund (a "QEF election"). As an alternative to making a QEF election, a U.S. Holder should be able to make a "mark-to-market" election with respect to our common units, as discussed below. In addition, if a U.S. Holder owns our common units during any taxable year that we are a PFIC, such units owned by such holder will be treated as units in a PFIC even if we are not a PFIC in a subsequent year and, if the total value of all PFIC stock that such holder directly or indirectly owns exceeds certain thresholds, such holder must file IRS Form 8621 with the holder's U.S. federal income tax return to report the holder's ownership of our common units.

Taxation of U.S. Holders Making a Timely QEF Election

If a U.S. Holder makes a timely QEF election (such U.S. Holder, an "Electing Holder"), the Electing Holder must report each year for U.S. federal income tax purposes his pro rata share of our ordinary earnings and our net capital gain, if any, for our taxable year that ends with or within the taxable year of the Electing Holder, regardless of whether or not distributions were received from us by the Electing Holder. The Electing Holder's adjusted tax basis in the common units will be increased to reflect taxed but undistributed income. Distributions of earnings and profits that had been previously taxed will result in a corresponding reduction in the adjusted tax basis in the common units and will not be taxed again once distributed. An Electing Holder would generally recognize capital gain or loss on the sale, exchange or other disposition of our common units. A U.S. Holder would make a QEF election with respect to any year that we are a PFIC by filing one copy of IRS Form 8621 with his U.S. federal income tax return and a second copy in accordance with the instructions to such form. If contrary to our expectations, we determine that we are treated as a PFIC for any taxable year, we will attempt to provide each U.S. Holder with all necessary information in order to make the QEF election described above.

Taxation of U.S. Holders Making a "Mark-to-Market" Election

Alternatively, if we were to be treated as a PFIC for any taxable year and, as we anticipate, our common units were treated as "marketable stock," a U.S. Holder would be allowed to make a "mark-to-market" election with respect to our common units, provided the U.S. Holder completes and files IRS Form 8621 in accordance with the relevant instructions and related Treasury Regulations. If that election is made, the U.S. Holder generally would include as ordinary income in each taxable year the excess, if any, of the fair market value of the common units at the end of the taxable year over such holder's adjusted tax basis in the common units. The U.S. Holder would also be permitted an ordinary loss in respect of the excess, if any, of the U.S. Holder's adjusted tax basis in the common units over the fair market value thereof at the end of the taxable year, but only to the extent of the net amount previously included in income as a result of the mark-to-market election. A U.S. Holder's tax basis in his common units would be adjusted to reflect any such income or loss amount. Gain realized on the sale, exchange or other disposition of our common units would be treated as ordinary income, and any loss realized on the sale, exchange or other disposition of the common units would be treated as ordinary loss to the extent that such loss does not exceed the net mark-to-market gains previously included by the U.S. Holder.

Taxation of U.S. Holders not making a timely QEF or mark-to-market election

Finally, if we were to be treated as a PFIC for any taxable year, a U.S. Holder who does not make either a QEF election or a "mark-to-market" election for that year (a "Non-Electing Holder") would be subject to special rules with respect to (1) any excess distribution (i.e., the portion of any distributions received by the Non-Electing Holder on our common units in a taxable year other than the taxable year in which the Non-Electing Holder's holding period in the common units begins in excess of 125% of the average annual distributions received by the Non-Electing Holder in the three preceding taxable years, or, if shorter, the Non-Electing Holder's holding period for the common units that preceded the current taxable year), and (2) any gain realized on the sale, exchange or other disposition of our common units. Under these special rules:

- the excess distribution or gain would be allocated ratably over the Non-Electing Holder's aggregate holding period for the common units;
- the amount allocated to the current taxable year and any year prior to the year we were first treated as a PFIC with respect to the Non-Electing Holder would be taxed as ordinary income; and
- the amount allocated to each of the other taxable years would be subject to tax at the highest rate of tax in effect for the applicable class of taxpayer for that year, and an interest charge for the deemed deferral benefit would be imposed with respect to the resulting tax attributable to each such other taxable year.

These penalties would not apply to a qualified pension, profit sharing or other retirement trust or other tax-exempt organization that did not borrow money or otherwise utilize leverage in connection with its acquisition of our common units. If we were treated as a PFIC for any taxable year and a Non-Electing Holder who is an individual dies while owning our common units, such holder's successor generally would not receive a step-up in tax basis with respect to such units.

Shareholder Reporting

A U.S. Holder that owns "specified foreign financial assets" (as defined in Section 6038D of the Code and applicable Treasury Regulations) with an aggregate value in excess of $50,000 (and in some circumstances, a higher threshold) may be required to file an information report with respect to such assets with its tax return. "Specified foreign financial assets" may include financial accounts maintained by foreign financial institutions, as well as the following, but only if they are held for investment and not held in accounts maintained by financial institutions: (i) stocks and securities issued by non-United States persons, (ii) financial instruments and contracts that have non-United States issuers or counterparties, and (iii) interests in foreign entities. Significant penalties may apply for failing to satisfy this filing requirement. U.S. Holders are urged to contact their tax advisors regarding this filing requirement.

U.S. Federal Income Taxation of Non-U.S. Holders

A beneficial owner of our common units (other than a partnership, including any entity or arrangement treated as a partnership for U.S. federal income tax purposes) that is not a U.S. Holder is a Non-U.S. Holder.

Distributions

Distributions we pay to a Non-U.S. Holder will not be subject to U.S. federal income tax or withholding tax if the Non-U.S. Holder is not engaged in a U.S. trade or business. If the Non-U.S. Holder is engaged in a U.S. trade or business, distributions we pay may be subject to U.S. federal income tax to the extent those distributions constitute income effectively connected with that Non-U.S. Holder's U.S. trade or business. However, distributions paid to a Non-U.S. Holder who is engaged in a trade or business may be exempt from taxation under an income tax treaty if the income represented thereby is not attributable to a U.S. permanent establishment maintained by the Non-U.S. Holder. "Effectively connected" distributions recognized by a corporate Non-U.S. Holder may also, under certain circumstances, be subject to an additional "branch profits tax" at a 30% rate, or at a lower rate if the corporate Non-U.S. Holder is eligible for the benefits of an income tax treaty that provides for a lower rate.

Disposition of Common Units

The U.S. federal income taxation of Non-U.S. Holders on any gain resulting from the disposition of our common units is generally the same as described above regarding distributions. However, individual Non-U.S. Holders may be subject to tax on gain resulting from the disposition of our common units if they are present in the United States for 183 days or more during the taxable year in which those shares are disposed and meet certain other requirements.

Backup Withholding and Information Reporting

In general, payments of distributions on our common units or the gross proceeds of a disposition of our common units made within the United States to a U.S. Individual Holder will be subject to information reporting requirements. These payments also may be subject to backup withholding, if the U.S. Individual Holder:

- fails to provide an accurate taxpayer identification number;
- in the case of distributions, is notified by the IRS that he has failed to report all interest or corporate distributions required to be shown on its U.S. federal income tax returns; or
- in certain circumstances, fails to comply with applicable certification requirements.

Non-U.S. Holders may be required to establish their exemption from information reporting and backup withholding on payments within the United States by certifying their status on IRS Form W-8BEN, W-8BEN-E, W-8ECI or W-8IMY, as applicable.

Payment of the gross proceeds of a disposition of our common units effected at a foreign office of a broker generally will not be subject to information reporting or backup withholding. However, a sale effected at a foreign office of a broker could be subject to information reporting in the same manner as a sale within the United States (and in certain cases may be subject to backup withholding as well) if (i) the broker has certain connections to the United States, (ii) the proceeds or confirmation are sent to the United States or (iii) the sale has certain other specified connections with the United States.

Backup withholding is not an additional tax. Rather, a common unitholder generally may obtain a credit for any amount withheld against his liability for U.S. federal income tax (and a refund of any amounts withheld in excess of such liability) by filing a return with the IRS.

F. Dividends and Paying Agents

Not applicable.

G. Statements by Experts

Not applicable.

H. Documents on Display

We are subject to the reporting requirements of the Exchange Act, as applied to foreign private issuers. The SEC maintains an internet website at www.sec.gov that contains reports and other information regarding issuers, including us, that file electronically with the SEC. The information contained on, or that can be accessed through this website is not part of, and is not incorporated into, this Annual Report.

Whenever a reference is made in this Annual Report to a contract or other document, such reference is not necessarily complete and reference should be made to the exhibits that are a part of this Annual Report for a copy of the contract or other document.

I. Subsidiary Information

Please see Exhibit 8.1 to this Annual Report for a list of our significant subsidiaries as of December 31, 2019.

Item 11. Quantitative and Qualitative Disclosures about Market Risk.

Our Risk Management Policy

Our policy is to continuously monitor our exposure to business risks, including the impact of changes in interest rates and currency rates, as well as inflation on earnings and cash flows. We intend to assess these risks and, when appropriate, take measures to minimize our exposure to the risks.

Foreign Exchange Risk

We do not have a material currency exposure risk. We generate all of our revenues in U.S. Dollars and incur less than 20% of our expenses in currencies other than U.S. Dollars. For accounting purposes, expenses incurred in currencies other than the U.S. Dollars are translated into U.S. Dollars at the exchange rate prevailing on the date of each transaction. As of December 31, 2019, less than 5% of our liabilities were denominated in currencies other than U.S. Dollars (mainly in Euros). These liabilities were translated into U.S. Dollars at the exchange rate prevailing on December 31, 2019. We have not hedged currency exchange risks and our operating results could be adversely affected as a result.

Interest Rate Risk

The international shipping industry is capital intensive, requiring significant amounts of investment, a significant portion of which is provided in the form of long-term debt. Our current debt contains interest rates that fluctuate with LIBOR. Our 2017 credit facility bears an interest margin of 3.25% per annum over LIBOR. Therefore, we are exposed to the risk that our interest expense may increase if interest rates rise. In addition, the expected phase-out of LIBOR by the end of 2021 may adversely affect interest rates. See “Item 3. Key Information—4. Risk Factors—Risks Related to Financing Activities—*The phase-out of the London Interbank Offered Rate (LIBOR), or the replacement of LIBOR with a different benchmark rate, may adversely affect interest rates and our cost of capital.”*

Currently we have, and during 2019 we had, no interest rate swap agreements outstanding. A possible market disruption in determining the cost of funds for our banks resulting in increases by the lenders to their “funding costs” under our credit facilities, will lead to proportional increases in the relevant interest amounts payable under such credit facilities on a quarterly basis. As an indication of the extent of our sensitivity to interest rate changes based upon our debt level, an increase of 100 basis points in LIBOR would have resulted in an increase in our interest expense by approximately $2.8 million, $3.2 million and $4.3 million for the years ended December 31, 2019, 2018 and 2017 respectively, assuming all other variables had remained constant.

Concentration of Credit Risk

Financial instruments which potentially subject us to significant concentrations of credit risk consist principally of cash and cash equivalents. We place our cash and cash equivalents, consisting mostly of deposits, with creditworthy financial institutions as rated by qualified rating agencies. We do not obtain rights to collateral to reduce our credit risk.

Inflation

Inflation has had a minimal impact on vessel operating expenses, drydocking expenses and general and administrative expenses to date. Our management does not consider inflation to be a significant risk to direct expenses in the current and foreseeable economic environment. However, in the event that inflation becomes a significant factor in the global economy, inflationary pressures would result in increased operating, voyage and financing costs.

Item 12. Description of Securities Other than Equity Securities.

Not Applicable.

PART II

Item 13. Defaults, Dividend Arrearages and Delinquencies.

None.

Item 14. Material Modifications to the Rights of Security Holders and Use of Proceeds.

No material modifications to the rights of security holders.

Item 15. Controls and Procedures.

A. Disclosure Controls and Procedures

As of December 31, 2019, our management (with the participation of the chief executive officer and chief financial officer of our General Partner) conducted an evaluation pursuant to Rule 13a-15(b) and 15d-15 promulgated under the U.S. Securities Exchange Act of 1934, as amended, of the effectiveness of the design and operation of our disclosure controls and procedures as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act. Our management, including the chief executive and chief financial officer of our General Partner, recognize that any controls and procedures, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the objectives of the disclosure controls and procedures are met. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the partnership have been detected. Further, in the design and evaluation of our disclosure controls and procedures our management necessarily was required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

Based on this evaluation, the chief executive officer and chief financial officer of our General Partner concluded that, as of December 31, 2019, our disclosure controls and procedures, which include, without limitation, controls and procedures designed to ensure that information required to be disclosed by us in the reports we file or submit under the Exchange Act is accumulated and communicated to management, including the chief executive officer and chief financial officer of our General Partner, as appropriate to allow timely decisions regarding required disclosure, were effective in providing reasonable assurance that information that was required to be disclosed by us in reports we file or submit under the Exchange Act was recorded, processed, summarized and reported within the time periods specified in the rules and forms of the Securities and Exchange Commission.

B. Management’s Annual Report on Internal Control over Financial Reporting

Our management (with the management of our General Partner) is responsible for establishing and maintaining adequate internal controls over financial reporting. Our internal controls were designed to provide reasonable assurance as to the reliability of our financial reporting and the preparation and presentation of our Financial Statements for external purposes in accordance with accounting principles generally accepted in the United States.

Our internal controls over financial reporting includes those policies and procedures that 1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of our assets; 2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of our Financial Statements in accordance with generally accepted accounting principles, and that our receipts and expenditures are being made in accordance with authorizations of management and the directors of the Partnership and 3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on the financial statements.

Our management conducted an evaluation of the effectiveness of our internal control over financial reporting based upon the 2013 framework in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission. This evaluation included review of the documentation of controls, evaluation of the design effectiveness of controls, testing of the operating effectiveness of controls and a conclusion on this evaluation. Based on this evaluation, management believes that our internal control over financial reporting was effective as of December 31, 2019.

However, because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements even when determined to be effective and can only provide reasonable assurance with respect to financial statement preparation and presentation. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with relevant policies and procedures may deteriorate.

Deloitte Certified Public Accountants S.A. ("Deloitte"), our independent registered public accounting firm, has audited the Financial Statements included herein and our internal control over financial reporting and has issued an attestation report on the effectiveness of our internal control over financial reporting which is reproduced in its entirety in Item 15.C below.

C. Attestation Report of the Registered Public Accounting Firm.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Unitholders of Capital Product Partners L.P.
Majuro, Republic of the Marshall Islands.

Opinion on Internal Control over Financial Reporting

We have audited the internal control over financial reporting of Capital Product Partners L.P. and subsidiaries (the "Partnership") as of December 31, 2019, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). In our opinion, the Partnership maintained, in all material respects, effective internal control over financial reporting as of December 31, 2019, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by COSO.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated financial statements as of and for the year ended December 31, 2019 of the Partnership and our report dated February 28, 2020 expressed an unqualified opinion on those financial statements.

Basis for Opinion

The Partnership's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying "Management's Annual Report on Internal Control over Financial Reporting." Our responsibility is to express an opinion on the Partnership's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Partnership in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Deloitte Certified Public Accountants S.A.

Athens, Greece
February 28, 2020

D. Changes in Internal Control over Financial Reporting

There have been no changes in our internal controls over financial reporting during the year covered by this Annual Report that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

Item 16A. Audit Committee Financial Expert.

Our board of directors has determined that director Abel Rasterhoff, the chairman of our audit committee, qualifies as an audit committee financial expert for purposes of the U.S. Sarbanes-Oxley Act of 2002 and is independent under applicable Nasdaq Global Select Market and SEC standards.

Item 16B. Code of Ethics.

Our board of directors has adopted a Code of Business Conduct and Ethics that includes a Code of Ethics (the "Code of Ethics") that applies to the Partnership and all of its employees, directors and officers, including its chief executive officer, chief financial officer, chief accounting officer or controller, its agents and persons performing similar functions, including for the avoidance of doubt any employees, officers or directors of Capital Ship Management, wherever located, as well as to all of the Partnership's subsidiaries and other business entities controlled by it worldwide. The Code of Ethics incorporates terms and conditions consistent with the FCPA and U.K. Bribery Act, and includes a Gifts and Entertainment policy.

This document is available under "Corporate Governance" in the Investor Relations area of our web site (www.capitalpplp.com). We will also provide a hard copy of our Code of Ethics free of charge upon written request. We intend to disclose, under "Corporate Governance" in the Investor Relations area of our web site, any waivers to or amendments of the Code of Ethics for the benefit of any of our directors and executive officers within five business days of such waiver or amendment.

Item 16C. Principal Accountant Fees and Services.

Our principal accountant for 2019 and 2018 was Deloitte Certified Public Accountants S.A. The following table shows the fees we paid or accrued for audit and tax services provided by Deloitte for these periods (in thousands of U.S. Dollars).

Fees	2019	2018
Audit Fees (1)	$529.7	$812.2
Audit-Related Fees	—	—
Tax Fees (2)	10.8	30.0
Total	**$540.5**	**$842.2**

(1) Audit fees represent fees for professional services provided in connection with the audit of our Financial Statements, review of our quarterly consolidated financial information, audit services provided in connection with other regulatory filings, issuance of consents and assistance with and review of documents filed with the SEC.

(2) Tax fees represent fees for professional services provided in connection with various U.S. income tax compliance and information reporting matters.

The audit committee of our board of directors has the authority to pre-approve permissible audit-related and non-audit services not prohibited by law to be performed by our independent auditors and associated fees. Engagements for proposed services either may be separately pre-approved by the audit committee or entered into pursuant to detailed pre-approval policies and procedures established by the audit committee, as long as the audit committee is informed on a timely basis of any engagement entered into on that basis. The audit committee separately pre-approved all engagements and fees paid to our principal accountant in 2019 and 2018.

Item 16D. Exemptions from the Listing Standards for Audit Committees.

None.

Item 16E. Purchases of Equity Securities by the Issuer and Affiliated Purchasers.

None.

Item 16F. Change in Registrant's Certifying Accountant.

Not applicable.

Item 16G. Corporate Governance.

The Nasdaq Global Select Market requires limited partnerships with listed units to comply with its corporate governance standards. As a foreign private issuer, we are not required to comply with all of the rules that apply to listed U.S. limited partnerships. However, we have generally chosen to comply with most of the Nasdaq Global Select Market's corporate governance rules as though we were a U.S. limited partnership. Although we are not required to have a majority of independent directors on our board of directors or to establish a compensation committee or a nominating/corporate governance committee, our board of directors has established an audit committee, a conflicts committee and a compensation committee comprised solely of independent directors. Accordingly, we do not believe there are any significant differences between our corporate governance practices and those that would typically apply to a U.S. domestic issuer that is a limited partnership under the corporate governance standards of the Nasdaq Global Select Market. Please see "Item 6. Directors, Senior Management and Employees—C. Board Practices" and "Item 10. Additional Information—B. Memorandum and Articles of Association" for more detail regarding our corporate governance practices.

Item 16H. Mine Safety Disclosure.

Not applicable.

PART III

Item 17. Financial Statements

Not Applicable.

Item 18. Financial Statements

INDEX TO FINANCIAL STATEMENTS

CAPITAL PRODUCT PARTNERS L.P.

Item 19. Exhibits

The following exhibits are filed as part of this Annual Report:

Exhibit No.	Description
1.1	Certificate of Limited Partnership of Capital Product Partners L.P. (1)
1.2	Second Amended and Restated Agreement of Limited Partnership of Capital Product Partners L.P., dated February 22, 2010 (3)
1.3	Amendment to Second Amended and Restated Agreement of Limited Partnership of Capital Product Partners L.P., dated September 30, 2011 (4)
1.4	Second Amendment to Second Amended and Restated Agreement of Limited Partnership of Capital Product Partners L.P., dated May 22, 2012 (7)
1.5	Third Amendment to Second Amended and Restated Agreement of Limited Partnership of Capital Product Partners L.P., dated March 19, 2013 (8)
1.6	Fourth Amendment to Second Amended and Restated Agreement of Limited Partnership of Capital Product Partners L.P., dated August 25, 2014 (10)
1.7	Certificate of Formation of Capital GP L.L.C. (1)
1.8	Limited Liability Company Agreement of Capital GP L.L.C. (1)
1.9	Certificate of Formation of Capital Product Operating GP L.L.C. (1)

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Exhibit No.	Description
2.1	Description of Securities registered under Section 12 of the Exchange Act.
4.1	Loan Agreement with HSH Nordbank AG and ING Bank N.V., London Branch, as mandated lead arrangers and bookrunners relating to a term loan facility of up to US$460,000,000, dated September 6, 2017 (13)
4.2	Deed of Amendment and Restatement relating to the Loan Agreement with Hamburg Commercial Bank AG and ING Bank N.V., London Branch, dated March 8, 2019 (15)
4.3	Amended and Restated Omnibus Agreement, dated September 30, 2011 (4)
4.4	Amended and Restated Management Agreement with Capital Ship Management, dated March 25, 2017 (13)
4.5	Floating Rate Management Agreement with Capital Ship Management Corp., dated June 10, 2011 (6)
4.6	Amendment No. 9 to the Floating Rate Management Agreement with Capital Ship Management Corp., dated January 22, 2013 (11)
4.7	Amendment No. 33 to the Floating Rate Management Agreement with Capital Ship Management Corp., dated March 27, 2019, amending and restating Schedule B in its entirety (16)**
4.8	Form of Management Agreement with Capital-Executive Ship Management Corp. (17)
4.9	Administrative Services Agreement with Capital Ship Management (1)
4.10	Amendment 1 to Administrative Services Agreement with Capital Ship Management Corp., dated April 2, 2012 (9)
4.11	IT Agreement, dated April 3, 2007, by and between Capital Ship Management Corp. and Capital Product Partners L.P. (13)
4.12	Addendum No. 1 to IT Agreement, dated April 2, 2012 (13)
4.13	Addendum No. 2 to IT Agreement, dated April 2, 2017 (13)
4.14	Master Vessel Acquisition Agreement, dated July 24, 2014 (12)
4.15	Capital Product Partners L.P. 2008 Omnibus Incentive Compensation Plan, dated April 29, 2008 (2)
4.16	Capital Product Partners L.P. 2008 Omnibus Incentive Compensation Plan, amended July 22, 2010 (5)
4.17	Capital Product Partners L.P. 2008 Omnibus Incentive Compensation Plan, amended August 21, 2014 (10)
4.18	Capital Product Partners L.P. 2008 Omnibus Incentive Compensation Plan, amended July 23, 2019
4.19	Form of Restricted Unit Award of Capital Product Partners L.P. (5)
4.20	Transaction Agreement, dated November 27, 2018, between Capital Product Partners L.P., DSS Holdings L.P. and the other parties named therein (14)
4.21	Term Loan Facility, dated January 17, 2020, between Capital Product Partners L.P. and Hamburg Commercial Bank A.G.
8.1	List of Subsidiaries of Capital Product Partners L.P.
12.1	Rule 13a-14(a)/15d-14(a) Certification of Capital Product Partners L.P.'s Chief Executive Officer
12.2	Rule 13a-14(a)/15d-14(a) Certification of Capital Product Partners L.P.'s Chief Financial Officer

Exhibit No.	Description
13.1	Capital Product Partners L.P. Certification of Gerasimos (Jerry) Kalogiratos, Chief Executive Officer, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the U.S. Sarbanes-Oxley Act of 2002*
13.2	Capital Product Partners L.P. Certification of Nikolaos Kalapotharakos, Chief Financial Officer, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the U.S. Sarbanes-Oxley Act of 2002*
15.1	Consent of Deloitte Certified Public Accountants S.A.
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

(1) Previously filed as an exhibit to Capital Product Partners L.P.'s Registration Statement on Form F-1 (File No. 333-141422), filed with the SEC on March 19, 2007 and hereby incorporated by reference to such Registration Statement.
(2) Previously filed as a Report on Form 6-K with the SEC on April 30, 2008.
(3) Previously filed as a Report on Form 6-K with the SEC on February 24, 2010.
(4) Previously filed as a Report on Form 6-K with the SEC on September 30, 2011.
(5) Previously filed as an exhibit to the registrant's Annual Report on Form 20-F for the year ended December 31, 2010 and filed with the SEC on February 4, 2011.
(6) Previously filed as an exhibit to the registrant's Annual Report on Form 20-F for the year ended December 31, 2011 and filed with the SEC on February 13, 2012.
(7) Previously furnished as a Report on Form 6-K with the SEC on May 23, 2012.
(8) Previously furnished as a Report on Form 6-K with the SEC on March 21, 2013.
(9) Previously filed as an exhibit to the registrant's Annual Report on Form 20-F for the year ended December 31, 2012 and filed with the SEC on February 5, 2013.
(10) Previously furnished as a Report on Form 6-K with the SEC on August 26, 2014.
(11) Previously filed as an exhibit to the registrant's Annual Report on Form 20-F for the year ended December 31, 2013 and filed with the SEC on February 18, 2014.
(12) Previously furnished as a Report on Form 6-K with the SEC on July 29, 2014.
(13) Previously filed as an exhibit to Capital Product Partners L.P.'s Annual Report on Form 20-F for the year ended December 31, 2017 and filed with the SEC on March 5, 2018.
(14) Previously furnished as Exhibit 2.1 to a Report on Form 6-K with the SEC on November 30, 2018.
(15) Previously furnished as Exhibit I to a Report on Form 6-K with the SEC on March 14, 2019.
(16) Previously furnished as Exhibit 99.2 to a Report on Form 6-K with the SEC on April 1, 2019.
(17) Previously filed as Exhibit 10.1 to a registration statement on Form F-3 with the SEC on October 25, 2019.
* Furnished only and not filed
** Amendments No. 1-8 and 10-30 to the Floating Rate Management Agreement are substantially identical to, or superseded by, Amendment No. 33.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this Annual Report to be signed on its behalf by the undersigned, thereunto duly authorized.

CAPITAL PRODUCT PARTNERS L.P.,

By: Capital GP L.L.C., its general partner

By: /s/ Gerasimos (Jerry) Kalogiratos
Name: Gerasimos (Jerry) Kalogiratos
Title: Chief Executive Officer of Capital GP L.L.C.

Dated: February 28, 2020

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CAPITAL PRODUCT PARTNERS L.P.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Unitholders of Capital Product Partners L.P.
Majuro, Republic of the Marshall Islands.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Capital Product Partners L.P. and subsidiaries (the "Partnership") as of December 31, 2019 and 2018, the related consolidated statements of comprehensive (loss)/income, changes in partners' capital, and cash flows, for each of the three years in the period ended December 31, 2019, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Partnership as of December 31, 2019 and 2018, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2019, in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Partnership's internal control over financial reporting as of December 31, 2019, based on criteria established in Internal Control — Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 28, 2020 expressed an unqualified opinion on the Partnership's internal control over financial reporting.

Basis for Opinion

These financial statements are the responsibility of the Partnership's management. Our responsibility is to express an opinion on the Partnership's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Partnership in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ Deloitte Certified Public Accountants S.A.

Athens, Greece
February 28, 2020

We have served as the Partnership's auditor since 2006.

Capital Product Partners L.P.
Consolidated Balance Sheets
(In thousands of United States Dollars, except number of units)

	As of December 31, 2019	As of December 31, 2018
Assets		
Current assets		
Cash and cash equivalents	$ 57,964	$ 21,203
Trade accounts receivable	2,690	16,126
Prepayments and other assets	2,736	2,017
Inventories	1,471	1,516
Claims	1,085	—
Current assets from discontinued operations (Note 3)	—	23,698
Total current assets	**65,946**	**64,560**
Fixed assets		
Vessels, net (Note 6)	576,891	586,100
Total fixed assets	**576,891**	**586,100**
Other non-current assets		
Above market acquired charters (Note 7)	46,275	60,655
Deferred charges, net	3,563	—
Restricted cash (Note 8)	5,500	16,996
Prepayments and other assets	5,287	2,466
Non-current assets from discontinued operations (Note 3)	—	654,468
Total non-current assets	**637,516**	**1,320,685**
Total assets	**$ 703,462**	**$ 1,385,245**
Liabilities and Partners' Capital		
Current liabilities		
Current portion of long-term debt, net (Note 8)	$ 26,997	$ 37,479
Trade accounts payable	12,501	14,348
Due to related parties (Note 5)	5,256	17,742
Accrued liabilities (Note 10)	16,156	16,740
Deferred revenue, current	3,826	7,315
Current liabilities from discontinued operations (Note 3)	—	21,535
Total current liabilities	**64,736**	**115,159**
Long-term liabilities		
Long-term debt, net (Note 8)	231,989	253,932
Deferred revenue	—	96
Long-term liabilities from discontinued operations (Note 3)	—	134,744
Total long-term liabilities	**231,989**	**388,772**
Total liabilities	**296,725**	**503,931**
Commitments and contingencies (Note 16)		
Partners' capital		
General Partner	8,572	15,436
Limited Partners - Common (18,178,100 units issued and outstanding at December 31, 2019 and 2018 (adjusted for the March 2019 Reverse Split))	398,165	755,372
Limited Partners - Preferred (12,983,333 Class B units issued and outstanding at December 31, 2018)	—	110,506
Total partners' capital	**406,737**	**881,314**
Total liabilities and partners' capital	**$ 703,462**	**$ 1,385,245**

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

Capital Product Partners L.P.
Consolidated Statements of Comprehensive (Loss) / Income
(In thousands of United States Dollars except number of units and net (loss) / income per unit)

	For the years ended December 31,		
	2019	**2018**	**2017**
Revenues (Note 4)	$ 108,374	$ 116,894	$ 106,696
Revenues – related party (Notes 4, 5)	—	701	9,976
Total Revenues	**108,374**	**117,595**	**116,672**
Expenses:			
Voyage expenses (Note 11)	2,930	9,113	4,667
Vessel operating expenses (Note 11)	26,632	26,427	27,398
Vessel operating expenses - related parties (Notes 5, 11)	3,917	4,221	4,466
General and administrative expenses (Notes 5, 14)	5,502	5,713	6,236
Vessel depreciation and amortization (Note 6)	29,261	32,813	35,979
Impairment of vessels (Note 6)	—	28,805	3,282
Operating income	**40,132**	**10,503**	**34,644**
Other income / (expense), net:			
Interest expense and finance cost (Note 8)	(17,036)	(18,964)	(19,963)
Other income	1,325	850	1,114
Total other expense, net	**(15,711)**	**(18,114)**	**(18,849)**
Partnership's net income / (loss) from continuing operations attributable to:	**$ 24,421**	**$ (7,611)**	**$ 15,795**
Preferred unit holders' interest in Partnership's net income from continuing operations	$ 2,652	$ 11,101	$ 11,101
Deemed dividend to preferred unit holders' (Note 13)	$ 9,119	$ —	$ —
General Partner's interest in Partnership's net income / (loss) from continuing operations	$ 236	$ (352)	$ 86
Common unit holders' interest in Partnership's net income / (loss) from continuing operations	$ 12,414	$ (18,360)	$ 4,608
Partnership's net (loss) / income from discontinued operations (Note 3)	**$ (146,876)**	**$ 7,507**	**$ 22,688**
Total Partnership's comprehensive (loss) / income	**$ (122,455)**	**$ (104)**	**$ 38,483**
Net income / (loss) from continuing operations per (Note 15):			
• Common unit, basic and diluted (adjusted for the March 2019 Reverse Split)	**$ 0.68**	**$ (1.01)**	**$ 0.26**
Weighted-average units outstanding:			
• Common units, basic and diluted (adjusted for the March 2019 Reverse Split)	**18,178,144**	**18,100,455**	**17,692,192**
Net (loss) / income from discontinued operations per:			
• Common unit, basic and diluted (adjusted for the March 2019 Reverse Split)	**$ (7.93)**	**$ 0.41**	**$ 1.25**
Weighted-average units outstanding:			
• Common units, basic and diluted (adjusted for the March 2019 Reverse Split)	**18,178,144**	**18,100,455**	**17,692,192**
Net (loss) / income from operations per:			
• Common unit, basic and diluted (adjusted for the March 2019 Reverse Split)	**$ (7.25)**	**$ (0.60)**	**$ 1.51**
Weighted-average units outstanding:			
• Common units, basic and diluted (adjusted for the March 2019 Reverse Split)	**18,178,144**	**18,100,455**	**17,692,192**

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

Capital Product Partners L.P.
Consolidated Statements of Changes in Partners' Capital
(In thousands of United States Dollars)

	General Partner	Common Unitholders	Preferred Unitholders	Total
Balance at December 31, 2016	**$16,685**	**$ 800,566**	**$ 110,506**	**$ 927,757**
Distributions declared and paid (distributions of $2.24 per common unit (adjusted for the March 2019 Reverse Split) and $0.86 per preferred unit)	(780)	(39,749)	(11,101)	(51,630)
Partnership's net income	522	26,860	11,101	38,483
Issuance of Partnership's units (Note 13)	—	17,639	—	17,639
Equity compensation expense (Note 14)	—	1,156	—	1,156
Balance at December 31, 2017	**$16,427**	**$ 806,472**	**$ 110,506**	**$ 933,405**
Distributions declared and paid (distributions of $2.24 per common unit (adjusted for the March 2019 Reverse Split) and $0.86 per preferred unit)	(780)	(40,719)	(11,101)	(52,600)
Partnership's net (loss) / income	(211)	(10,994)	11,101	(104)
Equity compensation expense (Note 14)	—	613	—	613
Balance at December 31, 2018	**$15,436**	**$ 755,372**	**$ 110,506**	**$ 881,314**
Distributions declared / paid (distributions of $1.26 per common unit (adjusted for the March 2019 Reverse Split) and $0.42 per preferred unit)	(440)	(22,904)	(5,427)	(28,771)
Partnership's net (loss) / income	(2,339)	(122,768)	2,652	(122,455)
Deemed dividend to preferred unit holders' (Note 13)	(171)	(8,948)	9,119	—
Distribution of Diamond S Shipping Inc. stock to Partnership's unitholders (Note 1)	(3,914)	(203,494)	—	(207,408)
Redemption of Class B Convertible Preferred Units (Notes 1 and 13)	—	—	(116,850)	(116,850)
Equity compensation expense (Note 14)	—	907	—	907
Balance at December 31, 2019	**$ 8,572**	**$ 398,165**	$ —	**$ 406,737**

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

Capital Product Partners L.P.
Consolidated Statements of Cash flows
(In thousands of United States Dollars)

	For the years ended December 31, 2019	2018	2017
Cash flows from operating activities of continuing operations:			
Net income / (loss) from continuing operations	$ 24,421	$ (7,611)	$ 15,795
Adjustments to reconcile net income / (loss) to net cash provided by operating activities of continuing operations:			
Vessel depreciation and amortization (Note 6)	29,261	32,813	35,979
Amortization and write off of deferred financing costs	1,096	1,359	961
Amortization of above market acquired charters (Note 7)	14,380	14,380	14,380
Equity compensation expense (Note 14)	907	613	1,156
Impairment of vessel (Note 6)	—	28,805	3,282
Changes in operating assets and liabilities:			
Trade accounts receivable	13,436	(11,354)	(2,275)
Prepayments and other assets	(1,195)	855	710
Inventories	45	1,147	(438)
Claims	(1,085)	—	—
Trade accounts payable	(9,406)	4,074	2,766
Due to related parties	(12,486)	3,508	(1,861)
Accrued liabilities	(9,558)	1,648	7,624
Deferred revenue	(3,585)	(10,059)	(11,542)
Dry docking costs paid	(954)	—	(609)
Net cash provided by operating activities of continuing operations	**$ 45,277**	**$ 60,178**	**$ 65,928**
Cash flows from investing activities of continuing operations:			
Vessel acquisitions and improvements including time charter agreements (Note 6)	(6,519)	(2,428)	(1,679)
Net proceeds from sale of vessels	—	39,789	—
Net cash (used in) / provided by investing activities of continuing operations	**$ (6,519)**	**$ 37,361**	**$ (1,679)**
Cash flows from financing activities of continuing operations:			
Proceeds from issuance of Partnership units (Note 13)	—	—	17,815
Expenses paid for issuance of Partnership units	—	—	(247)
Payments of long-term debt (Note 8)	(32,733)	(55,283)	(98,464)
Deferred financing costs paid	(788)	(72)	(3,803)
Redemption of Class B unit holders	(116,850)	—	—
Dividends paid (Note 13)	(28,771)	(52,600)	(51,630)
Net cash used in financing activities of continuing operations	**$(179,142)**	**$(107,955)**	**$(136,329)**
Net decrease in cash, cash equivalents and restricted cash from continuing operations	**$(140,384)**	**$ (10,416)**	**$ (72,080)**
Cash flows from discontinued operations			
Operating activities	8,905	37,712	61,046
Investing activities	(1,484)	(41,837)	(359)
Financing activities	158,228	(18,557)	(31,988)
Net increase / (decrease) in cash, cash equivalents and restricted cash from discontinued operations	**$ 165,649**	**$ (22,682)**	**$ 28,699**
Net increase / (decrease) in cash, cash equivalents and restricted cash	**$ 25,265**	**$ (33,098)**	**$ (43,381)**
Cash, cash equivalents and restricted cash at the beginning of the year	**$ 38,199**	**$ 71,297**	**$ 114,678**
Cash, cash equivalents and restricted cash at the end of the year	**$ 63,464**	**$ 38,199**	**$ 71,297**
Supplemental cash flow information			
Cash paid for interest	$ 20,138	$ 24,952	$ 19,646
Non-Cash Investing and Financing Activities			
Capital expenditures included in liabilities	$ 15,004	$ 547	$ 312
Offering expenses included in liabilities	$ —	$ —	$ 35
Deferred financing costs included in liabilities	$ —	$ —	$ 79
Capitalized dry docking costs included in liabilities	$ 2,560	$ 480	$ 11
Assumption of loans regarding the acquisition of the shares of the companies owning the M/T Aristaios and the M/T Anikitos included in discontinued operations	$ —	$ 43,958	$ —
Reconciliation of cash, cash equivalents and restricted cash			
Cash and cash equivalents	$ 57,964	$ 21,203	$ 53,297
Restricted cash - Non-current assets	$ 5,500	$ 16,996	$ 18,000
Total cash, cash equivalents and restricted cash shown in the statements of cash flows	**$ 63,464**	**$ 38,199**	**$ 71,297**

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

Capital Product Partners L.P.
Notes to the Consolidated Financial Statements
(In thousands of United States Dollars)

1. Basis of Presentation and General Information

Capital Product Partners, L.P. was formed on January 16, 2007, under the laws of the Marshall Islands. Capital Product Partners, L.P. and its fully owned subsidiaries (collectively the "Partnership") is an international shipping company. As of December 31, 2019, its fleet of eleven high specification vessels consisted of ten Neo-Panamax container carrier vessels and one Capesize bulk carrier. Its vessels are capable of carrying a wide range of dry cargoes, as well as containerized goods under short-term voyage charters and medium to long-term time charters.

The DSS Transaction

On November 27, 2018, the Partnership entered into a definitive transaction agreement (the "Transaction Agreement") with DSS Holdings L.P. ("DSS"), a privately held third party company, pursuant to which the Partnership agreed to spin off its Crude and Product tanker business into a separate publicly listed company which would combine with DSS's businesses and operations in a share-to-share transaction (the "DSS Transaction"). Pursuant to the Transaction Agreement:

(a) the Partnership agreed to establish a number of entities for the implementation of the DSS Transaction, including Athena SpinCo Inc. ("Athena");

(b) the Partnership agreed to contribute to Athena the Crude and Product tanker business, associated inventories, $10,000 in cash plus prorated charter hire and net payments received from February 20, 2019 onwards with specific arrangements relating to the funding of working capital;

(c) the Partnership agreed to distribute all 12,725,000 shares of common stock of Athena (renamed Diamond S Shipping Inc. or "Diamond S") that it owned by way of a pro rata distribution to holders of the Partnership's common and general partner units (the "distribution");

(d) Immediately following the distribution, there was a series of mergers as a result of which Diamond S would acquire the business and operations of DSS (the "combination"). In the combination, Diamond S issued additional shares of Diamond S common stock to DSS in such amount as to reflect the relative net asset values of the respective businesses and the agreed implied premium on the net asset value of the Crude and Product tanker business; and

(e) DSS entered into several firm commitments for a syndicated five-year term loan and revolving credit facility of up to $360,000 with a syndicate of global shipping banks, and agreed to turn over net proceeds in such amount to partially prepay a portion of the loans outstanding under the Partnership's existing credit facilities, redeem the Partnership's Class B Units and fund transaction expenses.

The DSS Transaction was completed on March 27, 2019. Results of operations and cash flows of the Crude and Product tanker business and assets and liabilities that were part of the DSS Transaction are reported as discontinued operations for all periods presented (Note 3).

Effective March 27, 2019, the Partnership effected a one for seven reverse unit split of its issued and outstanding common and general partner units (the "March 2019 Reverse Split") (Note 13). All units and per units amounts disclosed in the financial statements give effect to this reverse stock split retroactively, for all periods presented.

Capital Product Partners L.P.
Notes to the Consolidated Financial Statements
(In thousands of United States Dollars)

1. Basis of Presentation and General Information – Continued

The consolidated financial statements include Capital Product Partners, L.P. and the following wholly owned subsidiaries which were all incorporated or formed under the laws of the Marshall Islands and Liberia.

Subsidiary	Date of Incorporation	Name of Vessel Owned by Subsidiary	Deadweight "DWT"	Date acquired by the Partnership	Date acquired by Capital Maritime & Trading Corp. ("CMTC")
Capital Product Operating LLC	01/16/2007	—	—	—	—
Crude Carriers Corp.	10/29/2009	—	—	09/30/2011	—
Crude Carriers Operating Corp.	01/21/2010	—	—	09/30/2011	—
Shipping Rider Co. (3)	09/16/2003	M/T Atlantas II	36,760	04/04/2007	04/26/2006
Canvey Shipmanagement Co. (3)	03/18/2004	M/T Assos	47,872	08/16/2010 04/04/2007	05/17/2006
Centurion Navigation Limited (3)	08/27/2003	M/T Aktoras	36,759	04/04/2007	07/12/2006
Polarwind Maritime S.A. (3)	10/10/2003	M/T Agisilaos	36,760	04/04/2007	08/16/2006
Carnation Shipping Company (3)	11/10/2003	M/T Arionas	36,725	04/04/2007	11/02/2006
Apollonas Shipping Company (3)	02/10/2004	M/T Avax	47,834	04/04/2007	01/12/2007
Tempest Maritime Inc. (3)	09/12/2003	M/T Aiolos	36,725	04/04/2007	03/02/2007
Iraklitos Shipping Company (3)	02/10/2004	M/T Axios	47,872	04/04/2007	02/28/2007
Epicurus Shipping Company (3)	02/11/2004	M/T Atrotos	47,786	03/01/2010 05/08/2007	05/08/2007
Laredo Maritime Inc. (3)	02/03/2004	M/T Akeraios	47,781	07/13/2007	07/13/2007
Lorenzo Shipmanagement Inc. (3)	05/26/2004	M/T Apostolos	47,782	09/20/2007	09/20/2007
Splendor Shipholding S.A. (3)	07/08/2004	M/T Anemos I	47,782	09/28/2007	09/28/2007
Ross Shipmanagement Co.	12/29/2003	M/T Attikos (1)	12,000	09/24/2007	01/20/2005
Sorrel Shipmanagement Inc. (3)	02/07/2006	M/T Alexandros II	51,258	01/29/2008	01/29/2008
Baymont Enterprises Incorporated	05/29/2007	M/T Amore Mio II (1)	159,982	03/27/2008	07/31/2007
Forbes Maritime Co.	02/03/2004	M/T Aristofanis (1)	12,000	04/30/2008	06/02/2005
Wind Dancer Shipping Inc. (3)	02/07/2006	M/T Aristotelis II	51,226	06/17/2008	06/17/2008
Belerion Maritime Co. (3)	01/24/2006	M/T Aris II	51,218	08/20/2008	08/20/2008
Mango Finance Corp.	07/14/2006	M/T Agamemnon II (1)	51,238	04/07/2009	11/24/2008
Navarro International S.A. (3)	07/14/2006	M/T Ayrton II	51,260	04/13/2009	04/10/2009
Adrian Shipholding Inc. (3)	06/22/2004	M/T Alkiviadis	36,721	06/30/2010	03/29/2006
Patroklos Marine Corp.	06/17/2008	M/V Cape Agamemnon	179,221	06/09/2011	01/25/2011
Cooper Consultants Co. renamed to Miltiadis M II Carriers Corp. (3)	04/06/2006	M/T Miltiadis M II	162,397	09/30/2011	04/26/2006
Amoureux Carriers Corp. (3)	04/14/2010	M/T Amoureux	149,993	09/30/2011	—
Aias Carriers Corp. (3)	04/14/2010	M/T Aias	150,393	09/30/2011	—
Agamemnon Container Carrier Corp.	04/19/2012	M/V Agamemnon	108,892	12/22/2012	06/28/2012
Archimidis Container Carrier Corp.	04/19/2012	M/V Archimidis	108,892	12/22/2012	06/22/2012
Aenaos Product Carrier S.A.	10/16/2013	M/T Aristotelis (1)	51,604	11/28/2013	—
Anax Container Carrier S.A.	04/08/2011	M/V Hyundai Prestige	63,010	09/11/2013	02/19/2013
Hercules Container Carrier S.A.	04/08/2011	M/V Hyundai Premium	63,010	03/20/2013	03/11/2013

Capital Product Partners L.P.
Notes to the Consolidated Financial Statements
(In thousands of United States Dollars)

1. Basis of Presentation and General Information – Continued

Subsidiary	Date of Incorporation	Name of Vessel Owned by Subsidiary	Deadweight "DWT"	Date acquired by the Partnership	Date acquired by Capital Maritime & Trading Corp. ("CMTC")
Iason Container Carrier S.A.	04/08/2011	M/V Hyundai Paramount	63,010	03/27/2013	03/27/2013
Thiseas Container Carrier S.A.	04/08/2011	M/V Hyundai Privilege	63,010	09/11/2013	05/31/2013
Cronus Container Carrier S.A.	07/19/2011	M/V Hyundai Platinum	63,010	09/11/2013	06/14/2013
Miltiadis M II Corp.	08/28/2012	—	—	—	—
Dias Container Carrier S.A.	05/16/2013	M/V CMA CGM Amazon	115,534	06/10/2015	06/10/2015
Poseidon Container Carrier S.A.	05/16/2013	M/V CMA CGM Uruguay	115,639	09/18/2015	09/18/2015
Isiodos Product Carrier S.A. (3)	05/31/2013	M/T Active	50,136	03/31/2015	03/31/2015
Titanas Product Carrier S.A. (3)	05/31/2013	M/T Amadeus	50,108	06/30/2015	06/30/2015
Atrotos Container Carrier S.A.	10/25/2013	M/V CMA CGM Magdalena	115,639	02/26/2016	02/26/2016
Filonikis Product Carrier S.A. (3)	05/31/2013	M/T Amor	49,999	10/24/2016	09/30/2015
Asterias Crude Carrier S.A. (3)	07/13/2015	M/T Aristaios	113,689	01/17/2018	01/10/2017
Iason Product Carrier S.A. (3)	08/28/2013	M/T Anikitos	50,082	05/04/2018	06/21/2016
Athena SpinCo Inc. (2, 3)	11/14/2018	—	—	—	—
Athena MergerCo 1 Inc. (2, 3)	11/14/2018	—	—	—	—
Athena MergerCo 2 Inc. (2, 3)	11/14/2018	—	—	—	—
Athena MergerCo 3 LLC. (2, 3)	11/14/2018	—	—	—	—
Athena MergerCo 4 LLC (2, 3)	11/14/2018	—	—	—	—

(1) Vessels were disposed in the previous years.
(2) Companies established for the purpose of the agreement between the Partnership and DSS.
(3) Companies part of the Crude and Product tanker business which were spun-off on March 27, 2019.

Capital Product Partners L.P.
Notes to the Consolidated Financial Statements
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2. Significant Accounting Policies

(a) ***Principles of Consolidation:*** The consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"), and include the accounts of the legal entities comprising the Partnership as discussed in Note 1. Intra-group balances and transactions have been eliminated upon consolidation.

(b) ***Use of Estimates:*** The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the amounts of revenues and expenses recognized during the reporting period. Actual results could differ from those estimates.

(c) ***Accounting for Revenue, Voyage and Operating Expenses:*** The Partnership generates its revenues from charterers for the charter hire of its vessels. Vessels are chartered on time or voyage charters.

The time charter contracts are considered operating leases and therefore fall under the scope of Accounting Standard Codification ("ASC") 842 and the voyage charter contracts fall under the scope of ASC 606 (Note 4).

Vessel voyage expenses are direct expenses to voyage revenues and primarily consist of brokerage commissions, port expenses, canal dues and bunkers. Brokerage commissions are paid to shipbrokers for their time and efforts for negotiating and arranging charter party agreements on behalf of the Partnership and are expensed over the related charter period. All other voyage expenses are expensed as incurred, except for expenses during the ballast portion of the voyage (period between the contract date and the date of the vessel's arrival to the load port). Any expenses incurred during the ballast portion of the voyage such as bunker expenses, canal tolls and port expenses are deferred and are recognized on a straight-line basis, in voyage expenses, over the voyage duration as the Partnership satisfies the performance obligations under the contract provided these costs are (1) incurred to fulfill a contract that we can specifically identify, (2) able to generate or enhance resources of the company that will be used to satisfy performance of the terms of the contract, and (3) expected to be recovered from the charterer. These costs are considered 'contract fulfillment costs' and are included in 'prepayments and other assets' in the consolidated balance sheets.
Vessel operating expenses presented in the consolidated financial statements mainly consist of management fees payable to the Partnership's managers and crew, repairs and maintenance, insurance, stores, spares, lubricants and other operating expenses. Vessel operating expenses are expensed as incurred.

(d) ***Foreign Currency Transactions:*** The functional currency of the Partnership is the U.S. Dollar because the Partnership's vessels operate in international shipping markets that utilize the U.S. Dollar as the functional currency. The accounting records of the Partnership are maintained in U.S. Dollars. Transactions involving other currencies during the year are converted into U.S. Dollars using the exchange rates in effect at the time of the transactions. At the balance sheet dates, monetary assets and liabilities, which are denominated in currencies other than the U.S. Dollar, are translated into the functional currency using the exchange rate at those dates. Gains or losses resulting from foreign currency transactions are included in "Other income" in the consolidated statements of comprehensive (loss) / income.

Capital Product Partners L.P.
Notes to the Consolidated Financial Statements
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2. Significant Accounting Policies – Continued

(e) ***Cash and Cash Equivalents:*** The Partnership considers highly liquid investments such as time deposits and certificates of deposit with an original maturity of three months or less to be cash equivalents.

(f) ***Restricted cash:*** For the Partnership to comply with debt covenants under its credit facilities, it must maintain minimum cash deposits. Such deposits are considered by the Partnership to be restricted cash.

(g) ***Trade Accounts Receivable:*** The amount shown as trade accounts receivable primarily consists of earned revenue that has not been billed yet or that has been billed but not yet collected. At each balance sheet date all potentially uncollectible accounts are assessed individually for purposes of determining the appropriate write off. For the year ended December 31, 2019 the respective write off amounted to $6. For the year ended December 31, 2018 there were no write offs.

(h) ***Inventories:*** Inventories consist of consumable bunkers, lubricants, spares and stores and are stated at the lower of cost and net realizable value. Net realizable value is the estimated selling prices less reasonably predictable costs of disposal and transportation. The cost is determined by the first-in, first-out method.

(i) ***Vessels Held for Sale:*** The Partnership classifies vessels as being held for sale when the following criteria are met: (i) management is committed to sell the asset; (ii) the asset is available for immediate sale in its present condition; (iii) an active program to locate a buyer and other actions required to complete the plan to sell the asset have been initiated; (iv) the sale of the asset is probable, and transfer of the asset is expected to qualify for recognition as a completed sale within one year; (v) the asset is being actively marketed for sale at a price that is reasonable in relation to its current fair value; and (vi) actions required to complete the plan indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

Vessels classified as held for sale are measured at the lower of their carrying amount or fair value less costs to sell. These vessels are not depreciated once they meet the criteria to be classified as held for sale.

If a plan to sell a vessel is cancelled, the Partnership reclassifies the vessel as held for use and re-measures it at the lower of (i) its carrying amount before the vessel was classified as held for sale, adjusted for any depreciation expense that would have been recognized if the vessel had been continuously classified as held and used and (ii) its fair value at the date of the subsequent decision not to sell.

(j) ***Fixed Assets:*** Fixed assets consist of vessels, which are stated at cost, less accumulated depreciation. Vessel cost consists of the contract price for the vessel and any material expenses incurred upon their construction (improvements and delivery expenses, on-site supervision costs incurred during the construction periods, as well as capitalized interest expense during the construction period). Vessels acquired through acquisition of businesses are recorded at their acquisition date fair values. Vessels acquired through asset acquisitions are recorded at cost. The cost of each of the Partnership's vessels is depreciated, beginning when the vessel is ready for its intended use, on a straight-line basis over the vessel's remaining economic useful life, after considering the estimated residual value. Management estimates the scrap value of the Partnership's vessels to be $0.2 per light weight ton (LWT) and useful life to be 25 years.

(k) ***Impairment of Long-lived Assets:*** An impairment loss on long-lived assets is recognized when indicators of impairment are present and the carrying amount of the long-lived asset is greater than its fair value and not believed to be recoverable. In determining future benefits derived from use of long-lived assets, the Partnership performs an analysis of the anticipated undiscounted future net cash flows of the related long-lived assets. If the carrying value of the asset, including any related intangible assets and liabilities, exceeds its undiscounted future net cash flows, the carrying value is reduced to its fair value. Various factors including future charter rates and vessel operating costs are included in this analysis.

In recent years, changing market conditions resulted in a decrease in charter rates and values of assets. The Partnership considered these market developments as indicators of potential impairment of the carrying amount of its long-lived assets. The Partnership has performed an undiscounted cash flow test based on U.S. GAAP as of December 31, 2019 and 2018, determining undiscounted projected net operating cash flows for the vessels and comparing them to the carrying values of the vessels, and any related intangible assets and liabilities. In developing estimates of future cash flows, the Partnership made assumptions about future charter rates, utilization rates, vessel operating expenses, future dry docking costs and the estimated remaining useful life of the vessels. These assumptions are based on historical trends as well as future expectations that are in line with the Partnership's historical performance and expectations for the vessels' utilization under the current deployment strategy. Based on these assumptions, the Partnership determined that the vessels held for use and their related intangible assets and liabilities were not impaired as of December 31, 2019 and 2018

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Notes to the Consolidated Financial Statements
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2. Significant Accounting Policies – Continued

(l) ***Deferred charges, net:*** Deferred charges, net are comprised mainly of dry docking costs. The Partnership's vessels are required to be dry docked every thirty to sixty months for major repairs and maintenance that cannot be performed while the vessels are under operation. The Partnership has adopted the deferral method of accounting for dry docking activities whereby costs incurred are deferred and amortized on a straight line basis over the period until the next scheduled dry docking activity.

(m) ***Intangible assets:*** The Partnership records all identified tangible and intangible assets or any liabilities associated with the acquisition of a business or an asset at fair value. When a vessel or a business that owns a vessel is acquired with an existing charter agreement, the Partnership considers whether any value should be assigned to the attached charter agreement acquired. The value to be assigned to the charter agreement is based on the difference of the contractual charter rate of the agreement acquired and the prevailing market rate for a charter of equivalent duration at the time of the acquisition, determined by independent appraisers as at that date. The resulting above-market (assets) or below-market (liabilities) charters are amortized using the straight line method as a reduction or increase, respectively, to revenues over the remaining term of the charters.

(n) ***Net Income Per Limited Partner Unit:*** Basic net income per limited partner unit is calculated by dividing the Partnership's net income less net income allocable to preferred unit holders, general partner's interest in net income (including incentive distribution rights ("IDR")) and net income allocable to unvested units, by the weighted-average number of common units outstanding during the period (Note 15). Diluted net income per limited partner unit reflects the potential dilution that could occur if securities or other contracts to issue limited partner units were exercised.

(o) ***Segment Reporting:*** The Partnership reports financial information and evaluates its operations by charter revenues and not by the length, type of vessel or type of ship employment for its customers, i.e. time or bareboat charters. The Partnership does not use discrete financial information to evaluate the operating results for each such type of charter or vessel. Although revenue can be identified for these types of charters or vessels, management cannot and does not identify expenses, profitability or other financial information for these various types of charters or vessels. As a result, management, including the chief operating decision maker, reviews operating results solely by revenue per day and operating results of the fleet, and thus the Partnership has determined that it operates as one reportable segment. Furthermore, when the Partnership charters a vessel to a charterer, the charterer is free to trade the vessel worldwide and, as a result, the disclosure of geographic information is impracticable.

(p) ***Omnibus Incentive Compensation Plan:*** Equity compensation expense represents vested and unvested units granted to employees and to non-employee directors, for their services as directors, as well as to non-employees and are included in general and administrative expenses in the consolidated statements of comprehensive (loss) / income. These units are measured at their fair value equal to the market value of the Partnership's common units on the grant date. The units that contain a time-based service vesting condition are considered unvested units on the grant date and the total fair value of such units is recognized on a straight-line basis over the requisite service period (Note 14).

(q) ***Recent Accounting Pronouncements:*** In June 2018 the Financial Accounting Standards Board ("FASB") issued the Accounting Standards Update ("ASU") 2018-07 which simplifies the accounting for share-based payments granted to nonemployees for goods and services. Under the ASU, most of the guidance on such payments to nonemployees was aligned with the requirements for share-based payments granted to employees. Accordingly, the ASU supersedes ASC 505-50 and expands the scope of ASC 718 to include all share-based payment arrangements related to the acquisition of goods and services from both nonemployees and employees. According to the amendments of this ASU and consistently with the accounting requirement for employee share based payment awards, nonemployee share-based payment awards within the scope of Topic 718 are measured at grant-date. The Partnership adopted this ASU for the reporting period commencing on January 1, 2019 with no significant impact on its financial statements. Please refer to Note 14 for further details.

In February 2016, the FASB issued the ASU 2016-02, Leases (codified as ASC 842). The main provision of this ASU is the recognition of lease assets and lease liabilities by lessees for those leases classified as operating leases. The requirements of this standard include an increase in required disclosures. The Partnership's time charter arrangements are subject to the requirements of the new Leases standard as the Partnership is regarded as the lessor. The new leases standard requires a modified retrospective transition approach for all leases existing at, or entered into after the date of initial application, amended subsequently with ASU 2018-11 below adding an option to use certain transition relief. This standard is effective for public entities with reporting periods beginning after December 15, 2018, including interim periods within those years. Early adoption is permitted.

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Notes to the Consolidated Financial Statements
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2. Significant Accounting Policies – Continued

(q) Recent Accounting Pronouncements – Continued:

In July 2018, the FASB issued ASU 2018-11 to provide entities with relief from the costs of implementing certain aspects of the new leases standard, ASU 2016-02. Specifically, under the amendments in ASU 2018-11:

(a) Entities may elect not to recast the comparative periods presented when transitioning to ASC 842; and

(b) Lessors may elect not to separate lease and non-lease components when the following criteria are met: Criterion A — the timing and pattern of transfer for the lease component is the same as those for the non-lease component associated with that lease component and Criterion B — the lease component, if accounted for separately, would be classified as an operating lease.

The transition relief amendments in the ASU apply to entities that have not yet adopted ASC 842. The effective date and transition requirements for the amendments in this update for entities that have not adopted Topic 842 before the issuance of this update are the same as the effective date and transition requirements in Update 2016-02.

In December 2018, the FASB issued ASU 2018-20 to provide narrow scope improvements for lessors. The amendments in this update related to sales taxes and other similar taxes collected from lessees affect all lessors that elect the accounting policy election. In addition, amendments in this update related to lessor costs affect all lessor entities that have lease contracts that either require lessees to pay lessor costs directly to a third party or require lessees to reimburse lessors for costs paid by lessors directly to third parties. Finally, the amendments in this update related to recognition of variable payments for contracts with lease and non-lease components affect all lessor entities with variable payments that relate to both lease and non-lease components. The effective date and transition requirements for the amendments in this update for entities that have not adopted Topic 842 before the issuance of this update are the same as the effective date and transition requirements in ASU 2016-02. Please refer to Note 4.

3. Discontinued Operations

The Partnership's discontinued operations relate to the operations of Diamond S, as following the spin-off, the Partnership has no continuing involvement in this business (Note 1).

Summarized selected operating results of the Partnership's discontinued operations for the years ended December 31, 2019, 2018 and 2017 were as follows:

	For the years ended December 31,		
Major items constituting net (loss) / income from discontinued operations	**2019***	**2018**	**2017**
Revenues	$ 46,172	$161,659	$132,443
Expenses			
Voyage expenses	12,655	37,202	10,498
Vessel operating expenses	15,506	68,406	54,281
General and administrative expenses	2,564	—	—
Vessel depreciation and amortization	9,630	40,276	38,014
Impairment of vessels	149,578	—	—
Interest expense and finance cost	3,174	8,433	6,642
Other (income) / expenses	(59)	(165)	320
Net (loss) / income from discontinued operations	**$(146,876)**	**$ 7,507**	**$ 22,688**

* represents activity for the period from January 1, 2019 to the date of the completion of the DSS Transaction on March 27, 2019.

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3. Discontinued Operations - Continued

As the Partnership spun-off its Tanker Business on March 27, 2019, assets and liabilities contributed to the DSS Transaction are no longer included in the consolidated balance sheet as of December 31, 2019. Summarized selected balance sheet information of the Partnership's discontinued operations as of December 31, 2018 was as follows:

Carrying amounts of major classes of assets included as part of discontinued operations	As of December 31, 2018
Cash	$ 10,000
Inventories	7,183
Prepayments and other assets	6,515
Total major classes of current assets of discontinued operations	**23,698**
Vessels	643,682
Deferred charges, net	2,220
Above market acquired charters	7,531
Prepayments and other assets	1,035
Total major classes of non-current assets of discontinued operations	**654,468**
Total major classes of assets of discontinued operations	**$ 678,166**
Carrying amounts of major classes of liabilities included as part of discontinued operations	
Current portion of long-term debt, net	$ 14,869
Deferred revenue	1,611
Trade accounts payables and accrued liabilities	5,055
Total major classes of current liabilities of discontinued operations	**21,535**
Long-term debt, net	134,744
Total major classes of long term liabilities of discontinued operations	**134,744**
Total major classes of liabilities of the discontinued operations	**$ 156,279**

During 2019 and 2018, the Partnership paid advances relating to the purchase of exhaust gas cleaning systems and ballast water treatment systems that will be installed to certain of its vessels that are part of Crude and Product tanker business, of $1,110 and $1,035 respectively.

During 2018, the Partnership acquired the M/T Aristaios and the M/T Anikitos and their attached time charter contracts. As the time charters daily rates of these contracts were above the market rates as of the transactions' completion dates, the Partnership recognized the time charter contracts in its financial statements as above market acquired charters. The Partnership allocated the total consideration for these acquisitions to the vessels in the amount of $73,959 and to the above market acquired charters in the amount of $10,041. The M/T Aristaios and the M/T Anikitos were part of the Crude and Product Tanker business that the Partnership spun-off in connection with the DSS Transaction.

During 2018 and 2017, certain of the Partnership's vessels that were part of the Crude and Product tanker business underwent improvements. The costs of these improvements amounted to $1,091 and $143 respectively and were capitalized as part of the vessels' cost.

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Notes to the Consolidated Financial Statements
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4. Revenues from continuing operations

The following table shows the revenues from continuing operations earned from time and voyage charters contracts for the years ended December 31, 2019, 2018 and 2017:

	For the years ended December 31,		
	2019	2018	2017
Time charters (operating leases)	$108,374	$107,923	$112,499
Voyage charters	$ —	$ 9,672	$ 4,173
Total	**$108,374**	**$117,595**	**$116,672**

Time charters contracts

A time charter is a contract for the use of a vessel for a specific period of time and a specified daily charter hire rate, which is generally payable in advance. A time charter generally provides typical warranties and owner protective restrictions. The performance obligations in a time charter are satisfied over the term of the contract beginning when the vessel is delivered to the charterer until it is redelivered back to the owner of the vessel. The time charter contracts are considered operating leases and therefore fall under the scope of ASC 842 because (i) the vessel is an identifiable asset (ii) the owner of the vessel does not have substantive substitution rights and (iii) the charterer has the right to control the use of the vessel during the term of the contract and derives the economic benefits from such use. Revenues from time charters are recognized ratably on a straight line basis over the period of the respective charter. Under time charter agreements, all voyages expenses, except commissions are assumed by the charterer. Operating costs incurred for running the vessel such as crew costs, vessel insurance, repairs and maintenance and lubricants are paid by the Partnership under time charter agreements.

The transition guidance associated with ASC 842 allows for certain practical expedients to the lessors. The Partnership elected to not separate the lease and non-lease components included in the time charter revenue because the pattern of revenue recognition for the lease and non-lease components (included in the daily hire rate) is the same and the lease component, if accounted for separately, would be classified as an operating lease. The daily hire rate represents the hire rate for a time charter as well as the compensation for expenses for operating and maintaining the vessel such as crew costs, vessel insurance, repairs and maintenance and lubricants. Both the lease and non-lease components are earned by passage of time. The Partnership adopted ASC 842 for the reporting period commencing on January 1, 2019 using the modified retrospective method and elected the practical expedients under ASU 2018-11 for the vessels under time charter agreements. Furthermore, the Partnership applied the transition provisions of ASU 2016-02 at its adoption date, rather than the earliest comparative period presented in the financial statements, as permitted by ASU 2018-11. The nature of the lease component and non-lease component that were combined as a result of applying the practical expedient are the contract for the hire of a vessel and the fees for operating and maintaining the vessel respectively. The lease component is the predominant component and the Partnership accounts for the combined component as an operating lease in accordance with Topic 842. The Partnership applied topic 842 with no significant impact on its financial statements and as a result no adjustment was posted in the Partnership’s opening retained earnings as of January 1, 2019.

4. Revenues from continuing operations - Continued

Voyage charters contracts

A voyage charter is a contract in which the vessel owner undertakes to transport a specific amount and type of cargo on a load port-to-discharge port basis, subject to various cargo handling terms. The Partnership accounts for a voyage charter when all the following criteria are met: (1) the parties to the contract have approved the contract in the form of a written charter agreement and are committed to perform their respective obligations, (2) the Partnership can identify each party's rights regarding the services to be transferred, (3) the Partnership can identify the payment terms for the services to be transferred, (4) the charter agreement has commercial substance (that is, the risk, timing, or amount of the Partnership's future cash flows is expected to change as a result of the contract) and (5) it is probable that the Partnership will collect substantially all of the consideration to which it will be entitled in exchange for the services that will be transferred to the charterer. The Partnership determined that its voyage charters consist of a single performance obligation which is met evenly as the voyage progresses and begin to be satisfied once the vessel is ready to load the cargo. The voyage charter party agreement generally has a demurrage clause according to which the charterer reimburses the vessel owner for any potential delays exceeding the allowed lay-time as per the charter party clause at the ports visited which is recorded as demurrage revenue. Revenues from voyage charters are recognized on a straight line basis over the voyage duration which commences once the vessel is ready to load the cargo and terminates upon the completion of the discharge of the cargo.

In voyage charters, vessel operating and voyage expenses are paid for by the Partnership. The voyage charters are considered service contracts which fall under the provisions of ASC 606 because the Partnership retains control over the operations of the vessels such as the routes taken or the vessels' speed.

The Partnership adopted the provisions of ASC 606 on January 1, 2018 using the modified retrospective approach for contracts that are not completed at the date of initial application. As such, the comparative information has not been restated and continues to be reported under the accounting standards in effect for periods prior to January 1, 2018. The effect of the implementation of this update was insignificant as most of the Partnership's vessels were operated under time charter arrangements as of December 31, 2017 and as a result no adjustment was posted in the Partnership's opening retained earnings as of January 1, 2018.

Payment terms under voyage charters are disclosed in the relevant voyage charter agreements. Prior to the adoption of this standard, revenues generated under voyage charter agreements were recognized on a pro-rata basis over the period of the voyage which was deemed to commence upon the later of the completion of discharge of the vessel's previous cargo or upon vessel's arrival at the agreed upon port, and deemed to end upon the completion of discharge of the delivered cargo.

Further, the adoption of ASC 606 impacted the accounts receivable, the prepayments and other assets and the current liabilities on Partnership's balance sheet as of December 31, 2018. Under ASC 606, receivables represent an entity's unconditional right to consideration, whether billed or unbilled. As of December 31, 2019 and 2018 prepayments and other assets include bunker expenses of $0 and $397, respectively, incurred between the contract date and the date of the vessel's arrival to the load port. As of December 31, 2019 there was no unearned revenue related to undelivered performance obligation. As of December 31, 2018 the unearned revenue related to undelivered performance obligations amounted to $371. The Partnership recognized this revenue in the first quarter of 2019 as the performance obligations were met.

5. Transactions with Related Parties

In August 2019 the Partnership completed the process of changing the manager of its container vessels, from Capital Ship Management Corp. ("CSM") to Capital-Executive Ship Management Corp. ("Capital-Executive"), a privately held company ultimately controlled by Mr. Miltiadis Marinakis the son of Mr. Evangelos M. Marinakis who is the chairman of the Partnership's sponsor, Capital Maritime & Trading Corp. ("CMTC"). The agreement with Capital-Executive has the same terms and conditions of our floating fee management agreement with CSM. M/V Cape Agamemnon remains under the management of CSM under our floating fee management agreement with CSM.

In connection with the DSS transaction (Note 1) in March 2019 the Partnership and CSM agreed to terminate the commercial and technical management agreement, dated as of March 17, 2010, between them as all vessels covered by this agreement were spun off as part of Diamond S; and agreed to amend the floating rate management agreement, dated June 10, 2011, between them to reflect that all tankers vessels owned by the Partnership, were part of its Tanker Business which spun off would no longer be managed under this agreement.

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5. Transactions with Related Parties – Continued

The Partnership and its subsidiaries have related party transactions with CSM, Capital-Executive (collectively the "Managers") and the Partnership's general partner, Capital GP L.L.C. ("CGP") arising from certain terms of the following management and administrative services agreements.

1. **Floating fee management agreements*:*** Under the terms of these agreements the Partnership compensates its Managers for expenses and liabilities incurred on the Partnership's behalf while providing the agreed services, including, but not limited to, crew, repairs and maintenance, insurance, stores, spares, lubricants and other operating costs. Costs and expenses associated with a managed vessel's next scheduled dry docking are borne by the Partnership and not by the Managers. The Partnership also pays its Managers a daily technical management fee per managed vessel that is revised annually based on the United States Consumer Price Index. For the years ended December 31, 2019, 2018 and 2017 management fees under the management agreements amounted to $3,917, $4,221 and $4,466, respectively, and are included in "Vessel operating expenses – related parties" in the consolidated statements of comprehensive (loss) / income.

2. **Administrative and service agreements:** On April 4, 2007, the Partnership entered into an administrative services agreement with CSM, pursuant to which CSM has agreed to provide certain administrative management services to the Partnership such as accounting, auditing, legal, insurance, IT and clerical services. In addition, the Partnership reimburses CSM and CGP for reasonable costs and expenses incurred in connection with the provision of these services, after CSM submits to the Partnership an invoice for such costs and expenses together with any supporting detail that may be reasonably required. These expenses are included in "General and administrative expenses" in the consolidated statements of comprehensive (loss) / income. In 2015, the Partnership entered into an executive services agreement with CGP, which was amended in 2016 and 2019, according to which CGP provides certain executive officers services for the management of the Partnership's business as well as investor relation and corporate support services to the Partnership. For the years ended December 31, 2019, 2018 and 2017 such fees amounted to $1,880, $1,688, $1,688, respectively, and are included in "General and administrative expenses" in the consolidated statements of comprehensive (loss) / income.

Balances and transactions with related parties consisted of the following:

Consolidated Balance Sheets	As of December 31, 2019	As of December 31, 2018
Liabilities:		
CSM – payments on behalf of the Partnership (a)	$ 3,151	$ 16,638
Management fee payable to CSM (b)	55	1,104
Capital-Executive – payments on behalf of the Partnership (a)	1,745	—
Management fee payable to Capital-Executive (b)	305	—
Due to related parties	**$ 5,256**	**$ 17,742**

Consolidated Statements of Comprehensive (Loss)/Income	For the years ended December 31, 2019	2018	2017
Revenues (c)	$ —	$ 701	$ 9,976
Vessel operating expenses	3,917	4,221	4,466
General and administrative expenses (d)	2,146	1,922	1,983

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5. Transactions with Related Parties – Continued

(a) Managers—Payments on Behalf of the Partnership: This line item represents the amount outstanding for payments for operating and voyage expenses made by the Managers on behalf of the Partnership and its subsidiaries.

(b) Management fee payable to Managers: The amount outstanding as of December 31, 2019 and 2018 represents the management fee payable to the Managers under the management agreements between the Partnership and the Managers.

(c) Revenues: The following table includes information regarding the charter agreements included in continuing operations that were in place between the Partnership and CMTC and its subsidiaries during 2018. During 2019 no charter agreement with CMTC and its subsidiaries existed.

Vessel Name	Time Charter (TC) in years	Commencement of Charter	Termination	Gross (Net) Daily Hire Rate
M/T Aristotelis	1.0	01/2017	03/2018	$ 13.8 ($13.6)

(d) General and administrative expenses: This line item mainly includes fees relating to internal audit, investor relations and consultancy fees.

6. Vessels, net

The following table presents an analysis of vessels:

	Vessel Cost	Accumulated depreciation	Net book value
Balance as at January 1, 2018	**$818,180**	**$ (160,512)**	**$ 657,668**
Improvements	277	—	277
Depreciation for the period	—	(32,113)	(32,113)
Impairment of vessels	(78,607)	49,802	(28,805)
Disposals	(10,927)	—	(10,927)
Balance as at December 31, 2018	**$728,923**	**$ (142,823)**	**$ 586,100**
Improvements	19,896	—	19,896
Depreciation for the period	—	(29,105)	(29,105)
Balance as at December 31, 2019	**$748,819**	**$ (171,928)**	**$ 576,891**

All of the Partnership's vessels as of December 31, 2019 have been provided as collateral to secure the Partnership's credit facilities.

During 2019 and 2018, certain of the Partnership's vessels underwent improvements. The costs of these improvements amounted to $19,896 and $277 respectively and were capitalized as part of the vessels' cost. Improvements during the year ended December 31, 2019 includes the cost of $19,297 related to the installation of exhaust gas cleaning and ballast water treatment systems for certain of the Partnership's vessels.

During 2019 and 2018, the Partnership paid advances of $1,400 and $2,055 respectively, relating to the purchase of exhaust gas cleaning systems that will be installed to certain of its vessels, which are included in "Prepayments and other assets" in the Partnership's consolidated balance sheets.

On September 11, 2018 the Partnership entered into a Memorandum of Agreement ("MOA") with an unrelated party for the disposal of the M/T Amore Mio II at a price of $11,150. Upon entering into the agreement the Partnership determined that the M/T Amore Mio II met the criteria to be classified as held for sale as described in note 2(i) and measured the vessel at the lower of its carrying amount and fair value less the cost associated with the sale. In this respect, the Partnership recognized an impairment charge of $28,805 in the consolidated statement of comprehensive (loss) / income for the year ended December 31, 2018, reducing the vessel's carrying value to $10,927. The vessel was delivered to its buyer on October 15, 2018.

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6. Vessels, net - Continued

On December 22, 2017 the Partnership entered into an MOA with an unrelated party for the disposal of the M/T Aristotelis at a price of $29,400. Upon entering into the agreement, the Partnership determined that M/T Aristotelis met the criteria to be classified as held for sale and measured the vessel at the lower of its carrying amount and fair value less the cost associated with the sale. In this respect, the Partnership recognized an impairment charge of $3,282 in the consolidated statement of comprehensive (loss) / income for the year ended December 31, 2017. Under this agreement, as amended, the vessel was delivered to its Buyer on April 25, 2018.

7. Above market acquired charters

For the years ended December 31, 2019, 2018 and 2017 revenues were reduced by $14,380 for each year corresponding to the amortization of the above market acquired charters.

The following table presents an analysis of above market acquired charters:

Above market acquired charters	Book Value
Carrying amount as at January 1, 2018	**$ 75,035**
Amortization	$ (14,380)
Carrying amount as at December 31, 2018	**$ 60,655**
Amortization	$ (14,380)
Carrying amount as at December 31, 2019	**$ 46,275**

As of December 31, 2019, the remaining carrying amount of unamortized above market acquired time charters was $46,275 and will be amortized in future years as follows:

For the year ending December 31,	Amount
2020	$11,696
2021	8,417
2022	8,371
2023	8,371
2024	8,326
Thereafter	1,094
Total	**$46,275**

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8. Long-Term Debt

Long-term debt consists of the following:

	Bank loans	As of December 31, 2019	As of December 31, 2018	Margin
(i)	Issued in September 2017 maturing in October 2023 (the "2017 credit facility")	262,385	295,118	3.25%
	Total long-term debt	**$ 262,385**	**$ 295,118**	
	Less: Deferred loan issuance costs	3,399	3,707	
	Total long-term debt, net	**$ 258,986**	**$ 291,411**	
	Less: Current portion of long-term debt	29,145	38,494	
	Add: Current portion of deferred loan issuance costs	2,148	1,015	
	Long-term debt, net	**$ 231,989**	**$ 253,932**	

In connection with the DSS Transaction (Note 1), the Partnership prepaid an amount of $89,298 under the 2017 credit facility and fully repaid all amounts outstanding under the 2015 credit facility and the Aristaios credit facility. The aggregate amounts repaid were $146,517 plus accrued interest and breakage costs. The Partnership presents associated amounts of long-term debt outstanding as of December 31, 2018 and interest expense and amortization of deferred loan issuance costs for the years ended December 31, 2019 and 2018 relating to the Tanker Business contributed in the DSS Transaction within discontinued operations (Note 3).

In March 2019, in connection with the DSS Transaction (Note 1), the Partnership entered into a Deed of Amendment and Restatement agreement with its 2017 credit facility lenders. According to this agreement, the amended 2017 credit facility is payable in 19 equal quarterly installments of $7,703 beginning in April 2019 in addition to a balloon installment of $139,130, which is payable together with the final quarterly installment in the fourth quarter of 2023. All other terms and conditions remained unchanged.

During the year ended December 31, 2019 and 2018 the Partnership repaid the amount of $32,733 and $34,984, respectively, in line with the amortization schedule of its 2017 credit facility. Also, during 2018 the Partnership prepaid the amounts of $14,383 and $5,916 due to the disposal of the M/T Aristotelis and the M/T Amore Mio II respectively (Note 6).

The Partnership's credit facility contains customary ship finance covenants, including restrictions on changes in management and ownership of the mortgaged vessels, the incurrence of additional indebtedness and the mortgaging of vessels and requirements such as that the ratio of EBITDA to net interest expenses to be no less than 2:1, a minimum cash requirement of $500 per vessel, that the ratio of net total indebtedness to the total assets of the Partnership adjusted for the market value of the fleet not to exceed 0.75:1. The 2017 credit facility also contains a collateral maintenance requirement under which the aggregate fair market value of the collateral vessels should not be less than 125% of the outstanding loans under the credit facility. Also the vessel-owning companies may pay dividends or make distributions only when no event of default has occurred and the payment of such dividend or distribution has not resulted in a breach of any of the financial covenants. As of December 31, 2019 and 2018 the Partnership was in compliance with all financial covenants.

The credit facility includes a general assignment of the earnings, insurances and requisition compensation of the respective collateral vessel or vessels. It also requires additional security, such as pledge and charge on current accounts and mortgage interest insurance.

As of December 31, 2019, there were no undrawn amounts under the Partnership's credit facility.

For the years ended December 31, 2019, 2018 and 2017, the Partnership recorded interest expense from continuing operations of $15,836, $17,422 and $18,441 respectively, which is included in "Interest expense and finance cost" in the consolidated statements of comprehensive (loss) / income. For the years ended December 31, 2019 and 2018, the weighted average interest rate of the Partnership's loan facilities was 5.7% and 5.4% respectively.

In December 2019 the Partnership entered into a term sheet with ICBC Financial Leasing Co., Ltd. ("ICBCFL") for the sale and lease back of three vessels currently mortgaged under the 2017 credit facility, namely the CMA CGM Amazon, the CMA CGM Uruguay and the CMA CGM Magdalena, for a total amount of $155,350. The lease has a duration of seven years after drawdown, bears interest at Libor plus a margin of 2.60% and includes mandatory purchase obligations for the Partnership to repurchase the vessels on expiration at the predetermined price of $77,700 in total.

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8. Long-Term Debt – Continued

In addition, the Partnership has various purchase options commencing from the first year anniversary of the lease. Upon the completion of the ICBCFL lease the Partnership will repay the amount of $119,923 required under the 2017 credit facility for the release of the vessels. Taking into account the refinancing with ICBCFL the required annual loan payments to be made subsequently to December 31, 2019 are as follows:

For the year ending December 31,	Amount
2020	$ 29,145
2021	27,397
2022	27,397
2023	101,014
2024	11,093
Thereafter	66,339
Total	**$262,385**

9. Financial Instruments

(a) Fair value of financial instruments

The Partnership follows the accounting guidance for financial instruments that establishes a framework for measuring fair value under generally accepted accounting principles, and expands disclosure about fair value measurements. This guidance enables the reader of the financial statements to assess the inputs used to develop those measurements by establishing a hierarchy for ranking the quality and reliability of the information used to determine fair values. The statement requires that assets and liabilities carried at fair value will be classified and disclosed in one of the following three categories:

Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date;

Level 2: Inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and

Level 3: Inputs are unobservable inputs for the asset or liability.

The carrying value of cash and cash equivalents and restricted cash, which are considered Level 1 items as they represent liquid assets with short-term maturities, trade receivables, amounts due to related parties, trade accounts payable and accrued liabilities approximates their fair value. The fair value of long-term variable rate bank loan approximates the recorded value, due to its variable interest being the LIBOR and due to the fact the lenders have the ability to pass on their funding cost to the Partnership under certain circumstances, which reflects their current assessed risk. We believe the terms of our loan are similar to those that could be procured as of December 31, 2019. LIBOR rates are observable at commonly quoted intervals for the full term of the loans and hence bank loans are considered Level 2 items in accordance with the fair value hierarchy.

(b) Concentration of credit risk

Financial instruments which potentially subject the Partnership to significant concentrations of credit risk consist principally of cash and cash equivalents and trade accounts receivable. The Partnership places its cash and cash equivalents, consisting mostly of deposits, with a limited number creditworthy financial institutions rated by qualified rating agencies. Most of the Partnership's revenues were derived from a few charterers. For the year ended December 31, 2019, Hyundai Merchant Marine Co Ltd ("HMM") and CMA CGM accounted for 40% and 39% of the Partnership's total revenue from continuing operations, respectively. For the years ended December 31, 2018 and 2017 HMM and CMA CGM accounted for 38% and 36% of the Partnership's total revenue from continuing operations, respectively.

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10. Accrued Liabilities

Accrued liabilities consist of the following:

	As of December 31, 2019	2018
Accrued loan interest and loan fees	$ 3,403	$ 5,701
Accrued operating expenses	5,339	5,519
Accrued capitalized expenses	4,263	—
Accrued voyage expenses and commissions	1,356	4,320
Accrued general and administrative expenses	1,795	1,200
Total	**$16,156**	**$16,740**

11. Voyage Expenses and Vessel Operating Expenses

Voyage expenses and vessel operating expenses consist of the following:

	For the years ended December 31, 2019	2018	2017
Voyage expenses:			
Commissions	$ 1,952	$ 2,171	$ 1,977
Bunkers	89	4,360	1,384
Port expenses	4	2,217	1,053
Other	885	365	253
Total	**$ 2,930**	**$ 9,113**	**$ 4,667**
Vessel operating expenses:			
Crew costs and related costs	$13,375	$14,794	$15,558
Insurance expense	1,796	2,112	2,436
Spares, repairs, maintenance and other expenses	5,001	4,396	4,412
Stores and lubricants	3,251	3,451	3,500
Management fees (Note 5)	3,917	4,221	4,466
Other operating expenses	3,209	1,674	1,492
Total	**$30,549**	**$30,648**	**$31,864**

12. Income Taxes

Under the laws of the Marshall Islands and Liberia, the countries in which the vessel-owning subsidiaries were incorporated, these companies are not subject to tax on international shipping income. However, they are subject to registration and tonnage taxes in the country in which the vessels are registered and managed from, and such taxes have been included in “Vessel operating expenses” in the consolidated statements of comprehensive (loss) / income.

Pursuant to Section 883 of the United States Internal Revenue Code (the “Code”) and the regulations thereunder, a foreign corporation engaged in the international operation of ships is generally exempt from U.S. federal income tax on its U.S.-source shipping income if the foreign corporation meets both of the following requirements: (a) the foreign corporation is organized in a foreign country that grants an “equivalent exemption” to corporations organized in the United States for the types of shipping income (e.g., voyage and time charter) earned by the foreign corporation and (b) more than 50% of the voting power and value of the foreign corporation’s stock is “primarily and regularly traded on an established securities market” in the United States and certain other requirements are satisfied (the “Publicly-Traded Test”).

Each of the jurisdictions where the Partnership’s vessel-owning subsidiaries are incorporated grants an “equivalent exemption” to United States corporations with respect to each type of shipping income earned by the Partnership’s vessel-owning subsidiaries. Additionally, our units are only traded on the Nasdaq Global Market, which is considered to be established securities market. The Partnership has satisfied the Publicly-Traded Test for the years ended December 31, 2019, 2018 and 2017 and the vessel-owning subsidiaries are exempt from United States federal income taxation with respect to U.S.-source shipping income.

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13. Partners' Capital

General: The Partnership's Limited Partnership Agreement (the "Partnership Agreement") requires that within 45 days after the end of each quarter, beginning with the quarter ending June 30, 2007, all of the Partnership's available cash be distributed to unit holders.

Definition of Available Cash: Available Cash, for each fiscal quarter, consists of all cash on hand at the end of the quarter:

- less the amount of cash reserves established by our board of directors to:
  - provide for the proper conduct of the Partnership's business (including reserves for future capital expenditures and for our anticipated credit needs);
  - comply with applicable law, any of the Partnership's debt instruments, or other agreements; or
  - provide funds for distributions to the Partnership's unit holders and to the general partner for any one or more of the next four quarters;
- plus all cash on hand on the date of determination of available cash for the quarter resulting from working capital borrowings made after the end of the quarter. Working capital borrowings are generally borrowings that are made under our credit agreements and in all cases are used solely for working capital purposes or to pay distributions to partners subject to certain exceptions set forth in the Partnership Agreement.

General Partner Interest and IDRs: The general partner has a 1.88% interest in the Partnership and holds the IDRs. In accordance with Section 5.2(b) of the Partnership Agreement, upon the issuance of additional units by the Partnership, the general partner may elect to make a contribution to the Partnership to maintain its general partner interest.

IDRs represent the right to receive an increasing percentage of quarterly distributions of available cash from operating surplus after the minimum quarterly distribution and the target distribution levels have been achieved. According to the Partnership Agreement, as amended in 2014, the following table illustrates the percentage allocations of the additional available cash from operating surplus among the unit holders and general partner up to the various target distribution levels. The amounts set forth under "Marginal Percentage Interest in Distributions" are the percentage interests of the unit holders and general partner in any available cash from operating surplus that is being distributed up to and including the corresponding amount in the column "Total Quarterly Distribution Target Amount per Unit," until available cash from operating surplus the Partnership distributes reaches the next target distribution level, if any. The percentage interests shown for the unit holders and general partner for the minimum quarterly distribution are also applicable to quarterly distribution amounts that are less than the minimum quarterly distribution. The percentage interests shown below assume that the Partnership's general partner maintains a 2% general partner interest and that it has not transferred its IDR.

	Total Quarterly Distribution Target Amount per Unit	Marginal Percentage Interest in Distributions	
		Unitholders	General Partner
Minimum Quarterly Distribution	$1.6275	98%	2%
First Target Distribution	up to $1.6975	98%	2%
Second Target Distribution	above $1.6975 up to $1.8725	85%	15%
Third Target Distribution	above $1.8725 up to $2.0475	75%	25%
Thereafter	above $2.0475	65%	35%

Following the 2014's annual general meeting, CMTC unilaterally notified the Partnership that it has decided to waive its rights to receive quarterly incentive distributions between $1.6975 and $1.75. This waiver effectively increases the First Target Distribution and the lower band of the Second Target Distribution (as referenced in the table above) from $1.6975 to $1.75.

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13. Partners' Capital – Continued

Distributions of Available Cash from Operating Surplus: Our Partnership Agreement requires that we make distributions of available cash from operating surplus for any quarter after the subordination period in the following manner assuming that the Partnership's general partner maintains a 2% general partner interest:

- first, 98% to all unit holders, pro rata, and 2% to our general partner, until we distribute for each outstanding unit an amount equal to the minimum quarterly distribution for that quarter; and
- thereafter, in the manner described in the above table.

Class B Convertible Preferred Units

During 2012 and 2013 the Partnership issued in total 24,655,554 Class B Convertible Preferred Units to a group of investors including CMTC according to two separate Class B Convertible Preferred Unit Subscription Agreements (the "Subscription Agreements"). The holders of the Class B Convertible Preferred Units had the right to convert all or a portion of such Class B Convertible Preferred Units at any time into Common Units at the conversion price of $9 per Class B Convertible Preferred Unit and a conversion rate of one Common Unit per one Class B Convertible Preferred Unit. The Conversion Ratio and the Conversion Price should be adjusted upon the occurrence of certain events described in the Partnership Agreement. Commencing on May 23, 2015, in the event the 30-day volume-weighted average trading price ("VWAP") and the daily VWAP of the Common Units on the National Securities Exchange on which the Common Units are listed or admitted to trading exceeds 130% of the then applicable Conversion Price for at least 20 Trading Days out of the 30 consecutive Trading Day period used to calculate the 30-day VWAP (the "Partnership Mandatory Conversion Event") the Partnership acting pursuant to direction and approval of the Conflicts Committee (following consultation with the full board of directors), should have the right to convert the Class B Convertible Preferred Units then outstanding in whole or in part into Common Units at the then-applicable Conversion Ratio. The holders of the outstanding Class B Convertible Preferred Units as of an applicable record date should be entitled to receive, in cash, when, as and if authorized by the Partnership's board of directors or any duly authorized committee, out of legally available funds for such purpose, (a) first, the minimum quarterly Class B Convertible Preferred Unit Distribution Rate on each Class B Convertible Preferred Unit and (b) second, any cumulative Class B Convertible Preferred Unit Arrearage then outstanding, prior to any other distributions made in respect of any other Partnership Interests pursuant to the Subscription Agreements. The minimum quarterly Class B Convertible Preferred Unit Distribution Rate should be payable quarterly which is generally expected to be February 10, May 10, August 10 and November 10, or, if any such date is not a business day, the next succeeding business day. No distribution on the Class B Convertible Preferred Units should be authorized by the board of directors or declared or paid or set apart for payment by the Partnership at such time as the terms and provisions of any agreement of the Partnership, including any agreement relating to its indebtedness, prohibits such authorization, declaration, payment or setting apart for payment or provides that such authorization, declaration, payment or setting apart for payment would constitute a breach thereof, or a default thereunder, or if such authorization, declaration, payment or setting apart for payment shall be restricted or prohibited by law. The foregoing distributions with respect to the Class B Convertible Preferred Units shall accumulate as of the Class B Convertible Preferred Unit distribution payment date on which they first became payable whether or not any of the foregoing restrictions exist, whether or not there was sufficient Available Cash for the payment thereof and whether or not such distributions are authorized. A cumulative Class B Convertible Preferred Unit arrearage should not bear interest and holders of the Class B Convertible Preferred Units shall not be entitled to any distributions, whether payable in cash, property or Partnership Interests, in excess of the then cumulative Class B Convertible Preferred Unit arrearage plus the minimum quarterly Class B Convertible Preferred Unit distribution rate for such quarter. With respect to Class B Convertible Preferred Units that were converted into Common Units, the holder thereof should not be entitled to a Class B Convertible Preferred Unit distribution and a Common Unit distribution with respect to the same period, but should be entitled only to the distribution to be paid based upon the class of Units held as of the close of business on the record date for the distribution in respect of such period; provided, however, that the holder of a converted Class B Convertible Preferred Unit should remain entitled to receive any accrued but unpaid distributions due with respect to such Unit on or as of the prior Class B Convertible Preferred Unit distribution payment date; and provided, further, that if the Partnership exercises the Partnership Mandatory Conversion Right to convert the Class B Convertible Preferred Units pursuant to Subscription Agreements then the holders' rights with respect to the distribution for the Quarter in which the Partnership Mandatory Conversion Notice was received was as set forth in the Partnership Agreement.

On March 27, 2019, in connection with the DSS Transaction, the Partnership redeemed and retired all outstanding Class B Convertible Preferred Units at 100% of par value, translating into a redemption price of $116,850, and paid to Class B Convertible Preferred Units holders the pro-rata dividends for the period from January 1, 2019 to March 27, 2019, which amounted to $2,652. The difference between the carrying amount of Class B Convertible Preferred Units at the time of their redemption and their redemption price amounted to $9,119. The difference was considered as deemed dividends to preferred unit holders and was presented as income attributable to preferred unit holders in the Partnership's consolidated financial statements.

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13. Partners' Capital – Continued

Common Units

On March 3, 2019 the board of directors of the Partnership approved a one for seven reverse unit split. Pursuant to the reverse split, every seven common units issued and outstanding as of March 27, 2019, the date of the reverse split, was converted into one common unit. The Partnership's common units, immediately after the reverse split became effective, started trading on a split-adjusted basis on the Nasdaq Global Select Market.

The reverse split reduced the number of common units issued and outstanding from 127,246,692 to 18,178,100 common units and the number of general partner units issued and outstanding from 2,439,989 to 348,570 general partner units.

In September 2016, the Partnership entered into an equity distribution agreement with UBS Securities LLC ("UBS") under which the Partnership could sell, from time to time, through UBS, as its sales agent, new common units having an aggregate offering amount of up to $50,000 (the "ATM offering"). The equity distribution agreement provided that UBS, when it was acting as the Partnership's sales agent, would be entitled to compensation of up to 2% of the gross sales price of the common units sold through UBS from time to time. As of December 31, 2019 the agreement with UBS was terminated. During 2019 and 2018, the Partnership did not issue any units under the ATM offering. During 2017, the Partnership issued 736,008 new common units under the ATM offering resulting in net proceeds of $17,815 after the payment of commission to the sales agent, but before offering expenses. For the year ended December 31, 2017, the Partnership recognized offering expenses of $176 in connection with the ATM offering.

As of December 31, 2019 and 2018 our partners' capital included the following units:

	As of December 31, 2019	As of December 31, 2018
Common units	18,178,100	18,178,100
General partner units	348,570	348,570
Preferred units	—	12,983,333
Total partnership units	**18,526,670**	**31,510,003**

14. Omnibus Incentive Compensation Plan

On April 29, 2008, the board of directors approved the Partnership's omnibus incentive compensation plan (the "Plan") according to which the Partnership may issue a limited number of awards, not to exceed 71,429 units. The Plan was amended on July 22, 2010 to increase the aggregate number of restricted units issuable under the Plan to 114,286 and then on August 21, 2014, to increase such amount to 235,714 common units, at the annual general meeting of the Partnership's unit holders. The Plan is administered by the general partner as authorized by the board of directors. The persons eligible to receive awards under the Plan were officers, directors, and executive, managerial, administrative and professional employees of CSM, or CMTC, or other eligible persons (collectively, "key persons") as the general partner, in its sole discretion, shall select based upon such factors as it deems relevant. Members of the board of directors and officers of the general partner were considered to be employees of the Partnership ("Employees") for the purposes of recognition of equity compensation expense, while employees of CSM, CMTC and other eligible persons under the plan were not considered to be employees of the Partnership ("Non-Employees"). Awards may be made under the Plan in the form of incentive stock options, non-qualified stock options, stock appreciation rights, dividend equivalent rights, restricted stock, unrestricted stock, restricted stock units and performance shares. Under the Plan if any award granted is forfeited then these units shall again become available to be delivered.

On December 23, 2015, the Partnership awarded 34,286 and 87,143 unvested units to Employees and Non-Employees, respectively. Awards granted to certain Employees and Non Employees vested in three annual installments. These awards fully vested on December 31, 2018.

All unvested units were conditional upon the grantee's continued service as Employee and/or Non-Employee until the applicable vesting date.

The unvested units accrue distributions as declared and paid, which distributions are retained by the custodian of the Plan until the vesting date at which time they are payable to the grantee. As unvested unit grantees accrue distributions on awards that are expected to vest, such distributions are charged to Partners' capital.

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14. Omnibus Incentive Compensation Plan - Continued

On July 23, 2019, the board of directors adopted an amended and restated Plan ("the 2019 amended plan"), so as to reserve for issuance a maximum number of 740,000 restricted common units. On July 23, 2019, the Partnership awarded 445,000 unvested units to Employees and Non-Employees with a grant-date fair value of $11.23 per unit. Awards granted to certain Employees and Non Employees will vest in three equal installments. The remaining awards will vest on December 31, 2021.

Based on the adoption of the ASU 2018-07 and its amendments and the provisions of ASC 718 (Note 2), the Partnership recognized the cost of the 2019 amended plan based on its estimated fair value on the grant date for both the Employees and Non-Employees awards. Prior to the adoption of the ASU 2018-07, the Partnership recognized the equity compensation cost based on its grant date fair value for Employees award and based on its award fair value at each reporting period for Non-Employees award. For the years ended December 31, 2019, 2018 and 2017 the equity compensation expense included in "General and administrative expenses" in the consolidated statements of comprehensive (loss) / income was $907, $613 and $1,156, respectively. As of December 31, 2019 the total compensation cost related to non-vested awards was $4,090 and is expected to be recognized over a weighted average period of two years. As of December 31, 2019 the fair value of the vested common units was $216 based on a price of $13.44 per common unit. The Partnership uses the straight-line method to recognize the cost of the awards.

The following table contains details of our plan:

	Equity compensation plan	
Unvested Units	Units	Amount
Unvested on January 1, 2018	**77,857**	**$ 24,759**
Vested	77,857	$ 24,759
Unvested on December 31, 2018	**—**	**$ —**
Granted	445,000	$ 4,997
Vested	16,042	180
Unvested on December 31, 2019	**428,958**	**$ 4,817**

15. Net Income / (Loss) from continuing operations Per Unit

The general partner's and common unit holders' interests in net income are calculated as if all net income for periods subsequent to April 4, 2007, were distributed according to the terms of the Partnership Agreement, regardless of whether those earnings would or could be distributed. The Partnership Agreement does not provide for the distribution of net income; rather, it provides for the distribution of available cash (Note 13), which is a contractually-defined term that generally means all cash on hand at the end of each quarter after establishment of cash reserves determined by the Partnership's board of directors to provide for the proper resources for the Partnership's business. Unlike available cash, net income is affected by non-cash items. The Partnership follows the guidance relating to the Application of the Two-Class Method and its application to Master Limited Partnerships, which considers whether the incentive distributions of a master limited partnership represent a participating security when considered in the calculation of earnings per unit under the Two-Class Method.

The Partnership also considers whether the Partnership Agreement contains any contractual limitations concerning distributions to the IDRs that would impact the amount of earnings to allocate to the IDRs for each reporting period.

Under the Partnership Agreement, the holder of the IDRs in the Partnership, which is currently CGP, assuming that there are no cumulative arrearages on common unit distributions, has the right to receive an increasing percentage of cash distributions (Note 13). The Partnership excluded the effect of the 12,983,333 Class B Convertible Preferred Units in calculating dilutive EPU for the years ended December 31, 2019, 2018 and 2017, as they were anti-dilutive.

For the year ended December 31, 2019 the Partnership excluded the effect of 428,958 unvested units under the omnibus incentive compensation plan in calculating dilutive EPU for its common unit holders as they were anti-dilutive.For the years ended December 31, 2018 and 2017 the Partnership excluded the effect of 77,857 units under the omnibus incentive compensation plan which vested in December 2018 (Note 14) in calculating dilutive EPU for its common unit holders as they were anti-dilutive. The non-vested units are participating securities because they received distributions from the Partnership and these distributions do not have to be returned to the Partnership if the non-vested units are forfeited by the grantee.

Excluding the non-cash vessels' impairment charge, as this was not distributed to the Partnership's unit holders for the year ended December 31, 2019 and 2018, the Partnership's net income for the years ended December 31, 2019, 2018 and 2017 did not exceed the First Target Distribution Level, and as a result, the assumed distribution of net income did not result in the use of increasing percentages to calculate CGP's interest in net income.

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15. Net Income / (Loss) from continuing operations Per Unit – Continued

The two class method used to calculate EPU from continuing operations is as follows:

BASIC AND DILUTED	2019	2018	2017
Numerators			
Partnership's net income / (loss) from continuing operations	**$ 24,421**	**$ (7,611)**	**$ 15,795**
Less:			
Preferred unit holders' interest in Partnership's net income from continuing operations	2,652	11,101	11,101
Deemed dividend to preferred unit holders' (Note 13)	9,119	—	—
General Partner's interest in Partnership's net income / (loss) from continuing operations	236	(352)	86
Partnership's net income / (loss) from continuing operations allocable to unvested units	130	(103)	13
Common unit holders' interest in Partnership's net income / (loss) from continuing operations	**$ 12,284**	**$ (18,257)**	**$ 4,595**
Denominators			
Weighted average number of common units outstanding, basic and diluted	18,178,144	18,100,455	17,692,192
Net income /(loss) from continuing operations per common unit:			
Basic and Diluted	**$ 0.68**	**$ (1.01)**	**$ 0.26**

16. Commitments and Contingencies

Contingencies

Various claims, suits, and complaints, including those involving government regulations and product liability, arise in the ordinary course of the shipping business. In addition, losses may arise from disputes with charterers, agents, insurance and other claims with suppliers relating to the operations of the Partnership's vessels.

The Partnership accrues for the cost of environmental liabilities when management becomes aware that a liability is probable and is able to reasonably estimate the probable exposure.

An estimated loss from a contingency should be accrued by a charge to expense and a liability recorded only if all of the following conditions are met:

- Information available prior to the issuance of the financial statement indicates that it is probable that a liability has been incurred at the date of the financial statements.
- The amount of the loss can be reasonably estimated.

Currently, the Partnership is not aware of any such claims or contingent liabilities which should be disclosed or for which a provision should be established in the consolidated financial statements other than the case disclosed below.

CMA CGM Amazon settlement

In September 2019, one of the Partnership's subsidiaries reached a settlement with the U.S. Department of Justice ("DOJ") regarding the M/V CMA CGM Amazon for oil record book violations. Under the terms of the agreement, the subsidiary pled guilty to oil record book violations with respect to the M/V CMA CGM Amazon. The subsidiary shall pay a fine of up to $500 and was placed on probation for 30 months. If, during the term of probation, the subsidiary fails to adhere to the terms of the plea agreement, the DOJ may withdraw from the plea agreement and would be free to prosecute the subsidiary on all charges arising out of its investigation, including any charges dismissed pursuant to the terms of the plea agreement, as well as potentially other charges. The subsidiary is also required to implement an environmental compliance plan in connection with the settlement. As of December 31, 2019, the Partnership recorded an accrual of $500 in connection with this case which is included in current liabilities in the Partnership's consolidated balance sheets.

(In thousands of United States Dollars)

16. Commitments and Contingencies – Continued

Commitments

(a) ***Lease Commitments:*** Future minimum charter hire receipts, excluding any profit share revenue that may arise, based on non-cancellable long-term time charter contracts, as of December 31, 2019 were:

Year ending December 31,	Amount
2020	$109,355
2021	80,317
2022	79,296
2023	79,297
2024	63,738
Thereafter	8,254
Total	**$420,257**

(b) Vessels' Equipment Commitments

As of December 31, 2019 the Partnership had outstanding commitments relating to the purchase of exhaust gas cleaning systems and ballast water treatment systems on certain of its vessels, amounting to $2,774 and which are payable within the next twelve months.

17. Subsequent Events

(a) ***Dividends:*** On January 21, 2020, the board of directors of the Partnership declared a cash distribution of $0.35 per common unit for the fourth quarter of 2019. The fourth quarter common unit cash distribution was paid on February 11, 2020, to unit holders of record on February 3, 2020.

(b) ***Acquisition of vessels:*** In January 2020, the Partnership agreed to acquire three 10,000 TEU sister container vessels, namely the M/V Athos, the M/V Aristomenis and the M/V Athenian built in 2011 at Samsung Heavy Industries Co, Ltd, for a total consideration of $162,600 from CMTC. The vessels are under long-term time charters with Hapag-Lloyd which will expire in April 2024. The gross charter rate for each vessel currently amounts to $27.0 per day, increasing to $28.0 per day for the M/V Aristomenis from October 2020, and from July 2021 onwards for the M/V Athos and the M/V Athenian. The time charters include two one-year options at $32.5 and $33.5 gross per day, respectively. The acquisition of the vessels was completed during January 2020

(c) ***Issuance of long term debt:*** On January 17, 2020 the Partnership entered into a new term loan facility of up to $38,500 for the purpose of partially financing the acquisition of M/V Athenian. The full amount of the facility was drawn on January 22, 2020 and is payable in 20 consecutive quarterly installments of $860 beginning three months after the drawdown date plus a balloon payment of $21,300 payable together with the last quarterly installment due in January 2025. The loan facility bears interest at Libor plus a margin of 2.55%.

(d) ***Sale and lease back transaction (financing arrangement):***

In January 2020, the Partnership entered into an agreement for the sale and lease back of the vessels M/V Athos and M/V Aristomenis with CMB Financial Leasing Co., Ltd, ("CMBFL") for up to $38,500 each. The lease agreement has a duration of five years, bears an interest at Libor plus a margin of 2.55% and includes a purchase option for the Partnership to acquire each vessel on expiration of the lease at the predetermined price of $22,500 or pay the amount of $7,500 to CMBFL, if the option is not exercised. In addition, the Partnership has various purchase options commencing from the first year anniversary of the lease. The full amounts were drawn down on January 23, 2020.

DESCRIPTION OF SECURITIES REGISTERED UNDER SECTION 12 OF THE EXCHANGE ACT

As of December 31, 2019 Capital Product Partners L.P. (the "Partnership," "CPLP," "we," "us" or "our") had the following series of securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading symbols	Name of each exchange on which registered
Common units representing limited partnership interests	CPLP	Nasdaq Global Select Market

Capitalized terms used but not defined herein have the meanings given to them in our annual report on Form 20-F for the fiscal year ended December 31, 2019 (the "**Annual report**").

COMMON UNITS

The following is a description of the material terms of CPLP's common units representing limited partner interests. Because it is a summary, the following description is not complete and is subject to and qualified in its entirety by reference to CPLP's limited partnership agreement, as amended (the "**Partnership Agreement**") and applicable Marshall Islands law in effect on the date hereof. References to provisions of the Partnership Agreement are qualified in their entirety by reference to the full Partnership Agreement, included as Exhibit I to our Report on Form 6-K, filed with the SEC on February 24, 2010, as Exhibit I to our Report on Form 6-K dated September 30, 2011, as Exhibit II to our Report on Form 6-K/A dated May 23, 2012, as Exhibit II to our Report on Form 6-K dated March 21, 2013 and as Exhibit A to Exhibit I to our Report on Form 6-K dated August 26, 2014.

General

As at December 31, 2019, 18,178,100 common units were issued and outstanding. The common units are in registered form.

Transfer Agent and Registrar

Duties

Computershare serves as registrar and transfer agent for the common units. We pay all fees charged by the transfer agent for transfers of common units, except the following, which must be paid by common unitholders:

- surety bond premiums to replace lost or stolen certificates, taxes and other governmental charges;
- special charges for services requested by a holder of a common unit; and
- other similar fees or charges.

There is no charge to unitholders for disbursements of our cash distributions. We will indemnify the transfer agent, its agents and each of their stockholders, directors, officers and employees against all claims and losses that may arise out of acts performed or omitted for its activities in that capacity, except for any liability due to any gross negligence or intentional misconduct of the indemnified person or entity.

Resignation or Removal

The transfer agent may resign, by notice to us, or be removed by us. The resignation or removal of the transfer agent will become effective upon our appointment of a successor transfer agent and registrar and its acceptance of the appointment. If a successor has not been appointed or has not accepted its appointment within 30 days after notice of the resignation or removal, our general partner may, at the direction of our board of directors, act as the transfer agent and registrar until a successor is appointed.

THE PARTNERSHIP AGREEMENT

The following is a summary of the material provisions of our Partnership Agreement.

Organization and Duration

We were organized on January 16, 2007 and have perpetual existence.

Purpose

Our purpose under the Partnership Agreement is to engage in any business activities that may lawfully be engaged in by a limited partnership pursuant to the MILPA.

Our General Partner has delegated to our board of directors the authority to oversee and direct our operations, management and policies on an exclusive basis. Our General Partner, subject to the direction and supervision of our board of directors, manages our business and affairs and carry out our purpose.

Power of Attorney

Each limited partner, and each person who acquires a unit from another unitholder grants to our General Partner and, if appointed, a liquidator, a power of attorney to, among other things, execute and file documents required for our qualification, continuance or dissolution. The power of attorney also grants our General Partner the authority to make consents and waivers under the Partnership Agreement.

Capital Contributions

Unitholders are not obligated to make additional capital contributions, except as described below under "—Limited Liability."

Voting Rights

Each outstanding common unit is entitled to one vote on matters subject to a vote of common unitholders.

To preserve our ability to be exempt from U.S. federal income tax under Section 883 of the Code, if at any time, any person or group, other than our General Partner or its affiliates, owns beneficially 5% or more of any class of units then outstanding, any units owned by that person or group in excess of 4.9% may not be voted on any matter and will not be considered to be outstanding when sending notices of a meeting of unitholders to vote on any matter (unless otherwise required by law), or calculating required votes, except for purposes of nominating a person for election to our board, or determining the presence of a quorum or for other similar purposes under our Partnership Agreement. The voting rights of any such unitholders in excess of 4.9% will be redistributed pro rata among the other unitholders holding less than 4.9% of the voting power of the same class of units entitled to vote. Our Partnership Agreement provides certain exceptions to such limitation, including when a person acquired securities directly from our General Partner or its affiliates or with the approval of our board of directors, but only for so long as such exception would not jeopardize our tax exemption under Section 883 of the Code.

We will hold a meeting of the limited partners entitled to vote every year to elect one or more members of our board of directors and to vote on any other matters that are properly brought before the meeting. The sole member of our General Partner, has the right to appoint three of the eight members of our board of directors with the remaining five directors being elected by our common unitholders. Currently, our board comprises seven members.

In voting their units, our General Partner and its affiliates will have no fiduciary duty or obligation whatsoever to us or limited partners, including any duty to act in good faith or in the best interests of us and the limited partners.

The matters described in the table below require the unitholder vote specified below. Matters requiring the approval of a "unit majority" require the approval of a majority of the common units. You should note that our General Partner has approval rights in respect of certain of the matters described below.

Action	Unitholder Approval Required and Voting Rights
Issuance of additional units	No approval rights (although our General Partner has approval rights in certain instances).
Amendment of the Partnership Agreement	Certain amendments may be made by our board of directors without the approval of the unitholders if those amendments are also approved by our General Partner. Other amendments generally require the approval of a unit majority and can only be proposed by or with the written consent of our General Partner and our board of directors. Please read "—Amendment of the Partnership Agreement."
Amendment of the operating agreement of the operating company (as defined in our Partnership Agreement)	Unit majority if such amendment would adversely affect our limited partners in any material respect.
Merger of our partnership or the sale of all or substantially all of our assets	Unit majority if such amendment would adversely affect our limited partners in any material respect and approval of our General Partner and board of directors. Please read "—Merger, Sale, or Other Disposition of Assets."
Dissolution of our partnership	Unit majority and approval of our General Partner and our board of directors. Please read "—Termination and Dissolution."
Reconstitution of our partnership upon dissolution	Unit majority. Please read "—Termination and Dissolution."
Election of five of the eight members of our board of directors	A plurality of the votes of the holders of the common units.
Withdrawal of the General Partner	Our General Partner may withdraw without obtaining unitholder approval upon 90 days' written notice to our board of directors. Please read "—Withdrawal or Removal of our General Partner."
Removal of the General Partner	Not less than 66 2/3% of the outstanding units, including units held by our General Partner and its affiliates, voting together as a single class and a majority vote of our board of directors. Please read "—Withdrawal or Removal of our General Partner."

Transfer of the general partner interest in us	Our General Partner may transfer all or any part of its General Partner interest in us to another person without the approval of the holders of our outstanding units. Please read "—Transfer of General Partner Interest."
Transfer of incentive distribution rights	The incentive distribution rights are freely transferable. Please read "—Transfer of Incentive Distribution Rights."
Transfer of ownership interests in the General Partner	No approval required at any time. Please read "—Transfer of Ownership Interests in General Partner."

Limited Liability

Assuming that a limited partner does not participate in the control of our business within the meaning of the MILPA and that such limited partner otherwise acts in conformity with the provisions of our Partnership Agreement, that partner's liability under the MILPA will be limited, subject to possible exceptions, to the amount of capital he or she is obligated to contribute to us for his or her units plus his or her share of any undistributed profits and assets. If a court determined, however, that limited partners "participated in the control" of our business for the purposes of the MILPA, then such limited partners could be held personally liable for our obligations under the laws of Marshall Islands, to the same extent as our General Partner, to persons who transact business with us who reasonably believe, based on the limited partner's conduct, that the limited partner is a general partner. Neither our Partnership Agreement nor the MILPA specifically provides for legal recourse against our General Partner if a limited partner were to lose limited liability through any fault of our General Partner. While this does not mean that a limited partner could not seek legal recourse, we know of no precedent for this type of a claim in Marshall Islands case law.

Under the MILPA, a limited partnership may not make a distribution to a partner if, after the distribution, all liabilities of the limited partnership, other than liabilities to partners on account of their partnership interests and liabilities for which the recourse of creditors is limited to specific property of the partnership, exceeds the fair value of the assets of the limited partnership, except that the fair value of property that is subject to a liability for which the recourse of creditors is limited shall be included in the assets of the limited partnership only to the extent that the fair value of that property exceeds that liability. The MILPA provides that a limited partner who receives a distribution and knew at the time of the distribution that the distribution was in violation of the MILPA shall be liable to the limited partnership for the amount of the distribution for three years after the date of such distribution. Under the MILPA, a purchaser of units who becomes a limited partner of a limited partnership is liable for the obligations of the transferor to make contributions to the partnership, except that the transferee is not obligated for liabilities unknown to him at the time he became a limited partner and that could not be ascertained from the partnership agreement.

Maintenance of our limited liability may require compliance with legal requirements in the jurisdictions in which we conduct business, which may include qualifying to do business in those jurisdictions.

Issuance of Additional Securities

The Partnership Agreement authorizes us to issue an unlimited amount of additional partnership securities and rights to buy partnership securities for the consideration and on the terms and conditions determined by our board of directors without the approval of the unitholders. Our General Partner will have the right to approve issuances of additional securities that are not reasonably expected to be accretive to equity within 12 months of issuance or which would otherwise have a material adverse impact on our General Partner or its interest in us.

We intend to fund acquisitions through borrowings and the issuance of additional common units or other equity securities and the assumption and/or the issuance of debt, subject to market conditions, as further described elsewhere herein. Holders of any additional common units we issue will be entitled to share equally with the then-existing holders of common units in our distributions of available cash. In addition, the issuance of additional common units or other equity securities interests may dilute the value of the interests of the then-existing holders of common units in our net assets.

In accordance with Marshall Islands law and the provisions of our Partnership Agreement, we may also issue additional partnership securities interests that, as determined by our board of directors, have special voting rights to which the common units are not entitled.

Upon issuance of additional partnership securities, our General Partner will have the right, but not the obligation, to make additional capital contributions to the extent necessary to maintain its General Partner interest in us, which is currently 1.84%. Our General Partner's interest in us will thus be reduced if we issue additional partnership securities in the future and our General Partner does not elect to maintain its then-applicable General Partner interest in us. Our General Partner will have the right, which it may from time to time assign in whole or in part to any of its affiliates, to purchase common units or other equity securities whenever, and on the same terms that, we issue those securities to persons other than our General Partner and its affiliates, to the extent necessary to maintain its and its affiliates' percentage interest, including its interest represented by common units, that existed immediately prior to each issuance. Other holders of common units will not have similar preemptive rights to acquire additional common units or other partnership securities.

Tax Status

The Partnership Agreement provides that the partnership will elect to be taxed as a corporation for U.S. federal income tax purposes.

Amendment of the Partnership Agreement

General

Amendments to our Partnership Agreement may be proposed only by or with the consent of our General Partner and our board of directors. However, neither our General Partner nor our board of directors will have a duty or obligation to propose any amendment and may decline to do so free of any fiduciary duty or obligation whatsoever to us or the limited partners, including any duty to act in good faith or in the best interests of us or the limited partners. In order to adopt a proposed amendment, other than the amendments discussed below, approval of both our board of directors and our General Partner is required, as well as approval of the holders of the number of units required to approve the amendment. Except as we describe below, an amendment must be approved by a unit majority.

Prohibited Amendments

Except as set forth below, no amendment may:

(1) increase the obligations of any limited partner without its consent, unless such increase is deemed to occur as a result of an amendment approved in accordance with sub-paragraph (2) below;

(2) have a material adverse effect on the rights or preferences of any class of partnership interests in relation to other classes of partnership interests unless approved by the holders of not less than a majority of the outstanding units of the class affected, voting together as a single class;

(3) increase the obligations of, restrict in any way any action by or rights of, or reduce in any way the amounts distributable, reimbursable or otherwise payable by us to our General Partner or any of its affiliates without the consent of the General Partner, which may be given or withheld at its option;

(4) change the term of our partnership;

(5) provide that our partnership is not dissolved upon an election to dissolve our partnership by our General Partner and our board of directors that is approved by the holders of a unit majority; or

(6) give any person the right to dissolve our partnership other than the right of our General Partner and our board of directors to dissolve our partnership with the approval of the holders of a unit majority.

The provision of our Partnership Agreement preventing the amendments having the effects described in clauses (1) through (6) above can only be amended upon the approval of the holders of at least 90% of the outstanding units voting together as a single class (including units owned by our General Partner and its affiliates).

No Unitholder Approval

Our board of directors may generally make amendments to our Partnership Agreement without the approval of any limited partner to reflect:

(1) a change in our name, the location of our principal place of business, our registered agent or our registered office;

(2) the admission, substitution, withdrawal or removal of partners in accordance with our Partnership Agreement;

(3) a change that our board of directors determines to be necessary or appropriate for us to qualify or to continue our qualification as a limited partnership or a partnership in which the limited partners have limited liability under the laws of any jurisdiction;

(4) an amendment that is necessary, upon the advice of our counsel, to prevent us or our directors or our General Partner or its directors, officers, agents, or trustees from in any manner being subjected to the provisions of the U.S. Investment Company Act of 1940, the U.S. Investment Advisers Act of 1940, or "plan asset" regulations adopted under the U.S. Employee Retirement Income Security Act of 1974, or ERISA, whether or not substantially similar to plan asset regulations currently applied or proposed;

(5) an amendment that our board of directors and, if required by the terms of the Partnership Agreement, our General Partner determines to be necessary or appropriate for the authorization of additional partnership securities or rights to acquire partnership securities;

(6) any amendment expressly permitted in the Partnership Agreement to be made by our board of directors acting alone;

(7) an amendment effected, necessitated, or contemplated by a merger agreement that has been approved under the terms of the Partnership Agreement;

(8) any amendment that our board of directors determines to be necessary or appropriate for the formation by us of, or our investment in, any corporation, partnership or other entity, as otherwise permitted by the Partnership Agreement;

(9) a change in our fiscal year or taxable year and related changes;

(10) certain mergers or conveyances as set forth in our Partnership Agreement; or

(11) any other amendments substantially similar to any of the matters described in (1) through (10) above.

All amendments reflecting matters described in (1) through (11) above require the approval of our General Partner.

In addition, our board of directors may make amendments to the Partnership Agreement without the approval of any limited partner if our board of directors determines that those amendments:

(1) do not adversely affect the limited partners (or any particular class of limited partners) in any material respect;

(2) are necessary or appropriate to satisfy any requirements, conditions, or guidelines contained in any opinion, directive, order, ruling or regulation of any Marshall Islands or other authority or contained in any statute;

(3) are necessary or appropriate to facilitate the trading of limited partner interests or to comply with any rule, regulation, guideline or requirement of any securities exchange on which the limited partner interests are or will be listed for trading;

(4) are necessary or appropriate for any action taken by our board of directors relating to splits or combinations of units under the provisions of the Partnership Agreement; or

(5) are required to effect the intent expressed in the IPO registration statement or any future prospectus or the intent of the provisions of the Partnership Agreement or are otherwise contemplated by the Partnership Agreement.

All amendments reflecting matters described in (1) through (5) above require the approval of our General Partner.

Opinion of Counsel and Unitholder Approval

Neither our General Partner nor our board of directors will be required to obtain an opinion of counsel that an amendment will not result in a loss of limited liability to the limited partners if one of the amendments described above under "—No Unitholder Approval" should occur. No other amendments to our Partnership Agreement will become effective without the approval of holders of at least 90% of the outstanding units voting as a single class unless we obtain an opinion of counsel to the effect that the amendment will not affect the limited liability of any of our limited partners under applicable law.

In addition to the above restrictions, any amendment that would have a material adverse effect on the rights or privileges of any type or class of outstanding units in relation to other classes of units will require the approval of at least a majority of the type or class of units so affected. Any amendment that reduces the voting percentage required to take any action must be approved by the affirmative vote of limited partners whose aggregate outstanding units constitute not less than the voting requirement sought to be reduced.

Action Relating to the Operating Subsidiaries

We effectively control our operating subsidiaries by being their sole member or shareholder, as applicable.

Merger, Sale, or Other Disposition of Assets

A merger or consolidation of us requires the approval of our board of directors and the prior consent of our General Partner. However, our General Partner will have no duty or obligation to consent to any merger or consolidation and may decline to do so free of any fiduciary duty or obligation whatsoever to us or the limited partners, including any duty to act in good faith or in the best interests of us or the limited partners. In addition, our Partnership Agreement generally prohibits our board of directors, without the prior approval of our General Partner and the holders of units representing a unit majority, from causing us to, among other things, sell, exchange, or otherwise dispose of all or substantially all of our assets in a single transaction or a series of related transactions, including by way of merger, consolidation, or other combination, or approving on our behalf the sale, exchange, or other disposition of all or substantially all of the assets of our subsidiaries. Our board of directors may, however, cause us to mortgage, pledge, hypothecate, or grant a security interest in all or substantially all of our assets without the prior approval of the holders of units representing a unit majority, although it is required to obtain the prior approval of our General Partner if any such mortgage, pledge or hypothecation is done for purposes other than securing indebtedness that does not result in our over-leverage, taking into account customary industry leverage levels, our structure and our other assets and liabilities. Our General Partner and our board of directors may also cause us to sell all or substantially all of our assets under a foreclosure or other realization upon those encumbrances without the approval of the holders of units representing a unit majority.

If conditions specified in our Partnership Agreement are satisfied, our board of directors, with the consent of our General Partner, may convert us or any of our subsidiaries into a new limited liability entity or merge us or any of our subsidiaries into, or convey some or all of our assets to, a newly formed entity if the sole purpose of that merger or conveyance is to effect a mere change in our legal form into another limited liability entity. The unitholders are not entitled to dissenters' rights of appraisal under our Partnership Agreement or applicable law in the event of a conversion, merger or consolidation, a sale of substantially all of our assets, or any other transaction or event.

Additionally, our board of directors is permitted, with the prior consent of our General Partner, to merge or consolidate the Partnership with or into another entity in certain circumstances, provided that each unit

outstanding immediately prior to the effective date of the merger is to be an identical unit after the effective date of the merger and the number of units issued by the Partnership in such merger does not exceed 20% of units outstanding immediately prior to the effective date of such merger.

Termination and Dissolution

We will continue as a limited partnership until terminated or converted under our Partnership Agreement. We will dissolve upon:

(1) the election of our General Partner and our board of directors to dissolve us, if approved by the holders of units representing a unit majority;

(2) the sale, exchange, or other disposition of all or substantially all of our assets and properties and our subsidiaries;

(3) the entry of a decree of judicial dissolution of us;

(4) the withdrawal or removal of our General Partner or any other event that results in its ceasing to be our general partner other than by reason of a transfer of its general partner interest in accordance with the Partnership Agreement or withdrawal or removal following approval and admission of a successor; or

(5) such time when there are no limited partners, unless we are continued without dissolution in accordance with the MILPA.

Upon a dissolution under clause (4), the holders of a unit majority may also elect, within specific time limitations, to continue our business on the same terms and conditions described in the Partnership Agreement by appointing as general partner an entity approved by the holders of units representing a unit majority, subject to our receipt of an opinion of counsel to the effect that the action would not result in the loss of limited liability of any limited partner.

Liquidation and Distribution of Proceeds

Upon our dissolution, unless we are continued as a new limited partnership, the liquidator authorized to wind up our affairs will, acting with all of the powers of our General Partner that are necessary or appropriate, liquidate our assets and apply the proceeds of the liquidation as provided in "How We Make Cash Distributions—Distributions of Cash Upon Liquidation." The liquidator may defer liquidation or distribution of our assets for a reasonable period or distribute assets to partners in kind if it determines that a sale would be impractical or would cause undue loss to our partners.

Withdrawal or Removal of our General Partner

Our General Partner may withdraw as general partner without first obtaining approval of any unitholder or our board of directors by giving 90 days' written notice. If that happens, such withdrawal will not constitute a violation of our Partnership Agreement. Please read "—Transfer of General Partner Interests" and "—Transfer of Incentive Distribution Rights."

Upon withdrawal of our General Partner under any circumstances, other than as a result of a transfer by our General Partner of all or a part of its general partner interest in us, the holders of a majority of the outstanding common units may select a successor to that withdrawing General Partner. If a successor is not elected, or is elected but an opinion of counsel regarding limited liability cannot be obtained, we will be dissolved, wound up and liquidated, unless within a specified period of time after that withdrawal, the holders of a unit majority agree in writing to continue our business and to appoint a successor general partner. Please read "—Termination and Dissolution."

Our General Partner may not be removed unless that removal is approved by the vote of the holders of not less than 66 2/3% of the outstanding units, including units held by our General Partner and its affiliates, voting together as a single class and a majority vote of our board of directors, and we receive an opinion of counsel

regarding limited liability. The ownership of more than 33 1/3% of the outstanding units by our General Partner and its affiliates or controlling our board of directors would provide the practical ability to prevent our General Partner's removal. Any removal of our General Partner is also subject to the successor general partner being approved by the vote of the holders of a majority of the outstanding common units and general partner units, voting as a single class.

Our Partnership Agreement also provides that if our General Partner is removed as our general partner under circumstances where cause (as defined in our Partnership Agreement) does not exist and units held by our General Partner and its affiliates are not voted in favor of that removal, our General Partner will have the right to convert its general partner interest and its incentive distribution rights into common units or to receive cash in exchange for those interests based on the fair market value of the interests at the time.

In the event of removal of our General Partner under circumstances where cause exists or withdrawal of our General Partner where that withdrawal violates the Partnership Agreement, a successor general partner will have the option to purchase the general partner interest and incentive distribution rights of the departing General Partner for a cash payment equal to the fair market value of those interests. Under all other circumstances where our General Partner withdraws or is removed by the limited partners, the departing general partner will have the option to require the successor general partner to purchase the general partner interest of the departing general partner and its incentive distribution rights for their fair market value. In each case, this fair market value will be determined by agreement between the departing general partner and the successor general partner. If no agreement is reached, an independent investment banking firm or other independent expert selected by the departing general partner and the successor general partner will determine the fair market value. If the departing general partner and the successor general partner cannot agree upon an expert, then an expert chosen by agreement of the experts selected by each of them will determine the fair market value.

If the option described above is not exercised by either the departing general partner or the successor general partner, the departing general partner's general partner interest and its incentive distribution rights will automatically convert into common units equal to the fair market value of those interests as determined by an investment banking firm or other independent expert selected in the manner described in the preceding paragraph.

In addition, we will be required to reimburse the departing general partner for all amounts due to the departing general partner, including, without limitation, any employee-related liabilities, including severance liabilities, incurred for the termination of any employees employed by the departing general partner or its affiliates for our benefit.

Transfer of General Partner Interest

Our General Partner may transfer all or any part of its General Partner interest in us to another person without the approval of the holders of our outstanding units. As a condition of this transfer, the transferee must, among other things, assume the rights and duties of the general partner, agree to be bound by the provisions of the Partnership Agreement and furnish an opinion of counsel regarding limited liability.

Our General Partner and its affiliates may at any time transfer units to one or more persons, without unitholder approval.

Transfer of Ownership Interests in General Partner

At any time, the members of our General Partner may sell or transfer all or part of their respective membership interests in our General Partner to an affiliate or a third party without the approval of our unitholders. However, this may trigger a "Change of Control", as defined in our Partnership Agreement.

Transfer of Incentive Distribution Rights

The incentive distribution rights are freely transferable.

Change of Management Provisions

The Partnership Agreement contains specific provisions that are intended to discourage a person or group from attempting to remove Capital GP L.L.C. as our General Partner or otherwise change management. If any person or group other than our General Partner and its affiliates acquires beneficial ownership of 5% or more of any class of units then outstanding, that person or group loses voting rights on all of its units in excess of 4.9% of all units (subject to certain exceptions).

The Partnership Agreement also provides that if our General Partner is removed under circumstances where cause does not exist and units held by our General Partner and its affiliates are not voted in favor of that removal, our General Partner will have the right to convert its general partner interest and its incentive distribution rights into common units or to receive cash in exchange for those interests.

Limited Call Right

If at any time our General Partner and its affiliates hold more than 90% of the then-issued and outstanding limited partnership interests of any class, our General Partner will have the right, which it may assign in whole or in part to any of its affiliates or to us, to acquire all, but not less than all, of the remaining limited partnership interests of the class held by unaffiliated persons as of a record date to be selected by the General Partner, on at least ten but not more than 60 days' notice at the greater of (x) the average of the daily closing prices of the limited partnership interests of such class over the 20 trading days preceding the date three days before the notice of exercise of the call right is first mailed and (y) the highest price paid by our General Partner or any of its affiliates for limited partnership interests of such class during the 90-day period preceding the date such notice is first mailed. Our General Partner is not obligated to obtain a fairness opinion regarding the value of the limited partnership interests to be repurchased by it upon the exercise of this limited call right.

As a result of the General Partner's right to purchase outstanding limited partnership interests, a holder of limited partnership interests may have the holder's limited partnership interests purchased at an undesirable time or price. The tax consequences to a unitholder of the exercise of this call right are the same as a sale by that unitholder of units in the market. Please read "Item 10. Additional Information—E. Taxation—Material U.S. Federal Income Tax Considerations—U.S. Federal Income Taxation of U.S. Holders—Sale, Exchange or Other Disposition of Common Units" and "—Material U.S. Federal Income Tax Considerations—U.S. Federal Income Taxation of Non-U.S. Holders—Disposition of Common Units" in the Annual Report.

Board of Directors

Under our Partnership Agreement, our General Partner delegates to our board of directors the authority to oversee and direct our operations, policies and management on an exclusive basis, and such delegation will be binding on any successor General Partner of the partnership. Our board of directors shall consist of eight persons, three of whom are appointed by our General Partner in its sole discretion and five of whom are elected by the common unitholders. Three of the five elected directors (a) shall not be security holders, officers or employees of our General Partner, directors, officers or employees of any affiliate of our General Partner or holders of any interest in the partnership group (other than our common units) and (b) shall meet the required independence standards.

Our board of directors nominates individuals to stand for election as elected board members on a staggered basis at an annual meeting of our limited partners. In addition, any limited partner or group of limited partners that beneficially owns 10% or more of the outstanding common units is entitled to nominate one or more individuals to stand for election as elected board members at the annual meeting by providing written notice to our board of directors not more than 120 days nor less than 90 days prior to the meeting. However, if the date of the annual meeting is not publicly announced by us at least 100 days prior to the date of the meeting, the notice must be delivered to our board of directors not later than ten days following the public announcement of the meeting date. The notice must set forth:

- the name and address of the limited partner or limited partners making the nomination or nominations;
- the number of common units beneficially owned by the limited partner or limited partners;

- the information regarding the nominee(s) proposed by the limited partner or limited partners as required to be included in a proxy statement relating to the solicitation of proxies for the election of directors filed pursuant to the proxy rules of the SEC;
- the written consent of the nominee(s) to serve as a member of our board of directors if so elected; and
- a certification that the nominee(s) qualify as "elected directors" within the meaning of the Partnership Agreement.

Our General Partner may remove an appointed board member with or without cause at any time. "Cause" generally means a court's final, non-appealable judgment finding a person liable for actual fraud or willful misconduct in his or her capacity as a director. Any elected board member may be removed at any time for cause by the affirmative vote of a majority of the other elected board members. Any elected board member may be removed for cause at a properly called meeting of the limited partners by a majority of the outstanding units that are entitled to vote in an election of elected directors. Any appointed board member may be removed for cause at a properly called meeting of the limited partners by a majority of the outstanding units. If any appointed board member is removed, resigns or is otherwise unable to serve as a board member, our General Partner may fill the vacancy. If any board member elected by the common unitholders is removed, resigns or is otherwise unable to serve as a board member, the vacancy may be filled by a majority of the other elected board members then serving.

Meetings; Voting

Except as described below regarding a person or group owning 5% or more of any class of units then outstanding, unitholders who are record holders of units on the record date will be entitled to notice of, and to vote at, meetings of our limited partners and to act upon matters for which approvals may be solicited.

We will hold a meeting of the limited partners every year to elect one or more members of our board of directors and to vote on any other matters that are properly brought before the meeting. Any action that is required or permitted to be taken by the unitholders may be taken either at a meeting of the unitholders or, if authorized by our board of directors, without a meeting if consents in writing describing the action so taken are signed by holders of the number of units necessary to authorize or take that action at a meeting at which all limited partners were present and voted. Special meetings of the unitholders may be called by our General Partner, our board of directors or by unitholders owning at least 20% of the outstanding units of the class for which a meeting is proposed. Unitholders may vote either in person or by proxy at meetings. The holders of a majority of the outstanding units of the class or classes for which a meeting has been called, represented in person or by proxy, will constitute a quorum unless any action by the unitholders requires approval by holders of a greater percentage of the units, in which case the quorum will be the greater percentage; provided, however, that if any meeting has been adjourned for a second time due to absence of a quorum, the act of the limited partners holding at least 25% of all outstanding units and which are represented in person or by proxy at such meeting shall be deemed to constitute the act of all limited partners, unless a greater or different percentage is required with respect to such action under the provisions of our Partnership Agreement.

Each record holder of a common unit may vote according to the holder's percentage interest in us, subject to special voting rights attaching to certain limited partner interests having special voting rights. Please read "—Issuance of Additional Securities." Units held in nominee or street name account will be voted by the broker or other nominee in accordance with the instruction of the beneficial owner unless the arrangement between the beneficial owner and his nominee provides otherwise.

To preserve our ability to be exempt from U.S. federal income tax under Section 883 of the Code, if at any time, any person or group, other than our General Partner and its affiliates, owns beneficially 5% or more of any class of units then outstanding, any units owned by that person or group in excess of 4.9% may not be voted on any matter and will not be considered to be outstanding when sending notices of a meeting of unitholders to vote on any matter (unless otherwise required by law), calculating required votes, except for purposes of nominating a person for election to our board, determining the presence of a quorum or for other similar purposes under our Partnership Agreement. The voting rights of any such unitholders in excess of 4.9% will be redistributed pro rata among the other unitholders holding less than 4.9% of the voting power of the same class of units entitled to vote. Our

Partnership Agreement provides certain exceptions to such limitation, including when a person acquired securities directly from our General Partner or its affiliates or with the approval of our board of directors, but only for so long as such exception would not jeopardize our tax exemption under Section 883 of the Code.

Any notice, demand, request report, or proxy material required or permitted to be given or made to record holders of units under the Partnership Agreement will be delivered to the record holder by us or by the transfer agent.

Status as Limited Partner or Assignee

Except as described above under "—Limited Liability," the common units will be fully paid, and unitholders will not be required to make additional contributions. By transfer of common units in accordance with our Partnership Agreement, each transferee of common units shall be admitted as a limited partner with respect to the common units transferred when such transfer and admission is reflected in our books and records.

Indemnification

Under the Partnership Agreement, in most circumstances, we will indemnify the following persons, to the fullest extent permitted by law, from and against all losses, claims, damages or similar events arising as a result of such person's service to the Partnership:

(1) our General Partner;

(2) any departing general partner;

(3) any person who is or was an affiliate of our general partner or any departing general partner;

(4) any person who is or was an officer, director, member, partner fiduciary or trustee of any entity described in (1), (2) or (3) above;

(5) any person who is or was serving as a director, officer, member, partner, fiduciary or trustee of another person at the request of our General Partner or any departing general partner;

(6) any person designated by our board of directors; and

(7) the members of our board of directors.

Any indemnification under these provisions will only be out of our assets. Unless it otherwise agrees, our General Partner will not be personally liable for, or have any obligation to contribute or lend funds or assets to us to enable us to effectuate, indemnification. We may purchase insurance against any liabilities that may be asserted against, and any expenses that may be incurred by, persons for our activities or such person's activities on our behalf, regardless of whether we would have the power to indemnify the person against liabilities under the Partnership Agreement.

Reimbursement of Expenses

Our Partnership Agreement requires us to reimburse our General Partner for all direct and indirect expenses it incurs or payments it makes on our behalf and all other expenses allocable to us or otherwise incurred by our General Partner in connection with operating our business. These expenses include salary, bonus, incentive compensation and other amounts paid to persons who perform services for us or on our behalf, and expenses allocated to our General Partner by its affiliates. Our General Partner and the members of our board of directors are entitled to determine in good faith the expenses that are allocable to us. Members of our board of directors are entitled to be reimbursed for out-of-pocket costs and expenses incurred in the course of their services to us.

Books and Reports

Our General Partner is required to keep appropriate books of our business at our principal offices. The books will be maintained for financial reporting purposes on an accrual basis in accordance with U.S. GAAP. For tax and fiscal reporting purposes, our fiscal year is the calendar year.

We will furnish or make available to record holders of units, within 120 days after the close of each fiscal year, an annual report containing audited financial statements, including a balance sheet and statement of operations, our equity and cash flows, and a report on those financial statements by our independent chartered accountants. Except for our fourth quarter, we will also furnish or make available summary financial information within 90 days after the close of each quarter.

Right to Inspect Our Books and Records

The Partnership Agreement provides that a limited partner can, for a purpose reasonably related to his or her interest as a limited partner, upon reasonable demand and at the limited partner's own expense, have furnished to the limited partner:

- a current list of the name and last known addresses of each partner;
- information as to the amount of cash, and a description and statement of the agreed value of any other capital contribution or services contributed or to be contributed by each partner and the date on which each became a partner;
- copies of the Partnership Agreement, the certificate of limited partnership of the partnership, related amendments and powers of attorney under which they have been executed;
- information regarding the status of our business and financial position; and
- any other information regarding our affairs as is just and reasonable.

Our board of directors may, and intends to, keep confidential from the limited partners trade secrets or other information the disclosure of which our board of directors believes in good faith is not in our best interests or that we are required by law or by agreements with third parties to keep confidential.

Registration Rights

Under our Partnership Agreement, we have agreed to register for resale under the Securities Act of 1933, as amended and applicable state securities laws any common units or other partnership securities proposed to be sold by our General Partner or any of its affiliates or their assignees if an exemption from the registration requirements is not otherwise available or advisable. These registration rights generally continue for two years following any withdrawal or removal of Capital GP L.L.C. as our general partner and for so long thereafter as is required for our General Partner or its affiliates and assignees to sell all of the partnership securities with respect to which it has requested during such two-year period, inclusion in a registration statement otherwise filed or that a registration statement be filed. We are obligated to pay all expenses incidental to the registration, excluding underwriting discounts and commissions.

Transfer of Common Units

By transfer of common units in accordance with our Partnership Agreement, each transferee of common units shall be admitted as a limited partner with respect to the common units transferred when such transfer and admission is reflected in our books and records. Each transferee:

- represents that the transferee has the capacity, power and authority to become bound by our Partnership Agreement;
- is bound by our Partnership Agreement; and
- gives the consents and waivers contained in our Partnership Agreement.

Common units are securities and are transferable according to the laws governing transfer of securities. In addition to other rights acquired upon transfer, the transferor gives the transferee the right to become a limited partner in our partnership for the transferred common units.

Until a common unit has been transferred on our books, we and the transfer agent may treat the record holder of the unit as the absolute owner for all purposes, except as otherwise required by law or stock exchange regulations.

A transferee will become a substituted limited partner of our partnership for the transferred common units automatically upon the recording of the transfer on our books and records.

We may, at our discretion, treat the nominee holder of a common unit as the absolute owner of such common units without further inquiry, except as otherwise provided by law or stock exchange regulations. In that case, we expect that the beneficial holder's rights are limited solely to those that it has against the nominee holder as a result of any agreement between the beneficial owner and the nominee holder.

Distributions of Available Cash

For further discussion of distributions of available cash, please read "Item 8. Financial Information—How We Make Cash Distributions" in our Annual Report.

General

Within approximately 45 days after the end of each quarter, subject to legal limitations, we distribute all of our available cash to unitholders of record on the applicable record date.

Definition of Available Cash

Available cash means, for each fiscal quarter, all cash and cash equivalents on hand at the end of the quarter:

- less the amount of cash reserves established by our board of directors to:
  - provide for the proper conduct of our business (including reserves for future capital expenditures and for our anticipated credit needs);
  - comply with applicable law, any of our debt instruments, or other agreements; or
  - to the extent permitted under our Partnership Agreement, provide funds for distributions to our unitholders and to our General Partner for any one or more of the next four quarters;
- plus all additional cash and cash equivalents on hand on the date of determination of available cash for the quarter resulting from working capital borrowings made after the end of the quarter. Working capital borrowings are generally borrowings that are made under our credit agreement and in all cases are used solely for working capital purposes or to pay distributions to partners.

Minimum Quarterly Distribution

Our Partnership Agreement provides that the minimum quarterly distribution on our common units is (on a pre-reverse split-adjusted basis) $0.2325 per unit, which is equal to $0.93 per unit per year, or (on a reverse split-adjusted basis) $1.6275 per unit, which is equal to $6.51 per unit per year. You should note that there is no guarantee that we will pay the minimum quarterly distribution on the common units in any quarter. Failure to distribute the minimum quarterly distribution on the common units results in our inability to establish certain cash reserves (see "—Definition of Available Cash" above).

Distribution Policy

Our cash distribution policy generally reflects a basic judgment that our unitholders are better served by us distributing our available cash (after deducting expenses, including cash reserves) rather than retaining it. Because we believe that, subject to our ability to obtain required financing and access financial markets, we will generally finance any expansion capital expenditures from external financing sources, we believe that our investors are best served by us distributing all of our available cash. The board of directors seeks to maintain a balance between the level of reserves it takes to protect our financial position and liquidity against the desirability of maintaining distributions on the limited partnership interests. We intend to review our distributions from time to time in the light of a range of factors, including, among other things, our access to the capital markets, the repayment or refinancing of our external debt, the level of our capital expenditures and our ability to pursue accretive transactions.

Even if our cash distribution policy is not modified or revoked, the decision to make any distribution and the amount thereof are determined by our board of directors, taking into consideration the terms of our Partnership Agreement. Our distribution policy is subject to certain restrictions, including the following:

- Our common unitholders have no contractual or other legal right to receive distributions other than the right under our Partnership Agreement to receive available cash on a quarterly basis. Our board of directors has broad discretion to establish reserves and other limitations in determining the amount of available cash.
- While our Partnership Agreement requires us to distribute all of our available cash, our Partnership Agreement, including provisions requiring us to make cash distributions contained therein, may be amended. The Partnership Agreement can be amended in certain circumstances with the approval of a majority of the outstanding common units.
- Even if our cash distribution policy is not modified or revoked, the amount of distributions we pay under our cash distribution policy and the decision to make any distribution is determined by our board of directors, taking into consideration the terms of our Partnership Agreement and the establishment of any reserves for the prudent conduct of our business.
- Under Section 51 of the Marshall Islands Limited Partnership Act, we may not make a distribution if, after giving effect to the distribution, our liabilities (other than liabilities to partners on account of their partnership interest and liabilities for which the recourse of creditors is limited to specified property of ours) would exceed the fair value of our assets, except that the fair value of property that is subject to a liability for which the recourse of creditors is limited shall be included in our assets only to the extent that the fair value of that property exceeds that liability.
- We may lack sufficient cash to pay distributions on our common units due to, among other things, decreases in net revenues or increases in operating expenses, principal and interest payments on outstanding debt, tax expenses, working capital requirements, maintenance and replacement capital expenditures or anticipated cash needs.
- Our distribution policy will be affected by restrictions on distributions under our credit facilities which contain material financial tests and covenants that must be satisfied. Should we be unable to satisfy these terms, covenants and restrictions included in our credit facilities or if we are otherwise in default under the credit agreements, our ability to make cash distributions to our unitholders, notwithstanding our stated cash distribution policy, would be materially adversely affected.
- If we make distributions out of capital surplus, as opposed to operating surplus, such distributions will constitute a return of capital and will result in a reduction in the quarterly distribution and the target distribution levels. We do not anticipate that we will make any distributions from capital surplus.
- If the ability of our subsidiaries to make any distribution to us is restricted by, among other things, the provisions of existing and future indebtedness, applicable partnership and limited liability company laws or any other laws and regulations, our ability to make distributions to our unitholders may be restricted.

We have generally declared distributions on our common units in January, April, July and October of each year and paid those distributions in the subsequent month according to our distribution policy, which has changed from time to time.

Distributions of Cash Upon Liquidation

If we dissolve in accordance with the Partnership Agreement, we will sell or otherwise dispose of our assets in a process called liquidation. We will apply the proceeds of liquidation in the manner set forth below.

If, as of the date three trading days prior to the announcement of the proposed liquidation, the average closing price for our common units for the preceding 20 trading days (or the current market price) is greater than the sum of:

- any arrearages in payment of the minimum quarterly distribution on the common units issued in our initial public offering for any prior quarters during the subordination period (as described below); plus
- the initial unit price of the common units issued in our initial public offering (adjusted as our board of directors determines to be appropriate to give effect to any distribution, subdivision or combination, such as the reverse unit split we effected in March 2019 in connection with the DSS Transaction) (less any prior capital surplus distributions and any prior cash distributions made in connection with a partial liquidation); then the proceeds of the liquidation will be applied as follows:
    - first, 98.0% to the common unitholders, pro rata, and 2.0% to our General Partner, until we distribute for each outstanding common unit an amount equal to the current market price of our common units; and
    - thereafter, 50.0% to all unitholders, pro rata, 48.0% to holders of incentive distribution rights and 2.0% to our General Partner.

If, as of the date three trading days prior to the announcement of the proposed liquidation, the current market price of our common units is equal to or less than the sum of:

- any arrearages in payment of the minimum quarterly distribution on the common units issued in our initial public offering for any prior quarters during the subordination period; plus
- the initial unit price of the common units issued in our initial public offering (adjusted as our board of directors determines to be appropriate to give effect to any distribution, subdivision or combination, such as the reverse unit split we effected in March 2019 in connection with the DSS Transaction) (less any prior capital surplus distributions and any prior cash distributions made in connection with a partial liquidation); then the proceeds of the liquidation will be applied as follows:
    - first, 98.0% to the common unitholders, pro rata, and 2.0% to our General Partner, until we distribute for each outstanding common unit an amount equal to such initial unit price (as adjusted) (less any prior capital surplus distributions and any prior cash distributions made in connection with a partial liquidation);
    - second, 98.0% to the common unitholders, pro rata, and 2.0% to our General Partner, until we distribute for each outstanding common unit an amount equal to any arrearages in payment of the minimum quarterly distribution on the common units for any prior quarters during the subordination period; and
    - thereafter, 50.0% to all unitholders, pro rata, 48.0% to holders of incentive distribution rights and 2.0% to our General Partner.

The preceding paragraph is based on the assumption that our General Partner maintains its initial 2.0% general partner interest and has not transferred the incentive distribution rights and that we do not issue additional classes of equity securities. As of the date of the Annual Report, our General Partner holds a 1.84% general partner interest.

AMENDED AND RESTATED July 23rd, 2019

AMENDED AND RESTATED CAPITAL PRODUCT PARTNERS L.P.
OMNIBUS INCENTIVE COMPENSATION PLAN

SECTION 1. Purpose. The purpose of this Capital Product Partners L.P. Omnibus Incentive Compensation Plan is to promote the interests of Capital Product Partners L.P., a Marshall Islands limited partnership (the "Partnership"), and its unitholders by providing incentive compensation as a way to (a) attract and retain exceptional directors, officers, employees and consultants (including prospective directors, officers, employees and consultants), whether a natural Person (as defined below) or entity, to the Partnership, the General Partner (as defined below) and their Affiliates (as defined below), Capital Maritime & Trading Corp. (the "Organizational Limited Partner") and the General Partner, and (b) enable such Persons to participate in the long-term growth and financial success of the Partnership.

SECTION 2. Definitions. As used herein, the following terms shall have the meanings set forth below:

"Affiliate" means (a) any entity that, directly or indirectly, is controlled by, controls or is under common control with, the Partnership, the General Partner, the Organizational Limited Partner and Capital Ship Management Corp. ("Capital Ship Management") and (b) any entity in which the Partnership or the General Partner has a significant equity interest, in either case as determined by the Board or the General Partner.

"Award" means any award that is permitted under Section 6 and granted under the Plan.

"Award Agreement" means any written agreement, contract or other instrument or document evidencing any Award, which may, but need not, require execution or acknowledgment by a Participant.

"Award Determinations" means all necessary and appropriate determinations with respect to any Award including: (i) determination of the terms and conditions of any Awards, (ii) determination of the vesting schedules of Awards and, if certain performance conditions must be attained in order for an Award to vest or be settled or paid, establishment of such performance conditions and certification of whether, and to what extent, such performance conditions have been attained, (iii) determination of whether, to what extent and under what circumstances Awards may be settled or exercised in cash, Units, other securities, other Awards or other property, or canceled, forfeited or suspended and the method or methods by which Awards may be settled, exercised, canceled, forfeited or suspended, (iv) determination of whether, to what extent and under what circumstances cash, Units, other securities, other Awards, other property and other amounts payable with respect to an Award shall be deferred either automatically or at the election of the holder thereof or of the Determining Party, (v) acceleration of the vesting or exercisability of, payment for or lapse of restrictions on, Awards and (vi) amendment of an outstanding Award or grant of a replacement Award for an Award previously granted under the Plan if, in its sole discretion, the Determining Party determines that (x) the tax consequences of such Award to the Partnership or the Participant differ from those consequences that were expected to occur on the date the Award was granted or (y) clarifications or interpretations of, or changes to, tax law or regulations permit Awards to be granted that have more favorable tax consequences than initially anticipated.

"Board" means the Board of Directors of the Partnership.

"Cash Incentive Award" shall have the meaning specified in Section 6(f).

"Change of Control" shall (a) have the meaning set forth in an Award Agreement or (b) if there is no definition set forth in an Award Agreement, mean, with respect to the Partnership or the General Partner (the "Applicable Person"), any of the following events: (a) any sale, lease, exchange or other transfer (in one transaction or a series of related transactions) of all or substantially all of the Applicable Person's assets to any other Person, unless immediately following such sale, lease, exchange or other transfer such assets are owned, directly or indirectly, by the Applicable Person; (b) the consolidation or merger of the Applicable Person with or into another Person pursuant to a transaction in which the outstanding Voting Securities of the Applicable Person are changed into or exchanged for cash, securities or other property, other than any such transaction where (i) the outstanding Voting Securities of the Applicable Person are changed into or exchanged for Voting Securities of the surviving Person or its parent and (ii) the holders of the Voting Securities of the Applicable Person immediately prior to such transaction own, directly or indirectly, not less than a majority of the outstanding Voting Securities of the surviving Person or its parent immediately after such transaction; and (c) a "person" or "group" (within the meaning of Sections 13(d) or 14(d)(2) of the Exchange Act), other than the Organizational Limited Partner or its Affiliates (including the current owner of the General Partner and members of his family) with respect to the General Partner, being or becoming the "beneficial owner" (as defined in Rules 13d-3 and 13d-5 under the Exchange Act) of more than 50% of all of the then outstanding Voting Securities of the Applicable Person, except in a merger or consolidation which would not constitute a Change of Control under clause (b) above.

"Code" means the United States Internal Revenue Code of 1986, as amended from time to time, or any successor statute thereto, and the regulations promulgated thereunder.

"Common Units" means "Common Units", as defined in the Partnership Agreement.

"Conflicts Committee" means the conflicts committee of the Board.

"Determining Party" means, with respect to Awards granted to Participants other than Outside Director Participants, the General Partner, and, with respect to Awards granted to Outside Director Participants, the Board.

"Employee Participants" means all Participants other than Outside Directors.

"Exchange Act" means the United States Securities Exchange Act of 1934, as amended from time to time, or any successor statute thereto, and the regulations promulgated thereunder.

"Exercise Price" means (a) in the case of Options, the price specified in the applicable Award Agreement as the price-per-Unit at which Units may be purchased pursuant to such Option or (b) in the case of UARs, the price specified in the applicable Award Agreement as the reference price-per-Unit used to calculate the amount payable to the Participant.

"Fair Market Value" means (a) with respect to any property other than Units, the fair market value of such property determined by such methods or procedures as shall be established from time to time by the General Partner and (b) with respect to the Units, as of

any date, (i) the closing price of Units (A) as reported by the NASDAQ for such date or (B) if the Units are listed on any other national stock exchange, as reported on the stock exchange composite tape for securities traded on such stock exchange for such date or, with respect to each of clauses (A) and (B), if there were no sales on such date, on the closest preceding date on which there were sales of Units or (ii) in the event there shall be no public market for the Units on such date, the fair market value of the Units as determined in good faith by the General Partner.

"General Partner" means Capital G.P. LLC.

"IRS" means the United States Internal Revenue Service or any successor thereto and includes the staff thereof.

"NASDAQ" means the National Association of Securities Dealers Automated Quotations or any successor thereto.

"Option" means an option to purchase Units from the Partnership that is granted under Section 6.

"Outside Director" means any member of the Board who is not an employee of the Partnership, the General Partner or its Affiliates.

"Participant" means any director, officer, employee or consultant (including any prospective director, officer, employee or consultant), whether a natural Person or entity, of the Partnership, the General Partner, the Organizational Limited Partner, Capital Ship Management, Curzon Shipbrokers Corp. ("Curzon Shipbrokers"), Curzon Maritime Limited ("Curzon Maritime" and, together with Curzon Shipbrokers, "Curzon") or their Affiliates who is eligible for an Award under Section 5 and who is selected by the Board or the General Partner to receive an Award under the Plan or who receives a Substitute Award pursuant to Section 4(e).

"Partnership Agreement" means the Second Amended and Restated Agreement of Limited Partnership of Capital Product Partners L.P., as amended from time to time.

"Performance Unit" means an Award under Section 6(e) that has a value set by the Determining Party (or that is determined by reference to a valuation formula specified by the Determining Party or to the Fair Market Value of Units), which value may be paid to the Participant by delivery of such property as the Determining Party shall determine, including without limitation, Units, cash, other securities, other Awards or other property, or any combination thereof, upon achievement of such performance goals during the relevant performance period as the Determining Party shall establish at the time of such Award or thereafter.

"Person" means any natural person, corporation, limited partnership, limited liability company, unlimited liability company, partnership, joint venture, trust, business association, governmental entity or other entity.

"Plan" means this Capital Product Partners L.P. Omnibus Incentive Compensation Plan, as in effect from time to time.

"Restricted Unit" means a Unit delivered under the Plan that is subject to certain transfer restrictions, forfeiture provisions and/or other terms and conditions specified herein and in the applicable Award Agreement.

"Retirement" means termination of employment after attainment of age 65.

"RUA" means a restricted unit Award that is designated as such in the applicable Award Agreement and that represents an unfunded and unsecured promise to deliver Units, cash, other securities, other Awards or other property in accordance with the terms of the applicable Award Agreement.

"SEC" means the United States Securities and Exchange Commission or any successor thereto and shall include the staff thereof.

"Subsidiary" means any entity in which the Partnership, directly or indirectly, possesses 50% or more of the total combined voting power of all classes of its stock.

"Substitute Awards" shall have the meaning specified in Section 4(e).

"UAR" means a unit appreciation right Award that represents an unfunded and unsecured promise to deliver Units, cash, other securities, other Awards or other property equal in value to the excess, if any, of the Fair Market Value per Unit over the Exercise Price per Unit of the UAR, subject to the terms of the applicable Award Agreement.

"Units" means the Common Units of the Partnership or such other securities of the Partnership (a) into which such units shall be changed by reason of a recapitalization, merger, consolidation, split-up, combination, exchange of units or other similar transaction or (b) as may be determined by the General Partner pursuant to Section 4(d).

"Voting Securities" means securities of any class of any Person entitling the holders thereof to vote in the election of members of the board of directors or other similar governing body of the Person.

SECTION 3. Administration.

(a) Authority of Board and the General Partner. The Plan shall be administered by the Board (or such committee of the Board as may be designated by the Board from time to time) and by the General Partner, including all necessary and appropriate decisions and determinations with respect thereto, in accordance with its terms. Subject to the terms of the Plan and applicable law, and in addition to other express powers and authorizations conferred on the Board and the General Partner by the Plan:

(i) the General Partner shall have sole and plenary authority to administer the Plan except to the extent such authority is expressly granted to the Board under clause (ii) below, including the authority to (A) propose the aggregate number and type of Awards which will be available from time to time for grants to Participants, (B) designate Employee Participants, (C) determine the number and type or types of Board Approved Awards (as defined below) to be granted to such Employee Participants and make all other Award Determinations with respect to Employee Participants, (D) interpret, administer, reconcile any inconsistency in, correct any default in and supply of any omission in, the Plan and any instrument or agreement relating to, or Award made under, the Plan, (E) establish, amend,

suspend or waive such rules and regulations and appoint such agents as it shall deem appropriate for the proper administration of the Plan and (F) make any other determination and take any other action that it deems necessary or desirable for the administration of the Plan.

(ii) the Board shall have sole and plenary authority to (A) approve the aggregate number and type of Awards which will be available from time to time for grants to Participants (the "Board Approved Awards"), (B) designate Outside Director Participants and (C) determine the number and type or types of Awards to be granted to Outside Director Participants and make all other Award Determinations with respect to Outside Director Participants.

(iii) the Conflicts Committee shall have authority to approve any matters relating to Employee Participant Awards that the General Partner, in its sole discretion, may refer to the Conflicts Committee in accordance with Section 7.16(a) of the Partnership Agreement.

(b) Decisions. Unless otherwise expressly provided in the Plan, and not withstanding any delegation of its powers, authority or function under the Plan to a duly designated committee of the Board, all designations, determinations, interpretations and other decisions under or with respect to the Plan or any Award shall be within the sole and plenary discretion of the General Partner as set forth in the Plan, may be made at any time and shall be final, conclusive and binding upon all Persons, including the Partnership, any Affiliate, any Participant, any holder or beneficiary of any Award and any unitholder.

(c) Indemnification. No member of the Board or partner of the General Partner or employee of the Partnership, the General Partner or any of their Affiliates (each such Person, a "Covered Person") shall be liable for any action taken or omitted to be taken or any determination made in good faith with respect to the Plan or any Award hereunder. Each Covered Person shall be indemnified and held harmless by the Partnership against and from (i) any loss, cost, liability or expense (including attorneys' fees) that may be imposed upon or incurred by such Covered Person in connection with or resulting from any action, suit or proceeding to which such Covered Person may be a party or in which such Covered Person may be involved by reason of any action taken or omitted to be taken under the Plan or any Award Agreement and (ii) any and all amounts paid by such Covered Person, with the Partnership's approval, in settlement thereof, or paid by such Covered Person in satisfaction of any judgment in any such action, suit or proceeding against such Covered Person; provided that the Partnership shall have the right, at its own expense, to assume and defend any such action, suit or proceeding, and, once the Partnership gives notice of its intent to assume the defense, the Partnership shall have sole control over such defense with counsel of the Partnership's choice. The foregoing right of indemnification shall not be available to a Covered Person to the extent that a court of competent jurisdiction in a final judgment or other final adjudication, in either case not subject to further appeal, determines that the acts or omissions of such Covered Person giving rise to the indemnification claim resulted from such Covered Person's bad faith, fraud or willful criminal act or omission or that such right of indemnification is otherwise prohibited by law or by the Partnership Agreement. The foregoing right of indemnification shall not be exclusive of any other rights of indemnification to which Covered Persons may be entitled under the Partnership Agreement, as a matter of law, or otherwise, or any other power that the Partnership may have to indemnify such Persons or hold them harmless.

SECTION 4. Units Available for Awards; Other Limits.

(a) Units Available. Subject to adjustment as provided in Section 4(d), the aggregate number of Units that may be delivered pursuant to Awards granted under the Plan shall be 740,000 restricted units. If, after the effective date of the Plan, any Award granted under the Plan is forfeited, or otherwise expires, terminates or is canceled without the delivery of Units, then the Units covered by such forfeited, expired, terminated or canceled Award shall again become available to be delivered pursuant to Awards under the Plan. If Units issued upon exercise, vesting or settlement of an Award, or Units owned by a Participant (which are not subject to any pledge or other security interest), are surrendered or tendered to the Partnership in payment of the Exercise Price of an Award or any taxes required to be withheld in respect of an Award, in each case, in accordance with the terms and conditions of the Plan and any applicable Award Agreement, such surrendered or tendered Units shall again become available to be delivered pursuant to Awards under the Plan.

(b) Vesting of Awards. Each Award shall be vested at such times, in such manner and subject to such terms and conditions as the Determining Party may, in its sole and plenary discretion, specify in the applicable Award Agreement or thereafter. Except as otherwise specified by the Determining Party in the Award Agreement, Awards shall become vested on the third anniversary of the date of the grant.

(c) Expiration of Awards. Except as otherwise set forth in the applicable Award Agreement and subject to Section 6(b) (v), each Award shall expire immediately, without any payment or vesting, upon either (i) the date the Participant who is holding the Award ceases to be an officer, employee or consultant of the Partnership, the General Partner, the Organizational Limited Partner, Capital Ship Management or one of their respective Affiliates for any reason other than the Participant's Retirement or death, (ii) one year after the date a Director Participant who is holding the Award ceases to be a Director by reason of such Director Participant's resignation or removal (except for cause) or non re-election as a Director (except for cause), (iii) six months after the date the Participant who is holding the Award ceases to be an officer, employee or consultant of the Partnership, the General Partner, the Organizational Limited Partner, Capital Ship Management or one of their respective Affiliates by reason of the Participant's Retirement or (iv) six months after the date the Participant who is holding the Award ceases to be an officer, employee or consultant of the Partnership, the General Partner, the Organizational Limited Partner, Capital Ship Management or one of their respective Affiliates by reason of the Participant's death.

(d) Adjustments for Changes in Capitalization and Similar Events. In the event that the General Partner determines that any dividend or other distribution (whether in the form of cash, Units, other securities or other property), recapitalization, unit split, reverse unit split, reorganization, merger, consolidation, split-up, spin-off, combination, repurchase or exchange of Units or other securities of the Partnership, issuance of warrants or other rights to purchase Units or other securities of the Partnership, or other similar corporate transaction or event that affects the value of the Units, then the General Partner shall (i) in such manner as it may determine equitable or desirable, adjust (A) the number of Units or other securities of the Partnership (or number and kind of other securities or property) with respect to which Awards may be granted, including (1) the aggregate number of Units that may be delivered pursuant to Awards granted under the Plan and (2) the maximum number of Units or other securities of the Partnership (or number and kind of other securities or property) with respect to which Awards may be granted to any Participant in any fiscal year of the Partnership, and

(B) the terms of any outstanding Award, including (1) the number of Units or other securities of the Partnership (or number and kind of other securities or property) subject to outstanding Awards or to which outstanding Awards relate and (2) the Exercise Price with respect to any Award, (ii) if deemed appropriate or desirable by the General Partner, make provision for a payment (in cash, Units or other property) to the holder of an outstanding Award in consideration for the cancelation of such Award, including, in the case of an outstanding Option or UAR, a payment (in cash, Units or other property) to the holder of such Option or UAR in consideration for the cancelation of such Option or UAR in an amount equal to the excess, if any, of the Fair Market Value (as of a date specified by the General Partner) of the Units subject to such Option or UAR over the aggregate Exercise Price of such Option or UAR and (iii) if deemed appropriate or desirable by the General Partner, cancel and terminate any Option or UAR having a per Unit Exercise Price equal to, or in excess of, the Fair Market Value of a Unit subject to such Option or UAR without any payment or consideration therefor.

(e) Substitute Awards. Awards may, in the discretion of the General Partner, be granted under the Plan in assumption of, or in substitution for, outstanding awards previously granted by the Partnership or any of its Affiliates or a company acquired by the Partnership or any of its Affiliates or with which the Partnership or any of its Affiliates combines ("Substitute Awards"). The number of Units underlying any Substitute Awards shall not be counted against the aggregate number of Units available for Awards under the Plan.

(f) Sources of Units Deliverable Under Awards. Any Units delivered pursuant to an Award may consist, in whole or in part, of authorized and unissued Units or of treasury Units.

SECTION 5. Eligibility. Any director, officer, employee or consultant (including any prospective director, officer, employee or consultant), whether a natural Person or entity, of the Partnership, the General Partner, the Organizational Limited Partner, Capital Ship Management, Curzon or any of their Affiliates shall be eligible to be designated a Participant in respect of services performed, directly or indirectly, for the benefit of the Partnership and its Subsidiaries.

SECTION 6. Awards.

(a) Types of Awards. Awards may be made under the Plan in the form of (i) Options, (ii) UARs, (iii) Restricted Units, (iv) RUAs, (v) Performance Units, (vi) Cash Incentive Awards and (vii) other equity-based or equity-related Awards that the Determining Party determines are consistent with the purpose of the Plan and the interests of the Partnership. Awards may be granted in tandem with other Awards.

(b) Options.

(i) Grant. Subject to the provisions of the Plan, the Determining Party shall have sole and plenary authority to determine the Participants to whom Options shall be granted, the number of Units to be covered by each Option and the conditions and limitations applicable to the vesting and exercise of the Option.

(ii) Exercise Price. Except as otherwise established by the Determining Party at the time an Option is granted and set forth in the applicable Award Agreement, the Exercise Price of each Unit covered by an Option shall be not less than 100% of the Fair Market Value of such Unit (determined as of the date the Option is granted).

(iii) Vesting and Exercise. Each Option shall be vested and exercisable at such times, in such manner and subject to such terms and conditions as the Determining Party may, in its sole and plenary discretion, specify in the applicable Award Agreement or thereafter. Except as otherwise specified by the Determining Party in the applicable Award Agreement, an Option may only be exercised to the extent that it has already vested pursuant to Section 4(b) at the time of exercise. An Option shall be deemed to be exercised when written or electronic notice of such exercise has been given to the Partnership in accordance with the terms of the Award by the Person entitled to exercise the Award and full payment pursuant to Section 6(b)(iv) for the Units with respect to which the Award is exercised has been received by the Partnership. Exercise of a vested Option may be for some or all of the portion of the Option that is then exercisable and any such partial exercise shall decrease the number of Units that thereafter may be available for sale under the Option. The Determining Party may impose such conditions with respect to the exercise of Options, including, without limitation, any relating to the application of Federal or state securities laws, as it may deem necessary or advisable.

(iv) Payment. (A) No Units shall be delivered pursuant to any exercise of an Option until payment in full of the aggregate Exercise Price therefor is received by the Partnership, and the Participant has paid to the Partnership an amount equal to any income and employment taxes required to be withheld. Such payments may be made in cash (or its equivalent) or, in the Determining Party's sole and plenary discretion, (1) by exchanging Units owned by the Participant (which are not the subject of any pledge or other security interest) or (2) if there shall be a public market for the Units at such time, subject to such rules as may be established by the General Partner, through delivery of irrevocable instructions to a broker to sell the Units otherwise deliverable upon the exercise of the Option and to deliver promptly to the Partnership an amount equal to the aggregate Exercise Price, or by a combination of the foregoing; provided that the combined value of all cash and cash equivalents and the Fair Market Value of any such Units so tendered to the Partnership as of the date of such tender is at least equal to such aggregate Exercise Price and the amount of any income, employment or other taxes required to be withheld.

(B) Wherever in the Plan or any Award Agreement a Participant is permitted to pay the Exercise Price of an Option or taxes relating to the exercise of an Option by delivering Units, the Participant may, if permitted by the Determining Party, and subject to procedures satisfactory to it, in its discretion, satisfy such delivery requirement by presenting proof of beneficial ownership of such Units, in which case the Partnership shall treat the Option as exercised without further payment and shall withhold such number of Units from the Units acquired by the exercise of the Option.

(v) Expiration. Except as otherwise set forth in the applicable Award Agreement, each Option shall expire immediately, without any payment, upon the earlier of (A) the tenth anniversary of the date the Option is granted and (B) either (i) the date the Participant who is holding the Option ceases to be an officer, employee or consultant of the Partnership, the General Partner, the Organizational Limited Partner, Capital Ship Management or one of their respective Affiliates for any reason other than the Participant's retirement or death, (ii) one year after the date a Director Participant who is holding the Option ceases to be a Director by reason of such Director Participant's resignation or removal (except for cause) or non re-election as a Director (except for cause), (iii) six months after the

date the Participant who is holding the Option ceases to be an officer, employee or consultant of the Partnership, the General Partner, the Organizational Limited Partner, Capital Ship Management or one of their respective Affiliates by reason of the Participant's Retirement or (iv) six months after the date the Participant who is holding the Option ceases to be an officer, employee or consultant of the Partnership, the General Partner, the Organizational Limited Partner, Capital Ship Management or one of their respective Affiliates by reason of the Participant's death. In no event may an Option be exercisable after the tenth anniversary of the date the Option is granted.

(c) UARs.

(i) Grant. Subject to the provisions of the Plan, the Determining Party shall have sole and plenary authority to determine the Participants to whom UARs shall be granted, the number of Units to be covered by each UAR, the Exercise Price thereof and the conditions and limitations applicable to the exercise thereof.

(ii) Exercise Price. Except as otherwise established by the Determining Party at the time a UAR is granted and set forth in the applicable Award Agreement, the Exercise Price of each Unit covered by a UAR shall be not less than 100% of the Fair Market Value of such Unit (determined as of the date the UAR is granted).

(iii) Exercise. A UAR shall entitle the Participant to receive an amount equal to the excess, if any, of the Fair Market Value of a Unit on the date of exercise of the UAR over the Exercise Price thereof. The Determining Party shall determine, in its sole and plenary discretion, whether a UAR shall be settled in cash, Units, other securities, other Awards, other property or a combination of any of the foregoing.

(iv) Other Terms and Conditions. Subject to the terms of the Plan and any applicable Award Agreement, the Determining Party shall determine, at or after the grant of a UAR, the vesting criteria, term, methods of exercise, methods and form of settlement and any other terms and conditions of any UAR. The Determining Party may impose such conditions or restrictions on the exercise of any UAR as it shall deem appropriate or desirable.

(d) Restricted Units and RUAs.

(i) Grant. Subject to the provisions of the Plan, the Determining Party shall have sole and plenary authority to determine the Participants to whom Restricted Units and RUAs shall be granted, the number of Restricted Units and RUAs to be granted to each Participant, the duration of the period during which, and the conditions, if any, under which, the Restricted Units and RUAs may vest or may be forfeited to the Partnership and the other terms and conditions of such Awards.

(ii) Transfer Restrictions. Restricted Units and RUAs may not be sold, assigned, transferred, pledged or otherwise encumbered except as provided in the Plan or as may be provided in the applicable Award Agreement; provided, however, that the Determining Party may in its discretion determine that Restricted Units and RUAs may be transferred by the Participant. Certificates issued in respect of Restricted Units shall be registered in the name of the Participant and deposited by such Participant, together with a unit power endorsed in blank, with the Partnership or such other custodian as may be designated by the General Partner or the Partnership, and shall be held by the Partnership or other custodian, as applicable, until such time as the restrictions applicable to such Restricted

Units lapse. Upon the lapse of the restrictions applicable to such Restricted Units, the Partnership or other custodian, as applicable, shall deliver such certificates to the Participant or the Participant's legal representative.

(iii) Payment/Lapse of Restrictions. Each RUA shall be granted with respect to one Unit or shall have a value equal to the Fair Market Value of one Unit. RUAs shall be paid in cash, Units, other securities, other Awards or other property, as determined in the sole and plenary discretion of the Determining Party, upon the lapse of restrictions applicable thereto, or otherwise in accordance with the applicable Award Agreement.

(e) Performance Units.

(i) Grant. Subject to the provisions of the Plan, the Determining Party shall have sole and plenary authority to determine the Participants to whom Performance Units shall be granted and the terms and conditions thereof.

(ii) Value of Performance Units. Each Performance Unit shall have an initial value that is established by the Determining Party at the time of grant. The Determining Party shall set, in its sole and plenary discretion, performance periods, payment formulas and performance goals (or any other terms) which, depending on the extent to which they are met, will determine the number and value of Performance Units that will be paid out to the Participant.

(iii) Earning of Performance Units. Subject to the provisions of the Plan, after the applicable performance period has ended, the holder of Performance Units shall be entitled to receive a payout of the number and value of Performance Units earned by the Participant over the performance period, to be determined by the Determining Party, in its sole and plenary discretion, as a function of the extent to which the corresponding performance goals have been achieved and the applicable payment formulas (or any other terms).

(iv) Form and Timing of Payment of Performance Units. Subject to the provisions of the Plan, the Determining Party, in its sole and plenary discretion, may pay earned Performance Units in the form of cash, Units, other securities, other Awards or other property (or in any combination thereof) that has an aggregate Fair Market Value equal to the value of the earned Performance Units at the close of the applicable performance period. Such Units may be granted subject to any restrictions in the applicable Award Agreement deemed appropriate by the Determining Party. The determination of the Determining Party with respect to the form and timing of payout of such Awards shall be set forth in the applicable Award Agreement.

(f) Cash Incentive Awards. Subject to the provisions of the Plan, the Determining Party, in its sole and plenary discretion, shall have the authority to grant Cash Incentive Awards. The Determining Party shall establish Cash Incentive Award levels to determine the amount of a Cash Incentive Award payable upon the attainment of performance goals (or any other terms) specified by the Determining Party.

(g) Other Unit-Based Awards. Subject to the provisions of the Plan, the Determining Party shall have the sole and plenary authority to grant to Participants other equity-based or equity-related Awards (including, but not limited to, fully-vested Units) in such amounts and subject to such terms and conditions as the Determining Party shall determine.

(h) Distribution Equivalents. In the sole and plenary discretion of the Determining Party, an Award, other than an Option, UAR or Cash Incentive Award, may provide the Participant with distributions or distribution equivalents, payable in cash, Units, other securities, other Awards or other property, on a current or deferred basis, on such terms and conditions as may be determined by the Determining Party in its sole and plenary discretion, including, without limitation, payment directly to the Participant, withholding of such amounts by the Partnership subject to vesting of the Award or reinvestment in additional Units, Restricted Units or other Awards.

SECTION 7. Amendment and Termination.

(a) Amendments to the Plan. Subject to any applicable law or government regulation and to the rules of the NASDAQ or any successor exchange or quotation system on which the Units may be listed or quoted, the Plan may be amended, modified or terminated by the Board and the General Partner at any time and in any manner without the approval of the unitholders of the Partnership. No modification, amendment or termination of the Plan may, without the consent of any Participant to whom any Award shall previously have been granted, materially and adversely affect the rights of such Participant (or his or her transferee) under such Award, unless otherwise provided by the Determining Party in the applicable Award Agreement.

(b) Amendments to Awards. The Determining Party may waive any conditions or rights under, amend any terms of, or alter, suspend, discontinue, cancel or terminate any Award theretofor granted, prospectively or retroactively; provided, however, that, except as set forth in the Plan, unless otherwise provided by the Determining Party in the applicable Award Agreement, any such waiver, amendment, alteration, suspension, discontinuance, cancelation or termination that would materially and adversely impair the rights of any Participant or any holder or beneficiary of any Award theretofor granted shall not to that extent be effective without the consent of the impaired Participant, holder or beneficiary.

(c) Adjustment of Awards Upon the Occurrence of Certain Unusual or Nonrecurring Events. The General Partner is hereby authorized to make adjustments in the terms and conditions of, and the criteria included in, Awards in recognition of unusual or nonrecurring events (including, without limitation, the events described in Section 4(d) or the occurrence of a Change of Control) affecting the Partnership, any Affiliate, or the financial statements of the Partnership or any Affiliate, or of changes in applicable rules, rulings, regulations or other requirements of any governmental body or securities exchange, accounting principles or law (i) whenever the General Partner, in its sole and plenary discretion, determines that such adjustments are appropriate or desirable, including, without limitation, providing for a substitution or assumption of Awards, accelerating the exercisability of, lapse of restrictions on, or termination of, Awards or providing for a period of time for exercise prior to the occurrence of such event, (ii) if deemed appropriate or desirable by the General Partner, in its sole and plenary discretion, by providing for a payment (in cash, Units or other property) to the holder of an Award in consideration for the cancelation of such Award, including, in the case of an outstanding Option or UAR, a payment (in cash, Units or other property) to the holder of such Option or UAR in consideration for the cancelation of such Option or UAR in an amount equal to the excess, if any, of the Fair Market Value (as of a date specified by the General Partner) of the Units

subject to such Option or UAR over the aggregate Exercise Price of such Option or UAR and (iii) if deemed appropriate or desirable by the General Partner, in its sole and plenary discretion, by canceling and terminating any Option or UAR having a per Unit Exercise Price equal to, or in excess of, the Fair Market Value of a Unit subject to such Option or UAR without any payment or consideration therefor.

SECTION 8. Change of Control. Unless otherwise provided in the applicable Award Agreement, in the event of a Change of Control after the date of the adoption of the Plan, unless provision is made in connection with the Change of Control for (a) assumption of Awards previously granted or (b) substitution for such Awards of new awards or similar entitlements covering equity interests in the successor corporation or other entity in the Change of Control with appropriate adjustments as to the number and kinds of equity interests, performance goals and the Exercise Prices, as applicable, (i) any outstanding Options or UARs then held by Participants that are unexercisable or otherwise unvested shall automatically be deemed exercisable or otherwise vested, as the case may be, as of immediately prior to such Change of Control, (ii) all Performance Units and Cash Incentive Awards shall be paid out as if the date of the Change of Control were the last day of the applicable performance period and "target" performance levels had been attained and (iii) all other outstanding Awards (i.e., other than Options, UARs, Performance Units and Cash Incentive Awards) then held by Participants that are unexercisable, unvested or still subject to restrictions or forfeiture, shall automatically be deemed exercisable and vested and all restrictions and forfeiture provisions related thereto shall lapse as of immediately prior to such Change of Control.

SECTION 9. General Provisions.

(a) Nontransferability. Except as otherwise specified in the applicable Award Agreement, during the Participant's lifetime each Award (and any rights and obligations thereunder) shall be exercisable only by the Participant, or, if permissible under applicable law, by the Participant's legal guardian or representative, and no Award (or any rights and obligations thereunder) may be assigned, alienated, pledged, attached, sold or otherwise transferred or encumbered by a Participant otherwise than by will or by the laws of descent and distribution, and any such purported assignment, alienation, pledge, attachment, sale, transfer or encumbrance shall be void and unenforceable against the Partnership or any Affiliate; provided that (i) the designation of a beneficiary shall not constitute an assignment, alienation, pledge, attachment, sale, transfer or encumbrance and (ii) the Determining Party may permit further transferability, on a general or specific basis, and may impose conditions and limitations on any permitted transferability. All terms and conditions of the Plan and all Award Agreements shall be binding upon any permitted successors and assigns.

(b) No Rights to Awards. No Participant or other Person shall have any claim to be granted any Award, and there is no obligation for uniformity of treatment of Participants or holders or beneficiaries of Awards. The terms and conditions of Awards and the Determining Party's determinations and interpretations with respect thereto need not be the same with respect to each Participant and may be made selectively among Participants, whether or not such Participants are similarly situated.

(c) Unit Certificates. All certificates for Units or other securities of the Partnership or any Affiliate delivered under the Plan pursuant to any Award or the exercise thereof shall be subject to such stop transfer orders and other restrictions as the Determining Party may deem advisable under the Plan, the applicable Award Agreement or the rules,

regulations and other requirements of the SEC, the NASDAQ or any other stock exchange or quotation system upon which such Units or other securities are then listed or reported and any applicable laws, and the Determining Party may cause a legend or legends to be put on any such certificates to make appropriate reference to such restrictions.

(d) Withholding. A Participant may be required to pay to the Partnership or any Affiliate, and the Partnership or any Affiliate shall have the right and is hereby authorized to withhold from any Award, from any payment due or transfer made under any Award or under the Plan or from any compensation or other amount owing to a Participant, the amount (in cash, Units, other securities, other Awards or other property) of any applicable withholding taxes in respect of an Award, its exercise or any payment or transfer under an Award or under the Plan and to take such other action as may be necessary in the opinion of the General Partner to satisfy all obligations for the payment of such taxes.

(e) Award Agreements. Each Award hereunder shall be evidenced by an Award Agreement, which shall be delivered to the Participant and shall specify the terms and conditions of the Award and any rules applicable thereto, including, but not limited to, the effect on such Award of the death, disability or termination of employment or service of a Participant and the effect, if any, of such other events as may be determined by the Determining Party.

(f) No Limit on Other Compensation Arrangements. Nothing contained in the Plan shall prevent the Partnership or any Affiliate from adopting or continuing in effect other compensation arrangements, which may, but need not, provide for the grant of options, restricted units, units and other types of equity-based awards, and such arrangements may be either generally applicable or applicable only in specific cases.

(g) No Right to Employment. The grant of an Award shall not be construed as giving a Participant the right to be retained as a director, officer, employee, service provider or consultant of or to the Partnership, the General Partner, the Organizational Limited Partner, Capital Ship Management or one of their respective Affiliates, nor shall it be construed as giving a Participant any rights to continued service on the Board. Further, the Partnership, the General Partner, the Organizational Limited Partner, Capital Ship Management or one of their respective Affiliates may at any time dismiss a Participant from employment or discontinue any consulting relationship, free from any liability or any claim under the Plan, unless otherwise expressly provided in the Plan or in any Award Agreement.

(h) No Rights as Unitholder. No Participant or holder or beneficiary of any Award shall have any rights as a unitholder with respect to any Units to be distributed under the Plan until he or she has become the holder of such Units. In connection with each grant of Restricted Units, except as provided in the applicable Award Agreement, the Participant shall not be entitled to the rights of a unitholder in respect of such Restricted Units. Except as otherwise provided in Section 4(d), Section 7(c) or the applicable Award Agreement, no adjustments shall be made for dividends or distributions on (whether ordinary or extraordinary, and whether in cash, Units, other securities or other property), or other events relating to, Units subject to an Award for which the record date is prior to the date such Units are delivered.

(i) Governing Law. The validity, construction and effect of the Plan and any rules and regulations relating to the Plan and any Award Agreement shall be determined in accordance with the laws of the State of New York, without giving effect to the conflict of laws provisions thereof.

(j) Severability. If any provision of the Plan or any Award is or becomes or is deemed to be invalid, illegal or unenforceable in any jurisdiction or as to any Person or Award, or would disqualify the Plan or any Award under any law deemed applicable by the General Partner, such provision shall be construed or deemed amended to conform to the applicable laws, or if it cannot be construed or deemed amended without, in the determination of the General Partner, materially altering the intent of the Plan or the Award, such provision shall be construed or deemed stricken as to such jurisdiction, Person or Award and the remainder of the Plan and any such Award shall remain in full force and effect.

(k) Other Laws. The General Partner may refuse to issue or transfer any Units or other consideration under an Award if, acting in its sole and plenary discretion, it determines that the issuance or transfer of such Units or such other consideration might violate any applicable law or regulation, and any payment tendered to the Partnership by a Participant, other holder or beneficiary in connection with the exercise of such Award shall be promptly refunded to the relevant Participant, holder or beneficiary. Without limiting the generality of the foregoing, no Award granted hereunder shall be construed as an offer to sell securities of the Partnership, and no such offer shall be outstanding, unless and until the General Partner in its sole and plenary discretion has determined that any such offer, if made, would be in compliance with all applicable requirements of any applicable securities laws.

(l) No Trust or Fund Created. Neither the Plan nor any Award shall create or be construed to create a trust or separate fund of any kind or a fiduciary relationship between the Partnership or any Affiliate, on one hand, and a Participant or any other Person, on the other hand. To the extent that any Person acquires a right to receive payments from the Partnership or any Affiliate pursuant to an Award, such right shall be no greater than the right of any unsecured general creditor of the Partnership or such Affiliate.

(m) No Fractional Units. No fractional Units shall be issued or delivered pursuant to the Plan or any Award, and the General Partner shall determine whether cash, other securities or other property shall be paid or transferred in lieu of any fractional Units or whether such fractional Units or any rights thereto shall be canceled, terminated or otherwise eliminated.

(n) Requirement of Consent and Notification of Election Under Section 83(b) of the Code or Similar Provision. No election under Section 83(b) of the Code (to include in gross income in the year of transfer the amounts specified in Section 83(b) of the Code) or under a similar provision of law may be made unless expressly permitted by the terms of the applicable Award Agreement or by action of the Determining Party in writing prior to the making of such election. If an Award recipient, in connection with the acquisition of Units under the Plan or otherwise, is expressly permitted under the terms of the applicable Award Agreement or by such Determining Party action to make such an election and the Participant makes the election, the Participant shall notify the Partnership of such election within ten days of filing notice of the election with the IRS or other governmental authority, in addition to any filing and notification required pursuant to regulations issued under Section 83(b) of the Code or other applicable provision.

(o) Interpretation.

(i) Headings are given to the Sections and subsections of the Plan solely as a convenience to facilitate reference. Such headings shall not be deemed in any way material or relevant to the construction or interpretation of the Plan or any provision thereof.

(ii) The words “include”, “includes” and “including” shall be deemed to be followed by the phrase “without limitation”.

SECTION 10. Term of the Plan.

(a) Effective Date. The Plan shall be effective as of the date of its adoption by the General Partner, with the approval of the Board.

(b) Expiration Date. No Award shall be granted under the Plan after the tenth anniversary of the date the Plan is approved under Section 10(a). Unless otherwise expressly provided in the Plan or in an applicable Award Agreement, any Award granted hereunder may, and the authority of the Determining Party to amend, alter, adjust, suspend, discontinue or terminate any such Award or to waive any conditions or rights under any such Award shall, nevertheless continue thereafter.

Exhibit 4.21

Dated 17 January 2020

CAPITAL PRODUCT PARTNERS L.P.
as Borrower

and

THE BANKS AND FINANCIAL INSTITUTIONS
listed in Schedule 1
as Lenders

and

HAMBURG COMMERCIAL BANK AG
as Agent, Mandated Lead Arranger and Security Trustee

LOAN AGREEMENT

relating to
a senior secured term loan facility of up to US$38,500,000
to provide finance secured on one 2011-built Super-Post-Panamax container carrier named “ATHENIAN”

WATSON FARLEY
&
WILLIAMS

Index

THIS AGREEMENT is made on 17 January 2020

PARTIES

(1) **CAPITAL PRODUCT PARTNERS L.P.**, a limited partnership formed in the Republic of the Marshall Islands whose registered address is at Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro MH96960, the Marshall Islands as "**Borrower**"

(2) **THE BANKS AND FINANCIAL INSTITUTIONS** listed in Part A of Schedule 1, as "**Lenders**"

(3) **HAMBURG COMMERCIAL BANK AG,** acting through its office is at Gerhart-Hauptmann-Platz 50, D-20095 Hamburg, Germany, as "**Agent**"

(4) **HAMBURG COMMERCIAL BANK AG,** acting through its office is at Gerhart-Hauptmann-Platz 50, D-20095 Hamburg, Germany, as "**Mandated Lead Arranger**"

(5) **HAMBURG COMMERCIAL BANK AG,** acting through its office is at Gerhart-Hauptmann-Platz 50, D-20095 Hamburg, Germany, as "**Security Trustee**"

BACKGROUND

(A) The Lenders have agreed to make available to the Borrower a senior secured post-delivery term loan facility, in a single advance, in an amount of up to the lesser of:

(i) $38,500,000; and

(ii) 70 per cent. of the Initial Market Value of the Ship,

for the purpose of partly financing, on post-delivery terms, the Market Value of the Ship.

OPERATIVE PROVISIONS

1 INTERPRETATION

1.1 Definitions

Subject to Clause 1.5, in this Agreement:

"**Account**" means each of the Earnings Account, the Minimum Liquidity Account and the Retention Account and, in the plural, means all of them.

"**Account Pledge**" means, in relation to each Account, a pledge agreement creating security in respect of that Account in the Agreed Form and, in the plural, means all of them.

"**Accounting Information**" means the annual audited consolidated financial statements or, as the case may be, the quarterly unaudited consolidated financial statements, each in respect of the Borrower and the Group, to be provided by the Borrower to the Agent in accordance with Clause 11.6.

"**Agency and Trust Deed**" means the agency and trust deed executed or to be executed between the Borrower and the Creditor Parties in the Agreed Form.

"**Agent**" means Hamburg Commercial Bank AG, acting in such capacity through its office at Gerhart-Hauptmann-Platz 50, D-20095 Hamburg, Germany, or any successor of it appointed under clause 5 of the Agency and Trust Deed.

"**Agreed Form**" means in relation to any document, that document in the form approved in writing by the Agent (acting on the instructions of all the Lenders) or as otherwise approved in accordance with any other approval procedure specified in any relevant provisions of any Finance Document.

"**Approved Broker**" means each of Arrow Valuations Ltd, Barry Rogliano Salles, H. Clarkson & Co. Ltd., Maersk Brokers K/S and Howe Robinson (or any affiliate of such person through which valuations are commonly issued) and, in plural, means all of them.

"**Approved Charter**" means a time charter dated 24 November 2017 as amended by an Addendum No. 1 dated 20 September 2018 and made between the Owner as owner and Hapag Lloyd AG as charterer expiring, subject to the terms thereof, no earlier than 5 May 2022 and providing for a gross hire rate of not less than $27,000.

"**Approved Classification Society**" means a first class classification society acceptable to the Agent in the highest classification rating available, being one of Lloyd's Registry, American Bureau of Shipping (ABS), Det Norske Veritas (DNV), Bureau Veritas (BV), Korean Registry of Shipping, Nippon Kaiji Kyoykai or Registro Italiano Navale, which as at the date of this Agreement is ABS.

"**Approved Flag**" means the Liberian, the Marshall Islands, the Maltese the Panamanian or the Isle of Man flag or such other flag as the Agent may approve (such approval not to be unreasonably withheld or delayed) as the flag on which the Ship is or, as the case may be, shall be registered, which as at the date of this Agreement is the Liberian flag.

"**Approved Flag State**" means the Republic of Liberia, the Republic of the Marshall Islands, the Republic of Malta, the Republic of Panama, the Isle of Man or any other country in which the Agent may approve (such approval not to be unreasonably withheld or delayed) that the Ship is or, as the case may be, shall be registered.

"**Approved Manager**" means:

(a) Capital-Executive Ship Management Corp., a corporation incorporated in the Marshall Islands, having its registered address at Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, the Marshall Islands MH 96960; or

(b) G-Marine Service Co. Ltd, a company incorporated in South Korea, having its registered office at 14th Floor, 331, Meritz Tower, Jungang-daero, Dong-gu, Busan, 48792, South Korea; or

(c) any other experienced and capable management company which the Agent (acting on the instructions of the Majority Lenders) may approve (such approval not to be unreasonably withheld or delayed or conditioned) from time to time as the commercial, technical and/or operational manager of the Ship and, in the plural, means all of them, being as at the date of this Agreement Capital-Executive Ship Management Corp..

"**Approved Manager's Undertaking**" means a letter of undertaking including (inter alia) an assignment of an Approved Manager's rights, title and interest in the Insurances executed or, as the context may require, to be executed by that Approved Manager in favour of the Security Trustee in the Agreed Form agreeing certain matters in relation to that Approved Manager, serving as manager of the Ship and subordinating its rights against the Ship and the Owner to the rights of the Creditor Parties under the Finance Documents and, in the plural, means all of them.

"**Article 55 BRRD**" means Article 55 of Directive 2014/59/EU establishing a framework for the recovery and resolution of credit institutions and investment firms.

"**Assignable Charter**" means any time charterparty (including any Approved Charter), consecutive voyage charter or contract of affreightment in respect of the Ship having a duration (or capable of exceeding a duration) of 12 months or more and any guarantee of the obligations of the charterer under such charter or any bareboat charter in respect of the Ship (irrespective of its duration) and any guarantee of the obligations of the charterer under such bareboat charter, entered or to be entered into by the Owner and a charterer or, as the context may require, bareboat charterer and, in the plural, means all of them.

"**Availability Period**" means the period commencing on the date of this Agreement and ending on the earlier of:

(a) 28 February 2020 (or such later date as the Agent may, with the authorisation of all the Lenders, agree with the Borrower); and

(b) the date on which the Total Commitments are fully borrowed, cancelled or terminated.

"**Bail-In Action**" means the exercise of any Write-down and Conversion Powers.

"**Bail-In Legislation**" means:

(a) in relation to an EEA Member Country which has implemented, or which at any time implements, Article 55 BRRD, the relevant implementing law or regulation as described in the EU Bail-In Legislation Schedule from time to time; and

(b) in relation to any state other than such an EEA Member Country or (to the extent that the United Kingdom is not such an EEA Member Country) the United Kingdom, any analogous law or regulation from time to time which requires contractual recognition of any Write-down and Conversion Powers contained in that law or regulation.

"**Balloon Instalment**" has the meaning given in Clause 8.1.

"**Bareboat Charter Security Agreement**" means, in relation to an Assignable Charter which is a bareboat charter (which charter may be entered into by the Owner subject to Clause 14.12(a)), an agreement or agreements whereby the Security Trustee receives an assignment of the rights of the Owner under the bareboat charter and certain undertakings from the Owner and the relevant charterer and, if so agreed by the Security Trustee (acting with the authorisation of the Majority Lenders), agrees to give certain undertakings to that charterer, in an Agreed Form and, in the plural, means all of them.

"**Basel III**" means, together:

(a) the agreements on capital requirements, a leverage ratio and liquidity standards contained in "Basel III: A global regulatory framework for more resilient banks and banking systems", "Basel III: International framework for liquidity risk measurement, standards and monitoring" and "Guidance for national authorities operating the countercyclical capital buffer" published by the Basel Committee on Banking Supervision in December 2010, each as amended, supplemented or restated;

(b) the rules for global systemically important banks contained in "Global systemically important banks: assessment methodology and the additional loss absorbency requirement - Rules text" published by the Basel Committee on Banking Supervision in November 2011, as amended, supplemented or restated; and

(c) any further guidance or standards published by the Basel Committee on Banking Supervision relating to "Basel III".

"**Borrower**" means Capital Product Partners L.P., a limited partnership formed in the Republic of the Marshall Islands whose registered address is at Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro MH96960, the Marshall Islands.

"**Break Costs**" has the meaning given in Clause 21.2.

"**Business Day**" means a day (other than a Saturday or Sunday) on which banks are open for general business:

(a) in Hamburg and London regarding the fixing of any interest rate which is required to be determined under this Agreement or any Finance Document;

(b) in Hamburg and New York in respect of any payment which is required to be made under a Finance Document; and

(c) in Hamburg and Piraeus regarding any other action to be taken under this Agreement or any other Finance Document.

"**Cancellation Notice**" has the meaning given in Clause 8.7.

"**Change of Control**" means:

(a) any person or group of persons acting in concert gaining direct or indirect control of the Borrower or the Owner other than the Permitted Holders; and/or

(b) any person or group of persons acting in concert (save for any passive institutional investor) acquiring ownership of more common units in the capital of the Borrower than the Permitted Holders; and/or

(c) the Borrower ceasing to directly or indirectly own 100 per cent. of, or ceasing to control, the Owner; and/or

(d) Capital GP L.L.C. of the Marshall Islands ceasing to be the Borrower's general partner.

"**Charterparty Assignment**" means, in relation to an Assignable Charter, an assignment of the rights of the Owner which is a party to that Assignable Charter and any guarantee of such Assignable Charter executed or, as the context may require, to be executed by the Owner in favour of the Security Trustee in the Agreed Form and, in the plural, means all of them.

"**Code**" means the US Internal Revenue Code of 1986.

"**Commitment**" means, in relation to a Lender, the amount set opposite its name in Part A of Schedule 1, or, as the case may require, the amount specified in the relevant Transfer Certificate, as that amount may be reduced, cancelled or terminated in accordance with this Agreement (and "**Total Commitments**" means the aggregate of the Commitments of all the Lenders).

"**Compliance Certificate**" means a certificate in the form set out in Schedule 7 (or in any other form which the Agent approves or reasonably requires) to be provided at the times and in the manner set out in Clause 11.22.

"**Confidential Information**" means all information relating to the Borrower, any Security Party, the Group, the Finance Documents or the Loan of which a Creditor Party becomes aware in its capacity as, or for the purpose of becoming, a Creditor Party or which is received by a Creditor Party in relation to, or for the purpose of becoming a Creditor Party under, the Finance Documents or the Loan from either:

(a) any member of the Group or any of its advisers; or

(b) another Creditor Party, if the information was obtained by that Creditor Party directly or indirectly from any member of the Group or any of its advisers,

in whatever form, and includes information given orally and any document, electronic file or any other way of representing or recording information which contains or is derived or copied from such information but excludes:

(i) information that:

(A) is or becomes public information other than as a direct or indirect result of any breach by that Creditor Party of Clause 30; or

(B) is identified in writing at the time of delivery as non-confidential by any member of the Group or any of its advisers; or

(C) is known by that Creditor Party before the date the information is disclosed to it in accordance with paragraphs (a) or (b) above or is lawfully obtained by that Creditor Party after that date, from a source which is, as far as that Creditor Party is aware, unconnected with the Group and which, in either case, as far as that Creditor Party is aware, has not been obtained in breach of, and is not otherwise subject to, any obligation of confidentiality; and

(ii) any Cost of Funding or Reference Bank Quotation.

"**Confidentiality Undertaking**" means a confidentiality undertaking in substantially the appropriate form recommended by the LMA from time to time or in any other form agreed between the Borrower and the Agent.

"**Contractual Currency**" has the meaning given in Clause 21.6.

"**Contribution**" means, in relation to a Lender, the part of the Loan which is owing to that Lender.

"**Corporate Guarantee**" means, in relation to the Owner, a guarantee of the obligations of the Borrower under this Agreement and the other Finance Documents executed or, as the context may require, to be executed by the Owner in the Agreed Form.

"**Cost of Funding**" means, in relation to a Lender, the rate per annum notified by that Lender to the Agent pursuant to paragraph (a)(ii) of Clause 5.8.

"**CRD IV**" means Directive 2013/36/EU of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, amending Directive 2002/87/EC and repealing Directive 2006/48/EC and 2006/29/EC.

"**Creditor Party**" means the Agent, the Security Trustee, the Mandated Lead Arranger, any Lender, whether as at the date of this Agreement or at any later time and, in the plural, means all of them.

"**CRR**" means Regulation (EU) No. 575/2013 of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending regulation (EU) No. 648/2012.

"**Deed of Covenant**" means if required by the laws of the Approved Flag State, a deed of covenant collateral to the Mortgage on the Ship and creating charges over (*inter alia*) the Ship, her Earnings, her Insurances and any Requisition Compensation in the Agreed Form.

"**Disruption Event**" means either or both of:

(a) a material disruption to those payment or communications systems or to those financial markets which are, in each case, required to operate in order for payments to be made in connection with the Loan (or otherwise in order for the transactions contemplated by the Finance Documents to be carried out) which disruption is not caused by, and is beyond the control of, any of the Parties; or

(b) the occurrence of any other event which results in a disruption (of a technical or systems-related nature) to the treasury or payments operations of a Party preventing that, or any other, Party:

(i) from performing its payment obligations under the Finance Documents; or

(ii) from communicating with other Parties in accordance with the terms of the Finance Documents,

and which (in either such case) is not caused by, and is beyond the control of, the Party whose operations are disrupted.

"**Dollars**" and "**$**" means the lawful currency for the time being of the United States of America.

"**Drawdown Date**" means, the date requested by the Borrower for the Loan to be borrowed, or (as the context requires) the date on which the Loan is actually borrowed.

"**Drawdown Notice**" means a notice in the form set out in Schedule 2 (or in any other form which the Agent approves or reasonably requires).

"**EEA Member Country**" means any member state of the European Union, Iceland, Liechtenstein and Norway.

"**Earnings**" means all moneys whatsoever which are now, or later become, payable (actually or contingently) to the Owner or the Security Trustee and which arise out of the use or operation of the Ship, including (but not limited to):

(a) except to the extent that they fall within paragraph (b):

(i) all freight, hire and passage moneys;

(ii) compensation payable to the Owner or the Security Trustee in the event of requisition of the Ship for hire;

(iii) remuneration for salvage and towage services;

(iv) demurrage and detention moneys;

(v) damages for breach (or payments for variation or termination) of any charterparty or other contract for the employment of the Ship; and

(vi) all moneys which are at any time payable under any Insurances in respect of loss of hire; and

(b) if and whenever the Ship is employed on terms whereby any moneys falling within paragraphs (a)(i) to (vi) are pooled or shared with any other person, that proportion of the net receipts of the relevant pooling or sharing arrangement which is attributable to the Ship.

"**Earnings Account**" means an account in the name of the Owner with the Agent in Hamburg designated "Deka Container Carrier S.A. - Earnings Account" or any other account (with that or another office of the Agent) which replaces such account and is designated by the Agent as the Earnings Account for the purposes of this Agreement.

"**EBITDA**" means, in respect of any relevant period, the aggregate amount of consolidated or combined pre-tax profits of the Group before extraordinary or exceptional items, depreciation, interest, repayment of principal in respect of any loan, rentals under finance leases and similar charges payable.

"**Environmental Claim**" means:

(a) any claim by any governmental, judicial or regulatory authority which arises out of an Environmental Incident or an alleged Environmental Incident or which relates to any Environmental Law; or

(b) any claim by any other person which relates to an Environmental Incident or to an alleged Environmental Incident,

and "**claim**" means a claim for damages, compensation, fines, penalties or any other payment of any kind whether or not similar to the foregoing; an order or direction to take, or not to take, certain action or to desist from or suspend certain action; and any form of enforcement or regulatory action, including the arrest or attachment of any asset.

"**Environmental Incident**" means:

(a) any release of Environmentally Sensitive Material from the Ship; or

(b) any incident in which Environmentally Sensitive Material is released from a vessel other than the Ship and which involves a collision between the Ship and such other vessel or some other incident of navigation or operation, in either case, in connection with which the Ship is actually to be arrested, attached, detained or injuncted and/or the Ship and/or the Owner which is the owner thereof and/or any operator or manager of the Ship is at fault or otherwise liable to any legal or administrative action; or

(c) any other incident in which Environmentally Sensitive Material is released otherwise than from the Ship and in connection with which the Ship is actually or potentially liable to be arrested and/or where the Owner which is the owner thereof and/or any operator or manager of the Ship is at fault or otherwise liable to any legal or administrative action.

"**Environmental Law**" means any law, regulation, convention and agreement relating to pollution or protection of the environment, to the carriage of Environmentally Sensitive Material or to actual or threatened releases of Environmentally Sensitive Material.

"**Environmentally Sensitive Material**" means oil, oil products and any other substance (including any chemical, gas or other hazardous or noxious substance) which is (or is capable of being or becoming) polluting, toxic or hazardous.

"**EU Bail-In Legislation Schedule**" means the document described as such and published by the Loan Market Association (or any successor person) from time to time.

"**Event of Default**" means any of the events or circumstances described in Clause 19.1.

"**FATCA**" means:

(a) sections 1471 to 1474 of the Code or any associated regulations;

(b) any treaty, law or regulation of any other jurisdiction, or relating to an intergovernmental agreement between the US and any other jurisdiction, which (in either case) facilitates the implementation of any law or regulation referred to in paragraph (a) above; or

(c) any agreement pursuant to the implementation of any treaty, law or regulation referred to in paragraphs (a) or (b) above with the US Internal Revenue Service, the US government or any governmental or taxation authority in any other jurisdiction.

"**FATCA Deduction**" means a deduction or withholding from a payment under a Finance Document required by FATCA.

"**FATCA Exempt Party**" means a Party that is entitled to receive payments free from any FATCA Deduction.

"**Fee Letter**" means any letter or letters dated on or about the date of this Agreement between the Creditor Parties (or any of them) and the Borrower setting out any of the fees referred to in Clause 20.

"**Final Repayment Date**" means the date falling on the earlier of (i) the date falling on the fifth anniversary of the Drawdown Date and (ii) 28 February 2025.

"**Finance Documents**" means together:

(a) this Agreement;

(b) the Side Letter;

(c) the Agency and Trust Deed;

(d) the Account Pledges;

(e) the Corporate Guarantees;

(f) any Subordination Agreement;

(g) any Subordinated Debt Security;

(h) the Mortgage;

(i) the General Assignment;

(j) any Deed of Covenant;

(k) any Charterparty Assignment;

(l) any Bareboat Charter Security Agreement;

(m) any Approved Manager's Undertaking;

(n) any other document (whether creating a Security Interest or not) which is executed at any time by the Borrower, the Owner, any Approved Manager or any other person as security for, or to establish any form of subordination or priorities arrangement in relation to, any amount payable to the Lenders under this Agreement or any of the other documents referred to in this definition; and

(o) any other document designated as such by the Agent and the Borrower,

and, in the singular, means any of them.

"**Financial Indebtedness**" means, in relation to a person (the "debtor"), any actual or contingent liability of the debtor:

(a) for principal, interest or any other sum payable in respect of any moneys borrowed or raised by the debtor;

(b) under any loan stock, bond, note or other security issued by the debtor;

(c) under any acceptance credit, guarantee or letter of credit facility made available to the debtor;

(d) under a financial lease, a deferred purchase consideration arrangement or any other agreement having the commercial effect of a borrowing or raising of money by the debtor;

(e) under any foreign exchange transaction, any interest or currency swap, exchange or any other kind of derivative transaction entered into by the debtor or, if the agreement under which any such transaction is entered into requires netting of mutual liabilities, the liability of the debtor for the net amount;

(f) under receivables sold or discounted (other than any receivables to the extent that they are sold on a non-recourse basis); or

(g) under a guarantee, indemnity or similar obligation entered into by the debtor in respect of a liability of another person which would fall within (a) to (f) if the references to the debtor referred to the other person.

"**Financial Year**" means, in relation to the Borrower, the Owner and the Group, each period of one year commencing on 1 January in respect of which its individual or, as the case may be, consolidated accounts are or ought to be prepared.

"**Fleet Vessels**" means all of the vessels (including, but not limited to, the Ship) from time to time wholly owned by members of the Group (each a "**Fleet Vessel**").

"**GAAP**" means generally accepted accounting principles as from time to time in effect in the US including IFRS.

"**General Assignment**" means a general assignment of (*inter alia*) the Earnings, the Insurances and any Requisition Compensation relative to the Ship in the Agreed Form.

"**Group**" means, together, the Owner, the Borrower and each of their respective subsidiaries (direct or indirect) from time to time during the Security Period and "**member of the Group**" shall be construed accordingly;

"**IACS**" means the International Association of Classification Societies.

"**IFRS**" means international accounting standards within the meaning of the IAS Regulations 1606/2002 to the extent applicable to the relevant financial statements.

"**Initial Market Value**" means the Market Value of the Ship calculated in accordance with the valuations relative thereto referred to in paragraph 4 of Part B of Schedule 3.

"**Instalment**" has the meaning given in Clause 8.1.

"**Insurances**" means:

(a) all policies and contracts of insurance (including, without limitation, any loss of hire insurance) and any reinsurance, policies or contracts, including entries of the Ship in any protection and indemnity or war risks association, effected in respect of the Ship, its Earnings or otherwise in relation to it whether before, on or after the date of this Agreement; and

(b) all rights (including, without limitation, any and all rights or claims which the Owner may have under or in connection with any cut-through clause relative to any reinsurance contract relating to the aforesaid policies or contracts of insurance) and other assets relating to, or derived from, any of the foregoing, including any rights to a return of a premium and any rights in respect of any claim whether or not the relevant policy, contract of insurance or entry has expired on or before the date of this Agreement;

"**Interest Period**" means a period determined in accordance with Clause 6.

"**Interpolated Screen Rate**" means, in relation to an Interest Period, the rate which results from interpolating on a linear basis between:

(a) the applicable Screen Rate for the longest period (for which that Screen Rate is available) which is less than that Interest Period; and

(b) the applicable Screen Rate for the shortest period (for which that Screen Rate is available) which exceeds that Interest Period,

each as of the Specified Time on the Quotation Date for that Interest Period.

"**ISM Code**" means the International Safety Management Code (including the guidelines on its implementation), adopted by the International Maritime Organisation as the same may be amended or supplemented from time to time (and the terms "safety management system", "Safety Management Certificate" and "Document of Compliance" have the same meanings as are given to them in the ISM Code).

"**ISPS Code**" means the International Ship and Port Facility Security Code as adopted by the International Maritime Organisation, as the same may be amended or supplemented from time to time.

"**ISSC**" means a valid and current International Ship Security Certificate issued under the ISPS Code.

"**Lender**" means, subject to Clause 26.6, a bank or financial institution listed in Part A of Schedule 1 and acting through its branch indicated in Part A of Schedule 1 (or through another branch notified to the Agent under Clause 26.16) or its transferee, successor or assign.

"**Leverage Ratio**" means, any relevant time, the ratio (expressed as a percentage) of:

(a) the aggregate Financial Indebtedness of the Group net of any Liquid Assets; and

(b) the Market Value Adjusted Total Assets (including, without limitation, the Ship).

"**LIBOR**" means, for an Interest Period:

(a) the rate per annum equal to the offered quotation for deposits in Dollars for a period equal to, or as near as possible equal to, the relevant Interest Period which appears on the Screen Rate at or about the Specified Time on the Quotation Date for that Interest Period for a period equal to that Interest Period and for delivery on the first Business Day of it; or

(b) as otherwise determined pursuant to Clause 5.5 (*Unavailability of Screen Rate*),

and, if any such rate is below zero, LIBOR will be deemed to be zero.

"**Liquid Assets**" means, at any relevant time hereunder, the aggregate of:

(a) cash in hand or held with banks or other financial institutions of the Borrower and/or any other member of the Group in Dollars or another currency freely convertible into Dollars, which is free of any Security Interest (other than a Permitted Security Interest and other than ordinary bankers' liens which have not been enforced or become capable of being enforced);

(b) any other short-term financial investment which is free of any Security Interest (other than a Permitted Security Interest);

(c) any cash equivalent of the Borrower and/or any other member of the Group; and

(d) any marketable securities of the Borrower and/or any other member of the Group,

as stated in the latest Accounting Information.

"**Loan**" means the principal amount for the time being outstanding under this Agreement.

"**LSW 1189**" means the London Standard Wording for marine insurances which incorporates the German Direct Mortgage Clause.

"**Major Casualty**" means any casualty to the Ship in respect of which the claim or the aggregate of the claims against all insurers, before adjustment for any relevant franchise or deductible, exceeds $1,000,000 or the equivalent in any other currency.

"**Majority Lenders**" means:

(a) before the Loan is advanced, Lenders whose Commitments total 66 2/3 per cent. of the Total Commitments; and

(b) after the Loan is advanced, Lenders whose Contributions total 66 2/3 per cent. of the Loan.

"**Mandated Lead Arranger**" means Hamburg Commercial Bank AG, acting in such capacity through its office at Gerhart-Hauptmann-Platz 50, D-20095 Hamburg, Germany, or any successor.

"**Mandatory Cost**" means the percentage rate per annum calculated by the Agent in accordance with Schedule 4.

"**Margin**" means 2.55 per cent. per annum.

"**Market Value**" means, in relation to the Ship or other Fleet Vessel, the market value of that Ship or Fleet Vessel determined in accordance with Clause 15.3.

"**Market Value Adjusted Total Assets**" means, at any time, the Total Assets adjusted to reflect the aggregate Market Value of all the Fleet Vessels.

"**Material Adverse Change**" means any event or series of events which, in the opinion of the Majority Lenders, is likely to have a Material Adverse Effect.

"**Material Adverse Effect**" means a material adverse effect which, in the reasonable opinion of the Majority Lenders, has an effect on:

(a) the business, property, assets, liabilities, operations or condition (financial or otherwise) of the Borrower and/or any Security Party taken as a whole;

(b) the ability of the Borrower and/or any Security Party to (i) comply with or perform any of its obligations or (ii) discharge any of its liabilities, under any Finance Document as they fall due; or

(c) the validity, legality or enforceability of any Finance Document.

"**Maximum Loan Amount**" means an amount up to the lesser of (i) $38,500,000 and (ii) 70 per cent. of the Initial Market Value of the Ship.

"**Minimum Liquidity**" has the meaning given in Clause 11.21.

"**Minimum Liquidity Account**" means the account in the name of the Borrower with the Agent in Hamburg designated "Capital Product Partners L.P. – Minimum Liquidity Account", or any other account (with that or another office of the Agent) which replaces such account and is designated by the Agent as the Minimum Liquidity Account for the purposes of this Agreement.

"**Mortgage**" means the first preferred or, as the case may be, priority ship mortgage on the Ship in the Agreed Form as from time to time amended.

"**Net Interest Expense**" means, as at any date of calculation, the aggregate of all interest payable by any member of the Group on any Financial Indebtedness (excluding any amounts owing by one member of the Group to another member of the Group) and any net amounts payable under interest rate hedge agreements for the 12-month period commencing on the date of calculation less any income received from any Liquid Assets as stated in the latest Accounting Information.

"**Notifying Lender**" has the meaning given in Clause 21.2 or Clause 23.1 as the context requires.

"**Original Financial Statements**" means the consolidated annual financial statements of the Group for the Financial Year which ended on 31 December 2018.

"**Owner**" means Deka Container Carrier S.A., a corporation incorporated in the Republic of Liberia, whose registered address is at 80, Broad Street, Monrovia, Liberia.

"**Participating Member State**" means any member state of the European Union that has the Euro as its lawful currency in accordance with legislation of the European Union relating to Economic and Monetary Union.

"**Party**" means a party to a Finance Document.

"**Payment Currency**" has the meaning given in Clause 21.6.

"**Permitted Holders**" has the meaning given in the Side Letter.

"**Permitted Security Interests**" means:

(a) Security Interests created by the Finance Documents;

(b) liens for unpaid master's and crew's wages in accordance with usual maritime practice;

(c) liens for salvage;

(d) liens arising by operation of law for not more than 2 months' prepaid hire under any charter in relation to the Ship not prohibited by this Agreement;

(e) liens for master's disbursements incurred in the ordinary course of trading and any other lien arising by operation of law or otherwise in the ordinary course of the trading, chartering, operation, repair or maintenance of the Ship, provided such liens do not secure amounts more than 30 days overdue (unless the overdue amount is being contested by the Owner in good faith by appropriate steps) and subject, in the case of liens for repair or maintenance, to Clause 14.13(d);

(f) any Security Interest created in favour of a plaintiff or defendant in any proceedings or arbitration as security for costs and expenses while the Borrower is prosecuting or defending such proceedings or arbitration in good faith; and

(g) Security Interests arising by operation of law in respect of taxes which are not overdue for payment or in respect of taxes being contested in good faith by appropriate steps and in respect of which appropriate reserves have been made.

"**Pertinent Document**" means:

(a) any Finance Document;

(b) any policy or contract of insurance contemplated by or referred to in Clause 13 or any other provision of this Agreement or another Finance Document;

(c) any other document contemplated by or referred to in any Finance Document; and

(d) any document which has been or is at any time sent by or to a Servicing Bank in contemplation of or in connection with any Finance Document or any policy, contract or document falling within paragraphs (b) or (c).

"**Pertinent Jurisdiction**" in relation to a company, means:

(a) England and Wales;

(b) the country under the laws of which the company is incorporated or formed;

(c) a country in which the company has the centre of its main interests or which the company's central management and control is or has recently been exercised;

(d) a country in which the overall net income of the company is subject to corporation tax, income tax or any similar tax;

(e) a country in which assets of the company (other than securities issued by, or loans to, related companies) having a substantial value are situated, in which the company maintains a branch or permanent place of business, or in which a Security Interest created by the company must or should be registered in order to ensure its validity or priority; and

(f) a country the courts of which have jurisdiction to make a winding up, administration or similar order in relation to the company, whether as a main or territorial or ancillary proceedings, or which would have such jurisdiction if their assistance were requested by the courts of a country referred to in paragraphs (b) or (c).

"**Pertinent Matter**" means:

(a) any transaction or matter contemplated by, arising out of, or in connection with a Pertinent Document; or

(b) any statement relating to a Pertinent Document or to a transaction or matter falling within paragraph (a),

and covers any such transaction, matter or statement, whether entered into, arising or made at any time before the signing of this Agreement or on or at any time after that signing.

"**Potential Event of Default**" means an event or circumstance which, with the giving of any notice, the lapse of time, a determination of the Majority Lenders and/or the satisfaction of any other condition, would constitute an Event of Default.

"**Prepayment Date**" has the meaning given in Clause 15.2.

"**Prepayment Notice**" has the meaning given in Clause 8.5(b).

"**Quotation Date**" means, in relation to any Interest Period (or any other period for which an interest rate is to be determined under any provision of a Finance Document), the day on which quotations would ordinarily be given by leading banks in the Relevant Interbank Market for deposits in the currency in relation to which such rate is to be determined for delivery on the first day of that Interest Period or other period.

"**Reference Bank Quotation**" means any quotation supplied to the Agent by a Reference Bank.

"**Reference Bank Rate**" means the arithmetic mean of the rates (rounded upwards to four decimal places) as supplied to the Agent at its request by the Reference Banks:

(a) if:

(i) the Reference Bank is a contributor to the Screen Rate; and

(ii) it consists of a single figure,

as the rate (applied to the relevant Reference Bank and the relevant currency and period) which contributors to the Screen Rate are asked to submit to the relevant administrator; or

(b) in any other case, as the rate at which the relevant Reference Bank could fund itself in dollars for the relevant period with reference to the unsecured wholesale funding market.

"**Reference Banks**" means, subject to Clause 26.18, together, the Hamburg branch of Hamburg Commercial Bank AG, the head office of any other bank which is a Lender at the relevant time (unless such Lender has advised the Agent in writing that it does not wish to be a Reference Bank) and any other bank acceptable to the Agent (acting on the instructions of the Majority Lenders) and any of their respective successors.

"**Related Fund**" in relation to a fund (the "**first fund**"), means a fund which is managed or advised by the same investment manager or investment adviser as the first fund or, if it is managed by a different investment manager or investment adviser, a fund whose investment manager or investment adviser is an affiliate of the investment manager or investment adviser of the first fund.

"**Relevant Interbank Market**" means the London interbank market.

"Relevant Nominating Body" means any applicable central bank, regulator or other supervisory authority or a group of them, or any working group or committee sponsored or chaired by, or constituted at the request of, any of them or the Financial Stability Board.

"**Relevant Person**" has the meaning given in Clause 19.9.

"**Repayment Date**" means a date on which a repayment is required to be made under Clause 8.

"Replacement Benchmark" means a benchmark rate which is:

(a) formally designated, nominated or recommended as the replacement for a Screen Rate by:

(i) the administrator of that Screen Rate (provided that the market or economic reality that such benchmark rate measures is the same as that measured by that Screen Rate); or

(ii) any Relevant Nominating Body,

and if replacements have, at the relevant time, been formally designated, nominated or recommended under both paragraphs, the "Replacement Benchmark" will be the replacement under paragraph (ii) above;

(b) if paragraph (a) above does not apply, in the opinion of the Lenders, generally accepted in the international or any relevant domestic syndicated loan markets as the appropriate successor to that Screen Rate; or

(c) if paragraphs (a) and (b) do not apply, in the opinion of the Lenders, an appropriate successor to a Screen Rate.

"**Resolution Authority**" means any body which has authority to exercise any Write-down and Conversion Powers.

"**Requisition Compensation**" includes all compensation or other moneys payable by reason of any act or event such as is referred to in paragraph (b) of the definition of "Total Loss".

"**Retention Account**" means an account in the name of the Borrower with the Agent in Hamburg designated "Capital Product Partners L.P. - Retention Account" and having account number 1100334088 or any other account (with that or another office of the Agent) which replaces such account and is designated by the Agent as the Retention Account for the purposes of this Agreement.

"**Sale and Purchase Agreement**" means the Sale and Purchase Agreement made between (i) Capital Maritime & Trading Corp as seller and (ii) the Borrower or another wholly owned subsidiary of the Borrower for the sale and the purchase for 100% of the share capital of the Owner.

"**Screen Rate**" means the London interbank offered rate administered by the ICE Benchmark Administration Limited (or any other person which takes over the administration of that rate) for Dollars for the relevant period displayed on pages LIBOR01 or LIBOR02 of the Reuters screen (or any replacement Reuters page which displays that rate) or on the appropriate page of such other information service which publishes that rate from time to time in place of Reuters. If such page or service ceases to be available, the Agent may specify another page or service displaying the relevant rate after consultation with the Borrower.

"Screen Rate Replacement Event" means, in relation to a Screen Rate:

(a) the methodology, formula or other means of determining that Screen Rate has, in the opinion of the Majority Lenders, and the Borrower materially changed and as a result the Screen Rate is no longer appropriate for the purposes of calculating interest under this Agreement;

(b)

(i)

(A) the administrator of that Screen Rate or its supervisor publicly announces that such administrator is insolvent; or

(B) information is published in any order, decree, notice, petition or filing, however described, or filed with a court, tribunal, exchange, regulatory authority or similar administrative, regulatory or judicial body which reasonably confirms that the administrator of that Screen Rate is insolvent,

provided that, in each case, at that time, there is no successor administrator to continue to provide that Screen Rate;

(ii) the administrator of that Screen Rate publicly announces that it has ceased or will cease, to provide that Screen Rate permanently or indefinitely and, at that time, there is no successor administrator to continue to provide that Screen Rate;

(iii) the supervisor of the administrator of that Screen Rate publicly announces that such Screen Rate has been or will be permanently or indefinitely discontinued; or

(iv) the administrator of that Screen Rate or its supervisor announces that that Screen Rate may no longer be used; or

(c) the administrator of that Screen Rate determines that that Screen Rate should be calculated in accordance with its reduced submissions or other contingency or fallback policies or arrangements and either:

(i) the circumstance(s) or event(s) leading to such determination are not (in the opinion of the Lenders and the Borrower) temporary; or

(ii) that Screen Rate is calculated in accordance with any such policy or arrangement for a period no less than 15 Business Days; or

(d) in the opinion of the Lenders and the Borrower, that Screen Rate is otherwise no longer appropriate for the purposes of calculating interest under this Agreement;

"**Secured Liabilities**" means all liabilities which the Borrower, the Owner, the other Security Parties or any of them have, at the date of this Agreement or at any later time or times, under or in connection with any Finance Document or any judgment relating to any Finance Document; and for this purpose, there shall be disregarded any total or partial discharge of these liabilities, or variation of their terms, which is effected by, or in connection with, any bankruptcy, liquidation, arrangement or other procedure under the insolvency laws of any country.

"**Security Cover Ratio**" means, at any relevant time, the aggregate of (i) the Market Value of the Ship and (ii) the net realisable value of any acceptable additional security (excluding, for the avoidance of doubt, the Minimum Liquidity) provided at that time under Clause 15, at that time, expressed as a percentage of the Loan.

"**Security Interest**" means:

(a) a mortgage, charge (whether fixed or floating) or pledge, any maritime or other lien or any other security interest of any kind;

(b) the rights of a plaintiff under an action in rem in which the vessel concerned has been arrested or a writ has been issued or similar step taken; and

(c) any arrangement entered into by a person (A) the effect of which is to place another person (B) in a position which is similar, in economic terms, to the position in which B would have been had he held a security interest over an asset of A; but paragraph (c) does not apply to a right of set off or combination of accounts conferred by the standard terms of business of a bank or financial institution.

"**Security Party**" means the Owner, the Borrower, Capital-Executive Ship Management Corp. and any other person (except a Creditor Party, any Approved Manager which is not a member of the Group and any charterer (other than a bareboat or demise charterer which is a member of the 7Group)) who, as a surety or mortgagor, as a party to any subordination or priorities arrangement, or in any similar capacity, executes a document falling within the final paragraph of the definition of "Finance Documents" and, in the plural, means all of them.

"**Security Period**" means the period commencing on the date of this Agreement and ending on the date on which the Agent notifies the Borrower, the Security Parties and the other Creditor Parties that:

(a) all amounts which have become due for payment by the Borrower or any Security Party under the Finance Documents have been paid;

(b) no amount is owing or has accrued (without yet having become due for payment) under any Finance Document;

(c) neither the Borrower nor any Security Party has any future or contingent liability under Clauses 20, 21 or 22 or any other provision of this Agreement or another Finance Document; and

(d) the Agent, the Mandated Lead Arranger, the Security Trustee and the Majority Lenders do not consider that there is a significant risk that any payment or transaction under a Finance Document would be set aside, or would have to be reversed or adjusted, in any present or possible future bankruptcy of the Borrower or a Security Party or in any present or possible future proceeding relating to a Finance Document or any asset covered (or previously covered) by a Security Interest created by a Finance Document.

"**Security Trustee**" means Hamburg Commercial Bank AG, acting in such capacity through its office at Gerhart-Hauptmann-Platz 50, D-20095, Hamburg, Germany, or any successor of it appointed under clause 5 of the Agency and Trust Deed.

"**Servicing Bank**" means the Agent or the Security Trustee.

"**Ship**" means the 2011-built Super-Post-Panamax container carrier vessel of approximately 9,954 TEU currently registered in the ownership of the Owner with IMO number 9408865 and with the name "ATHENIAN".

"**Side Letter**" means a letter dated on or about the date of this Agreement specifying the Permitted Holders to be executed by the Agent, the Borrower and the Owners in the Agreed Form.

"**Subordinated Creditor**" means a Security Party, the general or a limited partner of the Borrower or any other person who becomes a Subordinated Creditor in accordance with this Agreement.

"**Subordinated Debt Security**" means a document creating a Security Interest in relation to any Subordinated Debt in the Agreed Form.

"**Subordinated Debt**" in relation to a Subordinated Creditor, has the meaning given to it in the Subordination Agreement entered into by that Subordinated Creditor.

"**Subordination Agreement**" means a subordination agreement entered into or to be entered into by a Subordinated Creditor, the Borrower and the Security Trustee in the Agreed Form.

"**Total Assets**" means, as at any date of calculation or, as the case may be, for any accounting period, the aggregate value of all assets of the Group on a consolidated basis (including, without limitation, the Ship), as stated in the latest Accounting Information.

"**Total Loss**" means:

(a) actual, constructive, compromised, agreed or arranged total loss of the Ship;

(b) any expropriation, confiscation, requisition or acquisition of the Ship, whether for full consideration, a consideration less than its proper value, a nominal consideration or without any consideration, which is effected by any government or official authority or by any person or persons claiming to be or to represent a government or official authority unless it is within 1 months from the date of such occurrence redelivered to the full control of the Owner excluding a requisition for hire for a fixed period not exceeding 90 days without any right to an extension;

(c) any condemnation of the Ship by any tribunal or by any competent person or any competent person claiming to be a tribunal; and

(d) any arrest, capture, seizure, confiscation or detention of the Ship (including any hijacking or theft) unless it is within 3 months redelivered to the full control of the Owner.

"**Total Loss Date**" means:

(a) in the case of an actual loss of the Ship, the date on which it occurred or, if that is unknown, the date when the Ship was last heard of;

(b) in the case of a constructive, compromised, agreed or arranged total loss of the Ship, the earlier of:

(i) 30 days after the date on which a notice of abandonment is given to the insurers; and

(ii) the date of any compromise, arrangement or agreement made by or on behalf of the Owner with the Ship's insurers in which the insurers agree to treat the Ship as a total loss; and

(c) in the case of any other type of total loss, on the date (or the most likely date) on which it appears to the Agent that the event constituting the total loss occurred.

"**Transfer Certificate**" has the meaning given in Clause 26.2.

"**Trust Property**" has the meaning given in clause 3.1 of the Agency and Trust Deed.

"**Underlying Documents**" means the Approved Charter and any other Assignable Charter and, in the singular, means any of them.

"**US**" means the United States of America.

"**US Tax Obligor**" means:

(a) the Borrower, if it is resident for tax purposes in the US; or

(b) the Borrower or a Security Party some or all whose payments under the Finance Documents are from sources within the US for US federal income tax purposes.

"**Write-down and Conversion Powers**" means:

(a) in relation to any Bail-In Legislation described in the EU Bail-In Legislation Schedule from time to time, the powers described as such in relation to that Bail-In Legislation in the EU Bail-In Legislation Schedule; and

(b) in relation to any other applicable Bail-In Legislation:

(i) any powers under that Bail-In Legislation to cancel, transfer or dilute shares issued by a person that is a bank or investment firm or other financial institution or affiliate of a bank, investment firm or other financial institution, to cancel, reduce, modify or change the form of a liability of such a person or any contract or instrument under which that liability arises, to convert all or part of that liability into shares, securities or obligations of that person or any other person, to provide that any such contract or instrument is to have effect

as if a right had been exercised under it or to suspend any obligation in respect of that liability or any of the powers under that Bail-In Legislation that are related to or ancillary to any of those powers; and

(ii) any similar or analogous powers under that Bail-In Legislation.

1.2 Construction of certain terms

In this Agreement:

"**acting in concert**" means a group of persons who, pursuant to an agreement or understanding (whether formal or informal), actively co-operate, through the acquisition directly or indirectly of equity in the Borrower or the Owner, either directly or indirectly, to obtain or consolidate control of the Borrower or the Owner;

"**administration notice**" means a notice appointing an administrator, a notice of intended appointment and any other notice which is required by law (generally or in the case concerned) to be filed with the court or given to a person prior to, or in connection with, the appointment of an administrator;

"**affiliate**" means, in relation to any person, a subsidiary of that person or a holding company of that person or any other subsidiary of that holding company**;**

"**approved**" means, for the purposes of Clause 13, approved in writing by the Agent at its discretion;

"**asset**" includes every kind of property, asset, interest or right, including any present, future or contingent right to any revenues or other payment;

"**company**" includes any partnership, joint venture and unincorporated association;

"**control**" means the power (whether by way of ownership of equity, proxy, contract, agency or otherwise) to:

(a) cast, or control the casting of, more than 50 per cent. of the maximum number of votes that might be cast at a meeting of the limited partners of the Borrower or at a general meeting of the shareholders of the Owner; or

(b) appoint or remove all, or the majority, of the directors of the Borrower or officers of the Borrower's general partner or officers or directors of any Owner; or

(c) give directions with respect to the operating and financial policies of the Borrower or the Owner with which the directors of the Borrower or officers of the Borrower's general partner or officers or directors of the Owner are obliged to comply;

(d) approve a merger or consolidation of the Borrower and/or the Owner and/or the sale or other dispositions of the Owner or any of them; and/or

(e) approve a complete liquidation or dissolution of the Borrower or the Owner;

"**consent**" includes an authorisation, consent, approval, resolution, licence, exemption, filing, registration, notarisation and legalisation;

"**contingent liability**" means a liability which is not certain to arise and/or the amount of which remains unascertained;

"**document**" includes a deed; also a letter or fax;

"**excess risks**" means the proportion of claims for general average, salvage and salvage charges not recoverable under the hull and machinery policies in respect of the Ship in consequence of its insured value being less than the value at which the Ship is assessed for the purpose of such claims;

"**expense**" means any kind of cost, charge or expense (including all legal costs, charges and expenses) and any applicable value added or other tax;

"**gross negligence**" means a form of negligence which is distinct from ordinary negligence, in which the due diligence and care which are generally to be exercised have been disregarded to a particularly high degree, in which the plainest deliberations have not been made and that which should be most obvious to everybody has not been followed;

"**law**" includes any order or decree, any form of delegated legislation, any treaty or international convention and any regulation or resolution of the Council of the European Union, the European Commission, the United Nations or its Security Council;

"**legal or administrative action**" means any legal proceeding or arbitration and any administrative or regulatory action or investigation;

"**liability**" includes every kind of debt or liability (present or future, certain or contingent), whether incurred as principal or surety or otherwise;

"**months**" shall be construed in accordance with Clause 1.3;

"**obligatory insurances**" means all insurances effected, or which the Owner is obliged to effect, under Clause 13 or any other provision of this Agreement or another Finance Document;

"**parent company**" has the meaning given in Clause 1.4;

"**person**" includes any individual, any partnership, any company; any state, political sub-division of a state and local or municipal authority; and any international organisation;

"**policy**", in relation to any insurance, includes a slip, cover note, certificate of entry or other document evidencing the contract of insurance or its terms;

"**protection and indemnity risks**" means the usual risks covered by a protection and indemnity association which is a member of the International Group of protection and indemnity (or, if the International Group ceases to exist, any other leading protection and indemnity association or other leading provider of protection and indemnity insurance), including pollution risks and the proportion (if any) of any sums payable to any other person or persons in case of collision which are not recoverable under the hull and machinery policies by reason of the incorporation in them of clause 1 of the Institute Time Clauses (Hulls) (1/10/82) or clause 8 of the Institute Time Clauses (Hulls) (1/11/1995) or the Institute Amended Running Down Clause (1/10/71) or any equivalent provision;

"**regulation**" includes any regulation, rule, official directive, request or guideline (either having the force of law or compliance with which is reasonable in the ordinary course of business of the party concerned) of any governmental, intergovernmental or supranational body, agency (monetary or otherwise), department, central bank, regulatory, self-regulatory or other authority or organisation;

"**subsidiary**" has the meaning given in Clause 1.4;

"**successor**" includes any person who is entitled (by assignment, novation, merger or otherwise) to any person's rights under this Agreement or any other Finance Document (or any interest in those rights) or who, as administrator, liquidator or otherwise, is entitled to exercise those rights; and in particular references to a successor include a person to whom those rights (or any interest in those rights) are transferred or pass as a result of a merger, division, reconstruction or other reorganisation of it or any other person;

"**tax**" includes any present or future tax, duty, impost, levy or charge of any kind which is imposed by any state, any political sub-division of a state or any local or municipal authority (including any such imposed in connection with exchange controls), and any connected penalty, interest or fine; and

"**war risks**" includes the risk of mines and all risks excluded by clause 29 of the International Hull Clauses (1/11/02 or 1/11/03), clause 24 of the Institute Time Clauses (Hulls)(1/11/95) or clause 23 of the Institute Time Clauses (Hulls) (1/10/83).

1.3 Meaning of "month"

A period of one or more "**months**" ends on the day in the relevant calendar month numerically corresponding to the day of the calendar month on which the period started ("**the numerically corresponding day**"), but:

(a) on the Business Day following the numerically corresponding day if the numerically corresponding day is not a Business Day or, if there is no later Business Day in the same calendar month, on the Business Day preceding the numerically corresponding day; or

(b) on the last Business Day in the relevant calendar month, if the period started on the last Business Day in a calendar month or if the last calendar month of the period has no numerically corresponding day,

and "**month**" and "**monthly**" shall be construed accordingly.

1.4 Meaning of "subsidiary"

A company (S) is a subsidiary of another company (P) if:

(a) a majority of the issued shares in S (or a majority of the issued shares in S which carry unlimited rights to capital and income distributions) are directly owned by P or are indirectly attributable to P; or

(b) P has direct or (other than for the purposes of the definition of "Group") indirect control over a majority of the voting rights attaching to the issued shares of S; or

(c) P has the direct or (other than for the purposes of the definition of "Group") indirect power to appoint or remove a majority of the directors of S; or

(d) P otherwise has the direct or (other than for the purposes of the definition of "Group") indirect power to ensure that the affairs of S are conducted in accordance with the wishes of P,

and any company of which S is a subsidiary is a parent company of S.

1.5 General Interpretation

In this Agreement:

(a) references to, or to a provision of, a Finance Document or any other document are references to it as amended or supplemented, whether before the date of this Agreement or otherwise;

(b) references to, or to a provision of, any law include any amendment, extension, re-enactment or replacement, whether made before the date of this Agreement or otherwise;

(c) words denoting the singular number shall include the plural and vice versa; and

(d) Clauses 1.1 to 1.5 apply unless the contrary intention appears.

1.6 Headings

In interpreting a Finance Document or any provision of a Finance Document, all clause, sub-clause and other headings in that and any other Finance Document shall be entirely disregarded.

2 FACILITY

2.1 Amount of facility

Subject to the other provisions of this Agreement, the Lenders shall make available to the Borrower a senior secured term loan facility of up to $38,500,000, in a single advance, for the purpose stated in the preamble to this Agreement.

2.2 Lenders' participations in the Loan

Subject to the other provisions of this Agreement, each Lender shall participate in the Loan in the proportion which, as at the Drawdown Date, its Commitment bears to the Total Commitments.

3 POSITION OF THE LENDERS AND THE REFERENCE BANKS

3.1 Interests several

The rights of the Lenders under this Agreement are several.

3.2 Individual right of action

Each Lender shall be entitled to sue for any amount which has become due and payable by the Borrower to it under this Agreement without joining the Agent, the Security Trustee or any other Lender as additional parties in the proceedings.

3.3 Proceedings requiring Majority Lender consent

Except as provided in Clause 3.2, no Lender may commence proceedings against the Borrower or any Security Party in connection with a Finance Document without the prior consent of the Majority Lenders.

3.4 Obligations several

The obligations of the Lenders under this Agreement are several; and a failure of a Lender to perform its obligations under this Agreement shall not result in:

(a) the obligations of the other Lenders being increased; nor

(b) the Borrower, any Security Party or any other Lender being discharged (in whole or in part) from its obligations under any Finance Document;

and in no circumstances shall a Lender have any responsibility for a failure of another Lender to perform its obligations under this Agreement.

3.5 Role of Reference Banks

(a) No Reference Bank is under any obligation to provide a quotation or any other information to the Agent.

(b) No Reference Bank will be liable for any action taken by it under or in connection with any Finance Document, or for any Reference Bank Quotation, unless directly caused by its gross negligence or wilful misconduct.

(c) No party to this Agreement (other than the relevant Reference Bank) may take any proceedings against any officer, employee or agent of any Reference Bank in respect of any claim it might have against that Reference Bank or in respect of any act or omission of any kind by that officer, employee or agent in relation to any Finance Document, or to any Reference Bank Quotation, and any officer, employee or agent of each Reference Bank may rely on this Clause 3.5 subject to Clause 32.4 and the provisions of the Third Parties Act.

3.6 Third Party Reference Banks

A Reference Bank which is not a party to this Agreement may rely on Clause 3.5, Clause 27.2(b) and Clause 31 subject to Clause 32.4 and the provisions of the Third Parties Act.

4 DRAWDOWN

4.1 Request for the Loan

Subject to the following conditions, the Borrower may request the Loan to be borrowed by ensuring that the Agent receives a completed Drawdown Notice not later than 11.00 a.m. (Hamburg time) 3 Business Days prior to the Drawdown Date.

4.2 Availability

The conditions referred to in Clause 4.1 are that:

(a) the Drawdown Date has to be a Business Day during the Availability Period;

(b) the amount of the Loan shall not exceed the Maximum Loan Amount;

(c) any undrawn portion of the Total Commitments in respect of the borrowing of the Loan shall be automatically cancelled as at the Drawdown Date; and

(d) the amount of the Loan shall not exceed the Total Commitments.

4.3 Notification to Lenders of receipt of the Drawdown Notice

The Agent shall promptly notify the Lenders that it has received the Drawdown Notice and shall inform each Lender of:

(a) the amount of the Loan and the Drawdown Date;

(b) the amount of that Lender's participation in the Loan; and

(c) the duration of the first Interest Period.

4.4 Drawdown Notice irrevocable

The Drawdown Notice must be signed by a duly authorised signatory of the Borrower; and once served, the Drawdown Notice cannot be revoked without the prior consent of the Agent, acting on the authority of the Majority Lenders.

4.5 Lenders to make available Contributions

Subject to the provisions of this Agreement, each Lender shall, on and with value on the Drawdown Date, make available to the Agent for the account of the Borrower the amount due from that Lender on the Drawdown Date under Clause 2.2.

4.6 Disbursement the Loan

Subject to the provisions of this Agreement, the Agent shall on the Drawdown Date pay to the Borrower the amounts which the Agent receives from the Lenders under Clause 4.5 and the payment to the Borrower shall be made:

(a) to the account which the Borrower specifies in the Drawdown Notice; and

(b) in like funds as the Agent received the payments from the Lenders.

The payment by the Agent under this Clause 4.6 shall constitute the making of the Loan and the Borrower shall at that time become indebted, as principal and direct obligor, to each Lender in an amount equal to that Lender's participation in the Loan.

5 INTEREST

5.1 Payment of normal interest

Subject to the provisions of this Agreement, interest on the Loan in respect of each Interest Period shall be paid by the Borrower on the last day of that Interest Period.

5.2 Normal rate of interest

Subject to the provisions of this Agreement, the rate of interest on the Loan in respect of an Interest Period shall be the aggregate of (i) the Margin; (ii) the Mandatory Cost (if any) and (iii) LIBOR for that Interest Period.

5.3 Payment of accrued interest

In the case of an Interest Period of longer than three months, accrued interest shall be paid every three months during that Interest Period and on the last day of that Interest Period.

5.4 Notification of Interest Periods and rates of normal interest

The Agent shall notify the Borrower and each Lender of:

(a) each rate of interest; and

(b) the duration of each Interest Period,

as soon as reasonably practicable after each is determined.

5.5 Unavailability of Screen Rate

(a) *Interpolated Screen Rate*: If no Screen Rate is available for LIBOR for the Interest Period of the Loan or any part of the Loan, the applicable LIBOR shall be the Interpolated Screen Rate for a period equal in length to the Interest Period of the Loan or that part of the Loan.

(b) *Reference Bank Rate*: If no Screen Rate is available for:

(i) Dollars; or

(ii) the Interest Period of the Loan or any part of the Loan and it is not possible to calculate the Interpolated Screen Rate,

the applicable LIBOR shall be the Reference Bank Rate as of on or about noon on the Quotation Date and for a period equal in length to the Interest Period of the Loan or that part of the Loan.

(c) *Cost of funds*: If paragraph (b) above applies but no Reference Bank Rate is available for Dollars or the relevant Interest Period, there shall be no LIBOR for the Loan or that part thereof and Clause 5.8 shall apply to the Loan or that part thereof for that Interest Period.

5.6 Calculation of Reference Bank Rate

(a) Subject to paragraph (b) below, if LIBOR is to be determined on the basis of a Reference Bank Rate but a Reference Bank does not supply a quotation by 1.00 p.m. London time on the Quotation Date, the Reference Bank Rate shall be calculated on the basis of the quotations of the remaining Reference Bank(s).

(b) If at or about noon on the Quotation Date none or only one of the Reference Banks supplies a quotation, there shall be no Reference Bank Rate for the relevant Interest Period.

5.7 Market disruption

If before close of business in London on the Quotation Date for the relevant Interest Period the Agent receives notification from a Lender or Lenders (whose participations in the Loan or the relevant part of the Loan are equal to or exceed 50 per cent. of the Loan or the relevant part of the Loan as appropriate) (the "**Relevant Lender**") that the cost to it of funding its participation in the Loan or that part of the Loan from the wholesale market for dollars would be in excess of LIBOR then Clause 5.8 shall apply to the Loan or that part of the Loan (as applicable) for the relevant Interest Period.

5.8 Cost of funds

(a) If this Clause 5.8 applies, the rate of interest on the Loan or the relevant part of the Loan for the relevant Interest Period shall be the percentage rate per annum which is the sum of:

(i) the Margin; and

(ii) the rate notified to the Agent by that Lender as soon as practicable and in any event before interest is due to be paid in respect of that Interest Period to be that which expresses as a percentage rate per annum the cost to the relevant Lender of funding its Contribution from whatever source it may reasonably select.

(b) If this Clause 5.8 applies and the Agent or the Borrower so requires, the Agent and the Borrower shall enter into negotiations (for a period of not more than 30 days) with a view to agreeing a substitute basis for determining the rate of interest or (as the case may be) an alternative basis for funding.

(c) Subject to Clause 27.4, any substitute or alternative basis agreed pursuant to paragraph (b) above shall, with the prior consent of all the Lenders and the Borrower, be binding on all Parties.

(d) If this Clause 5.8 applies but any Lender does not supply a quotation by the time specified in sub-paragraph (ii) of paragraph (a) above the rate of interest shall be calculated on the basis of the quotations of the remaining Lenders.

5.9 Suspension of drawdown

If Clauses 5.5 or 5.7 apply before the Loan is made the Lenders' obligations to make the Loan shall be suspended while the circumstances referred to in the Agent's notice continue.

6 INTEREST PERIODS

6.1 Commencement of Interest Periods

The first Interest Period applicable to the Loan shall commence on the Drawdown Date and each subsequent Interest Period shall commence on the expiry of the preceding Interest Period.

6.2 Duration of normal Interest Periods

Subject to Clauses 6.3, and 6.4, each Interest Period shall be:

(a) 3, 6 or 12 months as notified by the Borrower to the Agent not later than 11.00 a.m. (Hamburg time) 3 Business Days before the commencement of the Interest Period; or

(b) such other period (as proposed by the Borrower to the Agent not later than 11:00 a.m. (Hamburg time) 5 Business Days before the commencement of the Interest Period in respect of the Loan) as the Agent may, with the authorisation of the Majority Lenders, agree with the Borrower; or

(c) 3 months, if the Borrower fails to notify the Agent by the time specified in paragraph (a) or if no such other period is agreed with the Borrower and the Agent in accordance with paragraph (b).

6.3 Duration of Interest Periods for Instalments

In respect of an amount due to be repaid under Clause 8 on a particular Repayment Date, an Interest Period in respect of the Loan to which that Repayment Date relates shall end on that Repayment Date.

6.4 Non-availability of matching deposits for Interest Period selected

If, after the Borrower has selected, or proposed and the Lenders have agreed, an Interest Period longer than three months, any Lender notifies the Agent by 1.00 p.m. (Hamburg time) on the second Business Day before the commencement of the Interest Period that it is not satisfied that deposits in Dollars for a period equal to the Interest Period will be available to it in the Relevant Interbank Market when the Interest Period commences, the Interest Period shall be three months.

7 DEFAULT INTEREST

7.1 Payment of default interest on overdue amounts

The Borrower shall pay interest in accordance with the following provisions of this Clause 7 on any amount payable by the Borrower under any Finance Document which the Agent, the Security Trustee or the other designated payee does not receive on or before the relevant date, that is:

(a) the date on which the Finance Documents provide that such amount is due for payment; or

(b) if a Finance Document provides that such amount is payable on demand, the date on which the demand is served; or

(c) if such amount has become immediately due and payable under Clause 19.4, the date on which it became immediately due and payable.

7.2 Default rate of interest

Interest shall accrue on an overdue amount from (and including) the relevant date until the date of actual payment (as well after as before judgment) at the rate per annum determined by the Agent to be 2.50 per cent. above:

(a) in the case of an overdue amount of principal, the higher of the rates set out at Clauses 7.3(a) and 7.3(b); or

(b) in the case of any other overdue amount, the rate set out at Clause 7.3(b).

7.3 Calculation of default rate of interest

The rates referred to in Clause 7.2 are:

(a) the rate of interest applicable to the overdue principal amount immediately prior to the relevant date (but only for any unexpired part of any then current Interest Period applicable to it);

(b) the Margin and the Mandatory Cost (if any) plus, in respect of successive periods of any duration (including at call) up to three months which the Agent may select from time to time:

(i) LIBOR; or

(ii) if the Agent determines (after consultation with the Reference Banks) that Dollar deposits for any such period are not being made available to any Reference Bank by leading banks in the Relevant Interbank Market in the ordinary course of business, a rate from time to time determined by the Agent by reference to the cost of funds to the Reference Banks from such other sources as the Agent (after consultation with the Reference Banks) may from time to time determine.

7.4 Notification of interest periods and default rates

The Agent shall promptly notify the Lenders and the Borrower of each interest rate determined by the Agent under Clause 7.3 and of each period selected by the Agent for the purposes of paragraph 7.3(b) of that Clause; but this shall not be taken to imply that the Borrower is liable to pay such interest only with effect from the date of the Agent's notification.

7.5 Payment of accrued default interest

Subject to the other provisions of this Agreement, any interest due under this Clause shall be paid on the last day of the period by reference to which it was determined; and the payment shall be made to the Agent for the account of the Creditor Party to which the overdue amount is due.

7.6 Compounding of default interest

Any such interest which is not paid at the end of the period by reference to which it was determined shall thereupon be compounded.

8 REPAYMENT AND PREPAYMENT

8.1 Amount of Instalments

The Borrower shall repay the Loan by:

(a) 20 equal consecutive quarterly instalments, each in the amount of $860,000 (each an "**Instalment**" and, together, the "**Instalments**"); and

(b) a balloon instalment in the amount of $21,300,000 (the "**Balloon Instalment**"),

Provided that, if the amount of the Loan advanced is less than $38,500,000, each Instalment and the Balloon Instalment shall be reduced by an amount equal to the undrawn amount on a *pro rata* basis.

8.2 Repayment Dates

The first Instalment shall be repaid on the date falling three months after the Drawdown Date, each subsequent Instalment shall be repaid at three-monthly intervals thereafter and the last Instalment, shall be repaid together with the Balloon Instalment, on the Final Repayment Date.

8.3 Final Repayment Date

On the Final Repayment Date the Borrower shall additionally pay to the Agent for the account of the Creditor Parties all other sums then accrued or owing under any Finance Document.

8.4 Voluntary prepayment

Subject to the following conditions, the Borrower may prepay the whole or any part of the Loan on the last day of an Interest Period.

8.5 Conditions for voluntary prepayment

The conditions referred to in Clause 8.4 are that:

(a) a partial prepayment shall be in an amount equal to $860,000 or a higher integral multiple thereof (or such other amount acceptable to the Agent in its discretion);

(b) the Agent has received from the Borrower at least 5 Business Days' prior irrevocable written notice (in each case, a "**Prepayment Notice**") specifying the amount to be prepaid and the date on which the prepayment is to be made;

(c) the Borrower has provided evidence satisfactory to the Agent that any consent required by the Borrower or any Security Party in connection with the prepayment has been obtained and remains in force, and that any regulation relevant to this Agreement which affects the Borrower or any Security Party has been complied with; and

(d) the Borrower has complied with Clause 8.11, on or prior to the date of prepayment.

8.6 Optional facility cancellation

The Borrower shall be entitled, upon giving to the Agent not less than 5 Business Days' prior written notice, to cancel, in whole or in part, and, if in part, by an aggregate amount not less than an amount equal to $860,000 or a higher integral multiple thereof (or such other amount acceptable to the Agent in its sole discretion), the undrawn balance of the Total Commitments (the "**Cancellation Notice**") which notice shall be irrevocable. Upon such cancellation taking effect on expiry of a Cancellation Notice the several obligations of the Lenders to make their respective Commitments available in relation to the portion of the Total Commitments to which such Cancellation Notice relates shall terminate.

8.7 Cancellation Notice or Prepayment Notice

The Agent shall notify the Lenders promptly upon receiving a Cancellation Notice or Prepayment Notice, and shall provide, in the case of a Prepayment Notice, any Lender which so requests with a copy of any document delivered by the Borrower under Clause 8.5(c).

8.8 Mandatory prepayment on sale or Total Loss

The Borrower shall be obliged to prepay the Loan if the Ship:

(a) is sold, on or before the date on which the sale is completed by delivery of the Ship to the buyer; or

(b) becomes a Total Loss, on the earlier of the date falling 150 days after the Total Loss Date and the date of receipt by the Security Trustee of the proceeds of insurance relating to such Total Loss.

8.9 Effect of Prepayment Notice and Cancellation Notice

Neither a Prepayment Notice nor a Cancellation Notice may be withdrawn or amended without the consent of the Agent, given with the authorisation of the Majority Lenders, and:

(a) in the case of a Prepayment Notice, the amount specified in that Prepayment Notice shall become due and payable by the Borrower on the date for prepayment specified in that Prepayment Notice; and

(b) in the case of a Cancellation Notice, the amount cancelled shall be permanently cancelled and may not be borrowed.

8.10 Right of repayment and cancellation in relation to a single Lender

(a) If:

(i) any sum payable to any Lender by the Borrower or a Security Party is required to be increased under paragraph (b) of Clause 22.2 or under that Clause as incorporated by reference or in full in any other Finance Document; or

(ii) any Lender claims indemnification from the Borrower under Clause 24.1; or

(iii) the Agent receives notification from a Relevant Lender under Clause 5.7,

the Borrower may:

(A) whilst in the case of sub-paragraphs (i) and (ii) above the circumstance giving rise to the requirement for that increase or indemnification continues; or

(B) whilst in the case of sub-paragraph (iii) above the situation in relation to the Relevant Lender continues,

give the Agent notice of cancellation of the Commitment of that Lender and its intention to procure the repayment of that Lender's participation in the Loan.

(b) On receipt of a notice of cancellation referred to in paragraph (a) above, the Commitment of that Lender shall immediately be reduced to zero.

(c) On the last day of each Interest Period which ends after the Borrower have given notice of cancellation under paragraph (a) above in relation to a Lender (or, if earlier, the date specified by the Borrower in that notice), the Borrower shall repay that Lender's participation in the Loan.

8.11 Amounts payable on prepayment

A prepayment shall be made together with accrued interest (and any other amount payable under Clause 21 or otherwise) in respect of the amount prepaid and, if the prepayment is not made on the last day of an Interest Period together with any sums payable under Clause 21.2 but without premium or penalty.

8.12 Application of partial prepayment

Each partial prepayment made pursuant to Clauses 8.4, 8.10, 15.2, 19.2 or 23.3, shall be applied between the Instalments and the Balloon Instalment *pro rata*.

8.13 No reborrowing

No amount prepaid or cancelled may be (re)borrowed.

9 CONDITIONS PRECEDENT

9.1 Documents, fees and no default

Each Lender's obligation to contribute to the Loan is subject to the following conditions precedent:

(a) that, on or before the service of the Drawdown Notice, the Agent receives:

(i) the documents described in Part A of Schedule 3 in form and substance satisfactory to the Agent and its lawyers; and

(ii) payment in full of any fees payable by the Borrower pursuant to Clause 20.1 which are due and payable on or before the Drawdown Date;

(b) that, on the Drawdown Date but prior to the making of the Loan, the Agent receives:

(i) the documents described in Part B of Schedule 3 in form and substance satisfactory to the Agent and its lawyers save for any documents that the Agent agrees at the Borrower's request to receive after any prepositioning of funds but before the disbursement of the Loan;

(ii) payment in full of any fees payable by the Borrower pursuant to Clause 20.1 which are due and payable on or before the Drawdown Date; and

(iii) payment of any expenses payable pursuant to Clause 20.2 which are due and payable on the Drawdown Date;

(c) that both at the date of the Drawdown Notice and at the Drawdown Date and, if applicable, the date on which the Loan is disbursed:

(i) no Event of Default or Potential Event of Default has occurred or would result from the borrowing of the Loan;

(ii) the representations and warranties in Clause 10 and those of the Borrower or any Security Party which are set out in the other Finance Documents would be true and not misleading if repeated on each of those dates with reference to the circumstances then existing;

(iii) none of the circumstances contemplated by Clause 5.7 has occurred and is continuing; and

(iv) there has been no Material Adverse Change; and

(d) that, if the Security Cover Ratio was tested immediately following the making of the Loan, the Borrower would not be obliged to provide additional security or prepay part of the Loan under that Clause 15.1; and

(e) that the Agent has received, and found to be acceptable to it, any further opinions, consents, agreements and documents in connection with the Finance Documents which the Agent may, with the authorisation of the Majority Lenders, request by notice to the Borrower prior to the Drawdown Date.

9.2 Waiver of conditions precedent

If the Majority Lenders, at their discretion, permit the Loan to be borrowed before certain of the conditions referred to in Clause 9.1 are satisfied, the Borrower shall ensure that those conditions are satisfied within 5 Business Days after the Drawdown Date (or such longer period as the Agent may, with the authorisation of the Majority Lenders, specify).

9.3 Conditions Subsequent

The Borrower shall use its best endeavours to deliver or cause to be delivered to the Agent within 10 Business Days after the Drawdown Date, the additional documents and other evidence listed in Part C of Schedule 3 in form and substance satisfactory to the Agent.

10 REPRESENTATIONS AND WARRANTIES

10.1 General

The Borrower represents and warrants to each Creditor Party as follows.

10.2 Status

The Borrower is a limited partnership (comprised of a single general partner and multiple limited partners) formed and validly existing and in good standing under the laws of the Republic of Marshall Islands.

10.3 Partnership interests and ownership

The Borrower’s partnership interests consist of 15,955,347 common units held by third-party unitholders, 2,667,753 common units held by Capital Maritime & Trading Corp., 348,570 general partner units.

10.4 Power

The Borrower or, as the case may be, the Owner has the capacity, and has taken all action and obtained all consents necessary for it:

(a) in the case of the Owner, to execute the Underlying Documents to which it is a party and to register the Ship in its ownership under the applicable Approved Flag;

(b) to execute the Finance Documents to which the Borrower is a party; and

(c) in the case of the Borrower, to borrow under this Agreement and, in the case of the Borrower and/or the Owner, to make all the payments contemplated by, and to comply with, those Finance Documents to which it is a party.

10.5 Consents in force

All the consents referred to in Clause 10.4 remain in force and nothing has occurred which makes any of them liable to revocation.

10.6 Legal validity; effective Security Interests

The Finance Documents to which the Borrower is a party, do now or, as the case may be, will, upon execution and delivery (and, where applicable, registration as provided for in the Finance Documents):

(a) constitute the Borrower's legal, valid and binding obligations enforceable against the Borrower in accordance with their respective terms; and

(b) create legal, valid and binding Security Interests (having the priority specified in the relevant Finance Document) enforceable in accordance with their respective terms over all the assets to which they, by their terms, relate,

subject to any relevant insolvency laws affecting creditors' rights generally.

10.7 No third party Security Interests

Without limiting the generality of Clause 10.6, at the time of the execution and delivery of each Finance Document to which the Borrower is a party:

(a) the Borrower will have the right to create all the Security Interests which that Finance Document purports to create; and

(b) no third party will have any Security Interest (except for Permitted Security Interests) or any other interest, right or claim over, in or in relation to any asset to which any such Security Interest, by its terms, relates.

10.8 No conflicts

The execution by the Borrower and each Security Party of each Finance Document and each Underlying Document to which it is a party, and the borrowing by the Borrower of the Loan (or any part thereof), and its compliance with each Finance Document and each Underlying Document to which it is a party:

(a) will not involve or lead to a contravention of:

(i) any law or regulation; or

(ii) the constitutional documents of the Borrower or any Security Party; or

(iii) any contractual or other obligation or restriction which is binding on the Borrower or any Security Party or any of its assets, and

(b) will not have a Material Adverse Effect; and

(c) is for the corporate benefit of the Borrower or the relevant Security Party.

10.9 No withholding taxes

All payments which the Borrower is liable to make under the Finance Documents to which it is a party may be made without deduction or withholding for or on account of any tax payable under any law of any Pertinent Jurisdiction.

10.10 No default

No Event of Default or Potential Event of Default has occurred.

10.11 Information

All information which has been provided in writing by or on behalf of the Borrower or any Security Party to any Creditor Party in connection with any Finance Document satisfied the requirements of Clause 11.5; all audited and unaudited accounts and financial statements which have been so provided satisfied the requirements of Clause 11.7 and are true, correct and not misleading and present fairly and accurately the financial position of the Borrower, the Owner or the Group (as the case may be); and there has been no change in the financial position or state of affairs of the Borrower, the Owner or the Group (or any member thereof) from that disclosed in the latest of those accounts which is likely to have a Material Adverse Effect.

10.12 No litigation

No legal or administrative action involving the Borrower or any Security Party (including action relating to any alleged or actual breach of the ISM Code or the ISPS Code) has been commenced or taken or, to the Borrower's knowledge, is likely to be commenced or taken which would, in either case, be likely to have a Material Adverse Effect.

10.13 Validity and completeness of Underlying Documents

Each Underlying Document constitutes valid, binding and enforceable obligations of the parties thereto in accordance with its terms and:

(a) each of the copies of that Underlying Document delivered to the Agent before the date of this Agreement is a true and complete copy; and

(b) no amendments or additions to that Underlying Document have been agreed nor has any party which is a party to that Underlying Document, waived any of their respective rights thereunder.

10.14 Compliance with certain undertakings

At the date of this Agreement, the Borrower is in compliance with Clauses 11.2, 11.4, 11.9, 11.13, 13, 14.3 and 14.10.

10.15 Taxes paid

The Borrower has paid all taxes applicable to, or imposed on or in relation to the Borrower and its business.

10.16 ISM Code and ISPS Code compliance

All requirements of the ISM Code and the ISPS Code as they relate to the Borrower, the Owner, each Approved Manager and the Ship have been complied with.

10.17 No Money laundering

The Borrower:

(a) will not, and will procure that no Security Party, to the extent applicable, will, in connection with this Agreement or any of the other Finance Documents, contravene or permit any subsidiary to contravene, any law, official requirement or other regulatory measure or procedure implemented to combat "money laundering" (as defined in Article 1 of Directive 2015/849/EC of the Council of the European Communities) and comparable United States Federal and state laws. The Borrower shall further submit any documents and declarations on request, if such documents or declarations are required by any Creditor Party to comply with its domestic money laundering and/or legal identification requirements; and

(b) confirms that it is the beneficiary within the meaning of the German Anti Money Laundering Act (Gesetz über das Aufspüren von Gewinnen aus schweren Straftaten (Geldwäschegesetz)), acting for its own account and not for or on behalf of any other person for each part of the Loan made or to be made available to it under this Agreement. That is to say, it acts for its own account and not for or on behalf of anyone else.

The Borrower will promptly inform the Agent by written notice, if it is not or ceases to be the beneficiary and will provide in writing the name and address of the beneficiary.

The Agent shall promptly notify the Lenders of any written notice it receives under this Clause 10.17.

10.18 No immunity

Neither the Borrower nor any of its assets is entitled to immunity on grounds of sovereignty or otherwise from any legal action or proceeding (including, without limitation, suit, attachment prior to judgement, execution or other enforcement).

10.19 Corrupt Practices

It has observed and, to the best of its knowledge and belief, parties acting on its behalf have observed in the course of acting for it, all applicable laws and regulations relating to bribery and corrupt practices.

10.20 Choice of law

The choice of the laws of England to govern this Agreement and those other Finance Documents which are expressed to be governed by the laws of England, the laws of Germany to govern the Account Pledges and the laws of the applicable Approved Flag State to govern the Mortgages constitutes a valid choice of law and the submission by the Borrower or, as the case may be, the relevant Security Parties thereunder to the non-exclusive jurisdiction of the Courts of England and, in the case of the Account Pledges, Germany or, in the case of the Mortgages, the applicable Approved Flag State is a valid submission and does not contravene the laws of England or, in the case of the Account Pledges, Germany or, in the case of the Mortgage, the applicable Approved Flag State or the laws of any other Pertinent Jurisdiction, will be applied by the courts of any Pertinent Jurisdiction if this Agreement or those other Finance Documents or any claim thereunder comes under their jurisdiction upon proof of the relevant provisions of the laws of England or, in the case of the Account Pledges, Germany or, in the case of the Mortgage, the applicable Approved Flag State.

10.21 Pari passu ranking

The obligations of the Borrower and each Security Party under the Finance Documents to which it is a party are direct, general and unconditional obligations and rank at least pari passu with the claims of all its other unsecured and unsubordinated creditors except for obligations mandatorily preferred by law applying to companies generally.

10.22 Repetition

The representations and warranties in this Clause 10 shall be deemed to be repeated by the Borrower:

(a) on the date of service of the Drawdown Notice;

(b) on the Drawdown Date; and

(c) with the exception of Clauses 10.3, 10.9, 10.10, 10.11, 10.12 and 10.14 on the first day of each Interest Period and on the date of any Compliance Certificate issued pursuant to Clause 11.21,

as if made with reference to the facts and circumstances existing on each such day.

11 GENERAL UNDERTAKINGS

11.1 General

The Borrower undertakes with each Creditor Party to comply with the following provisions of this Clause 11 at all times during the Security Period except as the Agent, acting with the authorisation of the Majority Lenders, may otherwise permit in writing.

11.2 Title; negative pledge

The Borrower will:

(a) on and from the Utilisation date, hold (directly or indirectly) the legal title to, and own the entire beneficial interest in the Owner, the Ship, her Insurances and Earnings, free from all Security Interests and other interests and rights of every kind, except for those created by the Finance Documents and the effect of assignments contained in the Finance Documents and except for Permitted Security Interests; and

(b) not create or permit to arise any Security Interest (except for Permitted Security Interests) over any other asset, present or future, other than Security Interests arising in the normal course of the Borrower's business of acquiring, operating and (re)financing vessels.

11.3 No disposal of assets

The Borrower will not, and shall procure that the Owner will not, transfer, lease or otherwise dispose of:

(a) all or a substantial part of its assets, whether by one transaction or a number of transactions, whether related or not;

(b) any debt payable to it or any other right (present, future or contingent right) to receive a payment, including any right to damages or compensation,

but paragraph (a) does not apply to:

(i) any charter of the Ship;

(ii) any sale of the Ship, subject to (A) the net sale proceeds of such sale being in an amount sufficient to make the mandatory prepayment of the Loan pursuant to Clause 8.8 and (B) no Event of Default has occurred, which is continuing at the relevant time;

(iii) in the case of the Borrower, if such transfer, lease or disposal results in (A) the Borrower being in breach of any of its obligations under Clause 12.5 or (B) the occurrence of an Event of Default.

11.4 No other liabilities or obligations to be incurred

The Borrower will not, and shall procure that the Owner will not, incur any liability or obligation (including, without limitation, any Financial Indebtedness or any obligations under a guarantee) except:

(a) liabilities and obligations under the Finance Documents and the Underlying Documents to which it is or, as the case may be, will be a party;

(b) in the case of the Owner, liabilities or obligations reasonably incurred in the normal course of its business of trading, operating and chartering, maintaining and repairing the Ship (including, without limitation, any Financial Indebtedness owing to the Borrower); and

(c) in the case of the Borrower, liabilities or obligations reasonably incurred in the normal course of its business of acquiring, operating and financing or refinancing vessels (and issuing relevant guarantees), acquiring shares in vessel owning companies (or their holding companies) and financing from any type of lender of such acquisitions and all other matters incidental thereto (including, without limitation, any Financial Indebtedness owing to the partners of the Borrower, subject to the Borrower ensuring on or prior to the Drawdown Date, that the rights of each creditor thereunder are fully subordinated in writing pursuant to a Subordination Agreement).

11.5 Information provided to be accurate

All financial and other information, including but not limited to factual information, exhibits and reports, which is provided in writing by or on behalf of the Borrower under or in connection with any Finance Document will be true, correct and not misleading and will not omit any material fact or consideration.

11.6 Provision of financial statements

The Borrower will send or procure that there are sent to the Agent or, in relation to the consolidated audited annual financial statements of the Group referred to in paragraph (a) of this Clause 11.6, notify the Agent that they have been made available to the public and promptly after each request of the Agent send:

(a) as soon as possible, but in no event later than 120 days after the end of each Financial Year of the Borrower the consolidated audited annual financial statements of the Group for that Financial Year (commencing with the financial statements for the Financial Year which ended on 31 December 2019);

(b) as soon as possible, but in no event later than 60 days after the end of each 3-month period ending on 31 March, 30 June, 30 September, 31 December in each Financial Year of the Borrower the quarterly consolidated unaudited financial statements of the Group, in each case, for that 3-month period (commencing with the financial statements for the 3-month period, ending on 31 March 2020), duly certified as to their correctness by the chief financial officer of the Borrower; and

(c) promptly after each request by the Agent, such further financial or other information in respect of the Borrower, the Ship, the Owner, the other Security Parties and the Group (including, without limitation any sale and purchase agreements, investment brochure(s), shipbuilding contracts and charter agreements) as may be requested by the Agent.

11.7 Form of financial statements

All financial statements delivered under Clause 11.6 will:

(a) be prepared in accordance with all applicable laws and GAAP and, in the case of any audited financial statements, be certified by an independent and reputable auditor having requisite experience selected and appointed by the Borrower, **Provided however that** following a request by the Agent setting out the reasons for the requested replacement the Borrower shall promptly replace its auditor;

(b) give a true and fair view of the state of affairs of the Borrower and the Group at the date of those accounts and of its profit for the period to which those accounts relate; and

(c) fully disclose or provide for all significant liabilities of the Borrower and the Group.

11.8 Creditor notices

The Borrower will send the Agent:

(a) whilst an Event of Default is in existence, at the same time as they are dispatched; and

(b) at all other times, upon the Agent’s request,

copies of all communications which are despatched to the Borrower's partners or creditors or any class of them.

11.9 Consents

The Borrower will, and shall procure, where applicable, that the Owner will, maintain in force and promptly obtain or renew, and will promptly send certified copies to the Agent of, all consents required:

(a) for the Borrower and the Owner to perform their respective obligations under any Finance Document and/or any Underlying Document to which each is or, as the case may be, will be a party;

(b) for the validity or enforceability of any Finance Document and/or any Underlying Document to which each is or, as the case may be, will be a party; and

(c) for the Owner to continue to own and operate the Ship,

and the Borrower will, and shall procure that the Owner will, comply (or procure compliance as the case may be) with the terms of all such consents.

11.10 Maintenance of Security Interests

The Borrower will:

(a) at its own cost, do all that it reasonably can to ensure that any Finance Document validly creates the obligations and the Security Interests which it purports to create; and

(b) without limiting the generality of paragraph (a), at its own cost, promptly register, file, record or enrol any Finance Document with any court or authority in all Pertinent Jurisdictions, pay any stamp, registration or similar tax in all Pertinent Jurisdictions in respect of any Finance Document, give any notice or take any other step which, in the opinion of the Majority Lenders, is or has become necessary or desirable for any Finance Document to be valid, enforceable or admissible in evidence or to ensure or protect the priority of any Security Interest which it creates.

11.11 Notification of litigation

The Borrower will provide the Agent with details of any legal or administrative action involving the Borrower, the Owner, the Ship, the Earnings or the Insurances in respect of the Ship, any Security Party or any Approved Manager, as soon as such action is instituted or it becomes apparent to the Borrower that it is likely to be instituted, unless it is clear that the legal or administrative action cannot be considered material in the context of any Finance Document and the Borrower shall procure that reasonable measures are taken to defend any such legal or administrative action.

11.12 No amendment to the Underlying Documents

The Borrower shall not, and shall procure that the Owner will not, waive or fail to enforce, the Underlying Documents to which it is a party or any of its provisions and promptly notify the Agent of any amendment or supplement to any Underlying Document.

11.13 Principal place of business

The Borrower will maintain its place of business, and keep its corporate documents and records, at the address stated in Clause 28.2(a); and the Borrower will not establish, or do anything as a result of which it would be deemed to have, a place of business in any country other than Greece.

11.14 Confirmation of no default

The Borrower will, within five Business Days after service by the Agent of a written request, serve on the Agent a notice which is signed by the authorised representative of the Borrower or an officer of the Borrower's general partner and which:

(a) states that no Event of Default or Potential Event of Default has occurred; or

(b) states that no Event of Default or Potential Event of Default has occurred, except for a specified event or matter, of which all material details are given.

The Agent may serve requests under this Clause 11.14 from time to time but only if asked to do so by a Lender or Lenders having Contributions exceeding 10 per cent. of the Loan (if the Loan has not been advanced) or Commitments exceeding 10 per cent. of the Total Commitments and this Clause 11.14 does not affect the Borrower's obligations under Clause 11.15.

11.15 Notification of default

The Borrower will notify the Agent as soon as the Borrower becomes aware of:

(a) the occurrence of an Event of Default or a Potential Event of Default; or

(b) any matter which indicates that an Event of Default or a Potential Event of Default may have occurred,

and will keep the Agent fully up-to-date with all developments.

11.16 Provision of further information

The Borrower shall, and shall procure that the Owner will as soon as practicable after receiving the request, provide the Agent with any additional financial or other information relating:

(a) to the Borrower, the Owner, the Ship, the Earnings or the Insurances of any Ship; or

(b) to any other matter relevant to, or to any provision of, a Finance Document,

which may be requested by the Agent, the Security Trustee or any Lender at any time.

11.17 General and administrative costs

The Borrower shall ensure that the payment of all the general and administrative costs of the Borrower and the Owner in connection with the ownership and operation of the Ship (including, without limitation, the payment of the management fees pursuant to any management agreement) shall be fully subordinated to the payment obligations of the Borrower and the Owner under this Agreement and the other Finance Documents throughout the Security Period.

11.18 Provision of copies of SEC filings

The Borrower will send to the Agent copies of all filings made with, and reports submitted to, the US Securities and Exchange Commission promptly after making such filings or submitting such reports **Provided that** any such filings or reports which are made available to the public shall be considered to have been delivered to the Agent.

11.19 Provision of copies and translation of documents

The Borrower will supply the Agent with a sufficient number of copies of the documents referred to above to provide one copy for each Creditor Party; and if the Agent so requires in respect of any of those documents, the Borrower will provide a certified English translation prepared by a translator approved by the Agent or have them legalised and/or notarised by a competent authority.

11.20 "Know your customer" checks

If:

(a) the introduction of or any change in (or in the interpretation, administration or application of) any law or regulation made after the date of this Agreement;

(b) any change in the status of the general partner of the Borrower or any Security Party after the date of this Agreement; or

(c) a proposed assignment or transfer by a Lender of any of its rights and obligations under this Agreement to a party that is not a Lender prior to such assignment or transfer,

obliges the Agent or any Lender (or, in the case of paragraph (c), any prospective new Lender) to comply with "know your customer" or similar identification procedures in circumstances where the necessary information is not already available to it, the Borrower shall promptly upon the request of the Agent or the Lender concerned supply, or procure the supply of, such documentation and other evidence as is reasonably requested by the Agent (for itself or on behalf of any Lender) or the Lender concerned (for itself or, in the case of the event described in paragraph (c), on behalf of any prospective new Lender) in order for the Agent, the Lender concerned or, in the case of the event described in paragraph (c), any prospective new Lender to carry out and be satisfied it has complied with all necessary "know your customer" or other similar checks under all applicable laws and regulations pursuant to the transactions contemplated in the Finance Documents.

11.21 Minimum Liquidity

The Borrower shall maintain in the Minimum Liquidity Account credit balances in an aggregate amount of not less than $250,000 (the "**Minimum Liquidity**") with the Minimum Liquidity amount in respect of it being credited to the Minimum Liquidity Account by no later than the Drawdown Date where it will remain blocked at all times thereafter throughout the remainder of the Security Period.

11.22 Compliance Certificate

(a) The Borrower shall supply to the Agent, together with each set of financial statements delivered pursuant to paragraphs (a) and (b) of Clause 11.6 or, in the case of paragraph (a) of Clause 11.6, together with the notification that the consolidated audited annual financial statements of the Group have been made available to the public, a Compliance Certificate.

(b) Each Compliance Certificate shall be duly signed by the chief financial officer of the Borrower, evidencing (inter alia) the Borrower's compliance (or not, as the case may be) with the provisions of Clauses 12.5 and 15.1 (setting out calculations in reasonable details as to such compliance or not).

12 CORPORATE UNDERTAKINGS

12.1 General

The Borrower also undertakes with each Creditor Party to comply with the following provisions of this Clause 12 at all times during the Security Period except as the Agent, acting with the authorisation of the Majority Lenders, may otherwise permit in writing.

12.2 Maintenance of status

The Borrower will maintain its separate existence and remain in good standing under the laws of the Republic of the Marshall Islands.

12.3 Negative undertakings

The Borrower will not:

(a) change the nature of its business; or

(b) pay any dividend or make any other form of distribution or effect any form of redemption, purchase, return or reduction of its partnership interests unless:

(i) no Event of Default has occurred and is continuing at the relevant time (including, without limitation, any failure by the Borrower to satisfy the covenants contained in Clauses 12.5 and 15.1);

(ii) no Event of Default will result from the payment of a dividend or the making of any other form of distribution; and

(iii) it has first supplied to the Agent any Compliance Certificate required to be supplied at the relevant time to the Agent pursuant to Clause 11.21 evidencing compliance with the provisions of Clauses 12.5 and 15.1 for the period covered by the latest financial statements delivered to the Agent pursuant to Clause 11.6;

(c) provide any form of credit or financial assistance to:

(i) a person who is directly or indirectly interested in the Borrower's partnership interests; or

(ii) any company in or with which such a person is directly or indirectly interested or connected,

or enter into any transaction with or involving such a person or company on terms which are, in any respect, less favourable to the Borrower than those which it could obtain in a bargain made at arms' length;

(d) allow the Owner to open or maintain any account with any bank or financial institution except accounts with the Agent and the Security Trustee for the purposes of the Finance Documents;

(e) enter into any form of amalgamation, merger or de-merger, acquisition, divesture, split-up or any form of reconstruction or reorganisation unless:

(i) the surviving entity following such amalgamation, merger or de-merger, acquisition, divesture, split-up or any form of reconstruction or reorganisation is the Borrower; and

(ii) no Event of Default has occurred which is continuing nor any Event of Default (including, without limitation, any breach of Clause 12.5) will occur as a result of such amalgamation, merger or de-merger, acquisition, divesture, split-up or any form of reconstruction or reorganisation;

(f) change, or allow the Owner to change, its Financial Year; or

(g) change its auditors without notifying the Agent promptly after the occurrence of such change.

12.4 Subordination of rights of Borrower

All rights which the Borrower at any time has against the Owner or its assets shall be fully subordinated to the rights of the Lenders under the Finance Documents; and in particular, the Borrower shall not during the Security Period:

(a) claim, or in a bankruptcy of the Owner prove for, any amount payable to the Borrower by the Owner, whether in respect of this or any other transaction;

(b) take or enforce any Security Interest for any such amount; or

(c) claim to set-off any such amount against any amount payable by the Borrower to the Owner.

12.5 Financial Covenants

The Borrower shall ensure that at all times:

(a) the Leverage Ratio shall be less than 75 per cent.;

(b) the Borrower and other members of the Group maintain immediately freely available and unencumbered bank or cash deposits (including time deposits and the amounts standing to the credit of the Retention Account and the Minimum Liquidity Account) in an amount of not less than the product of (i) $500,000 and (ii) the number of Fleet Vessels at the time; and

(c) the ratio of EBITDA to Net Interest Expense shall be no less than 2:1.

12.6 Equal treatment

(a) The Borrower confirms that as at the date of this Agreement the financial covenants, including without limitation the asset cover ratio requirement set out in Clause 15.1 and the dividend restrictions set out in Clause 12.3(b), applicable to the Borrower pursuant to this Agreement, place no lender or other credit provider of the Borrower or any other member of the Group in a more favourable position than that applicable to the Creditor Parties pursuant to the Finance Documents.

(b) If, in the opinion of the Agent (acting on the instructions of the Lenders), the Borrower or any other member of the Group agrees with any lender or other credit provider in the context of a financing made or to be made available to that member of the Group, financial covenants including without limitation any asset cover ratio and dividend restrictions (the "**Covenants**"), which place such lender or credit provider in a more favourable position than that applicable to the Creditor Parties pursuant to the Finance Documents, the Borrower shall, or shall procure that any Security Party or any other member of the Group shall give the Creditor Parties the benefit of such Covenants which, in the opinion of the Creditor Parties, would place them in an equivalent position as that applicable to the other lender or credit provider at the relevant time. The Borrower and the Owner shall also enter, if required by the Agent (acting on the instructions of all Lenders), into a supplemental agreement to this Agreement or, as the case may be, any of the other Finance Documents, to amend each such document accordingly (with such supplemental agreement or agreements being entered into on or immediately after the date on which the Covenants are granted).

12.7 Borrower's and Owner's subsidiaries

The Borrower and Owner have provided the Agent on or before the date of this Agreement with a list of their subsidiaries as included in their annual audited financial statements (together with any information requested by the Agent pursuant to Clause 11.6(c) in respect of such subsidiaries) and shall ensure to include an updated list of their active subsidiaries in each set of financial statements to be provided to the Agent pursuant to Clause 11.6.

13 INSURANCE

13.1 General

The Borrower also undertakes with each Creditor Party to procure that the Owner complies to comply with the following provisions of this Clause 13 as from the Drawdown Date and at all times thereafter during the Security Period except as the Agent, acting with the authorisation of the Majority Lenders, may otherwise permit in writing.

13.2 Maintenance of obligatory insurances

The Borrower shall procure that the Owner shall keep the Ship insured at its own expense against:

(a) fire and usual marine risks (including hull and machinery and excess risks);

(b) war risks (including, without limitation, protection and indemnity war risks with a separate limit not less than hull value of the Ship);

(c) protection and indemnity risks (including, without limitation protection and indemnity war risks in excess of the amount for war risks (hull) and oil pollution liability risks in each case in the highest amount available in the international insurance market); and

(d) any other risks the insurance of which the Security Trustee acting on the instructions of the Majority Lenders, having regard to practices, recommendations and other circumstances prevailing at the relevant time, may from time to time require by notice to the Borrower (excluding loss of hire insurance).

13.3 Terms of obligatory insurances

The Borrower shall procure that the Owner shall effect such insurances in such amounts in such currency and upon such terms and conditions (including, without limitation, any LSW 1189 or, in the opinion of the Security Trustee, comparable mortgage clause) as shall from time to time be approved in writing by the Security Trustee in its sole discretion, but in any event as follows:

(a) in Dollars;

(b) in the case of fire and usual marine risks and war risks, on an agreed value basis in an amount equal to at least the higher of:

(i) an amount equal to 120 per cent. of the aggregate of:

(A) the Loan; and

(B) the principal amount secured by any equal or prior ranking Security Interest on the Ship; and

(ii) the Market Value of the Ship,

(c) in the case of oil pollution liability risks, for an amount equal to the highest level of cover from time to time available under basic protection and indemnity club entry (with the International Group of Protection and Indemnity Clubs) and the international marine insurance market (currently $1,000,000,000 for any one accident or occurrence);

(d) in relation to protection and indemnity risks in respect of the full value and tonnage of the Ship;

(e) in relation to war risks insurance, extended to cover piracy and terrorism where excluded under the fire and usual marine risks insurance;

(f) on approved terms and conditions;

(g) such other risks of whatever nature and howsoever arising in respect of which insurance would be maintained by a prudent owner of a vessel similar to the Ship; and

(h) through approved brokers and with approved insurance companies and/or underwriters which have a Standard & Poor’s rating of at least BBB- or a comparable rating by any other rating agency acceptable to the Security Trustee (acting on the instructions of the Majority Lenders) or, in the case of war risks and protection and indemnity risks, in approved war risks and protection and indemnity risks associations which are members of the International Group of Protection and Indemnity Clubs.

13.4 Further protections for the Creditor Parties

In addition to the terms set out in Clause 13.3, the Borrower shall procure that the obligatory insurances shall:

(a) the Borrower, the Owner and any and all third parties who are named assured or co-assured under any obligatory insurance shall assign their interest in any and all obligatory insurances and other Insurances if so required by the Agent;

(b) whenever the Security Trustee requires, the obligatory insurances name (or be amended to name) the Security Trustee as additional named assured for its rights and interests, warranted no operational interest and with full waiver of rights of subrogation they may have under any applicable law against the Security Trustee but without the Security Trustee thereby being liable to pay (but having the right to pay) premiums, calls or other assessments in respect of such insurance;

(c) the interest of the Security Trustee as assignee and as loss payee shall be duly endorsed on all slips, cover notes, policies, certificates of entry or other instruments of insurance in respect of the obligatory insurances;

(d) the obligatory insurances shall name the Security Trustee as sole loss payee with such directions for payment as the Security Trustee may specify;

(e) the obligatory insurances shall provide that all payments by or on behalf of the insurers under the obligatory insurances to the Security Trustee shall be made without set-off, counterclaim or deductions or condition whatsoever;

(f) the obligatory insurances shall provide that the insurers shall waive, to the fullest extent permitted by English law, their entitlement (if any) (whether by statute, common law, equity, or otherwise) to be subrogated to the rights and remedies of the Security Trustee in respect of any rights or interests (secured or not) held by or available to the Security Trustee in respect of the Secured Liabilities, until the Secured Liabilities shall have been fully repaid and discharged, except that the insurers shall not be restricted by the terms of this paragraph (f) from making personal claims against persons (other than the Owner or any Creditor Party) in circumstances where the insurers have fully discharged their liabilities and obligations under the relevant obligatory insurances;

(g) the obligatory insurances shall provide that the obligatory insurances shall be primary without right of contribution from other insurances effected by the Security Trustee or any other Creditor Party;

(h) the obligatory insurances shall provide that the Security Trustee may make proof of loss if the Owner fails to do so; and

(i) the obligatory insurances shall provide that if any obligatory insurance is cancelled, or if any substantial change is made in the coverage which adversely affects the interest of the Security Trustee, or if any obligatory insurance is allowed to lapse for non-payment of premium, such cancellation, charge or lapse shall only be effective against the Security Trustee 14 days (or 7 days in the case of war risks) after receipt by the Security Trustee of prior written notice from the insurers of such cancellation, change or lapse.

13.5 Renewal of obligatory insurances

The Borrower shall procure that the Owner shall:

(a) at least 10 days before the expiry of any obligatory insurance effected by it:

(i) notify the Security Trustee of the brokers, underwriters, insurance companies and any protection and indemnity or war risks association through or with whom the Owner proposes to renew that obligatory insurance and of the proposed terms of renewal; and

(ii) seek the Security Trustee's approval to the matters referred to in paragraph (i);

(b) at least 7 days before the expiry of any obligatory insurance, renew that obligatory insurance in accordance with the Security Trustee's approval pursuant to paragraph (a); and

(c) procure that the approved brokers and/or the war risks and protection and indemnity associations with which such a renewal is effected shall promptly after the renewal notify the Security Trustee in writing of the terms and conditions of the renewal.

13.6 Copies of policies; letters of undertaking

The Borrower shall procure that the Owner shall ensure that all approved brokers provide the Security Trustee with pro forma copies of all cover notes and policies relating to the obligatory insurances which they are to effect or renew and of a letter or letters of undertaking in a form required by the Security Trustee and including undertakings by the approved brokers that:

(a) they will have endorsed on each policy, immediately upon issue, a loss payable clause and a notice of assignment complying with the provisions of Clause 13.4;

(b) they will hold such policies, and the benefit of such insurances, to the order of the Security Trustee in accordance with the said loss payable clause;

(c) they will advise the Security Trustee immediately of any change to the terms of the obligatory insurances;

(d) they will notify the Security Trustee, not less than 14 days before the expiry of the obligatory insurances, in the event of their not having received notice of renewal instructions from the Owner or its agents and, in the event of their receiving instructions to renew, they will promptly notify the Security Trustee of the terms of the instructions; and

(e) they will not set off against any sum recoverable in respect of a claim relating to the Ship under such obligatory insurances any premiums or other amounts due to them or any other person whether in respect of the Ship or otherwise, they waive any lien on the policies, or any sums received under them, which they might have in respect of such premiums or other amounts, and they will not cancel such obligatory insurances by reason of non-payment of such premiums or other amounts, and will arrange for a separate policy to be issued in respect of the Ship forthwith upon being so requested by the Security Trustee.

13.7 Copies of certificates of entry; letters of undertaking

The Borrower shall procure that the Owner shall ensure that any protection and indemnity and/or war risks associations in which the Ship is entered provides the Security Trustee with:

(a) a certified copy of the certificate of entry for the Ship;

(b) a letter or letters of undertaking in such form as may be required by the Security Trustee;

(c) where required to be issued under the terms of insurance/indemnity provided by the Owner's protection and indemnity association, a certified copy of each United States of America voyage quarterly declaration (or other similar document or documents) made by the Owner in accordance with the requirements of such protection and indemnity association; and

(d) a certified copy of each certificate of financial responsibility for pollution by oil or other Environmentally Sensitive Material issued by the relevant certifying authority or, as the case may be, protection and indemnity associations in relation to the Ship (if applicable).

13.8 Deposit of original policies

The Borrower shall procure that the Owner shall ensure that all policies relating to obligatory insurances effected by it are deposited with the approved brokers through which the insurances are effected or renewed.

13.9 Payment of premiums

The Borrower shall procure that the Owner shall punctually pay all premiums or other sums payable in respect of the obligatory insurances effected by it and produce all relevant receipts when so required by the Security Trustee.

13.10 Guarantees

The Borrower shall procure that the Owner shall ensure that any guarantees required by a protection and indemnity or war risks association are promptly issued and remain in full force and effect.

13.11 Compliance with terms of insurances

The Borrower shall procure that the Owner shall not do or omit to do (or permit to be done or not to be done) any act or thing which would or might render any obligatory insurance invalid, void, voidable or unenforceable or render any sum payable under an obligatory insurance repayable in whole or in part; and, in particular:

(a) the Borrower shall procure that the Owner shall take all necessary action and comply with all requirements which may from time to time be applicable to the obligatory insurances, and (without limiting the obligation contained in Clause 13.6(c)) ensure that the obligatory insurances are not made subject to any exclusions or qualifications to which the Security Trustee has not given its prior approval;

(b) the Borrower shall procure that the Owner shall not make any changes relating to the classification or classification society or manager or operator of the Ship approved by the underwriters of the obligatory insurances;

(c) the Borrower shall procure that the Owner shall make (and promptly supply copies to the Agent (upon its request)) of all quarterly or other voyage declarations which may be required by the protection and indemnity risks association in which the Ship is entered to maintain cover for trading to the United States of America and Exclusive Economic Zone (as defined in the United States Oil Pollution Act 1990 or any other applicable legislation) and, if applicable, shall procure that each Approved Manager complies with this requirement; and

(d) the Borrower shall procure that the Owner shall not employ the Ship, nor allow it to be employed, otherwise than in conformity with the terms and conditions of the obligatory insurances, without first obtaining the consent of the insurers and complying with any requirements (as to extra premium or otherwise) which the insurers specify.

13.12 Alteration to terms of insurances

The Borrower shall procure that the Owner shall not make or agree to any alteration to the terms of any obligatory insurance or waive any right relating to any obligatory insurance.

13.13 Settlement of claims

The Borrower shall procure that the Owner shall not settle, compromise or abandon any claim under any obligatory insurance for Total Loss or for a Major Casualty, and shall do all things necessary and provide all documents, evidence and information to enable the Security Trustee to collect or recover any moneys which at any time become payable in respect of the obligatory insurances and shall do all things necessary to ensure such collection or recovery is made.

13.14 Provision of copies of communications

The Borrower shall procure that the Owner shall provide the Security Trustee with copies of all written communications:

(a) in the case of:

(i) an Event of Default, for as long as such Event of Default is continuing;

(ii) a Major Casualty, for as long as such Major Casualty has not been rectified and/or the relevant insurances proceeds have not been paid to the Security Trustee, pursuant to the Finance Documents; and

(iii) a Total Loss during the period commencing on the Total Loss Date and ending on the earlier of (A) the date falling 120 days after the Total Loss Date and (B) the date of receipt by the Security Trustee of the proceeds of insurance relating to such Total Loss,

at the time of each such communication regarding the above-mentioned events; and

(b) at all other times, upon the Security Trustee's request,

between the Owner and:

(i) the approved brokers;

(ii) the approved protection and indemnity and/or war risks associations; and

(iii) the approved insurance companies and/or underwriters, which relate directly or indirectly to:

(A) the Owner's obligations relating to the obligatory insurances including, without limitation, all requisite declarations and payments of additional premiums or calls;

(B) any credit arrangements made between the Owner and any of the persons referred to in paragraphs (a) or (b) relating wholly or partly to the effecting or maintenance of the obligatory insurances; and

(C) a claim under any obligatory insurances of the Ship.

13.15 Provision of information and further undertakings

In addition, the Borrower shall procure that the Owner shall promptly provide the Security Trustee (or any persons which it may designate) with any information which the Security Trustee (or any such designated person) requests for the purpose of:

(a) obtaining or preparing any report from an independent marine insurance broker as to the adequacy of the obligatory insurances effected or proposed to be effected; and/or

(b) effecting, maintaining or renewing any such insurances as are referred to in Clause 13.17 or dealing with or considering any matters relating to any such insurances,

and the Borrower shall procure that the Owner shall:

(c) do all things necessary and provide the Agent and the Security Trustee with all documents and information to enable the Security Trustee to collect or recover any moneys in respect of the Insurances which are payable to the Security Trustee pursuant to the Finance Documents; and

(d) promptly provide the Agent with full information regarding any Major Casualty or in consequence whereof the Ship has become or may become a Total Loss and agree to any settlement of such casualty or other accident or damage to the Ship only with the Agent's prior written consent,

and the Borrower shall procure that the Owner shall, forthwith upon demand, indemnify the Security Trustee in respect of all fees and other expenses incurred by or for the account of the Security Trustee in connection with any such report as is referred to in paragraph (a).

13.16 Mortgagee's interest and additional perils insurances

The Security Trustee shall be entitled from time to time to effect, maintain and renew all or any of the following insurances in such amounts, on such terms, through such insurers and generally in such manner as the Majority Lenders may from time to time consider appropriate:

(a) a mortgagee's interest insurance in relation to the Ship providing for the indemnification of the Creditor Parties for any losses under or in connection with any Finance Document in an amount of up to 120 per cent. of the aggregate of:

(i) the Loan; and

(ii) the principal amount secured by any equal or prior ranking Security Interest on the Ship,

which directly or indirectly result from loss of or damage to the Ship or a liability of the that or of the Owner, being a loss or damage which is prima facie covered by an obligatory insurance but in respect of which there is a non-payment (or reduced payment) by the underwriters by reason of, or on the basis of an allegation concerning:

(A) any act or omission on the part of the Owner, of any operator, charterer, manager or sub-manager of the Ship or of any officer, employee or agent of the Owner or of any such person, including any breach of warranty or condition or any non-disclosure relating to such obligatory insurance;

(B) any act or omission, whether deliberate, negligent or accidental, or any knowledge or privity of the Owner, any other person referred to in paragraph (i) above, or of any officer, employee or agent of the Owner or of such a person, including the casting away or damaging of the Ship and/or the Ship being unseaworthy; and/or

(C) any other matter capable of being insured against under a mortgagee's interest marine insurance policy whether or not similar to the foregoing; and

(b) a mortgagee's interest additional perils insurance in relation to the Ship providing for the indemnification of the Creditor Parties against, among other things, any possible losses or other consequences of any Environmental Claim, including the risk of expropriation, arrest or any form of detention of a Ship, the imposition of any Security Interest over the Ship and/or any other matter capable of being insured against under a mortgagee's interest additional perils policy whether or not similar to the foregoing, and in an amount of up to 110 per cent. of the aggregate of:

(i) the Loan; and

(ii) the principal amount secured by any equal or prior ranking Security Interest on the Ship,

and the Borrower shall upon demand fully indemnify the Security Trustee in respect of all premiums and other expenses which are incurred in connection with or with a view to effecting, maintaining or renewing any such insurance or dealing with, or considering, any matter arising out of any such insurance.

13.17 Review of insurance requirements

The Agent (acting on the instructions of the Majority Lenders) shall be entitled to review the requirements of this Clause 13 from time to time in order to take account of any changes in circumstances after the date of this Agreement which are, in the opinion of the Agent (acting on the instructions of the Majority Lenders), significant and capable of affecting the Owner, the Ship and its Insurances (including, without limitation, changes in the availability or the cost of insurance coverage or the risks to which the Owner may be subject) and the Borrower and the Owner shall upon demand fully indemnify the Agent in respect of all fees and other expenses incurred by or for the account of the Agent in appointing an independent marine insurance broker or adviser to conduct such review.

13.18 Modification of insurance requirements

The Agent (acting on the instructions of the Majority Lenders) shall notify the Borrower and the Owner of any proposed modification under Clause 13.18 to the requirements of this Clause 13 which the Agent reasonably considers appropriate in the circumstances, and such modification shall take effect on and from the date it is notified in writing to the Borrower and the Owner as an amendment to this Clause 13 and shall bind the Borrower and the Owner accordingly.

13.19 Compliance with mortgagee's instructions

The Security Trustee shall be entitled (without prejudice to or limitation of any other rights which it may have or acquire under any Finance Document) to require the Ship to remain at any safe port or to proceed to and remain at any safe port designated by the Security Trustee until the Owner implements any amendments to the terms of the obligatory insurances and any operational changes required as a result of a notice served under Clause 13.19.

14 SHIP COVENANTS

14.1 General

The Borrower also undertakes with each Creditor Party to procure that the Owner complies as from the Drawdown Date and at all times thereafter during the Security Period with the following provisions of this Clause 14 except as the Agent, with the authorisation of the Majority Lenders, may otherwise permit (in the case of Clauses 14.2, 14.3(b) and 14.13 such authorisation not to be unreasonably withheld or delayed by any Lender).

14.2 Ship's name and registration

The Borrower shall procure that the Owner shall keep the Ship registered in its name under the Approved Flag; shall not do, omit to do or allow to be done anything as a result of which such registration might be cancelled or imperilled; and shall not change the name or port of registry of the Ship.

14.3 Repair and classification

The Borrower shall procure that the Owner and each Approved Manager shall, keep the Ship in a good and safe condition and state of repair, sea and cargo worthy in all respects:

(a) consistent with first-class ship ownership and management practice;

(b) so as to maintain the highest class available for vessels of the same type, specification and age as the Ship free of overdue recommendations and conditions, with the Approved Classification Society; and

(c) so as to comply with all laws and regulations applicable to vessels registered at ports in the applicable Approved Flag State or to vessels trading to any jurisdiction to which the Ship may trade from time to time, including but not limited to the ISM Code and the ISPS Code,

and the Agent shall be given power of attorney in the form attached as Schedule 6 to act on behalf of the Owner in order to, inspect the class records and any files held by the classification society and to require the classification society to provide the Agent or any of its nominees with any information, document or file, it might request and the classification society shall be fully entitled to rely hereon without any further inquiry.

14.4 Classification society undertaking

The Borrower shall procure that the Owner shall instruct the classification society referred to in Clause 14.3 (and procure that the classification society undertakes with the Security Trustee):

(a) to send to the Security Trustee, following receipt of a written request from the Security Trustee, certified true copies of all original class records and any other related records held by the classification society in relation to the Ship;

(b) to allow the Security Trustee (or its agents), at any time and from time to time, to inspect the original class and related records of the Ship at the offices of the classification society and to take copies of them;

(c) to notify the Security Trustee immediately in writing if the classification society:

(i) receives notification from the Borrower or the Owner or any person that the Ship's classification society is to be changed; or

(ii) becomes aware of any facts or matters which may result in or have resulted in a change, suspension, discontinuance, withdrawal or expiry of the Ship's class under the rules or terms and conditions of the Owner's or the Ship's membership of the classification society;

(d) following receipt of a written request from the Security Trustee:

(i) to confirm that the Owner is not in default of any of its contractual obligations or liabilities to the classification society and, without limiting the foregoing, that it has paid in full all fees or other charges due and payable to the classification society; or

(ii) if the Owner is in default of any of its contractual obligations or liabilities to the classification society, to specify to the Security Trustee in reasonable detail the facts and circumstances of such default, the consequences thereof, and any remedy period agreed or allowed by the classification society.

14.5 Modification

The Borrower shall procure that no Owner shall make any modification or repairs to, or replacement of, its Ship or equipment installed on it which would or might materially alter the structure, type or performance characteristics of the Ship or materially reduce its value.

14.6 Removal of parts

The Borrower shall procure that the Owner shall not remove any material part of the Ship, or any item of equipment installed on the Ship unless the part or item so removed is forthwith replaced by a suitable part or item which is in the same condition as or better condition than the part or item removed, is free from any Security Interest or any right in favour of any person other than the Security Trustee and becomes on installation on the Ship the property of the Owner and subject to the security constituted by the Mortgage and any Deed of Covenant **Provided that** the Owner may install equipment owned by a third party if the equipment can be removed without any risk of damage to the Ship.

14.7 Surveys

The Borrower shall procure that the Owner shall submit the Ship regularly to all periodical or other surveys which may be required for classification purposes and, if so required by the Security Trustee provide the Security Trustee, with copies of all survey reports.

14.8 Inspection

The Borrower shall procure that the Owner shall permit the Security Trustee (by surveyors or other persons appointed by it for that purpose) to board the Ship at all reasonable times to inspect its condition or to satisfy themselves about proposed or executed repairs and shall

afford all proper facilities for such inspections at the Owner's expense and if the inspector or surveyor appointed by the Security Trustee under this Clause is of the opinion that there are any technical, commercial or operational actions being undertaken or omitted to be undertaken by the Owner or the Approved Manager which adversely affect the operation or value of the Ship, the Borrower shall procure that the Owner shall forthwith (at the Owner's expense) on the Security Trustee's demand remedy such action or inaction and provide the Security Trustee with evidence that it has taken such remedial action **Provided that** the Owner shall be obliged to pay for one inspection per calendar year during the Security Period unless an Event of Default has occurred and is continuing in which case it shall pay for all inspections made whilst such Event of Default is in existence.

14.9 Prevention of and release from arrest

The Borrower shall procure that the Owner shall promptly discharge:

(a) all liabilities which give or may give rise to maritime or possessory liens on or claims enforceable against the Ship and the Earnings or the Insurances of the Ship;

(b) all taxes, dues and other amounts charged in respect of the Ship and the Earnings or the Insurances of the Ship; and

(c) all other outgoings whatsoever in respect of the Ship and the Earnings or the Insurances of the Ship,

and, forthwith upon receiving notice of the arrest of the Ship, or of its detention in exercise or purported exercise of any lien or claim, the Owner shall procure its release by providing bail or otherwise as the circumstances may require.

14.10 Compliance with laws etc.

The Borrower shall procure that the Owner shall:

(a) comply, or procure compliance with the ISM Code, the ISPS Code, all Environmental Laws and all other laws or regulations relating to the Ship, its ownership, operation and management or to the business of the Owner;

(b) not employ the Ship nor allow its employment in any manner contrary to any law or regulation in any relevant jurisdiction including but not limited to the ISM Code and the ISPS Code; and

(c) in the event of hostilities in any part of the world (whether war is declared or not), not cause or permit the Ship to enter or trade to any zone which is declared a war zone by any government or by the Ship's war risks insurers unless the prior written consent of the Security Trustee has been given and the Owner has (at its expense) effected any special, additional or modified insurance cover which the Security Trustee may require.

14.11 Provision of information

The Borrower shall procure that the Owner shall promptly provide the Security Trustee with any information which it requests regarding:

(a) the Ship, its employment, position and engagements;

(b) the Earnings and payments and amounts due to the master and crew of the Ship;

(c) any expenses incurred, or likely to be incurred, in connection with the operation, maintenance or repair of the Ship and any payments made in respect of the Ship;

(d) any towages and salvages; and

(e) its compliance, each Approved Manager's compliance and the compliance of the Ship with the ISM Code and the ISPS Code,

and, upon the Security Trustee's request, provide copies of any current charter relating to the Ship, of any current charter guarantee and copies of the Owner's or each Approved Manager's Document of Compliance, Safety Management Certificate and the ISSC.

14.12 Notification of certain events

The Borrower shall procure that the Owner:

(a) within 30 days after entering into any demise or bareboat charter for any period in respect of its Ship or any other Assignable Charter in respect of its Ship, notify the Agent and provide certified true and complete copies of such charter and, if applicable, any charter guarantee and that:

(i) the Owner executes in favour of the Security Trustee a specific assignment of all its rights, title and interest in and to such charter and any charter guarantee in the form of a Charterparty Assignment;

(ii) to use its reasonable endeavours to procure that (1) the charterer and any charter guarantor agree to acknowledge to the Security Trustee the specific assignment of such charter and charter guarantee by executing an acknowledgement substantially in the form included in the relevant Charterparty Assignment and (2) that the Mortgage over the Ship has been registered prior to the entry into such charter, the charterer provides to the Security Trustee a letter of undertaking pursuant to which the charterer subordinates all its claims against the Owner and the Ship to the claims of the Creditor Parties under or in connection with the Finance Documents in the Agreed Form;

(iii) in the case where such charter is a demise charter the charterer undertakes to the Security Trustee (1) to comply with all of the Owner's undertakings with regard to the employment, insurances, operation, repairs and maintenance of its Ship contained in this Agreement, the Mortgage, any Deed of Covenant and the General Assignment in relation to the Ship and (2) to execute a Bareboat Charter Security Agreement, including (inter alia) an assignment of its interest in the insurances of the Ship in Agreed Form;

(iv) the Agent's receipt of a copy of the charter and its failure or neglect to act, delay or acquiescence in connection with the Owner's entering into such charter shall not in any way constitute an acceptance by the Agent of whether or not the Earnings under the charter are sufficient to meet the debt service requirements under this Agreement nor shall it in any way affect the Agent's or the Security Trustee's entitlement to exercise its rights under the Finance Documents pursuant to Clause 19 upon the occurrence of an Event of Default arising as a result of an act or omission of the charterer; and

(v) the Owner delivers to the Agent such other documents equivalent to those referred to at paragraphs 2, 3, 4, 5, 7, 8, 11 and 12 of Part A of Schedule 3, as the Agent may require; and

(b) immediately notify the Security Trustee by letter, of:

(i) its entry into any agreement or arrangement for the postponement of any date on which any Earnings are due, the reduction of the amount of any Earnings or otherwise for the release or adverse alteration of any right of the Owner to any Earnings;

(ii) its entry into any time or consecutive voyage charter in respect of the Ship for a term which exceeds, or which by virtue of any optional extensions may exceed, three months;

(iii) any casualty which is or is likely to be or to become a Major Casualty;

(iv) any occurrence as a result of which the Ship has become or is, by the passing of time or otherwise, likely to become a Total Loss;

(v) any requirement, condition or recommendation made by any insurer or classification society or by any competent authority which is not immediately complied with;

(vi) any arrest or detention of the Ship, any exercise or purported exercise of any lien on the Ship or its Earnings or any requisition of the Ship for hire;

(vii) any intended dry docking of the Ship;

(viii) any Environmental Claim made against the Owner or in connection with the Ship, or any Environmental Incident;

(ix) any claim for breach of the ISM Code or the ISPS Code being made against the Owner, any Approved Manager or otherwise in connection with the Ship;

(x) its intention to de-activate or lay up the Ship; or

(xi) any other matter, event or incident, actual or threatened, the effect of which will or could lead to the ISM Code or the ISPS Code not being complied with,

and the Owner shall keep the Security Trustee advised in writing on a regular basis and in such detail as the Security Trustee shall require of the Owner's, each Approved Manager's or any other person's response to any of those events or matters.

14.13 Restrictions on chartering, appointment of managers etc.

The Borrower shall procure that the Owner shall not, in relation to the Ship:

(a) enter into any charter in relation to the Ship under which more than 2 months' hire (or the equivalent) is payable in advance;

(b) charter the Ship otherwise than on bona fide arm's length terms at the time when the Ship is fixed;

(c) appoint a manager of the Ship other than an Approved Manager or agree to any alteration to the terms of any Approved Manager's appointment; or

(d) put the Ship into the possession of any person for the purpose of work being done upon it in an amount exceeding or likely to exceed $1,000,000 (or the equivalent in any other currency) unless that person has first given to the Security Trustee and in terms satisfactory to it a written undertaking not to exercise any lien on the Ship or its Earnings for the cost of such work or for any other reason.

14.14 Notice of Mortgage

The Borrower shall procure that the Owner shall keep the Mortgage registered against the Ship as a valid first preferred or, as the case may be, priority mortgage, carry on board the Ship a certified copy of that Mortgage and place and maintain in a conspicuous place in the navigation room and the Master's cabin of the Ship a framed printed notice stating that the Ship is mortgaged by the Owner to the Security Trustee.

14.15 Sharing of Earnings

The Borrower shall procure that no Owner shall enter into any agreement or arrangement for the sharing of any Earnings (other than (i) any profit sharing agreement with a charterer which takes effect above an agreed minimum charter hire rate payable to the Owner under a charter and (ii) any pool agreement, in either case, on bona fide arm's length terms).

14.16 ISPS Code

The Borrower shall procure that the Owner complies with the ISPS Code and in particular, without limitation, shall:

(a) procure that the Ship and the company responsible for the Ship's compliance with the ISPS Code comply with the ISPS Code; and

(b) maintain for the Ship an ISSC; and

(c) notify the Agent immediately in writing of any actual or threatened withdrawal, suspension, cancellation or modification of the ISSC.

15 SECURITY COVER

15.1 Minimum required security cover

Clause 15.2 applies if the Agent notifies the Borrower that the Security Cover Ratio is below 125 per cent.

15.2 Prepayment; provision of additional security

If the Agent serves a notice on the Borrower under Clause 15.1, the Borrower shall prepay such part at least of the Loan as will eliminate the shortfall on or before the date falling 21 Business Days after the date on which the Agent's notice is served under Clause 15.1 (the "**Prepayment Date**") unless at least 5 calendar days before the Prepayment Date the Borrower has provided, or ensured that a third party has provided, additional security acceptable to the Agent (acting on the instructions of the Majority Lenders) which, in the opinion of the Majority Lenders, has a net realisable value at least equal to the shortfall and is documented in such terms as the Agent may, with the authorisation of the Majority Lenders, approve or require.

15.3 Valuation of Ship

(a) The Market Value of a Ship for the purpose of determination of the Initial Market Value of the Ship, is that shown by taking the arithmetic mean of two valuations issued by two Approved Brokers, one selected and appointed by the Agent and one selected and appointed by the Borrower (unless the Borrower does not select and appoint an Approved Broker within 14 days after the Agent's request, in which case the Agent shall select and appoint both Approved Brokers).

(b) The Market Value of the Ship or other Fleet Vessel at any other date is that shown by taking the arithmetic means of two valuations requested by the Agent to be issued by two Approved Brokers, selected and appointed by the Borrower (unless the Borrower does not select or appoint two Approved Brokers within 14 days after the Agent's request, in which case the Agent shall select and appoint one Approved Broker and the Market Value of the Ship or other Fleet Vessel shall be that shown by the single valuation issued by such Approved Broker).

(c) Each valuation referred to in paragraphs (a) and (b) above shall be prepared:

(i) as at a date not more than 30 days previously;

(ii) with or without physical inspection of the Ship (as the Agent may require); and

(iii) on the basis of a sale for prompt delivery for cash on normal arm's length commercial terms as between a willing seller and a willing buyer, free of any existing charter or other contract of employment

Provided that if the higher of the two valuations in respect of the Ship or other Fleet Vessel issued for the purpose of determination of its Initial Market Value or, as the case may be, Market Value pursuant to paragraphs (a) and (b) of this Clause 15.3 shows a value of more than 15 per cent. of that shown by the lower of the two valuations, a third valuation shall be requested from a third Approved Broker selected and appointed by the Agent to be prepared in accordance with this Clause 15.3 and the Initial Market Value or, as the case may be, Market Value of the Ship or other Fleet Vessel in such circumstances shall be the arithmetic mean of all three valuations.

15.4 Value of additional vessel security

The net realisable value of any additional security which is provided under Clause 15.2 and which consists of a Security Interest over a vessel shall be that shown by a valuation complying with the requirements of Clause 15.3.

15.5 Valuations binding

Any valuation under Clause 15.2, 15.3 or 15.4 shall be binding and conclusive as regards the Borrower, as shall be any valuation which the Majority Lenders make of any additional security which does not consist of or include a Security Interest.

15.6 Provision of information

The Borrower shall promptly provide the Agent and any Approved Broker or expert acting under Clause 15.3 or 15.4 with any information which the Agent or that Approved Broker or expert may request for the purposes of the valuation; and, if the Borrower fails to provide the information by the date specified in the request, the valuation may be made on any basis and assumptions which that Approved Broker or the Majority Lenders (or the expert appointed by them) consider prudent.

15.7 Payment of valuation expenses

Without prejudice to the generality of the Borrower's obligations under Clauses 20.2, 20.3 and 21.3, the Borrower shall, on demand, pay the Agent the amount of the fees and expenses of any Approved Broker or expert instructed by the Agent under this Clause and all legal and other expenses incurred by any Creditor Party in connection with any matter arising out of this Clause.

15.8 Frequency of valuations

The Borrower acknowledges and agrees that the Agent may commission valuation(s) of any Ship at such times as the Agent (acting on the instructions of the Lenders) shall deem necessary and, in any event, not less than once during each 6-month period of the Security Period.

16 PAYMENTS AND CALCULATIONS

16.1 Currency and method of payments

All payments to be made by the Lenders or by the Borrower under a Finance Document shall be made to the Agent or to the Security Trustee, in the case of an amount payable to it:

(a) by not later than 11.00 a.m. (New York City time) on the due date;

(b) in same day Dollar funds settled through the New York Clearing House Interbank Payments System (or in such other Dollar funds and/or settled in such other manner as the Agent shall specify as being customary at the time for the settlement of international transactions of the type contemplated by this Agreement);

(c) in the case of an amount payable by a Lender to the Agent or by the Borrower to the Agent or any Lender, to the account of the Agent at J.P. Morgan Chase Bank (SWIFT Code CHASUS33) (Account No. 001 1331 808 in favour of Hamburg Commercial Bank AG, SWIFT Code HSHNDEHH; Reference "Capital Product Partners L.P. - US$38.5m facility") or to such other account with such other bank as the Agent may from time to time notify to the Borrower and the other Creditor Parties; and

(d) in the case of an amount payable to the Security Trustee, to such account as it may from time to time notify to the Borrower and the other Creditor Parties.

16.2 Payment on non-Business Day

If any payment by the Borrower under a Finance Document would otherwise fall due on a day which is not a Business Day:

(a) the due date shall be extended to the next succeeding Business Day; or

(b) if the next succeeding Business Day falls in the next calendar month, the due date shall be brought forward to the immediately preceding Business Day,

and interest shall be payable during any extension under paragraph (a) at the rate payable on the original due date.

16.3 Basis for calculation of periodic payments

All interest and commitment fee and any other payments under any Finance Document which are of an annual or periodic nature shall accrue from day to day and shall be calculated on the basis of the actual number of days elapsed and a 360 day year.

16.4 Distribution of payments to Creditor Parties

Subject to Clauses 16.5, 16.6 and 16.7:

(a) any amount received by the Agent under a Finance Document for distribution or remittance to a Lender or the Security Trustee shall be made available by the Agent to that Lender or, as the case may be, the Security Trustee by payment, with funds having the same value as the funds received, to such account as the Lender or the Security Trustee may have notified to the Agent not less than 5 Business Days previously; and

(b) amounts to be applied in satisfying amounts of a particular category which are due to the Lenders generally shall be distributed by the Agent to each Lender pro rata to the amount in that category which is due to it.

16.5 Permitted deductions by Agent

Notwithstanding any other provision of this Agreement or any other Finance Document, the Agent may, before making an amount available to a Lender, deduct and withhold from that amount any sum which is then due and payable to the Agent from that Lender under any Finance Document or any sum which the Agent is then entitled under any Finance Document to require that Lender to pay on demand.

16.6 Agent only obliged to pay when monies received

Notwithstanding any other provision of this Agreement or any other Finance Document, the Agent shall not be obliged to make available to the Borrower or any Lender any sum which the Agent is expecting to receive for remittance or distribution to the Borrower or that Lender until the Agent has satisfied itself that it has received that sum.

16.7 Refund to Agent of monies not received

If and to the extent that the Agent makes available a sum to the Borrower or a Lender, without first having received that sum, the Borrower or (as the case may be) the Lender concerned shall, on demand:

(a) refund the sum in full to the Agent; and

(b) pay to the Agent the amount (as certified by the Agent) which will indemnify the Agent against any funding or other loss, liability or expense incurred by the Agent as a result of making the sum available before receiving it.

16.8 Agent may assume receipt

Clause 16.7 shall not affect any claim which the Agent has under the law of restitution, and applies irrespective of whether the Agent had any form of notice that it had not received the sum which it made available.

16.9 Creditor Party accounts

Each Creditor Party shall maintain accounts showing the amounts owing to it by the Borrower and each Security Party under the Finance Documents and all payments in respect of those amounts made by the Borrower and any Security Party.

16.10 Agent's memorandum account

The Agent shall maintain a memorandum account showing the amounts advanced by the Lenders and all other sums owing to the Agent, the Security Trustee and each Lender from the Borrower and each Security Party under the Finance Documents and all payments in respect of those amounts made by the Borrower and any Security Party.

16.11 Accounts prima facie evidence

If any accounts maintained under Clauses 16.9 and 16.10 show an amount to be owing by the Borrower or a Security Party to a Creditor Party, those accounts shall be prima facie evidence that that amount is owing to that Creditor Party.

17 APPLICATION OF RECEIPTS

17.1 Normal order of application

Except as any Finance Document may otherwise provide, any sums which are received or recovered by any Creditor Party under or by virtue of any Finance Document shall be applied:

(a) FIRST: in or towards satisfaction of any amounts then due and payable under the Finance Documents in the following order and proportions:

(i) first, in or towards satisfaction pro rata of all amounts then due and payable to the Creditor Parties under the Finance Documents (including, but without limitation, all amounts payable by the Borrower under Clauses 20, 21 and 22 of this Agreement or by the Borrower or any Security Party under any corresponding or similar provision in any other Finance Document) other than those amounts referred to at paragraphs (ii), and (iii);

(ii) secondly, in or towards satisfaction pro rata of any and all amounts of interest or default interest payable to the Creditor Parties under the Finance Documents; and

(iii) thirdly, in or towards satisfaction pro rata of the Loan;

(b) SECONDLY: in retention (in an interest bearing account) of an amount equal to any amount not then due and payable under any Finance Document but which the Agent, by notice to the Borrower, the Security Parties and the other Creditor Parties, states in its opinion will either or may become due and payable in the future and, upon those amounts becoming due and payable, in or towards satisfaction of them in accordance with the provisions of Clause 17.1(a); and

(c) THIRDLY: any surplus shall be paid to the Borrower or to any other person appearing to be entitled to it.

17.2 Application by any covered bond Lender

If and to the extent that any Lender includes the Loan and/or a Mortgage in its covered bond register, any enforcement proceeds recovered under any of the Finance Documents and attributable to that Lender under the relevant Finance Document shall, notwithstanding the provisions of Clause 17.1(a), be applied by it first to the part of the Loan that corresponds to that Lender's Contribution registered in its covered bond register and thereafter in the following order:

(a) first, in or towards satisfaction of the amounts set out under Clause 17.1(a)(i);

(b) secondly, in or towards satisfaction of the amounts set out under Clause 17.1(a)(ii); and

(c) thirdly, in or towards satisfaction *pro rata* of any part of the Loan that corresponds to any unregistered part of that Lender's contribution.

17.3 Variation of order of application

The Agent may, with the authorisation of the Majority Lenders, by notice to the Borrower, the Security Parties and the other Creditor Parties provide for a different manner of application from that set out in Clause 17.1 (but not, for the avoidance of doubt, that set out in Clause 17.2) either as regards a specified sum or sums or as regards sums in a specified category or categories.

17.4 Notice of variation of order of application

The Agent may give notices under Clause 17.3 from time to time; and such a notice may be stated to apply not only to sums which may be received or recovered in the future, but also to any sum which has been received or recovered on or after the third Business Day before the date on which the notice is served.

17.5 Appropriation rights overridden

This Clause 17 and any notice which the Agent gives under Clause 17.3 shall override any right of appropriation possessed, and any appropriation made, by the Borrower or any Security Party.

18 APPLICATION OF EARNINGS

18.1 Payment of Earnings

The Borrower undertakes with each Creditor Party that, throughout the Security Period:

(a) it shall, and it shall procure that the Owner will, maintain the Accounts with the Agent;

(b) it shall procure that the Owner ensures that all Earnings of the Ship are paid (subject only to the provisions of the General Assignment and any Deed of Covenant to which the Owner is a party) to the Earnings Account for the Ship; and

(c) all Minimum Liquidity amounts required to be maintained pursuant to Clause 11.21 shall be maintained in the Minimum Liquidity Account.

18.2 Monthly retentions

The Borrower undertakes with each Creditor Party to ensure that, on and from the date on which an Event of Default or a Potential Event of Default has occurred and at monthly intervals thereafter during the Security Period whilst such an Event of Default or Potential Event of Default is continuing, there are transferred to the Retention Account out of the Earnings received in the Earnings Accounts during the preceding month:

(a) one-third of the amount of the Instalment falling due under Clause 8.1 on the next Repayment Date; and

(b) the relevant fraction of the aggregate amount of interest on the Loan which is payable on the next due date for payment of interest for the Loan under this Agreement,

and the Borrower irrevocably authorises the Agent to make those transfers (in its sole discretion and without any obligation) if the Borrower fails to do so.

The "**relevant fraction**", in relation to paragraph (b), is a fraction of which the numerator is 1 and the denominator the number of months comprised in the then current Interest Period applicable to the Loan (or if the current Interest Period ends after the next due date for payment of interest under this Agreement, the number of months from the later of the commencement of the current Interest Period or the last due date for payment of interest to the next due date for payment of interest under this Agreement).

18.3 Shortfall in Earnings

If the aggregate Earnings received in the Earnings Accounts are insufficient at any time for the required amount to be transferred to the Retention Account under Clause 18.2, the Borrower shall immediately pay the amount of the insufficiency into the Retention Account.

18.4 Application of retentions

Until an Event of Default or a Potential Event of Default occurs, the Agent shall, to the extent there are sufficient funds standing to the credit of the Retention Account, on each Repayment Date and on each due date for the payment of interest in respect of the Loan under this Agreement distribute to the Lenders in accordance with Clause 16.4 so much of the then balance on the Retention Account as equals:

(a) the Instalment due on that Repayment Date pursuant to Clause 8.1; or

(b) the amount of interest in respect of the Loan payable on that interest payment date,

in discharge of the Borrower's liability for that Instalment or that interest.

18.5 Interest accrued on the Accounts

Any credit balance on each Account shall bear interest at the rate from time to time offered by the Agent to its customers for Dollar deposits of similar amounts and for periods similar to those for which such balances appear to the Agent likely to remain on that Account.

18.6 Release of accrued interest

Interest accruing under Clause 18.5 shall be credited to the relevant Account and may be released to the Borrower pursuant to Clause 18.10.

18.7 Location of Accounts

The Borrower shall promptly:

(a) comply or, as the case may be, procure compliance by the Owner, with any requirement of the Agent as to the location or re-location of the Accounts (or any of them); and

(b) execute or, as the case may be, procure the execution by the Owner of, any documents which the Agent specifies to create or maintain in favour of the Security Trustee a Security Interest over (and/or rights of set-off, consolidation or other rights in relation to) the Accounts.

18.8 Debits for fees, expenses etc.

The Agent shall be entitled (but not obliged) from time to time to debit the Earnings Account without prior notice in order to discharge any amount due and payable under Clauses 20 or 21 to a Creditor Party or payment of which any Creditor Party has become entitled to demand under Clauses 20 or 21.

18.9 Borrower's obligations unaffected

The provisions of this Clause 18 (as distinct from a distribution effected under Clause 18.4) do not affect:

(a) the liability of the Borrower to make payments of principal and interest on the due dates; or

(b) any other liability or obligation of the Borrower or any Security Party under any Finance Document.

18.10 Restriction on withdrawal

During the Security Period no sum may be withdrawn by the Borrower from the Minimum Liquidity Account or the Retention Account (other than interest accruing thereon pursuant to Clause 18.6, provided that no Event of Default which is continuing has occurred), without the prior written consent of the Agent.

The Owner may, in any calendar month, after having transferred and/or after having taken into account all amounts due or which will become due to be transferred to the Retention Account in such calendar month in accordance with Clause 18.2, withdraw any surplus (a "**Surplus**") from its Earnings Account as it may think fit for purposes permitted by this Agreement and the other Finance Documents **Provided always** no Event of Default which is continuing has occurred in which case, the Borrower shall procure that any Surplus shall remain on the relevant Earnings Account and the Owner may only withdraw the Surplus (or any part thereof) with the prior written consent of the Agent (acting upon the instructions of the Majority Lenders) in order to satisfy the documented and properly incurred operating expenses of the Ship.

19 EVENTS OF DEFAULT

19.1 Events of Default

An Event of Default occurs if:

(a) the Borrower or any Security Party fails to pay when due or (if so payable) on demand any sum payable under a Finance Document or under any document relating to a Finance Document unless:

(i) its failure to pay is caused by:

(A) administrative or technical error; or

(B) a Disruption Event; and

(ii) payment is made within 3 Business Days of its due date; or

(b) any breach occurs of Clauses 9.2, 9.3, 11.2, 11.3, 11.20, 12.2, 12.3, 12.5 or 15.2 **Provided that** in respect of any breach of Clause 9.2, 9.3, 11.2 or 12.3(a), (c), (d), (f) and (g) which, in the opinion of the Majority Lenders, is capable of remedy, such default continues unremedied 14 days after written notice from the Agent requesting action to remedy the same (subject to any other applicable grace period specified in a Finance Document or otherwise agreed by the Agent); or

(c) any breach by the Borrower or any Security Party occurs of any provision of a Finance Document (other than a breach covered by paragraphs (a) or (b)) which, in the opinion of the Majority Lenders, is capable of remedy, and such default continues unremedied 14 Business Days after written notice from the Agent requesting action to remedy the same (subject to any other applicable grace period specified in a Finance Document or otherwise agreed by the Agent); or

(d) (subject to any applicable grace period specified in the Finance Document) any breach by the Borrower or any Security Party occurs of any provision of a Finance Document (other than a breach falling within paragraphs (a), (b) or (c)); or

(e) any representation, warranty or statement made or repeated by, or by an officer of, the Borrower or a Security Party in a Finance Document or in the Drawdown Notice or any other notice or document relating to a Finance Document is untrue or misleading when it is made or repeated; or

(f) any of the following occurs in relation to any Financial Indebtedness of a Relevant Person, which in the case of any member of the Group, equals $10,000,000 (or the equivalent in any other currency) or more or, as regards Financial Indebtedness arising under different documents or transactions, an aggregate amount of $10,000,000 (or the equivalent in any other currency) or more:

(i) any Financial Indebtedness of a Relevant Person is not paid when due or, if so payable, on demand; or

(ii) any Financial Indebtedness of a Relevant Person becomes due and payable or capable of being declared due and payable prior to its stated maturity date as a consequence of any event of default; or

(iii) a lease, hire purchase agreement or charter creating any Financial Indebtedness of a Relevant Person is terminated by the lessor or owner or becomes capable of being terminated as a consequence of any termination event; or

(iv) any overdraft, loan, note issuance, acceptance credit, letter of credit, guarantee, foreign exchange or other facility, or any swap or other derivative contract or transaction, relating to any Financial Indebtedness of a Relevant Person ceases to be available or becomes capable of being terminated as a result of any event of default, or cash cover is required, or becomes capable of being required, in respect of such a facility as a result of any event of default; or

(v) any Security Interest securing any Financial Indebtedness of a Relevant Person becomes enforceable; or

(g) any of the following occurs in relation to a Relevant Person:

(i) a Relevant Person becomes, in the opinion of the Majority Lenders, unable to pay its debts as they fall due; or

(ii) any assets of a Relevant Person are subject to any form of execution, attachment, arrest, sequestration or distress or any form of freezing order, which in the case of the Borrower and Capital-Executive Ship Management Corp. relate to a sum of, or sums aggregating, $5,000,000 (or the equivalent in any other currency) or more unless such execution, attachment, arrest, sequestration or distress is dismissed, withdrawn, released or lifted within 10 Business Days of the occurrence of such event; or

(iii) any administrative or other receiver is appointed over any asset of a Relevant Person; or

(iv) an administrator is appointed (whether by the court or otherwise) in respect of a Relevant Person; or

(v) any formal declaration of bankruptcy or any formal statement to the effect that a Relevant Person is insolvent or likely to become insolvent is made by a Relevant Person or by the directors of a Relevant Person or, in any proceedings, by a lawyer acting for a Relevant Person; or

(vi) a provisional liquidator is appointed in respect of a Relevant Person, a winding up order is made in relation to a Relevant Person or a winding up resolution is passed by a Relevant Person; or

(vii) a resolution is passed, an administration notice is given or filed, an application or petition to a court is made or presented or any other step is taken by (aa) a Relevant Person, (bb) the members or directors of a Relevant Person, (cc) a holder of Security Interests which together relate to all or substantially all of the assets of a Relevant Person, or (dd) a government minister or public or regulatory authority of a Pertinent Jurisdiction for or with a view to the winding up of that or another Relevant Person or the appointment of a provisional liquidator or administrator in respect of that or another Relevant Person, or that or another Relevant Person ceasing or suspending business operations or payments to creditors, save that this paragraph does not apply to a fully solvent winding up of a Relevant Person other than the Borrower or the Owner which is, or is to be, effected for the purposes of an amalgamation or reconstruction previously approved by the Majority Lenders and effected not later than three months after the commencement of the winding up; or

(viii) an administration notice is given or filed, an application or petition to a court is made or presented or any other step is taken by a creditor of a Relevant Person (other than a holder of Security Interests which together relate to all or substantially all of the assets of a Relevant Person) for the winding up of a Relevant Person or the appointment of a provisional liquidator or administrator in respect of a Relevant Person in any Pertinent Jurisdiction, unless the proposed winding up, appointment of a provisional liquidator or administration is being contested in good faith, on substantial grounds and not with a view to some other insolvency law procedure being implemented instead and either (aa) the application or petition is dismissed or withdrawn within 30 days of being made or presented, or (bb) within 30 days of the administration notice being given or filed, or the other relevant steps being taken, other action is taken which will ensure that there will be no administration and (in both cases (aa) or (bb)) the Relevant Person will continue to carry on business in the ordinary way and without being the subject of any actual, interim or pending insolvency law procedure; or

(ix) a Relevant Person or its directors take any steps (whether by making or presenting an application or petition to a court, or submitting or presenting a document setting out a proposal or proposed terms, or otherwise) with a view to obtaining, in relation to that or another Relevant Person, any form of moratorium, suspension or deferral of payments, reorganisation of debt (or certain debt) or arrangement with all or a substantial proportion (by number or value) of creditors or of any class of them or any such moratorium, suspension or deferral of payments, reorganisation or arrangement is effected by court order, by the filing of documents with a court, by means of a contract or in any other way at all; or

(x) any meeting of the members or directors, or of any committee of the board or senior management, of a Relevant Person is held or summoned for the purpose of considering a resolution or proposal to authorise or take any action of a type described in paragraphs (iv) to (ix) or a step preparatory to such action, or (with or without such a meeting) the members, directors or such a committee resolve or agree that such an action or step should be taken or should be taken if certain conditions materialise or fail to materialise; or

(xi) in a country other than England, any event occurs, any proceedings are opened or commenced or any step is taken which, in the opinion of the Majority Lenders is similar to any of the foregoing; or

(h) the Borrower or the Owner or any other Security Party ceases or suspends carrying on its business or a part of its business which, in the opinion of the Majority Lenders, is material in the context of this Agreement; or

(i) it becomes unlawful in any Pertinent Jurisdiction or impossible:

(i) for the Borrower, the Owner or any other Security Party to discharge any liability under a Finance Document or to comply with any other obligation which the Majority Lenders consider material under a Finance Document; or

(ii) for the Agent, the Security Trustee or the Lenders to exercise or enforce any right under, or to enforce any Security Interest created by, a Finance Document; or

(j) any official consent necessary to enable the Owner to own, operate or charter its Ship or to enable the Borrower or any Security Party to comply with any provision which the Majority Lenders consider material of a Finance Document or any Underlying Document is not granted, expires without being renewed, is revoked or becomes liable to revocation or any condition of such a consent is not fulfilled; or

(k) if the common units of the Borrower cease to be quoted on the Nasdaq National Market in New York or any other internationally recognised stock exchange acceptable to the Lenders or if the whole of the issued share capital of the Ship is not wholly-owned by the Borrower; or

(l) it evidently appears to the Majority Lenders that, without their prior consent, a Change of Control has occurred; or

(m) any provision which the Majority Lenders consider material of a Finance Document proves to have been or becomes invalid or unenforceable, or a Security Interest created by a Finance Document proves to have been or becomes invalid or unenforceable or such a Security Interest proves to have ranked after, or loses its priority to, another Security Interest or any other third party claim or interest; or

(n) the security constituted by a Finance Document is in any way imperilled or in jeopardy; or

(o) the Borrower or any other Security Party or any other person (other than a Creditor Party) repudiates any of the Finance Documents to which the Borrower or that Security Party or person is a party or evidences an intention to do so; or

(p) any other event occurs or any other circumstances arise or develop including, without limitation:

(i) a change in the financial position, state of affairs or prospects of the Borrower, the Owner or any other Security Party; or

(ii) any accident or other event involving any Ship or another vessel owned, chartered or operated by a Relevant Person; or

(iii) the threat or commencement of legal or administrative action involving the Borrower, a Ship, any Approved Manager (but in relation to an Approved Manager which is not member of the Group, only insofar it relates to a Ship) or any Security Party; or

(iv) the withdrawal of any material license or governmental or regulatory approval in respect of a Ship, the Borrower, the Owner or any other Security Party or the Borrower's or any Security Party's business (unless such withdrawal can be contested with the effect of suspension and is in fact so contested in good faith by the Borrower or that Security Party),

which constitutes a Material Adverse Change.

19.2 Actions following an Event of Default

On, or at any time after, the occurrence of an Event of Default:

(a) the Agent may, and if so instructed by the Majority Lenders, the Agent shall:

(i) serve on the Borrower a notice stating that all or part of the Commitments and of the other obligations of each Lender to the Borrower under this Agreement are cancelled; and/or

(ii) serve on the Borrower a notice stating that all or part of the Loan together with accrued interest and all other amounts accrued or owing under this Agreement are immediately due and payable or are due and payable on demand; and/or

(iii) take any other action which, as a result of the Event of Default or any notice served under paragraph (i) or (ii), the Agent and/or the Lenders are entitled to take under any Finance Document or any applicable law; and/or

(b) the Security Trustee may, and if so instructed by the Agent, acting with the authorisation of the Majority Lenders, the Security Trustee shall take any action which, as a result of the Event of Default or any notice served under paragraph (a)(i) or (a)(ii), the Security Trustee, the Agent, the Mandated Lead Arranger and/or the Lenders are entitled to take under any Finance Document or any applicable law.

19.3 Termination of Commitments

On the service of a notice under Clause 19.2(a)(i), the Commitments and all other obligations of each Lender to the Borrower under this Agreement shall be cancelled.

19.4 Acceleration of Loan

On the service of a notice under Clause 19.2(a)(ii), all or, as the case may be, the part of the Loan specified in the notice together with accrued interest and all other amounts accrued or owing from the Borrower or any Security Party under this Agreement and every other Finance Document shall become immediately due and payable or, as the case may be, payable on demand.

19.5 Multiple notices; action without notice

The Agent may serve notices under Clauses 19.2(a)(i) or 19.2(a)(ii) simultaneously or on different dates and it and/or the Security Trustee may take any action referred to in Clause 19.2 if no such notice is served or simultaneously with or at any time after the service of both or either of such notices.

19.6 Notification of Creditor Parties and Security Parties

The Agent shall send to each Lender, the Security Trustee and each Security Party a copy or the text of any notice which the Agent serves on the Borrower under Clause 19.2; but the notice shall become effective when it is served on the Borrower, and no failure or delay by the Agent to send a copy or the text of the notice to any other person shall invalidate the notice or provide the Borrower or any Security Party with any form of claim or defence.

19.7 Creditor Party's rights unimpaired

Nothing in this Clause shall be taken to impair or restrict the exercise of any right given to individual Lenders under a Finance Document or the general law; and, in particular, this Clause is without prejudice to Clause 3.1.

19.8 Exclusion of Creditor Party liability

No Creditor Party, and no receiver or manager appointed by the Security Trustee, shall have any liability to the Borrower or a Security Party:

(a) for any loss caused by an exercise of rights under, or enforcement of a Security Interest created by, a Finance Document or by any failure or delay to exercise such a right or to enforce such a Security Interest; or

(b) as mortgagee in possession or otherwise, for any income or principal amount which might have been produced by or realised from any asset comprised in such a Security Interest or for any reduction (however caused) in the value of such an asset,

except that this does not exempt a Creditor Party or a receiver or manager from liability for losses shown to have been directly and mainly caused by the dishonesty or the wilful misconduct of such Creditor Party's own officers and employees or (as the case may be) such receiver's or manager's own partners or employees.

19.9 Relevant Persons

In this Clause 19, a "**Relevant Person**" means the Borrower and any Security Party.

19.10 Interpretation.

In Clause 19.1(f) references to an event of default or a termination event include any event, howsoever described, which is similar to an event of default in a facility agreement or a termination event in a finance lease; and in Clause 19.1(g) "**petition**" includes an application.

20 FEES AND EXPENSES

20.1 Structuring and commitment fees

The Borrower shall pay to the Agent:

(a) a non-refundable structuring fee in an amount equal to $346,500 (representing 0.90 per cent. of the Total Commitments), which shall be due and payable on the earlier of the Drawdown Date and the last day of the Availability Period; and

(b) a non-refundable commitment fee at the rate of 1 per cent. per annum on the undrawn or uncancelled amount of the Total Commitments, payable quarterly in arrears to the Agent for distribution among the Lenders pro rata to their Commitments, during the period from (and including) 19 December 2019 (being the date of acceptance of the firm offer letter in relation to this Agreement) to the earlier of (i) the Drawdown Date and (ii) the last day of the Availability Period (and on the last day of such period).

20.2 Costs of negotiation, preparation etc.

The Borrower shall pay to the Agent on its demand the amount of all reasonable legal and other expenses incurred by the Agent or the Security Trustee in connection with the negotiation, preparation, execution or registration of any Finance Document or any related document or with any transaction contemplated by a Finance Document or a related document.

20.3 Costs of variations, amendments, enforcement etc.

The Borrower shall pay to the Agent, on the Agent's demand, for the account of the Creditor Party concerned, the amount of all legal and other expenses (reasonable other than in respect of paragraph (d) below) incurred by a Creditor Party in connection with:

(a) any amendment or supplement (or any proposal for such an amendment or supplement) requested (or, in the case of a proposal, made) by or on behalf of the Borrower and relating to a Finance Document or any other Pertinent Document;

(b) any consent, waiver or suspension of rights by the Lenders, the Majority Lenders or the Creditor Party concerned or any proposal for any of the foregoing requested (or, in the case of a proposal, made) by or on behalf of the Borrower under or in connection with a Finance Document or any other Pertinent Document;

(c) the valuation of any security provided or offered under and pursuant to Clause 15 or any other matter relating to such security;

(d) any step taken by the Lender concerned with a view to the preservation, protection, exercise or enforcement of any rights or Security Interest created by a Finance Document or for any similar purpose including, without limitation, any proceedings to recover or retain proceeds of enforcement or any other proceedings following enforcement proceedings until the date all outstanding indebtedness to the Creditor Parties under the Finance Documents and any other Pertinent Document is repaid in full; or

(e) any amendment or supplement (or any proposal for such an amendment or supplement) in connection with a Finance Document or any other Pertinent Document required as contemplated in Clause 27.4).

There shall be recoverable under paragraph (d) the full amount of all legal expenses, whether or not such as would be allowed under rules of court or any taxation or other procedure carried out under such rules.

20.4 Documentary taxes

The Borrower shall promptly pay any tax payable on or by reference to any Finance Document, and shall, on the Agent's demand, fully indemnify each Creditor Party against any claims, expenses, liabilities and losses resulting from any failure or delay by the Borrower to pay such a tax.

20.5 Certification of amounts

A notice which is signed by two officers of a Creditor Party, which states that a specified amount, or aggregate amount, is due to that Creditor Party under this Clause 20 and which indicates (by specifying a detailed breakdown unless the Agent is unable to provide a detailed breakdown due to administrative reasons) the matters in respect of which the amount, or aggregate amount, is due shall be prima facie evidence that the amount, or aggregate amount, is due.

21 INDEMNITIES

21.1 Indemnities regarding borrowing and repayment of Loan

The Borrower shall fully indemnify the Agent and each Lender on the Agent's demand and the Security Trustee on its demand in respect of all claims, expenses, liabilities and losses which are made or brought against or incurred by that Creditor Party, or which that Creditor Party reasonably and with due diligence estimates that it will incur, as a result of or in connection with:

(a) the Loan not being borrowed on the date specified in the Drawdown Notice for any reason other than a default by the Lender claiming the indemnity after the Drawdown Notice has been served in accordance with the provisions of this Agreement;

(b) the receipt or recovery of all or any part of the Loan or an overdue sum otherwise than on the last day of an Interest Period or other relevant period;

(c) any failure (for whatever reason) by the Borrower to make payment of any amount due under a Finance Document on the due date or, if so payable, on demand (after giving credit for any default interest paid by the Borrower on the amount concerned under Clause 7) including, but not limited to, any costs and expenses of enforcing any Security Interests created by the Finance Documents and any claims, liabilities and losses which may be brought against, or incurred by, a Creditor Party when enforcing any Security Interests created by the Finance Documents; and

(d) the occurrence and/or continuance of an Event of Default or a Potential Event of Default and/or the acceleration of repayment of the Loan under Clause 19 (including, without limitation, any costs, expenses or liabilities incurred for a Creditor Party in relation to any Insurances taken or arranged by that Creditor Party following the occurrence of an Event of Default in relation to port risks, new liability insurance or any other type of insurance),

and in respect of any tax (other than tax on its overall net income and a FATCA Deduction) for which a Creditor Party is liable in connection with any amount paid or payable to that Creditor Party (whether for its own account or otherwise) under any Finance Document.

21.2 Break Costs

If a Lender (the "**Notifying Lender**") notifies the Agent that as a consequence of receipt or recovery of all or any part of the Loan (a "**Payment**") on a day other than the last day of an Interest Period applicable to the sum received or recovered the Notifying Lender has or will, with effect from a specified date, incur Break Costs:

(a) the Agent shall promptly notify the Borrower of a notice it receives from a Notifying Lender under this Clause 21.2;

(b) the Borrower shall, within three Business Days of the Agent's demand, pay to the Agent for the account of the Notifying Lender the amount of such Break Costs; and

(c) the Notifying Lender shall, as soon as reasonably practicable, following a request by the Borrower, provide a certificate confirming the amount of the Notifying Lender's Break Costs for the Interest Period in which they accrue, such certificate to be, in the absence of manifest error, conclusive and binding on the Borrower.

In this Clause 21.2, "**Break Costs**" means, in relation to a Payment the amount (if any) by which:

(i) the interest which the Notifying Lender, should have received in accordance with Clause 5 in respect of the sum received or recovered from the date of receipt or recovery of such Payment to the last day of the then current Interest Period applicable to the sum received or recovered had such Payment been made on the last day of such Interest Period;

exceeds

(ii) the amount which the Notifying Lender, would be able to obtain by placing an amount equal to such Payment on deposit with a leading bank in the Relevant Interbank Market for a period commencing on the Business Day following receipt or recovery of such Payment (as the case may be) and ending on the last day of the then current Interest Period applicable to the sum received or recovered.

21.3 Other breakage costs

Without limiting its generality, Clause 21.1 covers any claim, expense, liability or loss, including (without limitation):

(a) a loss of a prospective profit, incurred by a Lender in borrowing, liquidating or re-employing deposits from third parties acquired, contracted for or arranged to fund, effect or maintain all or any part of its Contribution and/or any overdue amount (or an aggregate amount which includes its Contribution or any overdue amount) other than claims, expenses, liabilities and losses which are shown to have been directly and mainly caused by the gross negligence or wilful misconduct of the officers or employees of the Creditor Party concerned; and

(b) any applicable legal fees.

21.4 Miscellaneous indemnities

The Borrower shall fully indemnify each Creditor Party severally on their respective demands, without prejudice to any of their other rights under any of the Finance Documents, in respect of all claims, expenses, liabilities and losses which may be made or brought against or sustained or incurred by a Creditor Party, in any country, as a result of or in connection with:

(a) any action taken, or omitted or neglected to be taken, under or in connection with any Finance Document by the Agent, the Security Trustee or any other Creditor Party or by any receiver appointed under a Finance Document;

(b) investigating any event which the Creditor Party concerned reasonably believes constitutes an Event of Default or Potential Event of Default;

(c) acting or relying on any notice, request or instruction which the Creditor Party concerned reasonably believes to be genuine, correct and appropriately authorised; or

(d) any other Pertinent Matter,

other than claims, expenses, liabilities and losses which are shown to have been directly and mainly caused by the dishonesty, gross negligence or wilful misconduct of the officers or employees of the Creditor Party concerned.

21.5 Environmental Indemnity

Without prejudice to the generality of Clauses 21.1 and 21.4, this Clause 21.5 covers any claims, demands, proceedings, taxes, losses, liabilities or expenses of every kind which arise, or are asserted, under or in connection with any law relating to safety at sea, pollution or the protection of the environment, the ISM Code or the ISPS Code or any Environmental Law.

21.6 Currency indemnity

If any sum due from the Borrower or any Security Party to a Creditor Party under a Finance Document or under any order, award or judgment relating to a Finance Document (a "**Sum**") has to be converted from the currency in which the Finance Document provided for the Sum to be paid (the "**Contractual Currency**") into another currency (the "**Payment Currency**") for the purpose of:

(a) making, filing or lodging any claim or proof against the Borrower or any Security Party, whether in its liquidation, any arrangement involving it or otherwise; or

(b) obtaining an order, judgment or award from any court or other tribunal in relation to any litigation or arbitration proceedings; or

(c) enforcing any such order, judgment or award,

the Borrower shall as an independent obligation, within three Business Days of demand, indemnify the Creditor Party to whom that Sum is due against any cost, loss or liability arising when the payment actually received by that Creditor Party is converted at the available rate of exchange back into the Contractual Currency including any discrepancy between (A) the rate of exchange actually used to convert the Sum from the Payment Currency into the Contractual Currency and (B) the available rate of exchange.

In this Clause 21.6, the "**available rate of exchange**" means the rate at which the Creditor Party concerned is able at the opening of business (London time) on the Business Day after it receives the Sum to purchase the Contractual Currency with the Payment Currency.

The Borrower waives any right it may have in any jurisdiction to pay any amount under the Finance Documents in a currency other than that in which it is expressed to be payable.

If any Creditor Party receives any Sum in a currency other than the Contractual Currency, the Borrower shall indemnify in full the Creditor Party concerned against any cost, loss or liability arising directly or indirectly from any conversion of such Sum to the Contractual Currency.

This Clause 21.6 creates a separate liability of the Borrower which is distinct from its other liabilities under the Finance Documents and which shall not be merged in any judgment or order relating to those other liabilities.

21.7 Certification of amounts

A notice which is signed by two officers of a Creditor Party, which states that a specified amount, or aggregate amount, is due to that Creditor Party under this Clause 21 and which indicates (without necessarily specifying a detailed breakdown) the matters in respect of which the amount, or aggregate amount, is due shall be prima facie evidence that the amount, or aggregate amount, is due.

21.8 Sums deemed due to a Lender

For the purposes of this Clause 21, a sum payable by the Borrower to the Agent or the Security Trustee for distribution to a Lender shall be treated as a sum due to that Lender.

22 NO SET-OFF OR TAX DEDUCTION

22.1 No deductions

All amounts due from the Borrower under a Finance Document shall be paid:

(a) without any form of set off, counter-claim, cross-claim or condition; and

(b) free and clear of any tax deduction except a tax deduction which the Borrower is required by law to make.

22.2 Grossing-up for taxes

If, at any time, the Borrower is required by law, regulation or regulatory requirement to make a tax deduction from any payment due under a Finance Document:

(a) the Borrower shall notify the Agent as soon as it becomes aware of the requirement;

(b) the amount due in respect of the payment shall be increased by the amount necessary to ensure that, after the making of such tax deduction, each Creditor Party receives on the due date for such payment (and retains free from any liability relating to the tax deduction) a net amount which is equal to the full amount which it would have received had no such tax deduction been required to be made; and

(c) the Borrower shall pay the full amount of the tax required to be deducted to the appropriate taxation authority promptly in accordance with the relevant law, regulation or regulatory requirement, and in any event before any fine or penalty arises.

22.3 Indemnity and evidence of payment of taxes

The Borrower shall fully indemnify each Creditor Party on the Agent's demand in respect of all claims, expenses, liabilities and losses incurred by any Creditor Party by reason of any failure of the Borrower to make any tax deduction or by reason of any increased payment not being made on the due date for such payment in accordance with Clause 22.2. Within 30 days after making any tax deduction, the Borrower shall deliver to the Agent any receipts, certificates or other documentary evidence satisfactory to the Agent that the tax had been paid to the appropriate taxation authority.

22.4 Exclusion of tax on overall net income

In this Agreement "**tax deduction**" means any deduction or withholding from any payment due under a Finance Document for or on account of any present or future tax except:

(a) tax on a Creditor Party's overall net income; and

(b) a FATCA Deduction.

22.5 FATCA Information

(a) Subject to paragraph (c) below, each Party shall, within ten Business Days of a reasonable request by another Party:

(i) confirm to that other Party whether it is:

(A) a FATCA Exempt Party; or

(B) not a FATCA Exempt Party; and

(ii) supply to that other Party such forms, documentation and other information relating to its status under FATCA as that other Party reasonably requests for the purposes of that other Party's compliance with FATCA; and

(iii) supply to that other Party such forms, documentation and other information relating to its status as that other Party reasonably requests for the purposes of that other Party's compliance with any other law, regulation or exchange of information regime.

(b) If a Party confirms to another Party pursuant to sub-paragraph (i) of paragraph (a) above that it is a FATCA Exempt Party and it subsequently becomes aware that it is not, or has ceased to be a FATCA Exempt Party, that Party shall notify that other Party reasonably promptly.

(c) Paragraph (a) above shall not oblige any Creditor Party to do anything and sub-paragraph (iii) of paragraph (a) above shall not oblige any other Party to do anything which would or might in its reasonable opinion constitute a breach of:

(i) any law or regulation;

(ii) any fiduciary duty; or

(iii) any duty of confidentiality.

(d) If a Party fails to confirm whether or not it is a FATCA Exempt Party or to supply forms, documentation or other information requested in accordance with sub-paragraphs (i) or (ii) of paragraph (a) above (including, for the avoidance of doubt, where paragraph (c) above applies), then such Party shall be treated for the purposes of the Finance Documents (and payments under them) as if it is not a FATCA Exempt Party until such time as the Party in question provides the requested confirmation, forms, documentation or other information.

(e) If a Lender knows or has reason to know that the Borrower is a US Tax Obligor, or where the Agent reasonably believes that its obligations under FATCA require it, each Lender shall, within ten Business Days of:

(i) where the Lender knows or has reason to know that the Borrower is a US Tax Obligor and the relevant Lender is a Party as at the date of this Agreement, the date of this Agreement;

(ii) where the Lender knows or has reason to know that the Borrower is a US Tax Obligor and the relevant Lender became a Party after the date of this Agreement, the date on which the relevant Transfer Certificate became effective; or

(iii) the date of a request from the Agent,

supply to the Agent:

(iv) a withholding certificate on US Internal Revenue Service Form W-8 or Form W-9 (or any successor form) (as applicable); or

(v) any withholding statement and other documentation, authorisations and waivers as the Agent may require to certify or establish the status of such Lender under FATCA.

The Agent shall provide any withholding certificate, withholding statement, documentation, authorisations and waivers it receives from a Lender pursuant to this paragraph (e) to the Borrower, to the extent required for compliance with FATCA or any other law or regulation, and shall be entitled to rely on any such withholding certificate, withholding statement, documentation, authorisations and waivers provided without further verification. The Agent shall not be liable for any action taken by it under or in connection with this paragraph (e).

(f) Each Lender agrees that if any withholding certificate, withholding statement, documentation, authorisations and waivers provided to the Agent pursuant to paragraph (e) above is or becomes materially inaccurate or incomplete, it shall promptly update such withholding certificate, withholding statement, documentation, authorisations and waivers or promptly notify the Agent in writing of its legal inability to do so. The Agent shall provide any such updated withholding certificate, withholding statement, documentation, authorisations and waivers to the Borrower, to the extent required for compliance with FATCA or any other law or regulation. The Agent shall not be liable for any action taken by it under or in connection with this paragraph (f).

22.6 FATCA Deduction

(a) Each Party may make any FATCA Deduction as it reasonably determines it is required to make by FATCA, and any payment required in connection with that FATCA Deduction, and no Party shall be required to increase any payment in respect of which it makes such a FATCA Deduction or otherwise compensate the recipient of the payment for that FATCA Deduction.

(b) Each Party shall promptly, upon becoming aware that it must make a FATCA Deduction (or that there is any change in the rate or the basis of such FATCA Deduction), notify the Party to whom it is making the payment and, in addition, shall notify the Borrower and the Agent and the Agent shall notify the other Creditor Parties.

23 ILLEGALITY, ETC.

23.1 Illegality

This Clause 22.4 applies if a Lender (the "**Notifying Lender**") notifies the Agent that it has become, or will with effect from a specified date, become:

(a) unlawful or prohibited as a result of the introduction of a new law, an amendment to an existing law or a change in the manner in which an existing law is or will be interpreted or applied; or

(b) contrary to, or inconsistent with, any regulation,

for the Notifying Lender to perform, maintain or give effect to any of its obligations under this Agreement in the manner contemplated by this Agreement or to fund or maintain the Loan.

23.2 Notification of illegality

The Agent shall promptly notify the Borrower, the Security Parties, the Security Trustee and the other Lenders of the notice under Clause 23.1 which the Agent receives from the Notifying Lender.

23.3 Prepayment; termination of Commitment

On the Agent notifying the Borrower under Clause 23.2, the Notifying Lender's Commitment shall be immediately cancelled; and thereupon or, if later, on the date specified in the Notifying Lender's notice under Clause 23.1 as the date on which the notified event would become effective the Borrower shall prepay the Notifying Lender's Contribution on the last day of the then current Interest Period in accordance with Clauses 8.11 and 8.12.

24 INCREASED COSTS

24.1 Increased costs

Subject to Clause 24.4, the Borrower shall, within 5 Business Days of a demand by the Agent, pay for the account of a Creditor Party the amount of any increased costs incurred by that Creditor Party or any of its affiliates as a result of:

(a) the introduction of or any change in (or in the interpretation, administration or application of) any law or regulation; or

(b) compliance with any law or regulation made,

in each case after the date of this Agreement; or

(c) the implementation, application of or compliance with Basel III, CRD IV or any law or regulation that implements or applies Basel III, CRD IV, CRR.

24.2 Meaning of "increased cost"

In this Agreement, "**increased cost**" means:

(a) a reduction in the rate of return from the Facility or on a Creditor Party's (or its affiliate's) overall capital; or

(b) an additional or increased cost; or

(c) a reduction of any amount due and payable under any Finance Document

which is incurred or suffered by a Creditor Party or any of its affiliates to the extent that it is attributable to that Creditor Party having entered into its Commitment or funding or performing its obligations under any Finance Document.

24.3 Increased cost claims

(a) A Creditor Party intending to make a claim pursuant to Clause 24.1 shall notify the Agent of the event giving rise to the claim, following which the Agent shall promptly notify the Borrower.

(b) Each Creditor Party shall, as soon as practicable after a demand by the Agent, provide a certificate confirming the amount of its increased costs.

24.4 Exceptions

Clause 24.1 does not apply to the extent any increased cost is:

(a) attributable to a tax deduction (as such term is defined in Clause 22.4) required by law to be made by the Borrower;

(b) attributable to a FATCA Deduction required to be made by a Party; or

(c) attributable to the wilful breach by the relevant Creditor Party or its affiliates of any law or regulation.

25 SET-OFF

25.1 Application of credit balances

Each Creditor Party may without prior notice to the Borrower but with prior notice to the Agent:

(a) apply any balance (whether or not then due) which at any time stands to the credit of any account in the name of the Borrower at any office in any country of that Creditor Party in or towards satisfaction of any sum then due from the Borrower to that Creditor Party under any of the Finance Documents; and

(b) for that purpose:

(i) break, or alter the maturity of, all or any part of a deposit of the Borrower;

(ii) convert or translate all or any part of a deposit or other credit balance into Dollars; and

(iii) enter into any other transaction or make any entry with regard to the credit balance which the Creditor Party concerned considers appropriate.

25.2 Existing rights unaffected

No Creditor Party shall be obliged to exercise any of its rights under Clause 25.1; and those rights shall be without prejudice and in addition to any right of set-off, combination of accounts, charge, lien or other right or remedy to which a Creditor Party is entitled (whether under the general law or any document).

25.3 Sums deemed due to a Lender

For the purposes of this Clause 25, a sum payable by the Borrower to the Agent or the Security Trustee for distribution to, or for the account of, a Lender shall be treated as a sum due to that Lender; and each Lender's proportion of a sum so payable for distribution to, or for the account of, the Lenders shall be treated as a sum due to such Lender.

25.4 No Security Interest

This Clause 25 gives the Creditor Parties a contractual right of set-off only, and does not create any equitable charge or other Security Interest over any credit balance of the Borrower.

26 TRANSFERS AND CHANGES IN LENDING OFFICES

26.1 Transfer by Borrower

The Borrower may not assign or transfer any of its rights, liabilities or obligations under any Finance Document.

26.2 Transfer by a Lender

Subject to Clause 26.4, a Lender (the "**Transferor Lender**") may at any time cause:

(a) its rights in respect of all or part of its Contribution; or

(b) its obligations in respect of all or part of its Commitment; or

(c) a combination of (a) and (b); or

(d) all or part of its credit risk under this Agreement and the other Finance Documents,

to be syndicated to or, (in the case of its rights) assigned, pledged or transferred to, or (in the case of its obligations) pledged or assumed by any other bank or financial institution or to a trust, fund or other entity, provided such other entity is regularly engaged in, or established for the purpose of, making, purchasing or investing in loans, securities or other financial assets (a "**Transferee Lender**") by delivering to the Agent a completed certificate in the form set out in Schedule 5 with any modifications approved or required by the Agent (a "**Transfer Certificate**") executed by the Transferor Lender and the Transferee Lender.

However any rights and obligations of the Transferor Lender in its capacity as Agent or Security Trustee will have to be dealt with separately in accordance with the Agency and Trust Deed.

The prior consent of the Borrower (such consent not to be unreasonably withheld, delayed or conditioned) is required for a syndication or, (in the case of its rights) assignment, pledge or transfer, or (in the case of its obligations) pledge or assumption pursuant to this Clause 26.2, unless:

(i) the Transferee Lender is another Lender or an affiliate or a company or financial institution which is in the same ownership or control as one of the Lenders; or

(ii) an Event of Default has occurred at the relevant time.

With respect to the Transferor Lender's notice requesting the Borrower's consent under this Clause 26.2, such consent shall be deemed granted if the Borrower has failed to object to such request by written notice to the Transferor Lender within five Business Days from the Borrower's receipt of the Transferor Lender's notice.

The Borrower shall not be liable for any costs or expenses of the Transferor Lender, the Transferee Lender or any other party under or in connection with any assignment or other transfer pursuant to this Clause 26.2.

26.3 Transfer Certificate, delivery and notification

As soon as reasonably practicable after a Transfer Certificate is delivered to the Agent, it shall (unless it has reason to believe that the Transfer Certificate may be defective):

(a) sign the Transfer Certificate on behalf of itself, the Borrower, the Security Parties, the Security Trustee and each of the other Lenders;

(b) on behalf of the Transferee Lender, send to the Borrower and each Security Party letters or faxes notifying them of the Transfer Certificate and attaching a copy of it; and

(c) send to the Transferee Lender copies of the letters or faxes sent under paragraph (b) above.

26.4 Effective Date of Transfer Certificate

A Transfer Certificate becomes effective on the date, if any, specified in the Transfer Certificate as its effective date, **Provided that** it is signed by the Agent under Clause 26.3 on or before that date.

26.5 No transfer without Transfer Certificate

Except as provided in Clause 26.17, no assignment or transfer of any right or obligation of a Lender under any Finance Document is binding on, or effective in relation to, the Borrower, any Security Party, the Agent or the Security Trustee unless it is effected, evidenced or perfected by a Transfer Certificate.

26.6 Lender re-organisation; waiver of Transfer Certificate

However, if a Lender enters into any merger, de-merger or other reorganisation as a result of which all its rights or obligations vest in another person (the "**successor**"), the successor shall become a Lender with the same Commitment and Contribution as were held by the predecessor Lender only upon receipt by the Agent of a notice to this effect and evidence that all rights and obligations have automatically and by operation of law vested in the successor by virtue of the merger, de-merger or other reorganisation, without the need for the execution and delivery of a Transfer Certificate; the Agent shall in that event inform the Borrower and the Security Trustee accordingly.

26.7 Effect of Transfer Certificate

A Transfer Certificate takes effect in accordance with English law as follows:

(a) to the extent specified in the Transfer Certificate, all rights and interests (present, future or contingent) which the Transferor Lender has under or by virtue of the Finance Documents are assigned to the Transferee Lender absolutely, free of any defects in the Transferor Lender's title and of any rights or equities which the Borrower or any Security Party had against the Transferor Lender;

(b) the Transferor Lender's Commitment is discharged to the extent specified in the Transfer Certificate;

(c) the Transferee Lender becomes a Lender with the Contribution previously held by the Transferor Lender and a Commitment of an amount specified in the Transfer Certificate;

(d) the Transferee Lender becomes bound by all the provisions of the Finance Documents which are applicable to the Lenders generally, including those about pro-rata sharing and the exclusion of liability on the part of, and the indemnification of, the Agent and the Security Trustee and, to the extent that the Transferee Lender becomes bound by those provisions (other than those relating to exclusion of liability), the Transferor Lender ceases to be bound by them;

(e) any part of the Loan which the Transferee Lender advances after the Transfer Certificate's effective date ranks in point of priority and security in the same way as it would have ranked had it been advanced by the transferor, assuming that any defects in the transferor's title and any rights or equities of the Borrower or any Security Party against the Transferor Lender had not existed;

(f) the Transferee Lender becomes entitled to all the rights under the Finance Documents which are applicable to the Lenders generally, including but not limited to those relating to the Majority Lenders and those under Clause 5.7 and Clause 20, and to the extent that the Transferee Lender becomes entitled to such rights, the Transferor Lender ceases to be entitled to them; and

(g) in respect of any breach of a warranty, undertaking, condition or other provision of a Finance Document or any misrepresentation made in or in connection with a Finance Document, the Transferee Lender shall be entitled to recover damages by reference to the loss incurred by it as a result of the breach or misrepresentation, irrespective of whether the original Lender would have incurred a loss of that kind or amount.

The rights and equities of the Borrower or any Security Party referred to above include, but are not limited to, any right of set off and any other kind of cross-claim.

26.8 Maintenance of register of Lenders

During the Security Period the Agent shall maintain a register in which it shall record the name, Commitment, Contribution and administrative details (including the lending office) from time to time of each Lender holding a Transfer Certificate and the effective date (in accordance with Clause 26.4) of the Transfer Certificate; and the Agent shall make the register available for inspection by any Lender, the Security Trustee and the Borrower during normal banking hours, subject to receiving at least three Business Days' prior notice.

26.9 Reliance on register of Lenders

The entries on that register shall, in the absence of manifest error, be conclusive in determining the identities of the Lenders and the amounts of their Commitments and Contributions and the effective dates of Transfer Certificates and may be relied upon by the Agent and the other parties to the Finance Documents for all purposes relating to the Finance Documents.

26.10 Authorisation of Agent to sign Transfer Certificates

The Borrower, the Security Trustee and each Lender irrevocably authorise the Agent to sign Transfer Certificates on its behalf. The Borrower and each Security Party irrevocably agrees to the transfer procedures set out in this Clause 26 and to the extent the cooperation of the Borrower and/or any Security Party shall be required to effect any such transfer, the Borrower and such Security Party shall take all necessary steps to afford such cooperation **Provided that** this shall not result in any additional costs to the Borrower or such Security Party.

26.11 Registration fee

In respect of any Transfer Certificate, the Agent shall be entitled to recover a registration fee of $2,500 from the Transferor Lender or (at the Agent's option) the Transferee Lender.

26.12 Sub-participation; subrogation assignment

A Lender may sub-participate or include in a securitisation or similar transaction all or any part of its rights and/or obligations under or in connection with the Finance Documents without the Borrower's prior consent and without serving a notice thereon; the Lenders may assign without the Borrower's prior consent and without serving a notice thereon all or any part of the rights referred to in the preceding sentence to an insurer or surety who has become subrogated to them.

26.13 Sub-division, split, modification or re-tranching

Any Lender may, in its sole discretion, sub-divide, split, sever, modify or re-tranche its Contribution into one or more parts subject to the overall cost of its Contribution to the Borrower remaining unchanged, if such changes are necessary in order to achieve a successful execution of a securitisation, syndication or any other capital market exit in respect of its Contribution (or any applicable part thereof).

26.14 Borrower's cooperation and confidentiality

(a) The Borrower shall, and shall procure that the Owner and any other Security Party shall:

(i) provide the Creditor Parties (or any of them) with all information deemed, reasonably, necessary by the Creditor Parties (or any of them) for the purposes of any transfer, syndication or sub-participation to be effected pursuant to this Clause 26; and

(ii) procure that the directors of the Borrower, officers of the Borrower's general partner, and the directors and officers of the Owner or any other Security Party are available to participate in any meeting with any Transferee Lender or any rating agency at such times and places as the Creditor Parties may reasonably request on notice (to be served on the Borrower reasonably in advance) to the Borrower, the Owner or that Security Party.

(b) The Borrower shall not and shall ensure that no Security Party will publish any details regarding the Loan or any of the Finance Documents without the prior written consent of the Agent (excluding any specific disclosure required to be made by the Borrower in compliance with any law or regulation applicable to it as a result of its listing on NASDAQ stock exchange).

26.15 Change of lending office

A Lender may change its lending office by giving notice to the Agent and the change shall become effective on the later of:

(a) the date on which the Agent receives the notice; and

(b) the date, if any, specified in the notice as the date on which the change will come into effect.

26.16 Notification

On receiving such a notice, the Agent shall notify the Borrower and the Security Trustee; and, until the Agent receives such a notice, it shall be entitled to assume that a Lender is acting through the lending office of which the Agent last had notice.

26.17 Security over Lenders' rights

In addition to the other rights provided to Lenders under this Clause 26, each Lender may without consulting with or obtaining consent from the Borrower or any Security Party, at any time charge, assign or otherwise create a Security Interest in or over (whether by way of collateral or otherwise) all or any of its rights under any Finance Document to secure obligations of that Lender including, without limitation:

(a) any charge, assignment or other Security Interest to secure obligations to a federal reserve or central bank; and

(b) in the case of any Lender which is a fund, any charge, assignment or other Security Interest granted to any holders (or trustee or representatives of holders) of obligations owed, or securities issued, by that Lender as security for those obligations or securities,

except that no such charge, assignment or Security Interest shall:

(i) release a Lender from any of its obligations under the Finance Documents or substitute the beneficiary of the relevant charge, assignment or Security Interest for the Lender as a party to any of the Finance Documents; or

(ii) require any payments to be made by the Borrower or any Security Party or grant to any person any more extensive rights than those required to be made or granted to the relevant Lender under the Finance Documents.

26.18 Replacement of Reference Bank

If any Reference Bank ceases to be a Lender or is unable on a continuing basis to supply quotations for the purposes of Clause 5 then, unless the Borrower, the Agent and the Majority Lenders otherwise agree, the Agent, acting on the instructions of the Majority Lenders, and after consulting the Borrower, shall appoint another bank (whether or not a Lender) to be a replacement Reference Bank; and, when that appointment comes into effect, the first-mentioned Reference Bank's appointment shall cease to be effective.

26.19 Securitisation

The Borrower shall, and the Borrower shall procure that each Security Party will, assist the Agent and/or any Lender in achieving a successful securitisation (or similar transaction) in respect of the Loan and the Finance Documents and such Security Party's reasonable costs for providing such assistance shall be met by the relevant Lender. The Borrower, if requested by the Agent, shall provide documentation evidencing the purchase price of the Ship when acquired by the Borrower.

26.20 No additional costs

If a Transferor Lender assigns or transfers any of its rights or obligations under the Finance Documents and as a result of circumstances existing at the date the assignment or transfer occurs, the Borrower or a Security Party would be obliged to make a payment to the Transferee Lender under Clause 26.2 or under that clause as incorporated by reference or in full in any other Finance Document, then the Transferee Lender is only entitled to receive payment under that clause to the same extent as the Transferor Lender would have been if the assignment or transfer had not occurred.

27 VARIATIONS AND WAIVERS

27.1 Required consents

(a) Subject to Clause 27.2 any term of the Finance Documents may be amended or waived only with the consent of the Majority Lenders and the Borrower and any such amendment or waiver will be binding on all Creditor Parties and the Borrower.

(b) Any instructions given by the Majority Lenders will be binding on all the Creditor Parties.

(c) The Agent may effect, on behalf of any Creditor Party, any amendment or waiver permitted by this Clause.

27.2 Exceptions

(a) An amendment or waiver that has the effect of changing or which relates to:

(i) the definition of "Majority Lenders" or "Finance Documents" in Clause 1.1;

(ii) an extension to the date of payment of any amount under the Finance Documents;

(iii) a reduction in the Margin or a reduction in the amount of any payment of principal, interest fees, commission or other amount payable under any of the Finance Documents;

(iv) an increase in or an extension of any Lender's Commitment;

(v) any provision which expressly requires the consent of all the Lenders; or

(vi) Clause 3 (*Position of the Lenders and the Reference Banks*), Clause 11.5 (*Information provided to be accurate*), 11.6 (Provision of financial statements), 11.7 (*Form of financial statements*), Clause 11.16 (*Provision of Further Information*), Clause 26 (Transfers and Changes in Lending Offices) or this Clause 27.2;

(vii) any release of any Security Interest, guarantee, indemnities or subordination arrangement created by any Finance Document;

(viii) any change of the currency in which the Loan is provided or any amount is payable under any of the Finance Documents;

(ix) an extension of the Availability Period in relation to any Advance; or

(x) a change in Clauses 16.4 or 22,

may not be effected without the prior written consent of all Lenders.

(b) An amendment or waiver which relates to the rights or obligations of the Agent, a Mandated Lead Arranger, the Security Trustee or a Reference Bank may not be effected without the consent of the Agent, that Mandated Lead Arranger, the Security Trustee or that Reference Bank, as the case may be.

(c) The Borrower and a Creditor Party may amend or waive a term of a Fee Letter to which they are party.

27.3 Exclusion of other or implied variations

Except for a document which satisfies the requirements of Clauses 27.1 and 27.2, no document, and, subject to Clause 27.4, no act, course of conduct, failure or neglect to act, delay or acquiescence on the part of the Creditor Parties or any of them (or any person acting on behalf of any of them) shall result in the Creditor Parties or any of them (or any person acting on behalf of any of them) being taken to have varied, waived, suspended or limited, or being precluded (permanently or temporarily) from enforcing, relying on or exercising:

(a) a provision of this Agreement or another Finance Document; or

(b) an Event of Default; or

(c) a breach by the Borrower or a Security Party of an obligation under a Finance Document or the general law; or

(d) any right or remedy conferred by any Finance Document or by the general law,

and there shall not be implied into any Finance Document any term or condition requiring any such provision to be enforced, or such right or remedy to be exercised, within a certain or reasonable time.

27.4 Replacement of Screen Rate

(a) If a Screen Rate Replacement Event has occurred in relation to the Screen Rate the Agent (acting on the instructions of the Lenders) shall be:

(i) entitled to replace the Screen Rate with a Replacement Benchmark;

(ii) in addition to the replacement of the Screen Rate pursuant to paragraph (a)(i) of this Clause 27.4, entitled and obliged to determine a premium or discount on the Replacement Benchmark for determining the interest rate for one or more interest payment days at its discretion in order to achieve a result which is proportionate to the economic yield basis of the Loan before the occurrence of the reference rate replacement event.

(b) The Agent shall promptly notify the Borrower of any replacement of the Screen Rate and any determination of a premium or discount pursuant to paragraph (a) of this Clause 27.4

(c) If the Agent, in the event of a Screen Rate Replacement Event, exercises its discretion in determining a replacement of the Screen Rate falling within paragraph (b) to (c) of the definition of “Replacement Benchmark” or determines a premium or discount pursuant to paragraph (a)(ii) of this Clause 27.4, the Borrower shall be entitled by no less than 5 Business Days’ notice prepay the Loan on the last day of the next Interest Period.

(d) The Borrower and each other Security Party, shall also enter, if required by the Agent (acting on the instructions of the Lenders), into a supplemental agreement to this Agreement or, as the case may be, any of the other Finance Documents, to amend each such document for the purpose of:

(i) providing for the use of a Replacement Benchmark; and

(ii) aligning any provision of any Finance Document to the use of that Replacement Benchmark;

(iii) enabling that Replacement Benchmark to be used for the calculation of interest under this Agreement (including, without limitation, any consequential changes required to enable that Replacement Benchmark to be used for the purposes of this Agreement);

(iv) implementing market conventions applicable to that Replacement Benchmark;

(v) providing for appropriate fallback (and market disruption) provisions for that Replacement Benchmark; or

(vi) adjusting the pricing to reduce or eliminate, to the extent reasonably practicable, any transfer of economic value from one party to another as a result of the application of that Replacement Benchmark (and if any adjustment or method for calculating any adjustment has been formally designated, nominated or recommended by the Relevant Nominating Body, the adjustment shall be determined on the basis of that designation, nomination or recommendation).

27.5 Deemed consent

With respect to any amendment, variation, waiver, suspension or limit requested by any Party and which requires the approval of all the Lenders or the Majority Lenders (as the case may be) other than an amendment or supplement (or any proposal for such an amendment or supplement) in connection with a Finance Document or any other Pertinent Document required as contemplated in Clause 27.4, the Agent shall provide each Lender with written notice of such request accompanied by such detailed background information as may be reasonably necessary (in the opinion of the Agent) to determine whether to approve such action. A Lender shall be deemed to have approved such action if such Lender fails to object to such action by written notice to the Agent within 10 days of that Lender's receipt of the Agent's notice or such other time as the Agent may state in the relevant notice as being the time available for approval of such action.

28 NOTICES

28.1 General

Unless otherwise specifically provided, any notice under or in connection with any Finance Document shall be given by letter or fax; and references in the Finance Documents to written notices, notices in writing and notices signed by particular persons shall be construed accordingly.

28.2 Addresses for communications

A notice by letter or fax shall be sent:

(a) to the Borrower:

c/o Capital Ship Management Corp.
3, Iassonos Street
185 37 Piraeus
Greece

Fax No: +30 210 4285 679

		for the attention of: Capital Product Partners L.P./Chief Financial Officer
(b)	to a Lender:	At the address next to its name in Part A of Schedule 1 or (as the case may require) in the relevant Transfer Certificate.
	for the attention of:	the Manager
(c)	to the Agent and Security Trustee:	
	for general matters:	Hamburg Commercial Bank AG UB 25 Shipping Shipping Clients International Gerhart-Hauptmann-Platz 50 20095 Hamburg Germany Fax No: +30 210 429 5323/+49 40 3333 6 10903 Attn: Mr Loukas Lagaras/Mr Stefan Zimowski
	for credit administrative matters:	Hamburg Commercial Bank AG Loan and Collateral Management Shipping International Gerhart-Hauptmann-Platz 50 20095 Hamburg Germany Fax No: +49 40 3333 34118

or to such other address as the relevant Party may notify the Agent or, if the relevant Party is the Agent or the Security Trustee, the Borrower, the Lenders and the Security Parties.

28.3 Effective date of notices

Subject to Clauses 28.4 and 28.5:

(a) a notice which is delivered personally or posted shall be deemed to be served, and shall take effect, at the time when it is delivered; and

(b) a notice which is sent by fax shall be deemed to be served, and shall take effect, 2 hours after its transmission is completed.

28.4 Service outside business hours

However, if under Clause 28.3 a notice would be deemed to be served:

(a) on a day which is not a business day in the place of receipt; or

(b) on such a business day, but after 5 p.m. local time,

the notice shall (subject to Clause 28.5) be deemed to be served, and shall take effect, at 9 a.m. on the next day which is such a business day.

28.5 Illegible notices

Clauses 28.3 and 28.4 do not apply if the recipient of a notice notifies the sender within 1 hour after the time at which the notice would otherwise be deemed to be served that the notice has been received in a form which is illegible in a material respect.

28.6 Valid notices

A notice under or in connection with a Finance Document shall not be invalid by reason that its contents or the manner of serving it do not comply with the requirements of this Agreement or, where appropriate, any other Finance Document under which it is served if:

(a) the failure to serve it in accordance with the requirements of this Agreement or other Finance Document, as the case may be, has not caused any party to suffer any significant loss or prejudice; or

(b) in the case of incorrect and/or incomplete contents, it should have been reasonably clear to the party on which the notice was served what the correct or missing particulars should have been.

28.7 Electronic communication

Any communication from the Agent or the other Creditor Parties made by electronic means will be sent unsecured and without electronic signature, however, the Borrower may request the Agent and the other Creditor Parties at any time in writing to change the method of electronic communication from unsecured to secured electronic mail communication.

The Borrower hereby acknowledges and accepts the risks associated with the use of unsecured electronic mail communication including, without limitation, risk of delay, loss of data, confidentiality breach, forgery, falsification and malicious software. The Agent and the other Creditor Parties shall not be liable in any way for any loss or damage or any other disadvantage suffered by the Borrower resulting from such unsecured electronic mail communication.

If the Borrower or any Security Party wish to cease all electronic communication, they shall give written notice to the Agent and the other Creditor Parties accordingly after receipt of which notice the Parties shall cease all electronic communication.

For as long as electronic communication is an accepted form of communication, the Parties shall:

(a) notify each other in writing of their electronic mail address and/or any other information required to enable the sending and receipt of information by that means; and

(b) notify each other of any change to their respective addresses or any other such information supplied to them.

28.8 English language

Any notice under or in connection with a Finance Document shall be in English.

28.9 Meaning of "notice"

In this Clause 28, "**notice**" includes any demand, consent, authorisation, approval, instruction, waiver or other communication.

29 BAIL-IN

29.1 Contractual recognition of bail-in

Notwithstanding any other term of any Finance Document or any other agreement, arrangement or understanding between the parties to a Finance Document, each Party acknowledges and accepts that any liability of any party to a Finance Document under or in connection with the Finance Documents may be subject to Bail-In Action by the relevant Resolution Authority and acknowledges and accepts to be bound by the effect of:

(a) any Bail-In Action in relation to any such liability, including (without limitation):

(i) a reduction, in full or in part, in the principal amount, or outstanding amount due (including any accrued but unpaid interest) in respect of any such liability;

(ii) a conversion of all, or part of, any such liability into shares or other instruments of ownership that may be issued to, or conferred on, it; and

(iii) a cancellation of any such liability; and

a variation of any term of any Finance Document to the extent necessary to give effect to any Bail-In Action in relation to any such liability.

30 CONFIDENTIAL INFORMATION

30.1 Confidentiality

Each Creditor Party agrees to keep all Confidential Information confidential and not to disclose it to anyone, save to the extent permitted by Clause 30.2 or 30.3 and to ensure that all Confidential Information is protected with security measures and a degree of care that would apply to its own confidential information.

30.2 Disclosure of Confidential Information

Any Creditor Party may disclose:

(a) to any of its affiliates and Related Funds and any of its or their officers, directors, employees, professional advisers, auditors, partners and representatives such Confidential Information as that Creditor Party shall consider appropriate if any person to whom the Confidential Information is to be given pursuant to this paragraph (a) is informed in writing of its confidential nature and that some or all of such Confidential Information may be price-sensitive information except that there shall be no such requirement to so inform if the recipient is subject to professional obligations to maintain the confidentiality of the information or is otherwise bound by requirements of confidentiality in relation to the Confidential Information;

(b) to any person:

(i) to (or through) whom it assigns or transfers (or may potentially assign or transfer) all or any of its rights and/or obligations under one or more Finance Documents or which succeeds (or which may potentially succeed) it as Agent or Security Trustee and, in each case, to any of that person's affiliates, Related Funds, representatives and professional advisers;

(ii) with (or through) whom it enters into (or may potentially enter into), whether directly or indirectly, any sub-participation in relation to, or any other transaction under which payments are to be made or may be made by reference to, one or more Finance Documents and/or the Borrower and/or any Security Party and to any of that person's affiliates, Related Funds, representatives and professional advisers;

(iii) appointed by any Creditor Party or by a person to whom sub-paragraph (i) or (ii) of paragraph (b) above applies to receive communications, notices, information or documents delivered pursuant to the Finance Documents on its behalf;

(iv) who invests in or otherwise finances (or may potentially invest in or otherwise finance), directly or indirectly, any transaction referred to in sub-paragraph (i) or (ii) of paragraph (b) above;

(v) to whom information is required or requested to be disclosed by any court of competent jurisdiction or any governmental, banking, taxation or other regulatory authority or similar body, the rules of any relevant stock exchange or pursuant to any applicable law or regulation;

(vi) to whom information is required to be disclosed in connection with, and for the purposes of, any litigation, arbitrations, administrative or other investigations, proceedings or disputes;

(vii) to whom or for whose benefit that Creditor Party charges, assigns or otherwise creates Security (or may do so) pursuant to Clause 26.17 (*Security over Lenders' rights*);

(viii) who is a Party, a member of the Group or any related entity of the Borrower and/or any Security Party;

(ix) as a result of the registration of any Finance Document as contemplated by any Finance Document or any legal opinion obtained in connection with any Finance Document; or

(x) with the consent of the Borrower;

in each case, such Confidential Information as that Creditor Party shall consider appropriate if:

(A) in relation to sub-paragraphs (i), (ii) and (iii) of paragraph (b) above, the person to whom the Confidential Information is to be given has entered into a Confidentiality Undertaking except that there shall be no requirement for a Confidentiality Undertaking if the recipient is a professional adviser and is subject to professional obligations to maintain the confidentiality of the Confidential Information;

(B) in relation to sub-paragraph (iv) of paragraph (b) above, the person to whom the Confidential Information is to be given has entered into a Confidentiality Undertaking or is otherwise bound by requirements of confidentiality in relation to the Confidential Information they receive and is informed that some or all of such Confidential Information may be price-sensitive information;

(C) in relation to sub-paragraphs (v), (vi) and (vii) of paragraph (b) above, the person to whom the Confidential Information is to be given is informed of its confidential nature and that some or all of such Confidential Information may be price-sensitive information except that there shall be no requirement to so inform if, in the opinion of that Creditor Party, it is not practicable so to do in the circumstances;

(c) to any person appointed by that Creditor Party or by a person to whom sub-paragraph (i) or (ii) of paragraph (b) above applies to provide administration or settlement services in respect of one or more of the Finance Documents including without limitation, in relation to the trading of participations in respect of the Finance Documents, such Confidential Information as may be required to be disclosed to enable such service provider to provide any of the services referred to in this paragraph (c) if the service provider to whom the Confidential Information is to be given has entered in to a confidentiality agreement substantially in the form of the LMA Master Confidentiality Undertaking for Use With Administration/Settlement Service Providers or such other form of confidentiality undertaking agreed between the Borrower and the relevant Creditor Party;

(d) to any rating agency (including its professional advisers) such Confidential Information as may be required to be disclosed to enable such rating agency to carry out its normal rating activities in relation to the Finance Documents and/or the Borrower and/or any Security Party.

(e) Each Creditor Party is released from its respective obligations of secrecy and from banking confidentiality under any law or regulation applicable to it. This permission set out in paragraphs (a) and (d) of this Clause 30.2 is given for the purposes of giving relief from banking secrecy and confidentiality requirements. It is not intended as and is no declaration of consent in accordance with the DS_GVO (EU Regulation 2016/679, General Data Protection Regulation).

30.3 Disclosure to numbering service providers

(a) Any Creditor Party may disclose to any national or international numbering service provider appointed by that Creditor Party to provide identification numbering services in respect of this Agreement, the Loan and/or the Borrower and/or any Security Party the following information:

(i) names of the Borrower and the Security Parties;

(ii) country of domicile of the Borrower and the Security Parties;

(iii) place of incorporation of the Borrower and the Security Parties;

(iv) date of this Agreement;

(v) Clause 33 (*Law and jurisdiction*);

(vi) the names of the Agent and the Mandated Lead Arranger;

(vii) date of each amendment and restatement of this Agreement;

(viii) amount of Total Commitments;

(ix) currency of the Loan;

(x) type of facility;

(xi) ranking of Loan;

(xii) Final Repayment Date;

(xiii) changes to any of the information previously supplied pursuant to sub-paragraphs (i) to (xii) above; and

(xiv) such other information agreed between such Creditor Party and the Borrower,

to enable such numbering service provider to provide its usual syndicated loan numbering identification services.

(b) The Parties acknowledge and agree that each identification number assigned to this Agreement, the Loan and/or the Borrower and/or any Security Party by a numbering service provider and the information associated with each such number may be disclosed to users of its services in accordance with the standard terms and conditions of that numbering service provider.

(c) The Borrower represents, on behalf of itself and each Security Party, that none of the information set out in sub-paragraphs (i) to (xiv) of paragraph (a) above is, nor will at any time be, unpublished price-sensitive information.

(d) The Agent shall notify the Borrower and the other Creditor Parties of:

(i) the name of any numbering service provider appointed by the Agent in respect of this Agreement, the Loan and/or the Borrower and/or any Security Party; and

(ii) the number or, as the case may be, numbers assigned to this Agreement, the Loan and/or the Borrower and/or any Security Party by such numbering service provider.

30.4 Entire agreement

This Clause 30 constitutes the entire agreement between the Parties in relation to the obligations of the Creditor Parties under the Finance Documents regarding Confidential Information and supersedes any previous agreement, whether express or implied, regarding Confidential Information.

30.5 Inside information

Each of the Creditor Parties acknowledges that some or all of the Confidential Information is or may be price-sensitive information and that the use of such information may be regulated or prohibited by applicable legislation including securities law relating to insider dealing and market abuse and each of the Creditor Parties undertakes not to use any Confidential Information for any unlawful purpose.

30.6 Notification of disclosure

Each of the Creditor Parties agrees (to the extent permitted by law and regulation) to inform the Borrower:

(a) of the circumstances of any disclosure of Confidential Information made pursuant to sub-paragraph (v) of paragraph (b) of Clause 30.2 except where such disclosure is made to any of the persons referred to in that paragraph during the ordinary course of its supervisory or regulatory function; and

(b) upon becoming aware that Confidential Information has been disclosed in breach of this Clause 30.

30.7 Continuing obligations

The obligations in this Clause 30 are continuing and, in particular, shall survive and remain binding on each Creditor Party for a period of 12 months from the earlier of:

(a) the date on which all amounts payable by the Borrower under or in connection with this Agreement have been paid in full and all Commitments have been cancelled or otherwise cease to be available; and

(b) the date on which such Creditor Party otherwise ceases to be a Creditor Party.

31 CONFIDENTIALITY OF COST OF FUNDING AND REFERENCE BANK QUOTATIONS

31.1 Confidentiality and disclosure

(a) The Agent and the Borrower agree to keep the Cost of Funding of each Lender (and, in the case of the Agent, each Reference Bank Quotation) confidential and not to disclose it to anyone, save to the extent permitted by paragraphs (b), (c) and (d) below.

(b) The Agent may disclose:

(i) the Cost of Funding of each Lender (but not, for the avoidance of doubt, any Reference Bank Quotation) to the Borrower pursuant to Clause 5.4; and

(ii) the Cost of Funding of any Lender or any Reference Bank Quotation to any person appointed by it to provide administration services in respect of one or more of the Finance Documents to the extent necessary to enable such service provider to provide those services if the service provider to whom that information is to be given has entered into a confidentiality agreement in such form of confidentiality undertaking agreed between the Agent and the relevant Lender or Reference Bank, as the case may be.

(c) The Agent may disclose the Cost of Funding of any Lender or any Reference Bank Quotation, and the Borrower may disclose the Cost of Funding of any Lender, to:

(i) any of its affiliates and any of its or their officers, directors, employees, professional advisers, auditors, partners and representatives, if any person to whom the Cost of Funding of that Lender or Reference Bank Quotation is to be given pursuant to this sub-paragraph (i) is informed in writing of its confidential nature and that it may be price sensitive information except that there shall be no such requirement to so inform

if the recipient is subject to professional obligations to maintain the confidentiality of the Cost of Funding of that Lender or Reference Bank Quotation or is otherwise bound by requirements of confidentiality in relation to it;

(ii) any person to whom information is required or requested to be disclosed by any court of competent jurisdiction or any governmental, banking, taxation or other regulatory authority or similar body, the rules of any relevant stock exchange or pursuant to any applicable law or regulation if the person to whom the Cost of Funding of that Lender or Reference Bank Quotation is to be given is informed in writing of its confidential nature and that it may be price sensitive information except that there shall be no requirement to so inform if, in the opinion of the Agent or the Borrower, as the case may be, it is not practicable to do so in the circumstances;

(iii) any person to whom information is required to be disclosed in connection with, and for the purposes of, any litigation, arbitration, administrative or other investigations, proceedings or disputes if the person to whom the Cost of Funding of that Lender or Reference Bank Quotation is to be given is informed in writing of its confidential nature and that it may be price sensitive information except that there shall be no requirement to so inform if, in the opinion of the Agent or the Borrower, as the case may be, it is not practicable to do so in the circumstances; and

(iv) any person with the consent of the relevant Lender or Reference Bank, as the case may be.

(d) The Agent's obligations in this Clause 31 relating to Reference Bank Quotations are without prejudice to its obligations to make notifications under Clause 5.4 **provided that** (other than pursuant to sub-paragraph (i) of paragraph (b) above) the Agent shall not include the details of any individual Reference Bank Quotation as part of any such notification.

31.2 Related Obligations

(a) The Agent and the Borrower acknowledge that the Cost of Funding of each Lender (and, in the case of the Agent, each Reference Bank Quotation) is or may be price sensitive information and that its use may be regulated or prohibited by applicable legislation including securities law relating to insider dealing and market abuse and the Agent and the Borrower undertake not to use the Cost of Funding of any Lender or, in the case of the Agent, any Reference Bank Quotation for any unlawful purpose.

(b) The Agent and the Borrower agree (to the extent permitted by law and regulation) to inform the relevant Lender or Reference Bank, as the case may be:

(i) of the circumstances of any disclosure made pursuant to sub-paragraph (ii) of paragraph (c) of Clause 31.1 except where such disclosure is made to any of the persons referred to in that paragraph during the ordinary course of its supervisory or regulatory function; and

(ii) upon becoming aware that any information has been disclosed in breach of this Clause 31.

32 SUPPLEMENTAL

32.1 Rights cumulative, non-exclusive

The rights and remedies which the Finance Documents give to each Creditor Party are:

(a) cumulative;

(b) may be exercised as often as appears expedient; and

(c) shall not, unless a Finance Document explicitly and specifically states so, be taken to exclude or limit any right or remedy conferred by any law.

32.2 Severability of provisions

If any provision of a Finance Document is or subsequently becomes void, unenforceable or illegal, that shall not affect the validity, enforceability or legality of the other provisions of that Finance Document or of the provisions of any other Finance Document.

32.3 Counterparts

A Finance Document may be executed in any number of counterparts.

32.4 Third party rights

A person who is not a party to this Agreement has no right under the Contracts (Rights of Third Parties) Act 1999 to enforce or to enjoy the benefit of any term of this Agreement save for any Reference Bank which may rely on any Clause of this Agreement which expressly confers rights on it.

32.5 Benefit and binding effect

The terms of this Agreement shall be binding upon, and shall enure to the benefit of, the Parties hereto and their respective (including subsequent) successors and permitted assigns and transferees.

32.6 Electronic Disclosure

(a) The Borrower and the Owner each hereby recognise as binding any relevant documents (whether signed or not) to fulfil the disclosure of the financial circumstances in accordance with Sec. 18 of the German Banking Act (KWG) that were or are, after the date of this Agreement, submitted to Hamburg Commercial Bank AG electronically or on data carriers through the Borrower, any Security Party or any third party and declare such documents as complete and correct.

(b) Any documents submitted to Hamburg Commercial Bank AG electronically or on data carriers in accordance with Sec. 18 of the German Banking Act (KWG) have the same legal significance as any signed documents in paper form.

33 LAW AND JURISDICTION

33.1 English law

This Agreement and any non-contractual obligations arising out of or in connection with it shall be governed by, and construed in accordance with, English law.

33.2 Exclusive English jurisdiction

Subject to Clause 33.3, the courts of England shall have exclusive jurisdiction to settle any Dispute.

33.3 Choice of forum for the exclusive benefit of the Creditor Parties

Clause 33.2 is for the exclusive benefit of the Creditor Parties, each of which reserves the right:

(a) to commence proceedings in relation to any Dispute in the courts of any country other than England and which have or claim jurisdiction to that Dispute; and

(b) to commence such proceedings in the courts of any such country or countries concurrently with or in addition to proceedings in England or without commencing proceedings in England.

The Borrower shall not commence any proceedings in any country other than England in relation to a Dispute.

33.4 Process agent

The Borrower irrevocably appoints Curzon Maritime Ltd. at their office for the time being, presently at 60 Sloane Avenue SW3 3DD, London, England to act as its agent to receive and accept on its behalf any process or other document relating to any proceedings in the English courts which are connected with a Dispute.

33.5 Creditor Party rights unaffected

Nothing in this Clause 33 shall exclude or limit any right which any Creditor Party may have (whether under the law of any country, an international convention or otherwise) with regard to the bringing of proceedings, the service of process, the recognition or enforcement of a judgment or any similar or related matter in any jurisdiction.

33.6 Meaning of “proceedings” and “Dispute”

In this Clause 33, “**proceedings**” means proceedings of any kind, including an application for a provisional or protective measure and a “**Dispute**” means any dispute arising out of or in connection with this Agreement (including a dispute relating to the existence, validity or termination of this Agreement) or any non-contractual obligation arising out of or in connection with this Agreement.

THIS AGREEMENT has been entered into on the date stated at the beginning of this Agreement.

SCHEDULE 1

PART A

LENDERS AND ORIGINAL COMMITMENTS

Lender	Lending Office	Commitment (US Dollars)
Hamburg Commercial Bank AG	Gerhart-Hauptmann-Platz 50 20095 Hamburg Germany	38,500,000

PART B

LENDERS AND CONTRIBUTIONS

Lender	Lending Office	Contribution (%)
Hamburg Commercial Bank AG	Gerhart-Hauptmann-Platz 50 20095 Hamburg Germany	100%

SCHEDULE 2

DRAWDOWN NOTICE

To: Hamburg Commercial Bank AG
Gerhart-Hauptmann-Platz 50
20095 Hamburg
Germany

Attention: Loans Administration

[●]

1 We refer to the loan agreement (the "Loan Agreement") dated [●] and made between (i) ourselves, as Borrower, (ii) the Lenders referred to therein, (iii) yourselves as Mandated Lead Arranger and (iv) yourselves as Agent and Security Trustee in connection with a secured term loan facility of up to $38,500,000. Terms defined in the Loan Agreement have their defined meanings when used in this Drawdown Notice.

2 We request to borrow the Loan as follows:

(a) Amount of the Loan: $[●];

(b) Drawdown Date: [●];

(c) Duration of the first Interest Period shall be [●] months; and

(d) Payment instructions: account in our name and numbered [●] with [●] of [●].

3 We represent and warrant that:

(a) the representations and warranties in Clause 10 of the Loan Agreement would remain true and not misleading if repeated on the date of this Drawdown Notice with reference to the circumstances now existing; and

(b) no Event of Default or Potential Event of Default has occurred or will result from the borrowing of the Advance.

4 This Drawdown Notice cannot be revoked without the prior consent of the Majority Lenders.

5 [We authorise you to deduct the commitment fee(s) payable pursuant to in Clause 20.1(b)].

[Authorised Person]
for and on behalf of
CAPITAL PRODUCT PARTNERS L.P.

SCHEDULE 3

CONDITION PRECEDENT DOCUMENTS

PART A

The following are the documents referred to in Clause 9.1(a) required before service of the Drawdown Notice.

1 A duly executed original of:

(a) this Agreement;

(b) the Side Letter;

(c) the Corporate Guarantee;

(d) the Agency and Trust Deed;

(e) any Subordination Agreement;

(f) any Subordinated Debt Security; and

(g) the Account Pledges,

(and of each document required to be delivered under each of them).

2 Copies of the certificate of incorporation and constitutional documents of the Borrower, the Owner and any other Security Party and any company registration documents in respect of the Borrower and any Security Party (including, without limitation, any corporate register excerpts) required by the Agent and a list of all members of the Group (as included in the Borrower's annual audited financial statements).

3 Copies of resolutions of the directors of the Borrower and the directors of and shareholders of the Owner authorising the execution of each of the Finance Documents to which each is a party and, in the case of the Borrower, authorising named representatives to give the Drawdown Notice and other notices under this Agreement.

4 The original of any power of attorney under which any Finance Document is executed on behalf of the Borrower, the Owner and any other Security Party.

5 Copies of all consents which the Borrower or any Security Party requires to enter into, or make any payment under, any Finance Document or any Underlying Document.

6 The originals of any mandates or other documents required in connection with the opening or operation of the Accounts.

7 Documentary evidence that the agent for service of process named in Clause 33 has accepted its appointment.

8 Copies of any Approved Charter and any related charter guarantee and of all documents signed or issued by the Borrower, the Owner or any party thereto (or any of them) under or in connection with such documents together, with such documentary evidence as the Agent and its legal advisers may require in relation to the due authorisation and execution of all such documents by the parties thereto.

9 Documents establishing that the Ship is or will be managed by the Approved Manager(s) on terms acceptable to the Lenders.

10 The Original Financial Statements.

11 A declaration signed by an officer of the Borrower's general partner describing in reasonable detail and Security Interest falling under paragraph (f) of the definition of "Permitted Security Interests" existing, to the knowledge of the Borrower, at the date of this Agreement.

12 A copy of the Sale and Purchase Agreement and of all documents signed or issued by the parties thereto under or in connection with the Sale and Purchase Agreement.

13 Such documentary evidence as the Agent and its legal advisors may require in relation to the due authorisation and execution of the Sale and Purchase agreement by each of the parties thereto.

14 Any documents required by the Agent in respect of the Borrower, each Owner and any other Security Party (and their respective partners or shareholders, as applicable) to satisfy the Lenders' "know your customer" and money laundering requirements including, without limitation, updated organisational charts, updated FATCA and CRS forms.

15 Favourable legal opinions from lawyers appointed by the Agent on such matters concerning the laws of Liberia, the Marshall Islands and such other relevant jurisdictions as the Agent may require.

16 If the Agent so requires, in respect of any of the documents referred to above, a certified English translation prepared by a translator approved by the Agent.

PART B

The following are the documents referred to in Clause 9.1(b) required before the Drawdown Date. In Part B of this Schedule 3, the following definitions have the following meanings:

1 A duly executed original of each Mortgage, any Deed of Covenant, each General Assignment, and any Charterparty Assignment relating to any Assignable Charter (and of each document required to be delivered under each of them), each in respect of the Ship.

2 Documentary evidence that:

(a) the share capital of the Owner has been unconditionally transferred by Capital Maritime & Trading Corp to, and received by the buyer (as such term is defined in the Sale and Purchase Agreement) and that the contract price (as such term is defined in the Sale and Purchase Agreement) and all other sums due to Capital Maritime & Trading Corp. under the Sale and Purchase Agreement, have been paid in full.

(b) the Ship is definitively and permanently registered in the name of the Owner under the Approved Flag in accordance with the laws of the applicable Approved Flag State;

(c) the Ship is in the absolute and unencumbered ownership of the Owner save as contemplated by the Finance Documents;

(d) the Ship maintains the class specified in Clause 14.3(b) with a first class classification society which is a member of IACS (other than the China Classification Society and the Russian Maritime Registry of Shipping) as the Agent may approve free of all overdue recommendations and conditions of such classification society;

(e) the Mortgage relating to the Ship has been duly registered or recorded against the Ship as a valid first preferred or, as the case may be, priority mortgage in accordance with the laws of the applicable Approved Flag State;

(f) the Ship is insured in accordance with the provisions of this Agreement and all requirements therein in respect of insurances have been complied with; and

(g) the Ship has been delivered to the relevant charterer in accordance with the terms of its Approved Charter.

3 In respect of each Approved Manager of the Ship:

(a) each Approved Manager’s Undertaking relative to the Ship (and of each document required to be delivered under each of them);

(b) copies of each Approved Manager’s Document of Compliance and of the Ship’s Safety Management Certificate (together with any other details of the applicable safety management system which the Agent requires); and

(c) a copy of the ISSC in respect of the Ship.

4 Two or, as the case may be, three valuations of the Ship prepared pursuant to Clause 15.3, stated to be for the purposes of this Agreement, which shows a value of the Ship in an amount which satisfies the condition set out in Clause 9.1(d).

5 A favourable opinion from an independent insurance consultant acceptable to the Agent on such matters relating to the insurances for the Ship as the Agent may require.

6 Favourable legal opinions from lawyers appointed by the Agent on such matters concerning the law of each Approved Flag State, Liberia, Marshall Islands and such other relevant jurisdictions as the Agent may require.

7 Evidence satisfactory to the Agent that the Minimum Liquidity amount is standing to the credit of the Minimum Liquidity Account pursuant to Clause 11.21.

8 If the Agent so requires, in respect of any of the documents referred to above, a certified English translation prepared by a translator approved by the Agent.

9 Evidence satisfactory to the Agent of payment of all fees due and payable in accordance with the Finance Documents.

10 The most recent survey report or other comparable document in respect of the physical condition of the Ship.

PART C

The following are the documents referred to in Clause 9.3 and the Borrower shall use its best endeavours to deliver or cause to be delivered to the Agent no later than 10 Business Days after the Drawdown Date.

The duly executed charterer's acknowledgment to the assignment of the Approved Charter pursuant to the Charterparty Assignment.

Each of the documents specified in paragraphs 3 and 4 of Part A shall be notarised or legalised by a competent authority acceptable to the Agent and every other copy document delivered under this Schedule shall be certified as a true and up to date copy by a director or the secretary (or equivalent officer) of the Borrower.

SCHEDULE 4

MANDATORY COST FORMULA

1 The Mandatory Cost is an addition to the interest rate to compensate Lenders for the cost of compliance with (a) the requirements of the Financial Services Authority (or any other authority which replaces all or any of its functions) or (b) the requirements of the European Central Bank.

2 On the first day of each Interest Period (or as soon as possible thereafter) the Agent shall calculate, as a percentage rate, a rate (the "Additional Cost Rate") for each Lender, in accordance with the paragraphs set out below. The Mandatory Cost will be calculated by the Agent as a weighted average of the Lenders' Additional Cost Rates (weighted in proportion to the percentage participation of each Lender in the Loan) and will be expressed as a percentage rate per annum.

3 The Additional Cost Rate for any Lender lending from a lending office in a Participating Member State will be the percentage notified by that Lender to the Agent. This percentage will be certified by that Lender in its notice to the Agent to be its reasonable determination of the cost (expressed as a percentage of that Lender's participation in the Loan made from that lending office) of complying with the minimum reserve requirements of the European Central Bank in respect of loans made from that lending office.

4 The Additional Cost Rate for any Lender lending from a lending office in the United Kingdom will be calculated by the Agent as follows:

$$\frac{E \times 0.01}{300} \text{ per cent. per annum}$$

Where:

E is designed to compensate Lenders for amounts payable under the Fees Rules and is calculated by the Agent as being the average of the most recent rates of charge supplied by the Reference Banks to the Agent pursuant to paragraph 6 below and expressed in pounds per £1,000,000.

5 For the purposes of this Schedule:

(a) "**Eligible Liabilities**" and "**Special Deposits**" have the meanings given to them from time to time under or pursuant to the Bank of England Act 1998 or (as may be appropriate) by the Bank of England;

(b) "**Fees Rules**" means the rules on periodic fees contained in the FSA Supervision Manual or such other law or regulation as may be in force from time to time in respect of the payment of fees for the acceptance of deposits;

(c) "**Fee Tariffs**" means the fee tariffs specified in the Fees Rules under the activity group A.1 Deposit acceptors (ignoring any minimum fee or zero rated fee required pursuant to the Fees Rules but taking into account any applicable discount rate);

(d) "**Participating Member State**" means any member state of the European Union that adopts or has adopted the euro as its lawful currency in accordance with legislation of the European Union relating to European Monetary Union; and

(e) "**Tariff Base**" has the meaning given to it in, and will be calculated in accordance with, the Fees Rules.

6 If requested by the Agent, the Reference Banks shall, as soon as practicable after publication by the Financial Services Authority, supply to the Agent, the rate of charge payable by the Reference Banks to the Financial Services Authority pursuant to the Fees Rules in respect of the relevant financial year of the Financial Services Authority (calculated for this purpose by the Reference Banks as being the average of the Fee Tariffs applicable to the Reference Banks for that financial year) and expressed in pounds per £1,000,000 of the Tariff Base of the Reference Banks.

7 Each Lender shall supply any information required by the Agent for the purpose of calculating its Additional Cost Rate. In particular, but without limitation, each Lender shall supply the following information in writing on or prior to the date on which it becomes a Lender:

(a) the jurisdiction of its lending office; and

(b) any other information that the Agent may reasonably require for such purpose.

Each Lender shall promptly notify the Agent in writing of any change to the information provided by it pursuant to this paragraph.

8 The rates of charge of the Reference Banks for the purpose of E above shall be determined by the Agent based upon the information supplied to it pursuant to paragraph 6 above and on the assumption that, unless a Lender notifies the Agent to the contrary, each Lender's obligations in relation to cash ratio deposits and special Deposits are the same as those of a typical bank from its jurisdiction of incorporation with a lending office in the same jurisdiction as its lending office.

9 The Agent shall have no liability to any person if such determination results in an Additional Cost Rate which over or under compensates any Lender and shall be entitled to assume that the information provided by any Lender or the Reference Banks pursuant to paragraphs 3, 6 and 7 above is true and correct in all respects.

10 The Agent shall distribute the additional amounts received as a result of the Mandatory Cost to the Lenders on the basis of the Additional Cost Rate for each Lender based on the information provided by each Lender and the Reference Banks pursuant to paragraphs 3, 6 and 7 above.

11 Any determination by the Agent pursuant to this Schedule in relation to a formula, the Mandatory Cost, an Additional Cost Rate or any amount payable to a Lender shall, in the absence of manifest error, be conclusive and binding on all parties.

12 The Agent may from time to time, after consultation with the Borrower and the Lenders, determine and notify to all parties any amendments which are required to be made to this Schedule in order to comply with any change in law, regulation or any requirements from time to time imposed by the Financial Services Authority or the European Central Bank (or, in any case, any other authority which replaces all or any of its functions) and any such determination shall, in the absence of manifest error, be conclusive and binding on all parties.

SCHEDULE 5

TRANSFER CERTIFICATE

The Transferor and the Transferee accept exclusive responsibility for ensuring that this Certificate and the transaction to which it relates comply with all legal and regulatory requirements applicable to them respectively.

To: Hamburg Commercial Bank AG for itself and for and on behalf of the Borrower, each Security Party, the Security Trustee and each Lender, as defined in the Loan Agreement referred to below.

[●]

1 This Certificate relates to a Loan Agreement (the "Loan Agreement") dated [●] and made between (1) Capital Product Partners L.P. (the "Borrower") as Borrower, (2) the banks and financial institutions named therein as Lenders, (3) Hamburg Commercial Bank AG as Agent (4) Hamburg Commercial Bank AG as Mandated Lead Arranger and (5) Hamburg Commercial Bank AG as Security Trustee for a loan facility of up to US$38,500,000.

2 In this Certificate, terms defined in the Loan Agreement shall, unless the contrary intention appears, have the same meanings and:

"**Relevant Parties**" means the Agent, the Borrower, each Security Party, the Security Trustee and each Lender;

"**Transferor**" means [full name] of [lending office]; and

"**Transferee**" means [full name] of [lending office].

3 The effective date of this Certificate is [●] Provided that this Certificate shall not come into effect unless it is signed by the Agent on or before that date.

4 The Transferor assigns to the Transferee absolutely all rights and interests (present, future or contingent) which the Transferor has as Lender under or by virtue of the Loan Agreement and every other Finance Document in relation to [●] per cent. of its Contribution, which percentage represents $[●].

5 By virtue of this Certificate and Clause 26 of the Loan Agreement, the Transferor is discharged [entirely from its Commitment which amounts to $[●]] [from [●] per cent. of its Commitment, which percentage represents $[●]] and, subject to Clause 26.7 of the Loan Agreement, from all obligations connected therewith, the Transferee acquires a Commitment of $[●].

6 The Transferee undertakes with the Transferor and each of the Relevant Parties that the Transferee will observe and perform all the obligations under the Finance Documents which Clause 26 of the Loan Agreement provides will become binding on it upon this Certificate taking effect.

7 The Agent, at the request of the Transferee (which request is hereby made) accepts, for the Agent itself and for and on behalf of every other Relevant Party, this Certificate as a Transfer Certificate taking effect in accordance with Clause 26 of the Loan Agreement.

8 The Transferor:

(a) warrants to the Transferee and each Relevant Party that:

(i) the Transferor has full capacity to enter into this transaction and has taken all corporate action and obtained all consents which are in connection with this transaction; and

(ii) this Certificate is valid and binding as regards the Transferor;

(b) warrants to the Transferee that the Transferor is absolutely entitled, free of encumbrances, to all the rights and interests covered by the assignment in paragraph 4 above; and

(c) undertakes with the Transferee that the Transferor will, at its own expense, execute any documents which the Transferee reasonably requests for perfecting in any relevant jurisdiction the Transferee's title under this Certificate or for a similar purpose.

9 The Transferee:

(a) confirms that it has received a copy of the Loan Agreement and each of the other Finance Documents;

(b) agrees that it will have no rights of recourse on any ground against either the Transferor, the Agent, the Mandated Lead Arranger, the Security Trustee or any Lender in the event that:

(i) any of the Finance Documents prove to be invalid or ineffective;

(ii) the Borrower or any Security Party fails to observe or perform its obligations, or to discharge its liabilities, under any of the Finance Documents;

(iii) it proves impossible to realise any asset covered by a Security Interest created by a Finance Document, or the proceeds of such assets are insufficient to discharge the liabilities of the Borrower or any Security Party under the Finance Documents;

(c) agrees that it will have no rights of recourse on any ground against the Agent, the Mandated Lead Arranger, the Security Trustee or any Lender in the event that this Certificate proves to be invalid or ineffective;

(d) warrants to the Transferor and each Relevant Party that:

(i) it has full capacity to enter into this transaction and has taken all corporate action and obtained all consents which it needs to take or obtain in connection with this transaction; and

(ii) this Certificate is valid and binding as regards the Transferee; and

(e) confirms the accuracy of the administrative details set out below regarding the Transferee.

10 The Transferor and the Transferee each undertake with the Agent, the Mandated Lead Arranger and the Security Trustee severally, on demand, fully to indemnify the Agent and/or the Security Trustee and/or the Mandated Lead Arranger in respect of any claim, proceeding, liability or expense (including all legal expenses) which they or either of them may incur in connection with this Certificate or any matter arising out of it, except such as are shown to have been mainly and directly caused by the gross and culpable negligence or dishonesty of the Agent's, any Mandated Lead Arranger's or the Security Trustee's own officers or employees.

11 The Transferee shall repay to the Transferor on demand so much of any sum paid by the Transferor under paragraph 10 as exceeds one-half of the amount demanded by the Agent, the Mandated Lead Arranger or the Security Trustee in respect of a claim, proceeding, liability or expense which was not reasonably foreseeable at the date of this Certificate; but nothing in this paragraph shall affect the liability of each of the Transferor and the Transferee to the Agent, the Mandated Lead Arranger or the Security Trustee for the full amount demanded by it.

[Name of Transferor]	[Name of Transferee]
By:	By:
Date:	Date:

Agent
Signed for itself and for and on behalf of itself
as Agent and for every other Relevant Party
Hamburg Commercial Bank AG

By:
Date:

Administrative Details of Transferee

Name of Transferee:

Lending Office:

Contact Person
(Loan Administration Department):

Telephone:

Fax:

Contact Person
(Credit Administration Department):

Telephone:

Fax:

Account for payments:

Notes:

This Transfer Certificate alone may not be sufficient to transfer a proportionate share of the Transferor's interest in the security constituted by the Finance Documents in the Transferor's or Transferee's jurisdiction. It is the responsibility of each Lender to ascertain whether any other documents are required for this purpose.

Paragraph 4 deals with assignment of rights and can be used together with paragraph 5 if the parties have agreed to a combination of assignment of rights and transfer of obligations.

Paragraph 5 deals with transfer of obligations and should be removed if the parties have agreed to an assignment only.

SCHEDULE 6

POWER OF ATTORNEY

Know all men by these presents that **DEKA CONTAINER CARRIER S.A.** (the "**Company**"), a company incorporated in the Republic of Liberia and having its registered address at 80 Broad Street, Monrovia, Liberia irrevocably and by way of security appoints Hamburg Commercial Bank AG (the "**Attorney**") of Gerhart-Hauptmann-Platz 50, D-20095 Hamburg, Germany its attorney, to act in the name of the Company and to exercise any right, entitlement or power of the Company in relation to [●] (the "**Classification Society**") and/or to the classification records of any vessel owned, controlled or operated by the Company including, without limitation, such powers or entitlement as the Company may have to inspect the class records and any files held by the Classification Society in relation to any such vessel and to require the Classification Society to provide to the Attorney or to any of its nominees any information, document or file which the Attorney may request

Ratification of actions of attorney. For the avoidance of doubt and without limiting the generality of the above, it is confirmed that the Company hereby ratifies any action which the Attorney takes or purports to take under this Power of Attorney and the Classification Society shall be entitled to rely hereon without further enquiry.

Delegation. The Attorney may exercise its powers hereunder through any officer or through any nominee and/or may sub delegate to any person or persons (including a Receiver and persons designated by him) all or any of the powers (including the discretions) conferred on the Attorney hereunder, and may do so on terms authorising successive sub delegations.

This Power of Attorney was executed by the Company as a Deed on [●].

EXECUTED as a DEED by	)
[●]	)
acting by	)
its [President/Secretary	)
Treasurer]	)
in the presence of:	)

SCHEDULE 7

FORM OF COMPLIANCE CERTIFICATE

To: Hamburg Commercial Bank AG
Gerhart-Hauptmann-Platz 50
D-20095 Hamburg
Germany
as Agent

[●] 20[●]

Dear Sirs,

We refer to a loan agreement dated [●] (the "**Loan Agreement**") and made between (amongst others) (i) Hamburg Commercial Bank AG as Agent and (ii) Capital Product Partners L.P. as Borrower in relation to a term loan facility of up to $38,500,000.

Words and expressions defined in the Loan Agreement shall have the same meaning when used in this compliance certificate.

We enclose with this certificate a copy of the [unaudited consolidated financial statements of the Group for the 3-month period ended [31 March][30 June][30 September][31 December] 20[●]]/[the audited consolidated annual financial statements of the Group for the financial year ended 31 December 20[●]]. The financial statements (i) have been prepared in accordance with all applicable laws and GAAP consistently applied, (ii) give a true and fair view of the state of affairs of the Group at the date of the financial statements and of its profit for the period to which the financial statements relate and (iii) fully disclose or provide for all significant liabilities of the Group.

The Borrower and the Owner represent that no Event of Default or Potential Event of Default has occurred as at the date of this certificate [except for the following matter or event [set out all material details of matter or event]]. In addition as of [●], the Borrower confirms compliance with the financial covenants set out in Clause 12.5 and the security cover ratio set out in Clause 15.1, of the Loan Agreement for the [3-month period][Financial Year] ending on the date of this certificate.

We now certify that, on the basis of the calculations appended to this Certificate, as at [●]:

(a) the Leverage Ratio of the Borrower is less than 75 per cent.;

(b) the aggregate amount of immediately freely available and unencumbered bank or cash deposits held by the Borrower and the other members of the Group is $[●] (representing an amount [equal to] [in excess of] the product of $500,000 and [●], being the number of Fleet Vessels as at the last day of the financial period to which the financial statements of the Borrower attached to this certificate relate);

(c) the ratio of EBITDA to Net Interest Expense is no less than [●]:1; and

(d) the Security Cover Ratio is [●] per cent..

This certificate shall be governed by, and construed in accordance with, English law.

for and on behalf of
CAPITAL PRODUCT PARTNERS L.P.

BORROWER

SIGNED by)
)
for and on behalf of)
CAPITAL PRODUCT PARTNERS L.P.)
in the presence of:)

LENDERS

SIGNED by)
)
for and on behalf of)
HAMBURG COMMERCIAL BANK AG)
in the presence of:)

MANDATED LEAD ARRANGER

SIGNED by)
)
for and on behalf of)
HAMBURG COMMERCIAL BANK AG)
in the presence of:)

AGENT

SIGNED by)
)
for and on behalf of)
HAMBURG COMMERCIAL BANK AG)
in the presence of:)

SECURITY TRUSTEE

SIGNED by	)
	)
for and on behalf of	)
HAMBURG COMMERCIAL BANK AG	)
in the presence of:	)

Exhibit 8.1

LIST OF SIGNIFICANT SUBSIDIARIES

Name of Subsidiary	Jurisdiction of Incorporation	Proportion of Ownership Interest
Capital Product Operating L.L.C.	Republic of the Marshall Islands	100%

Exhibit 12.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER

I, Gerasimos (Jerry) Kalogiratos, certify that:

I have reviewed this annual report on Form 20-F of Capital Product Partners L.P.;

Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;

The company's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the company and have:

Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

Evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and Disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and The company's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent functions):

All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

Dated: February 28, 2020

By: /s/ Gerasimos (Jerry) Kalogiratos
Name: Gerasimos (Jerry) Kalogiratos
Title: Chief Executive Officer

Exhibit 12.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER

I, Nikolaos Kalapotharakos, certify that:

I have reviewed this annual report on Form 20-F of Capital Product Partners L.P.;

Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;

The company's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the company and have:

Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

Evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and Disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and The company's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent functions):

All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

Dated: February 28, 2020

By: /s/ Nikolaos Kalapotharakos
Name: Nikolaos Kalapotharakos
Title: Chief Financial Officer

Exhibit 13.1

Certification Pursuant to
18 U.S.C. Section 1350
As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the annual report on Form 20-F of Capital Product Partners L.P., a master limited partnership organized under the laws of the Republic of the Marshall Islands (the "Company"), for the period ending December 31, 2019 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned officer of the Company certifies pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 that: the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: February 28, 2020

By: /s/ Gerasimos (Jerry) Kalogiratos
Name: Gerasimos (Jerry) Kalogiratos
Title: Chief Executive Officer

Exhibit 13.2

Certification Pursuant to
18 U.S.C. Section 1350
As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the annual report on Form 20-F of Capital Product Partners L.P., a master limited partnership organized under the laws of the Republic of the Marshall Islands (the "Company"), for the period ending December 31, 2019 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned officer of the Company certifies pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 that: the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: February 28, 2020

By: /s/ Nikolaos Kalapotharakos
Name: Nikolaos Kalapotharakos
Title: Chief Financial Officer

Exhibit 15.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statement No. 333-234318 on Form F-3 of our reports dated February 28, 2020, relating to the consolidated financial statements of Capital Product Partners L.P. (the "Partnership"), and the effectiveness of the Partnership's internal control over financial reporting, appearing in this Annual Report on Form 20-F of the Partnership for the year ended December 31, 2019.

/s/ Deloitte Certified Public Accountants S.A.
Athens, Greece
February 28, 2020