

**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, 2020

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

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

18,623,100 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 whether the registrant has filed a report on an attestation to its management’s assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

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.
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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, 2020 and 2019, 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, 2020, 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;
- the "Manager" or "Capital-Executive" refer to our manager, Capital-Executive Ship Management Corp.;
- "Capital Ship Management" refers to Capital Ship Management Corp., our former manager. On November 30, 2020 the M/V Cape Agamemnon, the last vessel to which Capital Ship Management provided technical management services entered into a technical management agreement with Capital-Executive.
- "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 on that date from 127,246,692 to 18,178,100 common units and the number of general partner units issued and outstanding on that date 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 17 vessels, consisting of 13 neo-Panamax container vessels, three 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;
- expectations regarding global economic outlook and growth;
- developments with regard to the COVID-19 pandemic and its impact on the global economy, international trade and shipping markets;
- expectations regarding 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;
- our current and future business and growth strategies and other plans and objectives for future operations;
- future acquisitions of vessels from Capital Maritime or third parties;
- our continued ability to enter into medium- or 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 Manager, Capital Ship Management and our General Partner in the shipping industry;
- the financial condition, viability and sustainability of our charterers, including their ability to meet their obligations under the terms of our charter agreements;
- our ability to maximize the use of our vessels;
- our ability to access debt, credit and equity markets;
- our ability to service, refinance or repay our financing under our financing arrangements under their current terms and settle any hedging arrangements we may have;
- planned capital expenditures and availability of capital resources to fund capital expenditures;
- the expected lifespan and condition of our vessels;
- changes to the regulatory requirements applicable to the shipping industry, including, without limitation, stricter requirements adopted by international organizations and the European Union, or by individual countries or charterers and actions taken by regulatory authorities overseeing such areas as safety and environmental compliance;
- our ability to successfully operate exhaust gas cleaning systems ("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;

- the adequacy of our insurance arrangements and our ability to obtain insurance and required certifications;
- 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 Manager to retain key employees; and
- anticipated funds for liquidity needs and the sufficiency of cash flows.

The preceding list is not intended to be an exhaustive list of all our forward-looking statements. 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. [Reserved.]

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 17 vessels consisting of 13 neo-Panamax container vessels, three 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.

SUMMARY OF RISK FACTORS

The following is a summary of some of the principal risks we face. The list below is not exhaustive, and you should read this "Risk factors" section in full.

- The ocean-going container and drybulk shipping industries are cyclical and volatile.
- An oversupply of containership capacity may depress current charter rates and adversely affect our ability to re-charter our existing containerships at profitable rates or at all.
- 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.
- Vessel values may decrease and over time may fluctuate substantially, which may cause us to recognize losses if we sell our vessels or record impairments.
- We may not be able to grow or to effectively manage our growth.
- 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.
- 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.
- 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.

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.

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. In the first half of 2020, container charter rates fell close to historical lows due to the initial impact of COVID-19 on the container industry, as international containerized trade stalled. However from the second half of 2020 onwards, change in worldwide consumer behaviour, reduced ports capacity due to social distancing and quarantine measures imposed in various countries worldwide and dislocation of container boxes and containerized trade have resulted in a rapid increase in charter rates.

Liner companies have experienced for the most part of the last decade 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 on certain of our charterers. Currently liner companies are experiencing record high profitability due to the increased freight rates caused by the COVID-19 pandemic, but a drop in freight rates in the future could result in diminished profitability or losses, and could adversely impact certain of our charterers. In a number of instances in the past, 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 2020, demand growth in global trade had slowed down. In 2019, growth stood at 4.3%, while in 2020 growth was reversed to -1.1%. The percentage of the worldwide fleet remaining idle peaked at 8.3% in June 2020 and gradually reduced to 3.6% as of the end of 2020.

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 have declined significantly and reached historically low levels in 2016. Capesize charter rates remained below historical averages in 2020, partly due to the COVID-19 pandemic and its impact on demand for raw materials. 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. Our sole dry bulk carrier, the M/V Cape Agamemnon is currently deployed in the spot market, which is highly volatile and which may affect our earnings and the value of that vessel. If we cannot enter into a period time charter for the M/V Cape Agamemnon on acceptable terms, we may have to continue 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 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 with regard to the ability of nations worldwide to contain the COVID-19 pandemic and its impact on economic activity including the imposition of quarantine rules, lockdowns and other social distancing measures;
- developments in international trade and in the market for exports of containerized goods and raw materials, including China;
- global and regional economic and political conditions;
- developments in international trade including threats and/or imposition of trade tariffs;
- economic growth in China, India and other emerging markets, including trends in the market for imports of raw materials to such markets;
- environmental and other regulatory developments;

- currency exchange rates;
- weather (including severe weather events resulting from climate change); 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 and/or drybulk vessel 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 and/or drybulk vessels 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 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 vessel capacity may prolong or depress current charter rates and adversely affect our ability to re-charter our vessels 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 2021. Deliveries of vessels ordered will significantly increase the size of the container fleet over the next two to three years. The number of drybulk vessels on order as of the start of April 2021 was estimated by market sources to be approximately 5.6% 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. Our sole dry bulk carrier, the M/V Cape Agamemnon is currently deployed in the spot market.

An oversupply of newbuild vessels or re-chartered or idle vessel capacity entering the market, combined with any decline in the demand for containerships or drybulk vessels, may depress charter rates and may decrease our ability to re-charter our vessels other than for reduced rates or unprofitable rates or to re-charter our vessels 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. On December 24, 2020 the United Kingdom and European Union agreed to a trade and cooperation agreement, which was ratified by the United Kingdom on December 30, 2020 and is expected to be formally approved by the European Union in 2021. The trade and cooperation agreement, which has been applied provisionally since January 1, 2021, allows the United Kingdom and European Union to continue trading without tariffs or quotas. However, there are still a number of areas of uncertainty about the terms under which the United Kingdom will continue to trade with the European Union and how such terms will affect international trade.

In the United States, there is 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. In particular, the prior U.S. administration has taken actions seeking more favorable terms in its dealings with its trade partners and the announcement of unilateral tariffs on imported products by the United States has triggered retaliatory actions from certain foreign governments. Any future trade barriers or restrictions on trade in the United States 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.

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.

Container and drybulk vessel values have been volatile over the last five years. Vessel values may decrease and over time may fluctuate substantially, 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 and container vessels have generally experienced high volatility. Container 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 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 vessels 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. Charter rates in the spot market are more volatile and revenue are, therefore, less predictable. 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 and our sole drybulk vessel, the M/V Cape Agamemnon, is deployed in the spot market. 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 container 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 the profitability of our drybulk vessel.

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. If economic growth declines in China, Japan, India and other countries in Asia, drybulk trade and demand and, as a result, charter rates for drybulk vessels, may decrease and adversely affect our ability to re-charter the M/V Cape Agamemnon at a profitable rate or 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 involves 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-Executive 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

Pandemics such as the novel coronavirus (COVID-19) have, in the short to medium term, had an adverse effect on our operations and financial condition and may have unpredictable long-term effects, including on the demand and supply for container and dry bulk vessels.

On March 11, 2020, the World Health Organization declared the spread of a novel coronavirus (COVID-19) to be a global pandemic. The COVID-19 pandemic has negatively impacted the global economy, disrupted global supply chains, created significant volatility and disruption in financial markets and increased unemployment levels. In addition, the pandemic has resulted in the imposition of various travel restrictions, health protocols and changing quarantine regimes in the countries in which we operate. These have so far translated into, among other things, increased costs and off-hire related to crewing, crew rotation and crew related expenses, higher forwarding expenses and longer lead times to delivery, as well as increased dry docking duration and costs. While some economies have since begun re-opening in varying degrees, it is impossible to predict the course the virus will take, how governments would respond to multiple waves of the virus, whether vaccine produced will be effective against the virus and possible mutations and if vaccines can be produced and administered in the scale required. In the long run, the impact of COVID-19 on the global economy, consumer behaviour, globalisation and international trade remains uncertain.

The main effects of the COVID-19 pandemic on the Partnership so far are as follows:

- Our vessels have been subject to quarantine checks upon arriving at certain ports. This has often resulted in delays in completing vessel operations and in off-hire days in certain cases where a positive COVID-19 case has been identified.

Due to quarantine restrictions placed on persons and additional procedures for crew rotation, our crew has had difficulty embarking and disembarking on our ships. This has not, thus far, affected our ability to rotate crew but has resulted in increased expenses.

In addition, the COVID-19 pandemic has resulted in reduced industrial activity in various countries around the world, with temporary closures of factories and other facilities such as port terminals, which led to a temporary decrease in supply of goods and congestion in warehouses and terminals. For example, the measures taken by the Chinese government in response to the outbreak, which included numerous factory closures and restrictions on travel, as well as labor shortages resulting from the outbreak, have slowed down production in China and in other regions relying on Chinese production or raw materials, and decreased the level of export and import of goods from such regions. Government-mandated shutdowns in various countries have also decreased consumption of goods, negatively affecting trade volumes and the shipping industry globally.

We expect that pandemics generally, including the current COVID-19 pandemic, could affect our business in the following ways, among others:

- (1) Pandemics may reduce the demand for goods worldwide without a commensurate corresponding change in the number of vessels worldwide, thereby increasing competition and decreasing the market price for transporting containerised and dry bulk products;
- (2) Countries could impose quarantine checks and hygiene measures on arriving vessels, causing delays in loading and delivery of cargo;
- (3) The process of buying, selling, and maintaining vessels may become more onerous and time-intensive. For instance, delays may be caused at shipyards for newbuildings, drydocks and other work, in vessel inspections and related certifications by class societies, customers or government agencies, as well as delays and shortages or a lack of access to required spare parts and lack of berths or shortages in labor, which may in turn delay any repairs to, scheduled or unscheduled maintenance or modifications, or drydocking of, our vessels;
- (4) We may experience a decrease in productivity, generally, as people—including our Manager's office employees and crews, as well as our counterparties—fall ill and take time off from work. We are particularly vulnerable to our crew members getting sick, as if even one of our crew members is ill, local authorities could require us to detain and quarantine the applicable vessel and its entire crew for an unspecified amount of time, disinfect and fumigate the vessel, or take similar precautions, which would add costs, decrease our utilization, and substantially disrupt our cargo operations. If a vessel's entire crew falls seriously ill, we may have substantial difficulty operating that vessel which may necessitate extraordinary external aid;
- (5) International transportation of personnel could be limited or otherwise disrupted. In particular, our crews generally work on a rotation basis, relying largely on international air transport for crew changes plan fulfillment. Any such disruptions could impact the cost of rotating our crew and our ability to maintain a full crew synthesis onboard all our vessels at any given time. It may also be difficult for our in-house technical teams to travel to ship yards to observe vessel maintenance, and we may need to hire local experts, which local experts may vary in skill and are difficult to supervise remotely, to conduct work we ordinarily address in-house;
- (6) Governments may impose new regulations, directives or practices, which we may be obligated to implement at our own expense;
- (7) Any or all of the foregoing could lead our charterers to try to invoke force majeure clauses; and
- (8) Credit tightening or declines in global financial markets, including to the prices of our publicly traded securities and the securities of our peers, could make it more difficult for us to access capital, including to finance our existing debt obligations.

Any of these public health threats and related consequences could adversely affect our financial results.

These and other impacts of the COVID-19 pandemic could have the effect of heightening many of the other risk factors disclosed in this Annual Report. It is early to assess the full long-term impact of the pandemic on global markets, and particularly on the shipping industry. The actual impact of the COVID-19 pandemic in the longer run, as well as the efficacy of any measures we take in response to the challenges presented by it, will depend on how the pandemic will continue to develop, the duration and extent of the restrictive measures that are associated with the pandemic and their further impact on global economy and trade. Such impact may take some time to materialize and may not be fully reflected in the results for the year ending December 31, 2020. We continue to monitor the impact of the COVID-19 pandemic on our financial condition and operations and on the container industry in general.

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

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 Manager 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") and Hapag-Lloyd Aktiengesellschaft ("Hapag-Lloyd") are each currently employed under medium-to-long-term time charters.

Given that the rates we charge to these charterers may at time be significantly higher than the underlying charter market, 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, MSC or Hapag-Lloyd 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.

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 information, 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, 2020 our charterers who individually accounted for more than 10% of total revenues were HMM, CMA CGM and Hapag-Lloyd, who accounted for 37%, 22% and 20% 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 "*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.*"

We mostly depend on our Manager, which is a privately held company 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.

Our Manager is a privately held company and not part of the group of companies controlled by Capital Maritime. Accordingly, it does not benefit from the financial and operational support of Capital Maritime as parent company.

Under the arrangements we have with our Manager, it provides 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 Agreement." Accordingly, our operational success and ability to execute our growth strategy depend significantly upon our Manager's satisfactory performance of these services.

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

If our Manager's reputation or industry relationships are harmed, justifiably or not, or if our Manager does not perform satisfactorily under our management agreement, 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 materialize, 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 Manager 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 agreement, any increase in the costs and expenses associated with the provision of our Manager's 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 Manager's 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 Manager 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.

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.

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 these risks were to materialize, 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 containerhips 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 Manager 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.

If we decide to install scrubbers on additional vessels, 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, seven of our vessels have been retrofitted with scrubbers. We may decide to retrofit the rest of our fleet with scrubbers in the future, 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 COVID-19 pandemic. 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 COVID-19 pandemic) requires 40 to 75 off-hire days per vessel.

In addition to the installation of scrubbers or other equipment 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 (including severe weather events resulting from climate change), 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 may be exposed to increased operating costs and capital expenditure associated with new regulations, which could adversely affect our results of operations.

Our fleet of 17 vessels (including the three Panamax container vessels acquired in February 2021) had an average age of approximately 9.7 years as at March 31, 2021. 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, nine 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 (including severe weather events resulting from climate change);
- 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 may 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 Manager, 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 Manager and the Pan-Hellenic Seamen's Federation, effective August 1, 2020, expires on July 31, 2021. 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 members, 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.

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 is further increased by 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 may decide to retrofit the rest of our fleet with scrubbers and we are in the process of retrofitting 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, seven of our vessels have been retrofitted with scrubbers and 14 have been retrofitted with a BWTS. We expect that the three vessels we acquired in January 2020 will be retrofitted with a BWTS in 2021. We may decide to retrofit the rest of our fleet with scrubbers in the future, 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, 2020, our total debt was \$379.7 million in total. Following the acquisition of the three Panamax vessels, the M/V Long beach Express, the M/V Seattle Express and the M/V Fos Express, financed through a combination of cash from operations and issuance of debt in February 2021 and the payment of scheduled principal payments on our existing facilities, as of the date of this Annual Report, our total debt increased to \$399.9 million. Please also refer to "Item 5. Operating and Financial Review and Prospects—B. Liquidity and Capital Resources—Borrowings (Financing Arrangements)."

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 arrangements with CMB Financial Leasing Co., Ltd, 120%.

Our financing arrangements prohibit the payment of distributions that 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. Depressed shipping markets, lack of capital in the industry and prolonged overcapacity have 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 (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.

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 2020, none of the vessels in our fleet made any port calls in Crimea, Cuba, North Korea, Iran, Sudan or Syria. As part of the voyage charter arrangements between us and third-party charterers or sub-charterers, we or our Manager 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 2020 no such port calls were made.

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.

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.

General Risk Factors

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 Manager. 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.

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.

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, three Panamax container carrier vessels (acquired in February 2021) 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 April 20, 2021, the Marinakis family, including Mr. Evangelos M. Marinakis, may be deemed to beneficially own an 17.9% interest in us, through its beneficial ownership of, among other entities, Capital Maritime. 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. 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.*”

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 compete 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.

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 and/or its affiliates.

For example, our General Partner’s Chief Executive Officer, Chief Financial Officer and Chief Operating Officer (until December 31, 2020) are also executive officers or employees of Capital Maritime. Capital Maritime and our Manager 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, and/or its 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 "Item 7—Major Unitholders and Related-Party Transactions—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, 15,252,124 common units representing 81.9% 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 an affiliate of our General Partner, Capital Maritime is 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 April 20, 2021, based on 18,807,632 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 19.8% interest in us, through Capital Maritime, which may be deemed to beneficially own 3,370,977 common units representing a 17.9% interest in us and our General Partner, which may be deemed to beneficially own 348,570 general partner units representing a 1.9% 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 April 20, 2021, based on a total of 18,807,632 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 a 19.8% 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*"; and
- 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 defined in our partnership agreement). As a result, unitholders may be required to sell their 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 "The Partnership Agreement—Limited Liability" in Exhibit 2.1 to this Annual Report 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 (Financing Arrangements)."

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.

As a Marshall Islands limited partnership with principal executive offices in Greece and having subsidiaries in the Marshall Islands and other offshore jurisdictions such as Liberia, our operations may be subject to economic substance requirements.

We are a Marshall Islands limited partnership with principal executive offices in Greece. Our operating company is also a Marshall Islands entity and several of our subsidiaries are organized in the Marshall Islands and Liberia. The Marshall Islands has enacted economic substance regulations with which we may be obligated to comply. New regulations adopted in the Marshall Islands (which came into force on January 1, 2019) require certain entities that carry out particular activities to comply with an economic substance test whereby the entity must show that it (i) is directed and managed in the Marshall Islands in relation to that relevant activity, (ii) carries out core income-generating activity in relation to that relevant activity in the Marshall Islands (although it is being understood and acknowledged by the regulators that income-generated activities for shipping companies will generally occur in international waters) and (iii) having regard to the level of relevant activity carried out in the Marshall Islands has (a) an adequate amount of expenditures in the Marshall Islands, (b) adequate physical presence in the Marshall Islands and (c) an adequate number of qualified employees in the Marshall Islands.

If we fail to comply with our obligations under this legislation or any similar law applicable to us in any other jurisdictions, we could be subject to financial penalties and spontaneous disclosure of information to foreign tax officials, or could be struck from the register of companies, in related jurisdictions. Any of the foregoing could be disruptive to our business and could have a material adverse effect on our business, financial condition and operating results.

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.capitalplp.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

Sale of M/V CMA CGM Magdalena and M/V Adonis

On April 7, 2021 the Partnership entered into memorandums of agreement for the sale of the M/V CMA CGM Magdalena and the M/V Adonis to an unaffiliated third party for a total consideration of \$195.0 million. Delivery of the M/V CMA CGM Magdalena and the M/V Adonis to their buyer is expected in May and July/August 2021, respectively.

Acquisition of vessels

In February 2021 the Partnership completed the acquisition of the three 5,100 TEU sister container vessels, namely the M/V Long Beach Express, M/V Seattle Express and the M/V Fos Express built in 2008 at Hanjin Heavy Industries, South Korea, for a total consideration of \$40.5 million. The vessels are employed under long-term time charters with Hapag-Lloyd with the earliest expiration in June 2025 (for the M/V Long Beach Express) or September 2025 (for the M/V Seattle Express and the M/V Fos Express). The current gross charter rate for each vessel amounts to \$12,300 per day.

Financing arrangements

On January 22, 2021 we entered into an agreement for the sale and lease back of the vessels M/V Long Beach Express, M/V Seattle Express and M/V Fos Express with CMB Financial Leasing Co., Ltd, ("CMBFL") for \$10.0 million each. The lease agreement has a duration of five years, bears an interest at LIBOR plus a margin of 2.85%. In addition, we have various purchase options commencing from the first year anniversary of the lease including an option to purchase the vessel, on the 5th anniversary of the lease for a predetermined price of \$4.5 million. The full amounts were drawn on February 25, 2021. The Partnership entered into a sellers' credit agreement with Capital Maritime to defer \$6.0 million of the purchase price of the vessels for up to five years from the delivery of the vessels (the "Sellers' Credit"). The Sellers' Credit bears interest at a fixed rate of 5.0% per year.

2020 Developments

Change of Manager of the M/V Cape Agamemnon

On November 30, 2020, we completed the process of changing the manager of our Capesize bulk carrier vessel, the M/V Cape Agamemnon, from Capital Ship Management to Capital-Executive, a privately held company ultimately controlled by Mr. Miltiadis E. Marinakis, resulting in Capital-Executive becoming the sole manager of our vessels. The agreement with Capital-Executive has the same terms and conditions of our floating fee management agreement we had with Capital Ship Management.

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 South 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 2026. The gross charter rate for the M/V Athos and the M/V Athenian currently amounts to \$25,950 per day, increasing to \$26,950 per day from July 2021 onwards and the gross charter rate for the M/V Aristomenis currently amounts to \$26,950 per day. Each of these time charters includes two one-year options at \$31,450 and \$32,450 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 and in May 2020 into an agreement 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 full amount was drawn on May 27, 2020. The amount we repaid to release these three vessels under the 2017 credit facility was \$116.5 million.

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.

Change of Manager of Container Vessels

In August 2019, we completed the process of changing the manager of our container vessels from Capital Ship Management to Capital-Executive. Our Capesize bulk carrier vessel, the M/V Cape Agamemnon, remained under the management of Capital Ship Management, until November 30, 2020, 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."

2018 Developments

Management Buy-Out of Capital Ship Management

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.

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.

B. Business Overview

We are an international owner of ocean-going vessels. Our fleet consists of 16 container carrier vessels (1.5 million dwt and total TEU capacity of 114,640) and one Capesize bulk carrier (0.2 million dwt), with an average fleet age of approximately 9.7 years as at March 31, 2021.

All of our container vessels are currently chartered under medium- to long-term charters (with remaining revenue-weighted charter of approximately 4.0 years as of March 31, 2021) to reputable charterers, such as CMA CGM, MSC, HMM, ZIM, ONE and Hapag-Lloyd. Our fleet is managed by our manager, which is a private company.

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 9.7 years as at March 31, 2021, compared to an industry average of 12.9 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 and in February 2021 an additional three 5,100 TEU vessels. For future acquisitions, we may consider increases in our overall leverage, provided that we are able to deliver stable distributions to our unitholders and grow our fleet. 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 Manager, Capital-Executive has a strong record 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.

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.
- **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.
- **Ocean Network Express (ONE)** is a result of the integration by three Japanese shipping companies providing a wide service coverage with the 6th largest fleet in the world.
- **Zim Integrated Shipping Services Ltd., (ZIM)**, is an Israeli international cargo shipping company, with shares publicly traded on the NYSE, and one of the top 20 global carriers.

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 Agreement

Under our management agreement with Capital-Executive:

- we pay our Manager a daily technical management fee per vessel, which is revised annually based on the United States Consumer Price Index;
- we indemnify our 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. On February 25, 2021, we completed the acquisition of three Panamax container carrier vessels from Capital Maritime. As a result, we currently own 13 neo-Panamax and three Panamax container carrier vessels (1.5 million dwt) with an average age as at March 31, 2021, of approximately 9.6 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 March 31, 2021 of 10.7 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"), DNV GL, Korean Register ("KR") or the American Bureau of Shipping ("ABS").

VESSELS IN OUR FLEET

Vessel Name	Sister Vessels (1)	Year Built	DWT – TEU (10)	Management Agreement Expiration (2)	Charter Duration/Type (3)	Expiry of Charter (4)	Daily Charter Rate (Net)	Charterer	Description
DRYBULK VESSEL									
Cape Agamemnon	A	2010	179,221	Nov 2025	Spot	—	—	—	Cape Size Dry Cargo
CONTAINER CARRIER VESSELS									
Archimidis	B	2006	108,892–8,266 TEU	Aug 2024	4-yr TC	Feb 2024	\$21,850	MSC	Container Carrier
Agamemnon	B	2007	108,892–8,266 TEU	Aug 2024	4.5-yr TC	Feb 2024	\$21,850	MSC	Container Carrier
Hyundai Prestige (5)	C	2013	63,010– 5,023 TEU	Aug 2024	12-yr TC	Dec 2024	\$33,663	HMM	Eco Wide Beam Container Carrier

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Hyundai Premium (5) C	2013	63,010–5,023 TEU	Aug 2024	12-yr TC	Jan 2025	\$33,663	HMM	Eco Wide Beam Container Carrier
Hyundai Paramount (5) C	2013	63,010– 5,023 TEU	Aug 2024	12-yr TC	Feb 2025	\$33,663	HMM	Eco Wide Beam Container Carrier
Hyundai Privilege (5) C	2013	63,010– 5,023 TEU	Aug 2024	12-yr TC	Mar 2025	\$33,663	HMM	Eco Wide Beam Container Carrier
Hyundai Platinum (5) C	2013	63,010– 5,023 TEU	Aug 2024	12-yr TC	Apr 2025	\$33,663	HMM	Eco Wide Beam Container Carrier
Akadimos (ex CMA CGM Amazon) (6) D	2015	115,534–9,288 TEU	Aug 2024	1.7-yr TC	Jun 2022	\$30,469	ONE	Eco-Flex, Wide Beam Container
Adonis (ex CMA CGM Uruguay) (7) (11) D	2015	115,639–9,288 TEU	Aug 2024	1-yr TC	Sep 2021	\$31,323	ZIM	Eco-Flex, Wide Beam Container
CMA CGM Magdalena (11) D	2016	115,639–9,288 TEU	Aug 2024	5-yr TC	May 2021	\$38,759	CMA CGM	Eco-Flex, Wide Beam Container
Athos (8) E	2011	118,888-9,954 TEU	Jan 2025	6.8-yr TC	Apr 2026	\$25,301	Hapag-Lloyd	Container Carrier
Aristomenis (8) E	2011	118,712-9,954 TEU	Jan 2025	7.5-yr TC	Apr 2026	\$26,276	Hapag-Lloyd	Container Carrier
Athenian (8) E	2011	118,834-9,954 TEU	Jan 2025	6.8-yr TC	Apr 2026	\$25,301	Hapag-Lloyd	Container Carrier
Long Beach Express (9) F	2008	68,618-5,089 TEU	Mar 2026	4.7-yr TC	Jun 2025	\$11,993	Hapag-Lloyd	Container Carrier
Seattle Express (9) F	2008	68,411-5,089 TEU	Mar 2026	4.7-yr TC	Sep 2025	\$11,993	Hapag-Lloyd	Container Carrier
Fos Express (9) F	2008	68,579-5,089 TEU	Mar 2026	4.7-yr TC	Sep 2025	\$11,993	Hapag-Lloyd	Container Carrier
TOTAL FLEET DWT:		1,690,909–114,640 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; (F): these vessels were built by Hanjin Heavy Industries & Construction Co., Ltd.
- (2) Our vessels are managed under a floating fee management agreement entered into with our Manager. For additional details regarding our management agreement, please see “—Our Management Agreement” 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 \$4,900, to \$33,663 in light of the expenditure we incurred in connection with the installation of scrubbers.

- (6) In July 2020, the vessel-owning company of the M/V Akadimos entered into a new time charter with ONE for a period of 20 to 24 months at a net charter rate of (i) \$24,375 for the first six months; (ii) \$30,469 for the next twelve months; and (iii) \$34,125 for the remaining period. The charterer has the option to extend the time charter of the vessel by 6 months (+/- 30 days) at a net charter rate of \$34,125. The charter commenced in September 2020.
- (7) In August 2020, the vessel-owning company of the M/V Adonis entered into a new time charter with ZIM for a period of 12 to 14 months at a net charter rate of \$31,323 per day. The charter commenced in September 2020.
- (8) The vessels are under long-term time charters with Hapag-Lloyd. The initial expiration was in April 2024 and the net charter rate for each vessel amounted 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. In addition, each of these time charters included two one-year options at \$31,688 and \$32,663 net per day. In June, 2020 the companies owning the M/V Athos, the M/V Aristomenis and the M/V Athenian agreed to extend the time charters for the respective vessels for two additional years by reducing the time charter rate earned for each vessel by \$1,050 per day. The vessels earn a daily rate of \$25,301 per day (compared to \$26,325 per day previously earned), increasing to \$26,276 per day (compared to \$27,300 per day prior to the agreement to extend), 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 will expire at the earliest in April 2026 and include two one-year options at \$30,664 for the first year and \$31,639 gross per day for the second year.
- (9) In September 2020, each of the vessel owning companies of the M/V Long Beach Express, the M/V Seattle Express and the M/V Fos Express entered into a time charter agreement with Hapag-Lloyd for a period of 56 to 60 months at a net charter rate of \$11,993 per day. The charterer has the option to extend the time charters of the vessels by 24 months (+/- 60 days) plus 12 months (+/- 45 days) at a net charter rate of \$16,575. The charter of the M/V Long Beach Express commenced in October 2020 and of the M/V Seattle Express and the M/V Fos Express in January 2021.
- (10) DWT: Dead Weight Ton. TEU: Twenty-foot Equivalent Units.
- (11) On April 7, 2021 the Partnership entered into memorandums of agreement for the sale of the M/V CMA CGM Magdalena and the M/V Adonis to an unaffiliated third party for a total consideration of \$195.0 million. Delivery of the M/V CMA CGM Magdalena and the M/V Adonis to their buyer is expected in May and July/August 2021, respectively.

Our Charters

Our vessels are currently chartered with remaining revenue-weighted charter duration of approximately 4.0 years as of March 31, 2021. 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" above 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

We seek to operate our vessels 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 Manager, Capital-Executive, provides expertise in various functions critical to our operations. Specifically, pursuant to the management and administrative services agreements we have entered into with it, our Manager grants 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.

In compliance with the International Maritime Organization's ISM code, our Manager operates under a safety management system certified by Lloyd's Register of Shipping ("LRS"). Our Manager's management systems also comply with the Quality Standard ISO 9001, the Environmental Management Standard ISO 14001, the Occupational Health & Safety Management System ISO 45001 and the Energy Management Standard 50001, all of which are certified by LRS. In addition, our Manager has 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 Manager 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 Manager's employees, the general public and the environment. Our Manager's senior management team aims 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 in part or in full the technical management and crewing of six of our vessels, the M/V Athenian, the M/V Athos, the M/V Aristomenis, the M/V Long Beach Express, the M/V Seattle Express and the M/V Fos Express to a third party.

Crewing and Staff

Capital-Executive, through a Capital Maritime subsidiary in Romania and crewing offices in Romania, Russia and the Philippines, recruits senior officers and crews for our vessels. Our vessels are currently manned primarily by Romanian, Russian and Filipino crew members. We believe that Capital-Executive has 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 inspections that are required by regulations and requirements of the flag state administration 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 occasional 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 twice during each five year cycle, 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 (IACS). All of our vessels are certified as being "in class" by IACS members including ABS, BV, DNV, KR, and Lloyd's Register. All new and second-hand 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; and
- 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, 2020:

Type	Aggregate Sum Insured for All Vessels in Our Existing Fleet
Hull and Machinery	\$874.0 million
Increased Value (including Excess Liabilities)	\$256.5 million additional "total loss" coverage
Hull & Machinery (War Risks)	\$1.13 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, National Maritime Regulations of Country of Registry, Classification Rules and Regulations, IACS Quality Standards, 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, Japanese Marine traffic safety laws, Australian Marine Orders regarding stevedores safety, as well as regulations adopted by the International Maritime Organization and the European Union, State air emission requirements, IMO/USCG/EPA pollution regulations and various SOLAS amendments, International Labour Organization regulations, ITU regulations, 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, and designating local air emission control areas. 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, PSC officers, ILO inspectors, 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. As of the date of this Annual Report, 14 of our vessels have been retrofitted with a BWTS.

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 and NOx 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.

China Requirements

China established coastal emission control areas (ECA) that capped the sulphur content of marine fuels. The three ECAs are the Pearl River Delta, the Yangtze River Delta and Bohai Bay. These coastal ECAs are designated under Chinese domestic law and are not MARPOL Annex VI designated ECAs and exclude the waters under the jurisdiction of Hong Kong, Macao and Taiwan. From 1 January 2019, vessels operating within such a coastal ECA are required to use fuel with a maximum sulphur content of 0.50%. The China Maritime Safety Administration issued an "Implementation Scheme of 2020 Global Marine Fuel Oil Sulphur Cap" according

to which, among other requirements, from 1 January 2022 a sulphur cap of 0.10% will apply to seagoing vessels entering Hainan Waters within the coastal ECA.

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 \$176.56/mt over the last five years and \$138 /mt in the first week of April 2021. 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 HSFs 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, seven of our vessels have been retrofitted with scrubbers and 14 of our vessels have been retrofitted with a BWTS. We may also decide to retrofit the rest of our fleet with scrubbers over the coming years, 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.

IMO continues to contribute to the global fight against climate change, in support of the UN Sustainable Development Goal 13, to take urgent action to combat climate change and its impacts. In 2018, IMO adopted an initial strategy on the reduction of GHG emissions from ships, setting out a vision which confirms IMO's commitment to reducing GHG emissions from international shipping and to phasing them out as soon as possible. The initial GHG strategy envisages, in particular, a reduction in carbon intensity of international shipping (to reduce CO₂ emissions per transport work, as an average across international shipping, by at least 40% by 2030, pursuing efforts towards 70% by 2050, compared to 2008), and that total annual GHG emissions from international shipping be reduced by at least 50% by 2050 compared to 2008. In November 2020 (MEPC 75), the IMO agreed to amend MARPOL Annex VI to introduce a new technical efficiency standard for in-service vessels – the "Energy Efficiency Existing Ship Index" (EEXI). EEXI requirements are expected to be adopted in June 2021 (MEPC 76) and entry into force is expected to be in the fourth quarter of 2022, but no later than January 1, 2023. The exact date will be confirmed in June 2021. Demonstration of compliance will be required by the vessel's first survey for the issue or endorsement of the International Air Pollution Prevention Certification (IAPP), following entry into force. While calculating the EEXI, developing the EEXI Technical File and OMM, if applicable, is relatively straightforward, a significant proportion of vessels will be required to take action to improve the attained EEXI. Although the changes will not be adopted until June 2021, we have started planning for the requirement now by calculating our vessels' existing EEXI and estimating vessels' maximum speed reduction if we opt for engine power limitation (which will limit the maximum power available from the main engine of a vessel and thus its maximum speed).

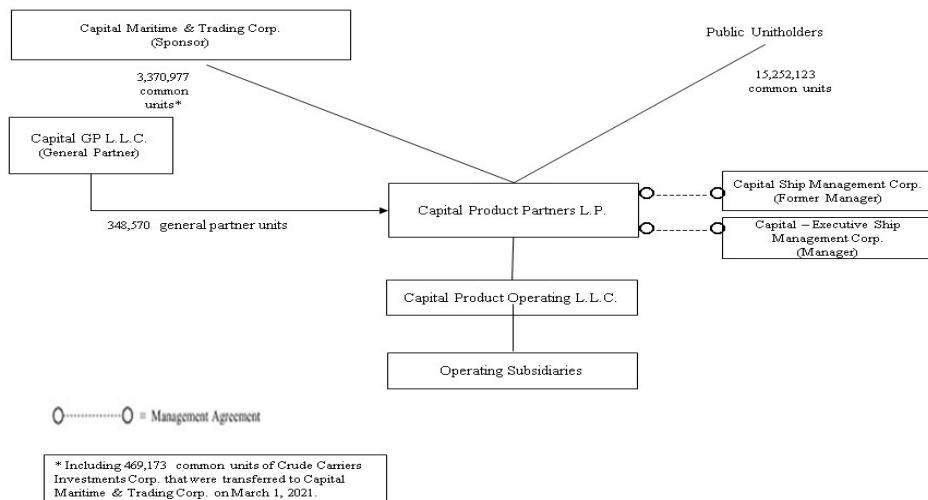
Disclosure of activities pursuant to Section 13(f) of the U.S. Securities Exchange Act of 1934

During 2020, none of our vessels 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 Manager 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 2020 none of our vessels were employed under voyage charter and no such port calls were made.

In 2020, one vessel owned by CMTC made a port call to Iran to discharge vegetable oils, while chartered out to an unaffiliated sub-charterer under the instructions of such sub-charterer. The aggregate revenue generated from this voyage charter represented approximately 1.3% of CMTC's total revenues for the year ended December 31, 2020. CMTC does not attribute profits to specific voyages. As part of the voyage charter arrangements between CMTC and third-party charterers or sub-charterers, CMTC or its manager 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.

C. Organizational Structure

The following diagram depicts our organizational structure as of December 31, 2020.



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, 2020.

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" above. 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 (Financing Arrangements)."

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.

The following discussion does not address certain items in respect of 2018 in reliance on amendments to disclosure requirements adopted by the SEC in 2020. A discussion of such items in respect of 2018 may be found in our Annual Report on Form 20-F for the year ended December 31, 2019, filed with the SEC on February 28, 2020.

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 Manager's 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, 2020, the Marinakis family, including Evangelos M. Marinakis, the chairman of Capital Maritime, our sponsor, may be deemed to beneficially own a 19.6% interest in us through, among others, Capital Maritime.

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, the acquisition of three neo-Panamax container vessels in January 2020 and the acquisition of three Panamax container vessels in February 2021, we currently own a fleet consisting of 13 neo-Panamax, three Panamax container carrier vessels and one Capesize bulk carrier with an average age of approximately 9.7 years as at March 31, 2021.

The significant reduction in the number of our vessels has resulted in a reduced asset base, which has affected, 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" below.

- 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, 2020, with the exception of the M/V Cape Agamemnon, all of our vessels, were trading in the period market.

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

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 (\$28,763 net of commissions).

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 in connection with the installation of scrubbers. As of the date of this Annual Report, scrubbers have been installed on all five vessels on charter to HMM and are earning the increased daily rate of \$34,250 (\$33,663 net of commissions).

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;

- the impact of COVID-19 on the container charter market and on our operations;
- 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 Manager, Capital Ship Management, 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. During the year 2020, the weighted average number of our vessels increased by 2.8 vessels compared to the year ended December 31, 2019, following the acquisition of the M/V Athos, the M/V Aristomenis and the M/V Athenian in January 2020. In February 2021, we completed the acquisition of three Panamax container carrier vessels, the M/V Long beach Express, the M/V Seattle Express and the M/V Fos Express. 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.

Results of Operations

We have derived the following selected historical financial data for the years ended December 31, 2020, and 2019 from our Financial Statements. The table below should be read together with, and is qualified in its entirety by reference to, the Financial Statements. 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.

	2020	2019
Income Statement Data from continuing operations:		
Revenues	\$ 140,865	\$ 108,374
Total revenues	140,865	108,374
Expenses:		
Voyage expenses	6,301	2,930
Vessel operating expenses	33,745	26,632
Vessel operating expenses – related parties	4,976	3,917
General and administrative expenses	7,195	5,502
Vessel depreciation and amortization	41,405	29,261
Total operating expenses	93,622	68,242
Operating income	47,243	40,132
Interest expense and finance cost	(16,741)	(17,036)
Other (expense) / income	(135)	1,325
Partnership's net income from continuing operations	30,367	24,421

Year Ended December 31, 2020 Compared to Year Ended December 31, 2019

Our results of operations for the years ended December 31, 2020 and 2019 differ primarily due to:

- the increase in the weighted average number of vessels in our fleet by 2.8 vessels following the acquisition of the M/V Athos, the M/V Aristomenis and the M/V Athenian in January 2020;
- the off-hire days and costs incurred from five vessels which underwent their Special Survey (including three vessels on which we installed scrubbers) during the twelve months ended December 31, 2020; and
- lower interest costs incurred as a result of a decrease in the LIBOR weighted average interest rate during the year ended December 31, 2020 compared to the year 2019 partly offset by the write-off of deferred loan issuance fees in connection to the refinancing with ICBCFL.

Total Revenues

Total revenues, consisting of time and voyage charter revenues, amounted to \$140.9 million for the year ended December 31, 2020 compared to \$108.4 million for the year ended December 31, 2019.

The increase of \$32.5 million was primarily a result of the increase in the average number of vessels in our fleet by 2.8 vessels during the year ended December 31, 2020 and the higher average charter rates earned by certain of our vessels, partly offset by the increase in off-hire days incurred in connection to the Special Surveys which certain of the Partnership's vessels underwent during the year 2020 compared to the year 2019.

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.

For the year ended December 31, 2020, HMM, CMA CGM and Hapag-Lloyd accounted for 37%, 22% and 20% of our total revenues from continuing operations, respectively.

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 \$6.3 million for the year ended December 31, 2020, compared to \$2.9 million for the year ended December 31, 2019. The increase of \$3.4 million was primarily attributable to the increase in the average number of vessels in our fleet and the increase in off-hire days during the year ended December 31, 2020 compared to the year 2019. During the year ended December 31, 2020 one of the vessels in our fleet was employed under voyage charter for a part of the year compared to none for the corresponding period in 2019.

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 or off hire periods 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, 2020, our total vessel operating expenses amounted to \$38.7 million compared to \$30.5 million for the year ended December 31, 2019. The \$8.2 million increase in total vessel operating expenses primarily reflects the increase in the number of vessels in our fleet, following the acquisition of the M/V Athos, the M/V Aristomenis and the M/V Athenian in January 2020, and operating expenses incurred by certain of our vessels passing their Special Survey during the year 2020.

Total vessel operating expenses for the year ended December 31, 2020 include expenses of \$5.0 million incurred under the management agreements we have with our Manager and Capital Ship Management, compared to \$3.9 million during the year ended December 31, 2019.

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 \$7.2 million for the year ended December 31, 2020, compared to \$5.5 million for the year ended December 31, 2019. The \$1.7 million increase in general and administrative expenses primarily reflects the increase in the compensation cost related to non-vested awards under our Omnibus Incentive Compensation Plan during the year ended December 31, 2020 compared to the year 2019.

General and administrative expenses include board of directors' fees and expenses, audit and certain legal fees, compensation cost related to our Omnibus Incentive Compensation Plan and other fees related to the expenses of the publicly traded partnership.

Vessel Depreciation and Amortization

Depreciation and amortization amounted to \$41.4 million for the year ended December 31, 2020, compared to \$29.3 million for the year ended December 31, 2019. The \$12.1 million increase in vessel depreciation and amortization primarily reflects the increase in the number of vessels in our fleet and the passing of Special Surveys by five of our vessels and the installation of scrubbers in three of our vessels during the year ended December 31, 2020.

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

Total Other Expense, Net

Total other expense, net for the year ended December 31, 2020 amounted to \$16.9 million, compared to \$15.7 million for the year ended December 31, 2019. Total other expense, net includes interest expense and finance costs of \$16.7 million for the year ended December 31, 2020, compared to \$17.0 million for the year ended December 31, 2019. The decrease of \$0.3 million primarily reflects lower interest costs incurred mainly as a result of a decrease in the LIBOR weighted average interest rate for the year ended December 31, 2020 compared to the year 2019, partly offset by the write off of loan issuance costs in connection to the ICBCFL refinancing.

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, 2020 was 3.6%, compared to 5.7% for the year ended December 31, 2019. Please also refer to Note 8 (Long-Term Debt) to our Financial Statements.

Net Income

Net income from continuing operations for the year ended December 31, 2020 amounted to \$30.4 million compared to \$24.4 million for the year ended December 31, 2019.

B. Liquidity and Capital Resources

As of December 31, 2020, total cash and cash equivalents (including restricted cash) were \$54.3 million. Restricted cash under our financing arrangements amounted to \$7.0 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 financing arrangements. See also “—Borrowings (Financing Arrangements)” below for information regarding our financing arrangements.

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 December 31, 2020, total partners’ capital amounted to \$422.1 million, an increase of \$15.4 million compared to \$406.7 million as of December 31, 2019. The increase reflects net income for the year ended December 31, 2020 and the amortization associated with the equity incentive plan, partly offset by distributions declared and paid during the year 2020 in the total amount of \$17.1 million.

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.

For more information on our anticipated future cash requirements and resources please refer to Note 8 Long-Term Debt and Note 16 Commitments and Contingencies to our Financial Statements.

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.

		2020		2019
Net Cash Provided by Operating Activities	\$	80.7	\$	45.3
Net Cash Used in Investing Activities	\$	(185.3)	\$	(6.5)
Net Cash Provided by/(Used in) Financing Activities	\$	95.4	\$	(179.1)

Net Cash Provided by Operating Activities

Net cash provided by operating activities was \$80.7 million for the year ended December 31, 2020 compared to \$45.3 million for the year ended December 31, 2019. The increase of \$35.4 million was mainly attributable to the increase in the number of vessels in our fleet following the acquisition of the M/V Athenian, the M/V Aristomenis and the M/V Athos in January 2020, a decrease in the amounts we reimbursed our Manager and Capital Ship Management for expenses paid on our behalf and by a decrease

in payments for operating and other expenses partly offset by an increase in our trade receivables due to decreased collections and an increase in payments for dry docking costs.

Net Cash Used in Investing Activities

Net cash used in investing activities refers primarily to cash used for vessel acquisitions and 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, 2020 amounted to \$185.2 million compared to \$6.5 million during the year 2019. The increase of \$178.7 million in net cash flows used in investing activities, was primarily attributable to (a) \$162.6 million paid to acquire the M/V Athenian, the M/V Aristomenis and the M/V Athos and (b) the cash used for vessel improvements including advances relating to the installation of BWT systems and scrubbers equipment amounting to \$22.6 million during the year ended December 31, 2020 compared to \$6.5 million for the year 2019.

Net Cash Provided by/Used in Financing Activities

Net cash provided by financing activities for the year ended December 31, 2020, was \$95.4 million representing mainly cash proceeds of \$270.9 million from the three new financing arrangements we entered into during the year 2020, namely the HCOB facility and the CMBFL financing arrangement used to partly finance the acquisition of the M/V Athenian, the M/V Aristomenis and the M/V Athos and the ICBCFL financing arrangement used to partly refinance the 2017 credit facility, partly set off by, \$4.8 million paid for the issuance of the these financing arrangements, \$116.5 million prepayment of the 2017 credit facility in connection with the refinancing with ICBCFL, \$37.1 million of scheduled principal payments and \$17.1 million of dividends to our common unit holders. Cash used in financing activities of \$179.1 million for the year ended December 31, 2019 was mainly attributable to the redemption of all outstanding Class B convertible preferred units of \$116.9 million, the scheduled principal repayment of \$32.7 million and the dividends to our common unit holders of \$28.0.

Borrowings (Financing Arrangements)

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

As of December 31, 2020, our total borrowings were \$379.7 million outstanding under our all four financing arrangements. As of December 31, 2019, our total borrowings were \$262.4 million outstanding under our 2017 credit facility.

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 instalment of \$139.1 million payable, together with the final quarterly instalment, in the fourth quarter of 2023. On May 27, 2020 upon the closing of the ICBCFL facility described below, we repaid \$116.5 million to release three vessels under the 2017 credit facility. As of December 31, 2020 the balance outstanding under the 2017 credit facility was \$122.3 million payable in 12 equal quarterly instalments of \$4.1 million in addition to a balloon instalment of \$73.5 million payable, together with the final quarterly instalment, in the fourth quarter of 2023.

The HCOB Facility

On January 17, 2020 we 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 instalments 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 instalment due in January 2025. The loan facility bears interest at LIBOR plus a margin of 2.55%.

The CMBFL Facility

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.

The ICBCFL Facility

In December 2019 we entered into a non-binding term sheet and in May 2020 into an agreement with ICBC Financial Leasing Co., Ltd. ("ICBCFL") for the sale and lease back of three vessels then mortgaged under the 2017 credit facility, namely the M/V Akadimos (ex CMA CGM Amazon), the M/V Adonis (ex CMA CGM Uruguay) and the M/V 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 full amount was drawn on May 27, 2020. The amount we repaid to release these three vessels under the 2017 credit facility was \$116.5 million. On April 7, 2021 the Partnership entered into memorandums of agreement for the sale of the M/V CMA CGM Magdalena and the M/V Adonis to an unaffiliated third party for a total consideration of \$195.0 million. Delivery of the M/V CMA CGM Magdalena and the M/V Adonis to their buyer is expected in May and July/August 2021, respectively. The amount to be repaid to ICBCFL on the delivery of the vessels to their new owners is estimated to be approximately \$97.4 million.

Our financing arrangements contain 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 financing arrangements also contain 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 financing arrangements require 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% or, under our financing arrangements with CMBFL, 120%.

Under our financing arrangements, 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 financing arrangements require 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 financing arrangements are secured by first-priority mortgages over all our vessels and are guaranteed by each vessel-owning subsidiary.

Our financing arrangements also contain 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, 2020, we were in compliance with all financial debt covenants under all our financing arrangements.

Recent Developments

On January 22, 2021 we entered into an agreement for the sale and lease back of the vessels M/V Long Beach Express, M/V Seattle Express and the M/V Fos Express with CMB Financial Leasing Co., Ltd. ("CMBFL") for \$10.0 million each. The lease agreement has a duration of five years, bears an interest at LIBOR plus a margin of 2.85%. In addition, we have various purchase options commencing from the first year anniversary of the lease including an option to purchase each vessel, on the fifth anniversary of the lease for a predetermined price of \$4.5 million. The full amounts were drawn on February 25, 2021.

The operating and financial restrictions and covenants under the arrangement are substantially similar to the restrictions and covenants of our existing financing arrangements, including a required minimum security coverage ratio of 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 financing arrangements 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. 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.

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" above.

E. [Reserved.]

F. [Reserved.]

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, 2020 and 2019 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 \$57.0 million and \$77.8 million as of December 31, 2020 and 2019, 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, 2020		Carrying value as of December 31, 2019	
		(in millions of United States dollars)		(in millions of United States dollars)	
M/V Cape Agamemnon	06/09/2011	\$	34.2*	\$	34.9*
M/V Archimidis	12/22/2012	\$	43.8*	\$	43.3*
M/V Agamemnon	12/22/2012	\$	46.8*	\$	50.5*
M/V Hyundai Prestige	09/11/2013	\$	43.0*	\$	45.3*
M/V Hyundai Premium	03/20/2013	\$	42.4*	\$	43.0*
M/V Hyundai Paramount	03/27/2013	\$	42.4*	\$	44.6*
M/V Hyundai Privilege	09/11/2013	\$	43.1*	\$	45.4*
M/V Hyundai Platinum	09/11/2013	\$	43.2*	\$	41.1*
M/V Akadimos (ex CMA CGM Amazon)	06/10/2015	\$	72.7	\$	76.0
M/V Adonis (ex CMA CGM Uruguay)	09/18/2015	\$	73.6	\$	77.0
M/V CMA CGM Magdalena	02/26/2016	\$	72.5	\$	75.8
M/V Athenian	01/22/2020	\$	51.5		-
M/V Athos	01/23/2020	\$	51.5		-
M/V Aristomenis	01/23/2020	\$	51.5		-
Total		\$	712.2	\$	576.9

* Indicates vessels for which we believe that, as of December 31, 2020 and 2019, 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, 2020 and 2019 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, 2020 and 2019, 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;
- dry-docking 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 99.7% 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 based on the ten year historical average demolition prices 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, 2020 and 2019, 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:

Vessel	Percentage Decline from which Impairment would be recorded	
	Year ended December 31, 2020	Year ended December 31, 2019
Cape vessel	19.6%	24.9%
Container vessels 5,000 TEU	46.4%	35.3%
Container vessels 8,000 TEU	46.4%	22.3%

As of March 31, 2021 and December 31, 2020, 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))

Vessel	As of March 31,	As of December 31,
	2021	2020
Cape vessel *	-	-
Container vessels 5,000 TEU	55.6%**	55.6%**
Container vessels 8,000 TEU	(33.3)**	(33.3)**

*The vessel is traded in the spot market since July 2020.

**The time charter rates include a premium of \$4,900 per day for the 5,000 TEU and \$10,000 per day for the 8,000 TEU container carriers 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—2020 Developments".

Based on the above assumptions we determined that the undiscounted cash flows support the vessels' carrying amounts as of December 31, 2020 and 2019.

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."

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 September 24, 2020, Rory Hussey was elected to act as a Class I Directors until the Partnership's 2023 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 and Chief Financial Officer, Mr. Nikolaos Kalapotharakos, allocate their time between managing our business and affairs and the business and affairs of Capital Maritime, and/or its 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)	62	Director and Chairman of the Board(5)
Gerasimos (Jerry) Kalogiratos(1)	43	Director and Chief Executive Officer of our General Partner
Gurpal Grewal(1)	74	Director
Rory Hussey(2)	69	Director(5)
Abel Rasterhoff(3)	81	Director(5)
Eleni Tsoukala(4)	43	Director(5)
Dimitris P. Christacopoulos(3)	50	Director(5)
Nikolaos Kalapotharakos	46	Chief Financial Officer of our General Partner

(1) Appointed by our General Partner.

(2) Class I director (term expires in 2023).

(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. In January 2020, Mr. Forman began a fellowship at Harvard University's Advanced Leadership Initiative. 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 of our General Partner in June 2015. He has also previously served as Chief Financial Officer of our General Partner 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 16 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.

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 previously served as technical director of Capital Ship Management Corp. 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. Until his retirement in 2017, Mr. Hussey 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 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.

Gerasimos Ventouris, Chief Operating Officer (stepped down on December 31, 2020).

Mr. Ventouris served as our Chief Operating Officer from June 30, 2015 until December 31, 2020. Mr. Ventouris is the director, president, secretary and Chief Executive Officer of Capital Maritime and from 2003 to his retirement from that position on June 30, 2020 also served as the Chief Commercial Officer of Capital Ship Management Corp. From March 27, 2019 to March 23, 2020, Mr. Ventouris served on the board of directors of Diamond S Shipping Inc.

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 2020, these expenses for which our General Partner was reimbursed amounted to \$0.01 million.

Executive Compensation

The compensation of our General Partner's Chief Executive Officer, Chief Financial Officer, and Chief Operating Officer (until December 31, 2020) 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” below for additional information. For the year ended December 31, 2020, 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 until the completion of the DSS Transaction, \$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 from January 1, 2019 and until the 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, 2020, 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, 2020 our independent directors held four 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, 2020, on January 21, April 27, July 23 and October 21.

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 twice during the year ended December 31, 2020, on November 16 and November 20.

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, 2020:

- 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, 2020, our partners' capital consisted of 18,623,100 common units, of which 15,252,124 were owned by public unitholders, no subordinated units and 348,570 general partner units.

On January 25, 2021, the Partnership's Board of Directors approved a unit repurchase program, providing the Partnership with authorization to repurchase up to \$30.0 million of units of the Partnership's common unit, effective for a period of two years. As of April 20, 2021 the Partnership had purchased 164,038 common units under the program.

Based on 18,807,632 units issued and outstanding (including 348,570 general partner units) on April 20, 2021, the Marinakis family, including Evangelos M. Marinakis, the chairman of Capital Maritime, may be deemed to beneficially own a 19.8% interest in us, through Capital Maritime, which may be deemed to beneficially own 3,370,977 common units representing a 17.9% interest in us and our General Partner, which may be deemed to beneficially own 348,570 general partner units representing a 1.9% interest in us.

As of April 5, 2021, there were three holders of record of our common units, two of which have a U.S. mailing address. One of these two holders is CEDE & Co., a nominee company for The Depository Trust Company (a registered clearing agency with the SEC), which held approximately 84.8% of our outstanding common units as of such date. The beneficial owners of the common units held by CEDE & Co. may include persons who reside outside the United States.

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)	3,370,977	18.3%
Donald Smith & Co., Inc. (2)	1,446,660	7.8%
All executive officers and directors as a group (seven persons) (3)	*	*

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

(2) As reported in a Schedule 13G filed on February 11, 2021 by (i) Donald Smith & Co., Inc., a Delaware corporation ("DSCI") and (ii) DSCO Value Fund, L.P., a Delaware limited partnership. According to the Schedule 13G, DSCI is an investment adviser, and the address of its principal office is 152 W 57th Street, New York NY 10019. According to the Schedule 13G, the ultimate power to direct the receipt of dividends paid with respect to, and the proceeds from the sale of, common units, is vested in the institutional clients for which DSCI serves as investment advisor. DSCI does not serve as custodian of the assets of any of its clients and accordingly, in each instance only the client or the client's custodian or trustee bank has the right to receive dividends paid with respect to, and proceeds from the sale of, common units. According to the Schedule 13G, to the knowledge of DSCI, with respect to the common units reported in the Schedule 13G owned by advisory client of DSCI, not more than 5% of the common units is owned by any one client. With respect to the remaining common units owned, various persons have the right to receive or the power to direct the receipt of dividends from, or the proceeds from the sale of, the common units. No one person's interest in the common units is more than 5% of the total outstanding common units.

(3) 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 can vote the common units it holds 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 and Capital Maritime have the ability to exercise significant influence on important actions we may take.

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, 2020

Share Purchase Agreement for the Acquisition of the Companies Owning M/V Long Beach Express, M/V Seattle Express and the M/V Fos Express.

On January 27, 2021 we entered into three separate share purchase agreements with Capital Maritime for the acquisition of the shares of the companies owning the M/V Long Beach Express, M/V Seattle Express and the M/V Fos Express (three sister 5,100 TEU container vessels built in 2008 at Hanjin Heavy Industries, South Korea), for a consideration of \$13.5 million each. The vessels are employed under long-term time charters with Hapag-Lloyd with earliest expiration in June 2025 the first and in September 2025 the last two. The gross charter rate for each vessel currently amounts to \$12,300 per day.

Sellers Credit

The Partnership entered into a sellers' credit agreement with Capital Maritime to defer \$6.0 million of the purchase price of the shares of the companies owning the the M/V Long Beach Express, M/V Seattle Express and the M/V Fos Express for up to five years from the delivery of the vessels. The Sellers' Credit bears interest at a fixed rate of 5.0% per year. For a discussion of the financing of this acquisition, see "Item 4. Information on the Partnership—A. History and Development of the Partnership— Recent Developments."

Transactions entered into during the year ended December 31, 2020

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 South 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—A. History and Development of the Partnership— 2020 Developments."

Change of Management Agreement for M/V Cape Agamemnon

On November 30, 2020 the M/V Cape Agamemnon, the last vessel to which Capital Ship Management provided technical management services entered into a technical management agreement with Capital-Executive with the same terms.

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.
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” above.

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.

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 (until December 31, 2020) 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 "The Partnership Agreement—Limited Call Right" in Exhibit 2.1 to this Annual Report.

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 its 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	<p>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:</p> <ul style="list-style-type: none"> • 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). <p>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.</p>
Rights and remedies of unitholders	<p>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 "The Partnership Agreement" in Exhibit 2.1 to this Annual Report.</p> <p>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.</p>

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 "The Partnership Agreement—Indemnification." in Exhibit 2.1 to this Annual Report.

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.

HOW WE MAKE CASH DISTRIBUTIONS

Distributions of Available Cash

General

date. 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

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 April 20, 2021, our General Partner holds a 1.85% 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.

	Total Quarterly Distribution Target Amount	Marginal Percentage Interest in Distributions	
		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, 2021, the board of directors of the Partnership declared a cash distribution of \$0.10 per common unit for the fourth quarter of 2020. The fourth quarter common unit cash distribution was paid on February 10, 2021, to unitholders of record on February 2, 2021.

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—A. Consolidated Statements and Other 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.

Memorandum of agreement dated April 7, 2021 for the sale of the M/V 'CMA CGM Magdalena' and the M/V 'Adonis' to an unaffiliated third party for a total consideration of \$195.0 million (please see "Item 4. Information on the Partnership—A. History and Development of the Partnership—Recent Developments")

Share Purchase Agreements, dated January 27, 2021 with Capital Maritime to acquire the shares of the companies owning the M/V Long Beach Express, M/V Seattle Express and the M/V Fos Express for a total consideration of \$40.5 million (please see "Item 4. Information on the Partnership—A. History and Development of the Partnership—Recent Developments")

Sellers' credit agreement dated January 27, 2021 with Capital Maritime to defer \$6.0 million of the purchase price of the vessels M/V Long Beach Express, M/V Seattle Express and the M/V Fos Express for up to five years from the delivery of the vessels (please see "Item 4. Information on the Partnership—A. History and Development of the Partnership—Recent Developments")

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) (please see "Item 4. Information on the Partnership—A. History and Development of the Partnership—2020 Developments")

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 purpose of financing the acquisition of the M/V Athenian (please see "Item 5. Operating and Financial Review and Prospects—B. Liquidity and Capital Resources—Borrowings (Financing Arrangements)")

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.

Deed of Amendment and Restatement, dated March 8, 2019, relating to our 2017 credit facility (please see "Item 5. Operating and Financial Review and Prospects—B. Liquidity and Capital Resources—Borrowings (Financing Arrangements)")

D. Exchange Controls

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.

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, 2020.

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, 2020, 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, 2020. 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 existing financing arrangements contain interest rates that fluctuate with 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— D. 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 2020 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 \$3.7 million, \$2.8 million and \$3.2 million for the years ended December 31, 2020, 2019 and 2018 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.

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, 2020, 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, 2020, 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, 2020.

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, 2020, 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, 2020, 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, 2020 of the Partnership and our report dated April 27, 2021 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

April 27, 2021

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.capitalplp.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 2020 and 2019 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	2020	2019
Audit Fees (1)	\$267.6	\$529.7
Audit-Related Fees	—	—
Tax Fees (2)	10.8	10.8
Total	\$278.4	\$540.5

(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 2020 and 2019.

Item 16D. Exemptions from the Listing Standards for Audit Committees.

None.

Item 16E. Purchases of Equity Securities by the Issuer and Affiliated Purchasers.

On January 25, 2021, the Partnership's Board of Directors approved a unit repurchase program, providing the Partnership with authorization to repurchase up to \$30.0 million of units of the Partnership's common unit, effective for a period of two years. The Partnership may repurchase these units in the open market or in privately negotiated transactions, at times and prices that are considered to be appropriate by the Partnership. As of April 20, 2021 the Partnership had purchased 164,038 common units under the program at a total cost of \$1.7 million.

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

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CAPITAL PRODUCT PARTNERS L.P.

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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)
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 (16)
4.3	Amended and Restated Omnibus Agreement , dated September 30, 2011 (4)
4.4	Form of Floating Rate Management Agreement with Capital-Executive Ship Management Corp. (18)
4.5	Administrative Services Agreement with Capital Ship Management (1)
4.6	Amendment 1 to Administrative Services Agreement with Capital Ship Management Corp. , dated April 2, 2012 (9)
4.7	IT Agreement, dated April 3, 2007, by and between Capital Ship Management Corp. and Capital Product Partners L.P. (14)
4.8	Addendum No. 1 to IT Agreement , dated April 2, 2012 (14)
4.9	Addendum No. 2 to IT Agreement , dated April 2, 2017 (14)
4.10	Master Vessel Acquisition Agreement , dated July 24, 2014 (12)
4.11	Capital Product Partners L.P. 2008 Omnibus Incentive Compensation Plan , dated April 29, 2008 (2)
4.12	Capital Product Partners L.P. 2008 Omnibus Incentive Compensation Plan , amended July 22, 2010 (10)

4.13	Capital Product Partners L.P. 2008 Omnibus Incentive Compensation Plan, amended August 21, 2014 (10)
4.14	Capital Product Partners L.P. 2008 Omnibus Incentive Compensation Plan, amended July 23, 2019 (19)
4.15	Form of Restricted Unit Award of Capital Product Partners L.P. (5)
4.16	Term Loan Facility, dated January 17, 2020, between Capital Product Partners L.P. and Hamburg Commercial Bank A.G. (19)
4.17	Sellers' credit agreement, dated January 27, 2021, with Capital Maritime & Trading Corp.
4.18	Memorandum of Agreement for the Sale of the M/V Adonis, dated April 7, 2021***
4.19	Memorandum of Agreement for the Sale of the M/V CMA CGM Magdalena, dated April 7, 2021***
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
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 Exhibit II to a Current Report on Form 6-K with the SEC on September 12, 2017
- (14) 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.
- (15) Previously furnished as Exhibit 2.1 to a Report on Form 6-K with the SEC on November 30, 2018.
- (16) Previously furnished as Exhibit I to a Report on Form 6-K with the SEC on March 14, 2019.
- (17) Previously furnished as Exhibit 99.2 to a Report on Form 6-K with the SEC on April 1, 2019.
- (18) Previously filed as Exhibit 10.1 to a registration statement on Form F-3 with the SEC on October 25, 2019.
- (19) Previously filed as an exhibit to Capital Product Partners L.P.'s Annual Report on Form 20-F for the year ended December 31, 2019 and filed with the SEC on February 28, 2020

* 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.

*** Certain information has been redacted from this exhibit pursuant to Item 4 of the Instructions as to Exhibits of Form 20-F because it is both not material and is the type that the registrant treats as private or confidential. The registrant hereby agrees to furnish an unredacted copy of the exhibit and its materiality and privacy or confidentiality analyses to the SEC upon request.

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: April 27, 2021

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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, 2020 and 2019, the related consolidated statements of comprehensive income/(loss), changes in partners' capital, and cash flows, for each of the three years in the period ended December 31, 2020, 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, 2020 and 2019, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2020, 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, 2020, 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 April 27, 2021 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.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current-period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that (1) relates to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Vessel Impairment – Future Charter Rates – Refer to Note 2 of the consolidated financial statements.**Critical Audit Matter Description**

The Partnership's evaluation of its vessels for impairment involves an initial assessment of each vessel to determine whether events or changes in circumstances exist that may indicate that the carrying amount of the vessel is greater than its fair value and may no longer be believed to be recoverable. Total vessels as of December 31, 2020, were \$712.2 million.

If indicators of impairment exist for a vessel, the Partnership determines the recoverable amount by estimating the undiscounted future cash flows associated with the vessel. If the carrying value of the vessel, including any related intangible assets and liabilities, exceeds its undiscounted future net cash flows, the carrying value is reduced to its fair value. In developing estimates of future cash flows, the Partnership makes various assumptions including future charter rates which are the most sensitive. These future charter rates assumptions reflect the rates currently in effect for the duration of the current charters. For periods of time where there is no contract in place, the Partnership uses the most recent ten-year historical time charter average for the vessel class. These assumptions are based on historical trends that are in line with the Partnership's historical performance and expectations for the vessels' utilization under the current deployment strategy.

We identified future charter rates used in the undiscounted future cash flows analysis as a critical audit matter because of the complex judgements made by management to estimate future charter rates and the significant impact they have on undiscounted cash flows expected to be generated over the remaining useful life of the vessels.

This required a high degree of auditor judgment and an increased extent of effort when performing audit procedures to evaluate the reasonableness of management's projected charter rates.

How the Critical Audit Matter Was Addressed in the Audit

Our audit procedures related to the future charter rates utilized in the undiscounted future cash flows included the following among others:

- We tested the effectiveness of controls over management's review of the impairment analysis, including the future charter rates used within the undiscounted future cash flows analysis.
- We evaluated the reasonableness of the Partnership's estimate of future charter rates by assessing the Partnership's methods to develop the estimate of future charter rates and by comparing the future charter rates utilized in the undiscounted future cash flow analysis to (1) the Partnership's historical rates, (2) historical rate information by vessel class published by third parties and (3) other external market sources, including analysts' reports and prospective market outlook.

/s/ Deloitte Certified Public Accountants S.A.

Athens, Greece
April 27, 2021

We have served as the Company'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, 2020	As of December 31, 2019
Assets		
Current assets		
Cash and cash equivalents	\$ 47,336	\$ 57,964
Trade accounts receivable	2,855	2,690
Prepayments and other assets	3,314	2,736
Inventories	3,528	1,471
Claims	746	1,085
Total current assets	57,779	65,946
Fixed assets		
Vessels, net (Note 6)	712,197	576,891
Total fixed assets	712,197	576,891
Other non-current assets		
Above market acquired charters (Note 7)	34,579	46,275
Deferred charges, net	6,001	3,563
Restricted cash (Note 8)	7,000	5,500
Prepayments and other assets	4,642	5,287
Total non-current assets	764,419	637,516
Total assets	\$ 822,198	\$ 703,462
Liabilities and Partners' Capital		
Current liabilities		
Current portion of long-term debt, net (Note 8)	\$ 35,810	\$ 26,997
Trade accounts payable	9,029	12,501
Due to related parties (Note 5)	3,257	5,256
Accrued liabilities (Note 10)	10,689	16,156
Deferred revenue, current	2,821	3,826
Total current liabilities	61,606	64,736
Long-term liabilities		
Long-term debt, net (Note 8)	338,514	231,989
Total long-term liabilities	338,514	231,989
Total liabilities	\$ 400,120	\$ 296,725
Commitments and contingencies (Note 16)	—	—
Partners' capital		
General Partner	8,816	8,572
Limited Partners - Common (18,623,100 and 18,178,100 units issued and outstanding at December 31, 2020 and 2019)	413,262	398,165
Total partners' capital	422,078	406,737
Total liabilities and partners' capital	\$ 822,198	\$ 703,462

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

Capital Product Partners L.P.
Consolidated Statements of Comprehensive Income / (Loss)
(In thousands of United States Dollars except number of units and net income / (loss) per unit)

	For the years ended December 31,		
	2020	2019	2018
Revenues (Note 4)	\$ 140,865	\$ 108,374	\$ 116,894
Revenues – related party (Notes 4, 5)	—	—	701
Total Revenues	140,865	108,374	117,595
Expenses:			
Voyage expenses (Note 11)	6,301	2,930	9,113
Vessel operating expenses (Note 11)	33,745	26,632	26,427
Vessel operating expenses - related parties (Notes 5, 11)	4,976	3,917	4,221
General and administrative expenses (Notes 5, 14)	7,195	5,502	5,713
Vessel depreciation and amortization (Note 6)	41,405	29,261	32,813
Impairment of vessel	—	—	28,805
Operating income	47,243	40,132	10,503
Other income / (expense), net:			
Interest expense and finance cost (Note 8)	(16,741)	(17,036)	(18,964)
Other (expense) / income	(135)	1,325	850
Total other expense, net	(16,876)	(15,711)	(18,114)
Partnership's net income / (loss) from continuing operations attributable to:	\$ 30,367	\$ 24,421	\$ (7,611)
Preferred unit holders' interest in Partnership's net income from continuing operations (Notes 13, 15)	\$ —	\$ 2,652	\$ 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 (Note 15)	\$ 558	\$ 236	\$ (352)
Common unit holders' interest in Partnership's net income / (loss) from continuing operations (Note 15)	\$ 29,809	\$ 12,414	\$ (18,360)
Partnership's net (loss) / income from discontinued operations (Note 3)	\$ —	\$ (146,876)	\$ 7,507
Total Partnership's comprehensive income / (loss)	\$ 30,367	\$ (122,455)	\$ (104)
Net income / (loss) from continuing operations per (Note 15):			
• Common unit, basic and diluted (adjusted for the March 2019 Reverse Split)	\$ 1.60	\$ 0.68	\$ (1.01)
Weighted-average units outstanding:			
• Common units, basic and diluted (adjusted for the March 2019 Reverse Split)	18,194,186	18,178,144	18,100,455
Net (loss) / income from discontinued operations per:			
• Common unit, basic and diluted (adjusted for the March 2019 Reverse Split)	\$ —	\$ (7.93)	\$ 0.41
Weighted-average units outstanding:			
• Common units, basic and diluted (adjusted for the March 2019 Reverse Split)	18,194,186	18,178,144	18,100,455
Net income / (loss) from operations per:			
• Common unit, basic and diluted (adjusted for the March 2019 Reverse Split)	\$ 1.60	\$ (7.25)	\$ (0.60)
Weighted-average units outstanding:			
• Common units, basic and diluted (adjusted for the March 2019 Reverse Split)	18,194,186	18,178,144	18,100,455

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 January 1, 2018	\$ 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, 13)	—	—	(116,850)	(116,850)
Equity compensation expense (Note 14)	—	907	—	907
Balance at December 31, 2019	\$ 8,572	\$ 398,165	\$ —	\$ 406,737
Distributions declared / paid (distributions of \$ 0.90 per common unit)	(314)	(16,761)	—	(17,075)
Partnership's net income	558	29,809	—	30,367
Equity compensation expense (Note 14)	—	2,049	—	2,049
Balance at December 31, 2020	\$ 8,816	\$ 413,262	\$ —	\$ 422,078

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,		
	2020	2019	2018
Cash flows from operating activities of continuing operations:			
Net income / (loss) from continuing operations	\$ 30,367	\$ 24,421	\$ (7,611)
Adjustments to reconcile net income / (loss) to net cash provided by operating activities of continuing operations:			
Vessel depreciation and amortization (Note 6)	41,405	29,261	32,813
Amortization and write off of deferred financing costs	3,047	1,096	1,359
Amortization of above market acquired charters (Note 7)	11,696	14,380	14,380
Equity compensation expense (Note 14)	2,049	907	613
Impairment of vessel	—	—	28,805
Changes in operating assets and liabilities:			
Trade accounts receivable	(165)	13,436	(11,354)
Prepayments and other assets	(1,384)	(1,195)	855
Inventories	(2,057)	45	1,147
Claims	339	(1,085)	—
Trade accounts payable	3,779	(9,406)	4,074
Due to related parties	(1,999)	(12,486)	3,508
Accrued liabilities	684	(9,558)	1,648
Deferred revenue	(1,005)	(3,585)	(10,059)
Dry docking costs paid	(6,074)	(954)	—
Net cash provided by operating activities of continuing operations	\$ 80,682	\$ 45,277	\$ 60,178
Cash flows from investing activities of continuing operations:			
Vessel acquisitions and improvements including time charter agreements (Note 6)	(185,247)	(6,519)	(2,428)
Net proceeds from sale of vessels	—	—	39,789
Net cash (used in) / provided by investing activities of continuing operations	\$ (185,247)	\$ (6,519)	\$ 37,361
Cash flows from financing activities of continuing operations:			
Proceeds from long-term debt (Note 8)	270,850	—	—
Payments of long-term debt (Note 8)	(153,573)	(32,733)	(55,283)
Deferred financing costs paid	(4,765)	(788)	(72)
Redemption of Class B unit holders (Note 13)	—	(116,850)	—
Dividends paid (Note 13)	(17,075)	(28,771)	(52,600)
Net cash provided by / (used in) financing activities of continuing operations	\$ 95,437	\$ (179,142)	\$ (107,955)
Net decrease in cash, cash equivalents and restricted cash from continuing operations	\$ (9,128)	\$ (140,384)	\$ (10,416)
Cash flows from discontinued operations			
Operating activities	—	8,905	37,712
Investing activities	—	(1,484)	(41,837)
Financing activities	—	158,228	(18,557)
Net increase / (decrease) in cash, cash equivalents and restricted cash from discontinued operations	\$ —	\$ 165,649	\$ (22,682)
Net (decrease) / increase in cash, cash equivalents and restricted cash	\$ (9,128)	\$ 25,265	\$ (33,098)
Cash, cash equivalents and restricted cash at the beginning of the year	\$ 63,464	\$ 38,199	\$ 71,297
Cash, cash equivalents and restricted cash at the end of the year	\$ 54,336	\$ 63,464	\$ 38,199
Supplemental cash flow information			
Cash paid for interest	\$ 15,347	\$ 20,138	\$ 24,952
Non-Cash Investing and Financing Activities			
Capital expenditures included in liabilities	\$ 2,507	\$ 15,004	\$ 547
Capitalized dry docking costs included in liabilities	\$ 1,649	\$ 2,560	\$ 480
Deferred financing costs included in liabilities	6	—	—
Assumption of loans regarding the acquisition of the shares of the companies owning the M/T Aristaos and the M/T Anikitos included in discontinued operations	\$ —	\$ —	\$ 43,958
Reconciliation of cash, cash equivalents and restricted cash			
Cash and cash equivalents	\$ 47,336	\$ 57,964	\$ 21,203
Restricted cash - Non-current assets	\$ 7,000	\$ 5,500	\$ 16,996
Total cash, cash equivalents and restricted cash shown in the statements of cash flows	\$ 54,336	\$ 63,464	\$ 38,199

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

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, 2020, its fleet of fourteen high specification vessels consisted of thirteen Neo-Panamax container carrier vessels and one Cape-size 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)

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")
<i>Continuing Operations</i>					
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	—
Patroklos Marine Corp.	06/17/2008	M/V Cape Agamemnon	179,221	06/09/2011	01/25/2011
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
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
Iason Container Carrier S.A.	04/08/2011	M/V Hyundai Paramount	63,010	03/27/2013	03/27/2013
Theseas 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
Dias Container Carrier S.A.	05/16/2013	M/V Akadimos (ex CMA CGM Amazon)	115,534	06/10/2015	06/10/2015
Poseidon Container Carrier S.A.	05/16/2013	M/V Adonis (ex CMA CGM Uruguay)	115,639	09/18/2015	09/18/2015
Atrotos Container Carrier S.A.	10/25/2013	M/V CMA CGM Magdalena	115,639	02/26/2016	02/26/2016
Deka Container Carrier S.A.	03/28/2017	M/V Athenian	118,835	01/22/2020	04/28/2017
Jupiter Container Carrier S.A.	03/28/2017	M/V Athos	118,888	01/23/2020	05/19/2017
Nikitis Container Carrier S.A.	03/28/2017	M/V Aristomenis	118,712	01/23/2020	06/27/2017
Aenaos Product Carrier S.A.	10/16/2013	M/T Aristotelis ⁽¹⁾	51,604	11/28/2013	—
Baymont Enterprises Incorporated	05/29/2007	M/T Amore Mio ⁽¹⁾	159,982	03/27/2008	07/31/2007
Ross Shipmanagement Co.	12/29/2003	M/T Attikos ⁽²⁾	12,000	09/24/2007	01/20/2005
Forbes Maritime Co.	02/03/2004	M/T Aristofanis ⁽²⁾	12,000	04/30/2008	06/02/2005
Mango Finance Corp.	07/14/2006	M/T Agamemnon II ⁽²⁾	51,238	04/07/2009	11/24/2008
Miltiadis M II Corp.	08/28/2012	—	—	—	—

(1) Vessels were disposed in 2018.

(2) Vessels were disposed prior to 2018.

Capital Product Partners L.P.
Notes to the Consolidated Financial Statements
(In thousands of United States Dollars)

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")
<i>Discontinued Operations (Companies part of the Crude and Product tanker business which were spun-off on March 27, 2019)</i>					
Shipping Rider Co.	09/16/2003	M/T Atlantas II	36,760	04/04/2007 08/16/2010	04/26/2006
Canvey Shipmanagement Co.	03/18/2004	M/T Assos	47,872	04/04/2007	05/17/2006
Centurion Navigation Limited	08/27/2003	M/T Aktoras	36,759	04/04/2007	07/12/2006
Polarwind Maritime S.A.	10/10/2003	M/T Agisilaos	36,760	04/04/2007	08/16/2006
Carnation Shipping Company	11/10/2003	M/T Arionas	36,725	04/04/2007	11/02/2006
Apollonas Shipping Company	02/10/2004	M/T Avax	47,834	04/04/2007	01/12/2007
Tempest Maritime Inc.	09/12/2003	M/T Aiolos	36,725	04/04/2007	03/02/2007
Iraklitos Shipping Company	02/10/2004	M/T Axios	47,872	04/04/2007	02/28/2007
Epicurus Shipping Company	02/11/2004	M/T Atrotos	47,786	05/08/2007	05/08/2007
Laredo Maritime Inc.	02/03/2004	M/T Akeraios	47,781	07/13/2007	07/13/2007
Lorenzo Shipmanagement Inc.	05/26/2004	M/T Apostolos	47,782	09/20/2007	09/20/2007
Splendor Shipholding S.A.	07/08/2004	M/T Anemos I	47,782	09/28/2007	09/28/2007
Sorrel Shipmanagement Inc.	02/07/2006	M/T Alexandros II	51,258	01/29/2008	01/29/2008
Wind Dancer Shipping Inc.	02/07/2006	M/T Aristotelis II	51,226	06/17/2008	06/17/2008
Belerion Maritime Co.	01/24/2006	M/T Aris II	51,218	08/20/2008	08/20/2008
Navarro International S.A.	07/14/2006	M/T Ayrton II	51,260	04/13/2009	04/10/2009
Adrian Shipholding Inc.	06/22/2004	M/T Alkiviadis	36,721	06/30/2010	03/29/2006
Cooper Consultants Co. renamed to Miltiadis				03/01/2010	
M II Carriers Corp.	04/06/2006	M/T Miltiadis M II	162,397	09/30/2011	04/26/2006
Amoureux Carriers Corp.	04/14/2010	M/T Amoureux	149,993	09/30/2011	—
Aias Carriers Corp.	04/14/2010	M/T Aias	150,393	09/30/2011	—
Isiodos Product Carrier S.A.	05/31/2013	M/T Active	50,136	03/31/2015	03/31/2015
Titanas Product Carrier S.A.	05/31/2013	M/T Amadeus	50,108	06/30/2015	06/30/2015
Filonikis Product Carrier S.A.	05/31/2013	M/T Amor	49,999	10/24/2016	09/30/2015
Asterias Crude Carrier S.A.	07/13/2015	M/T Aristaios	113,689	01/17/2018	01/10/2017
Iason Product Carrier S.A.	08/28/2013	M/T Anikitos	50,082	05/04/2018	06/21/2016
Athena SpinCo Inc.*	11/14/2018	—	—	—	—
Athena MergerCo 1 Inc. *	11/14/2018	—	—	—	—
Athena MergerCo 2 Inc. *	11/14/2018	—	—	—	—
Athena MergerCo 3 LLC. *	11/14/2018	—	—	—	—
Athena MergerCo 4 LLC *	11/14/2018	—	—	—	—

* Companies established for the purpose of the agreement between the Partnership and DSS.

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.

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 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 voyage 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 Accounting Standards Update (“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.

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. Demurrage revenues are recognized starting from the point that is determined that the amount can be estimated and its collection is probable and on a straight line basis until the end of the voyage. 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.

Payment terms under voyage charters are disclosed in the relevant voyage charter agreements and generally have standard payment terms of 90% to 95% of the freight which is paid within three days after the completion of the vessel's loading.

Under ASC 606, receivables represent an entity's unconditional right to consideration, whether billed or unbilled.

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 (expense) / income" in the consolidated statements of comprehensive income / (loss).

(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 and financing arrangements, 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, 2020 and 2019 the respective write off amounted to \$174 and \$6, respectively.

(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, any material expenses incurred during 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). Certain subsequent expenditures for major improvements and regulatory requirements are also capitalized if it is determined that they appreciably extend the life, increase the earning capacity or improve the efficiency or safety of the vessels. 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, 2020 and 2019, 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, the estimated remaining useful life of the vessels and their estimated residual value. 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, 2020 and 2019.

(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 (Note 7).

(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 income / (loss). 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 March 2020, the Financial Standard Board issued ASU No. 2020-04, "Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting ("ASU 2020-04)". ASU 2020-04 provides temporary optional expedients and exceptions to the guidance in U.S. GAAP on contract modifications and hedge accounting to ease the financial reporting burdens related to expected market transition from LIBOR and other interbank offered rates to alternative reference rates. This ASU is effective for adoption at any time between March 12, 2020 and December 31, 2022. The Partnership is currently evaluating the impact of this adoption in its consolidated financial statements and related disclosures.

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 and 2018 were as follows:

Major items constituting net (loss) / income from discontinued operations

	2019*	2018
Revenues	\$ 46,172 *	\$ 161,659
Expenses		
Voyage expenses	12,655 *	37,202
Vessel operating expenses	15,506 *	68,406
General and administrative expenses	2,564 *	—
Vessel depreciation and amortization	9,630 *	40,276
Impairment of vessels	149,578 *	—
Interest expense and finance cost	3,174 *	8,433
Other (income) / expenses	(59) *	(165)
Net (loss) / income from discontinued operations	\$ (146,876) *	\$ 7,507

* represents activity for the period from January 1, 2019 to the date of the completion of the DSS Transaction on March 27, 2019.

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.

During 2019 the Partnership paid advances relating to the purchase of exhaust gas cleaning systems and ballast water treatment systems that would be installed to certain of its vessels that are part of Crude and Product tanker business, of \$1,110.

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, 2020, 2019 and 2018:

	For the years ended December 31,		
	2020	2019	2018
Time charters (operating leases)	\$ 137,893	\$ 108,374	\$ 107,923
Voyage charters	\$ 2,972	\$ —	\$ 9,672
Total	\$ 140,865	\$ 108,374	\$ 117,595

As of December 31, 2020, 13 of the Partnership's vessels were employed under time charter agreements with remaining tenor ranging between 0.4 and 5.3 years. Four of these time charter agreements include extensions in charterers' option that range between 0.6 to 2.0 years.

As of December 31, 2020 and 2019 prepayments and other assets include bunker expenses of \$80 and \$0, respectively, incurred between the contract date and the date of the vessel's arrival to the load port. As of December 31, 2020 and 2019 there was no unearned revenue related to undelivered performance obligations.

5. Transactions with Related Parties

In November 2020 and August 2019 the Partnership completed the process of changing the manager of its Capesize bulk carrier, M/V Cape Agamemnon and its then ten container vessels respectively, 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. In January, 2020 the Partnership acquired from CMTC the shares of the companies owning the M/V Athenian, the M/V Athos and the M/V Aristomenis (Note 6). Each of these three owning companies entered into a floating fee management agreement with Capital-Executive.

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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.

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, 2020, 2019 and 2018 management fees under the management agreements amounted to \$4,976, \$3,917 and \$4,221, respectively, and are included in “Vessel operating expenses – related parties” in the consolidated statements of comprehensive income / (loss).

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 income / (loss). 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, 2020, 2019 and 2018 such fees amounted to \$1,880, \$1,880 and \$1,688, respectively, and are included in “General and administrative expenses” in the consolidated statements of comprehensive income / (loss).

Balances and transactions with related parties consisted of the following:

Consolidated Balance Sheets	As of December 31, 2020	As of December 31, 2019
Liabilities:		
CSM – payments on behalf of the Partnership (a)	\$ 1,040	\$ 3,151
Management fee payable to CSM (b)	25	55
Capital-Executive – payments on behalf of the Partnership (a)	1,765	1,745
Management fee payable to Capital-Executive (b)	427	305
Due to related parties	\$ 3,257	\$ 5,256

Consolidated Statements of Comprehensive Income / (Loss)	2020	For the years ended December 31,		2018
		2019		
Revenues (c)	\$ —	\$ —		\$ 701
Vessel operating expenses	4,976	3,917		4,221
General and administrative expenses (d)	2,049	2,146		1,922

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(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, 2020 and 2019 represents the management fee payable to the Managers under the management agreements between the Partnership and the Managers.

(c) **Revenues:** During 2020 and 2019 no charter agreement with CMTC and its subsidiaries existed. 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.

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, net:

	Vessel Cost	Accumulated depreciation	Net book value
Balance as at January 1, 2019	\$ 728,923	\$(142,823)	\$ 586,100
Improvements	19,896	—	19,896
Depreciation for the year	—	(29,105)	(29,105)
Balance as at December 31, 2019	\$ 748,819	\$(171,928)	\$ 576,891
Vessel acquisitions	162,600	—	162,600
Improvements	11,601	—	11,601
Depreciation for the year	—	(38,895)	(38,895)
Balance as at December 31, 2020	\$ 923,020	(210,823)	712,197

All of the Partnership's vessels as of December 31, 2020 have been provided as collateral to secure the Partnership's credit facilities and financing arrangements (Note 8).

Vessel acquisitions

In January 2020, the Partnership entered into three separate Shares Purchase Agreements ("SPA") with CMTC for the acquisition of the shares of the companies owning the M/V Athenian, the M/V Athos and the M/V Aristomenis for a total consideration of \$162,600. The Partnership accounted for these acquisitions as acquisition of assets. The Partnership considered whether any value should be assigned to the attached charter party agreements acquired and concluded that the contracted daily charter rates were equal to the market rates on the acquisition date and therefore the total consideration was allocated to the vessels' cost.

Improvements

Cost for improvements during the years ended December 31, 2020 and 2019 include \$10,906 and \$19,297, respectively, relating to the installation of exhaust gas cleaning and ballast water treatment systems.

Vessel disposal

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 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.

7. Above market acquired charters

For the years ended December 31, 2020, 2019 and 2018 revenues were reduced by \$11,696, \$14,380 and \$14,380 respectively, 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, 2019	\$ 60,655
Amortization	\$(14,380)
Carrying amount as at December 31, 2019	\$ 46,275
Amortization	(11,696)
Carrying amount as at December 31, 2020	\$ 34,579

As of December 31, 2020, the remaining carrying amount of unamortized above market acquired time charters was \$34,579 and will be amortized in future years as follows:

For the year ending December 31,	Amount
2021	8,417
2022	8,371
2023	8,371
2024	8,326
2025	1,094
Total	\$ 34,579

8. Long-Term Debt

Long-term debt consists of the following credit facilities and sale and lease back agreements (the “financing arrangements”):

	As of December 31, 2020	As of December 31, 2019	Margin
Bank loans and Financing arrangements			
(i) Issued in September 2017 maturing in October 2023 (the “2017 credit facility”)	122,324	262,385	3.25%
(ii) Issued in January 2020 maturing in January 2025 (the “2020 credit facility”)	35,920	-	2.55%
(iii) Issued in January 2020 maturing in January 2025 (the “CMBFL financing arrangement”)	36,100	-	2.55%
(iv) Issued in January 2020 maturing in January 2025 (the “CMBFL financing arrangement”)	36,100	-	2.55%
(v) Issued in May 2020 maturing in May 2027 (the “ICBCFL financing arrangement”)	49,324	-	2.60%
(vi) Issued in May 2020 maturing in May 2027 (the “ICBCFL financing arrangement”)	50,570	-	2.60%
(vii) Issued in May 2020 maturing in May 2027 (the “ICBCFL financing arrangement”)	49,324	-	2.60%
Total long-term debt	\$ 379,662	\$ 262,385	
Less: Deferred loans and financing arrangements issuance costs	5,338	3,399	
Total long-term debt, net	\$ 374,324	\$ 258,986	
Less: Current portion of long-term debt	37,210	29,145	
Add: Current portion of deferred loans and financing arrangements issuance costs	1,400	2,148	
Long-term debt, net	\$ 338,514	\$ 231,989	

On January 17, 2020 the Partnership entered into a new term loan facility (ii) of up to \$38,500, for the purpose of partially financing the acquisition of the shares of the company owning the M/V Athenian (Note 6). 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%.

On January 20, 2020, the Partnership entered into two separate agreements (iii) and (iv), for the sale and lease back of the vessels M/V Athos and M/V Aristomenis (Note 6) with CMB Financial Leasing Co., Ltd. (“CMBFL”) for up to \$38,500 each. The lease agreements have a duration of five years, bear an interest at Libor plus a margin of 2.55% and include 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. The transaction was classified as a financing arrangement at the commencement of the lease since the existence of various purchase options retained by the Partnership commencing from the first year anniversary, including the option to acquire the vessel at expiration at predetermined price, precludes the transfer of control over the vessel to CMBFL for the transaction to qualify as sale.

On May 27, 2020 the Partnership drew down the total amount of \$155,350 pursuant to three separate agreements entered into in May 2020 with ICBC Financial Leasing Co., Ltd. (“ICBCFL”) (v), (vi) and (vii), for the sale and lease back of three vessels previously under the 2017 credit facility (the “Re-financing”), namely the M/V Akadimos, the CMA CGM Uruguay and the CMA CGM Magdalena, and fully repaid the then outstanding balance relating to these three vessels under the 2017 credit facility amounting to \$116,515. The leases have a duration of seven years, bear interest at Libor plus a margin of 2.60% and include mandatory purchase obligation for the Partnership to repurchase the vessels on expiration at the predetermined price of \$77,700 in total. The current portion of long-term debt, as of December 31, 2019 presented in the above table, has been adjusted to include the effect of the Re-financing with ICBCFL. The transaction was classified as a financing arrangement at the commencement of the lease since it includes the obligation to acquire the vessel at expiration at predetermined price which precludes the transfer of control over the vessel to ICBCFL for the transaction to qualify as sale.

In connection with the DSS Transaction (Note 1), the Partnership during 2019 prepaid an amount of \$89,298 under the 2017 credit facility and fully repaid all amounts outstanding under the 2015 credit facility and the Aristaos credit facility. The aggregate amounts repaid were \$146,517 plus accrued interest and breakage costs. The Partnership presents 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).

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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 was payable in 19 equal quarterly installments of \$7,703 beginning in April 2019 in addition to a balloon installment of \$139,130, payable together with the final quarterly installment in the fourth quarter of 2023. Following the repayment and the Re-financing with ICBFL in May 2020, as described above, the 2017 credit facility is payable in 14 equal quarterly installments of \$4,069 starting in July 2020 in addition to a balloon installment of \$73,493 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, 2020 and 2019 the Partnership repaid the amount of \$37,058 and \$32,733, respectively, in line with the amortization schedule of its credit facilities and financing arrangements.

The Partnership's credit facilities and financing arrangements contain 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 Partnership's credit facilities and financing arrangements also contain a collateral maintenance requirement under which the aggregate fair market value of the collateral vessels should not be less than 125% of the outstanding amounts under the 2017 credit facility, the ICBCFL financing arrangement and the 2020 credit facility, and 120% of the outstanding amount under the CMBFL financing arrangements. 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, 2020 and 2019 the Partnership was in compliance with all financial covenants.

The credit facilities and financing arrangements include a general assignment of the earnings, insurances and requisition compensation of the respective collateral vessel or vessels. They also require additional security, such as pledge and charge on current accounts and mortgage interest insurance.

As of December 31, 2020, there were no undrawn amounts under the Partnership's credit facilities and financing arrangements.

For the years ended December 31, 2020, 2019 and 2018, the Partnership recorded interest expense from continuing operations of \$13,761, \$15,836 and \$17,422 respectively, which is included in "Interest expense and finance cost" in the consolidated statements of comprehensive income / (loss). For the years ended December 31, 2020, 2019 and 2018 the weighted average interest on the Partnership's long term debt was 3.6%, 5.7% and 5.4% respectively.

The required annual payments to be made subsequently to December 31, 2020 are as follows:

For the year ending December 31,	Amount
2021	37,210
2022	37,210
2023	110,703
2024	20,933
2025	79,853
Thereafter	93,753
Total	379,662

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 loans 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 loans are similar to those that could be procured as of December 31, 2020. 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.

10. Accrued Liabilities

Accrued liabilities consist of the following:

	2020	As of December 31,	
		2019	
Accrued loan interest and loan fees	\$ 1,817	\$ 3,403	
Accrued operating expenses	4,953	5,339	
Accrued capitalized expenses	1,350	4,263	
Accrued voyage expenses and commissions	1,577	1,356	
Accrued general and administrative expenses	992	1,795	
Total	\$ 10,689	\$ 16,156	

11. Voyage Expenses and Vessel Operating Expenses

Voyage expenses and vessel operating expenses consist of the following:

	For the years ended December 31,		
	2020	2019	2018
Voyage expenses:			
Commissions	\$ 2,809	\$ 1,952	\$ 2,171
Bunkers	1,349	89	4,360
Port expenses	624	4	2,217
Other	1,519	885	365
Total	\$ 6,301	\$ 2,930	\$ 9,113
Vessel operating expenses:			
Crew costs and related costs	\$ 16,624	\$ 13,375	\$ 14,794
Insurance expense	2,388	1,796	2,112
Spares, repairs, maintenance and other expenses	8,836	5,001	4,396
Stores and lubricants	4,593	3,251	3,451
Management fees (Note 5)	4,976	3,917	4,221
Other operating expenses	1,304	3,209	1,674
Total	\$ 38,721	\$ 30,549	\$ 30,648

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 income / (loss).

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, 2020, 2019 and 2018 and the vessel-owning subsidiaries are exempt from United States federal income taxation with respect to U.S.-source shipping income.

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 1.84% 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, CGP 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.

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.

Common Units

During 2020, the Partnership issued the 445,000 units awarded in 2019 under its Omnibus Incentive Compensation Plan (Note 14).

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.

As of December 31, 2020 and 2019 our partners' capital included the following units:

	As of December 31, 2020	As of December 31, 2019
Common units	18,623,100	18,178,100
General partner units	348,570	348,570
Total partnership units	18,971,670	18,526,670

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.

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, 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.

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There were no forfeitures of awards during the year ended December 31, 2020 and 2019. The Partnership estimates the forfeitures of unvested units to be immaterial. The Partnership will, however, re-evaluate the reasonableness of its assumption at each reporting period. As of December 31, 2020 the unvested units accrued \$372 of distributions.

For the years ended December 31, 2020, 2019 and 2018 the equity compensation expense included in "General and administrative expenses" in the consolidated statements of comprehensive income / (loss) was \$2,049, \$907 and \$613, respectively. As of December 31, 2020 the total compensation cost related to non-vested awards was \$2,043 and is expected to be recognized over the next year. As of December 31, 2020 the fair value of the vested common units was \$261 based on a price of \$8.12 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:

Unvested Units	Equity compensation plan	
	Units	Amount
Unvested on January 1, 2019	-	\$ -
Granted	445,000	\$ 4,997
Vested	(16,042)	(180)
Unvested on December 31, 2019	428,958	\$ 4,817
Vested	(16,042)	(180)
Unvested on December 31, 2020	412,916	\$ 4,637

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, as they were anti-dilutive.

For the years ended December 31, 2020 and 2019, the Partnership excluded the effect of 412,916 and 428,958, respectively, unvested units under the omnibus incentive compensation plan in calculating dilutive EPU for its common unit holders as they were anti-dilutive. For the year ended December 31, 2018 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 vessel's impairment charge, as this was not distributed to the Partnership's unit holders for the year ended December 31, 2018, the Partnership's net income for the years ended December 31, 2020, 2019 and 2018 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.

The two class method used to calculate EPU from continuing operations is as follows:

BASIC AND DILUTED	2020	2019	2018
Numerators			
Partnership's net income / (loss) from continuing operations	\$ 30,367	\$ 24,421	\$ (7,611)
Less:			
Preferred unit holders' interest in Partnership's net income from continuing operations	-	2,652	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	558	236	(352)
Partnership's net income / (loss) from continuing operations allocable to unvested units	685	130	(103)
Common unit holders' interest in Partnership's net income / (loss) from continuing operations	\$ 29,124	\$ 12,284	\$ (18,257)
Denominators			
Weighted average number of common units outstanding, basic and diluted	18,194,186	18,178,144	18,100,455
Net income / (loss) from continuing operations per common unit:			
Basic and Diluted	\$ 1.60	\$ 0.68	\$ (1.01)

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.

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Akadimos (ex CMA CGM Amazon) settlement

On 4 September 2019, one of the Partnership's subsidiaries reached a settlement with the U.S. Department of Justice ("DOJ") regarding the M/V Akadimos for unknown and unreported failure of shipboard staff to maintain an accurate Oil Record Book.

Under the terms of the agreement, the subsidiary pled guilty to the unknown and unreported failure of shipboard staff to maintain an accurate Oil Record Book with respect to the M/V Akadimos. The subsidiary paid a fine of \$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. In accordance with the terms of the agreement, the subsidiary has implemented an environmental compliance plan and has strictly adhered to the terms of the agreement. The Probation period will come to an end in March 2022.

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, 2020 were:

Year ending December 31,	Amount
2021	129,629
2022	113,766
2023	108,807
2024	93,330
2025	37,765
Thereafter	7,357
Total	490,654

17. Subsequent Events

(a) **Dividends:** On January 21, 2021, the board of directors of the Partnership declared a cash distribution of \$0.10 per common unit for the fourth quarter of 2020. The fourth quarter common unit cash distribution paid on February 10, 2021, to unit holders of record on February 2, 2021.

(b) **Vessels acquisitions :** On February 25, 2021, the Partnership acquired from CMTC three 5,089 TEU sister container vessels, namely the M/V Seattle Express, M/V Long Beach Express and M/V Fos Express, all built in 2008 at Hanjin Heavy Industries S. Korea, for a total consideration of \$40,500. The vessels are employed under five year charters to HAPAG at a gross charter rate for \$12,300 per day. The Partnership accounted for these acquisitions as acquisition of assets as the fair values of the vessels and the time charters attached are concentrated in a single identifiable asset. The Partnership funded the acquisition of the three vessels through a sale and lease back transaction with CMBFL for an amount of \$30,030 and the remaining amount through available cash. The lease has duration of five years and will be repaid in 20 equal consecutive quarterly installments of \$826 including a purchase option for the Partnership to acquire each vessel on expiration of the lease at the predetermined price of \$4,505. In addition, the Partnership has various purchase options commencing from the first year anniversary of the lease. The sale and lease back arrangement bears interest at a rate of LIBOR plus 2.85%. Furthermore the Partnership entered into a sellers' credit agreement with CMTC to defer \$6,000 of the purchase price for up to five years from the delivery of the vessels (the "Sellers' Credit"). The Sellers' Credit bears interest at a fixed rate of 5.0% per year.

(c) **Repurchase agreement:** On January 25, 2021, the Partnership's Board of Directors approved a unit repurchase program, providing the Partnership with authorization to repurchase up to \$30,000 of the Partnership's common units, effective for a period of two years. The Partnership may repurchase these units in the open market or in privately negotiated transactions, at times and prices that are considered to be appropriate by the Partnership.

(d) **Vessel disposals:** On April 7, 2021, the Partnership entered into a memorandum of agreement for the sale of the M/V CMA CGM Magdalena and the M/V Adonis to an unaffiliated third party for a total consideration of \$195,000. Delivery of the M/V 'CMA CGM Magdalena' and the M/V Adonis to their buyer is expected in May and July/August 2021, respectively.

**DESCRIPTION OF SECURITIES
REGISTERED UNDER SECTION 12 OF THE EXCHANGE ACT**

As of December 31, 2020 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, 2020 (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, 2020, 18,623,100 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 directly in, or enter into or form any corporation, partnership, joint venture, limited liability company or other arrangement to engage indirectly in, any business activity that may lawfully be conducted 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 units	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;
- (5) 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 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 by 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.

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;
- grants the powers of attorney set forth in the 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

SELLER'S CREDIT AGREEMENT

**Capital Maritime & Trading Corp.
as Seller**

**Capital Product Partners L.P.
as Buyer**

US\$ 6,000,000.00 (United States Dollars Six Million)

This Seller's Credit Agreement (this "**Agreement**") is dated 27 January 2021 and made between

- (1) **Capital Maritime & Trading Corp.**, a corporation incorporated in the Marshall Islands whose registered office is at Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, Marshall Islands (the "**Seller**"); and
- (2) **Capital Product Partners L.P.**, a limited partnership incorporated in the Marshall Islands whose registered office is at Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, Marshall Islands, (the "**Buyer**").

WHEREAS

- (A) The Seller owns
 - (i) One Hundred (100) issued and outstanding registered shares, without par value (the "**Neos Shares**"), of NEOS CONTAINER CARRIERS CORP., a Marshall Islands corporation (the "**Neos Subsidiary**"), representing all of the issued and outstanding shares of capital stock of the Neos Subsidiary and the Neos Subsidiary is the registered owner of the Liberian flagged container carrier "Long Beach Express" (the "**Neos Vessel**");
 - (ii) One Hundred (100) issued and outstanding registered shares, without par value (the "**Filos Shares**"), of FILOS CONTAINER CARRIERS CORP., a Marshall Islands corporation (the "**Filos Subsidiary**"), representing all of the issued and outstanding shares of capital stock of the Filos Subsidiary and the Filos Subsidiary is the registered owner of the Liberian flagged container carrier "Fos Express" (the "**Filos Vessel**"); and
 - (iii) One Hundred (100) issued and outstanding registered shares, without par value (the "**Maistros Shares**" and together with Neos Shares and Filos Shares the "**Shares**"), of NEOS CONTAINER CARRIERS CORP., a Marshall Islands corporation (the "**Maistros Subsidiary**" and together with Neos Subsidiary and Filos Subsidiary the "**Subsidiaries**"), representing all of the issued and outstanding shares of capital stock of the Maistros Subsidiary and the Maistros Subsidiary is the registered owner of the Liberian flagged container carrier "Seattle Express" (the "**Maistros Vessel**" and together with Neos Vessel and Filos Vessel the "**Vessels**");
- (B) The Buyer has agreed to purchase 100% of the Shares and therefore each Subsidiary and each of the Vessels under separate Share Purchase Agreements entered or to be entered between Seller and Buyer (each an "**SPA**");
- (C) The Seller and the Buyer hereby agree that the payment of an amount of **US\$ 6,000,000.00 (United States Dollars Six Million)** of the total purchase price for all Shares under the SPAs shall be deferred, by way of a credit granted by the Seller to the Buyer (the "**Seller's Credit**"), with such deferred amounts to be repaid in accordance with the terms of this Agreement.

1 Purpose

This Agreement sets out the terms and conditions upon which the Seller will grant the Buyer credit in an amount equal to the Seller's Credit in connection with the purchase by the Buyer of the Vessels from the Seller.

2 Interpretation

In this Agreement, the following words and expressions shall have the meaning set opposite them below, and words importing the singular shall (unless the contrary intention appears) include the plural and vice versa:

"Seller's Credit"	an amount of US\$ 6,000,000.00 (United States Dollars Six Million) of the purchase price payable under the SPAs representing a credit granted by the Seller to the Buyer, the payment of which shall be deferred in accordance with the terms of this Agreement.
"Banking Day"	a day on which banks are open for the transaction of business in the country of the currency stipulated and of the nature required by this Agreement in Greece, Germany and New York.
"Delivery Date"	the date on which the Shares are actually transferred by the Seller to the Buyer pursuant to the SPAs as may be supplemented or amended from time to time.
"Event of Default"	any of the events or circumstances described in Clause 6.1.
"Security"	a mortgage, pledge, lien, charge, assignment, hypothecation or security interest or any other agreement or arrangement having the effect of conferring security.

3 Drawdown and Adjustments

The Seller's Credit shall be deemed to have been drawn by the Buyer on the Delivery Date by virtue of the commercial invoice signed between the Seller and Buyer.

4 Payment and Prepayment

- 4.1 The Buyer shall be entitled to prepay the Seller's Credit in whole or in part at any time without penalty, by giving the Seller not less than 3 Banking Days' irrevocable notice.
- 4.2 The Buyer shall repay the Seller's Credit (net of any fees, taxes and charges) latest five (5) years after the Delivery Date.

5 Interest

- 5.1 The Seller's Credit amount outstanding shall bear interest at a rate of five per cent (5%) per annum payable quarterly in arrears commencing on the date falling three months after the Delivery Date. Interest 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.

6 EVENTS OF DEFAULT

6.1 There shall be an Event of Default if

- (a) the Buyer fails to pay any amount when due hereunder;
 - (b) the Buyer:
 - (i) is unable or admits inability to pay its debts as they fall due; or
 - (ii) is deemed to, or is declared to, be unable to pay its debts under applicable law;
 - (c) any indebtedness of the Buyer in an amount in excess of **US\$ 5,000,000.00 (United States Dollars Five Million)** is not paid when due or becomes due and payable prior to the date when it would otherwise have become due or any creditor becomes entitled to declare any such indebtedness due and payable;
 - (d) The value of the assets of the Buyer is less than its liabilities (taking into account contingent, prospective or threatened claims and liabilities); or
 - (e) A moratorium is declared in respect of any indebtedness of the Buyer in excess of **US\$ 5,000,000.00 (United States Dollars Five Million)**. If a moratorium occurs, the ending of the moratorium will not remedy any event of default caused by that moratorium under this Agreement.
- 6.2 Upon any occurrence of an Event of Default the Seller shall be entitled to declare by written notice to the Buyer that unless the Event of Default is remedied within three (3) Banking Days the Seller's Credit has become due and payable whereupon the same shall immediately or in accordance with such notice become due.
- 6.3 On and at any time after the occurrence of an Event of Default the Seller may take any action which, as a result of the Event of Default, the Seller is entitled to take under this Agreement, or any applicable law or regulation.

7 Arrangement Fee

The Buyer shall pay the Seller an Arrangement Fee of **US\$ 50,000 (United States Dollars fifty thousand)** on drawdown.

8 Miscellaneous

- 8.1 If at any time any provisions of this Agreement are or become illegal, invalid or unenforceable in any respect, under the law of any jurisdiction, neither the legality, validity nor enforceability of the remaining provisions (as amended or supplemented) shall in any way be affected or impaired thereby.
- 8.2 No delay or failure by either party in exercising any right or remedy shall be construed or take effect as a waiver or release of that right or remedy, and either party shall always be entitled to exercise all its remedies unless it shall have expressly waived them in writing.

9 Assignments

None of the parties may assign any of their rights or obligations under this Agreement without the prior written consent of the other party.

10 Notices

Except as otherwise provided for in this Agreement, all notices or other communications under or in respect of this Agreement to any party hereto shall be in writing and shall be made or given to such party at the address or e-mail address appearing below, or at such other place as such party may hereafter specify for such purpose;

- (i) in the case of the Buyer:

c/o Jerry Kalogiratos
Chief Executive Officer
Capital Product Partners L.P.
3 Iasonos Street
185 37 Piraeus
Greece
Tel. +30 210 4584 950
Mob. +30 6948 756 738
E-mail: j.kalogiratos@capitalmaritime.com

- (ii) in the case of the Seller:

c/o Vangelis G. Bairactaris
Bairactaris & Partners
130, Kolokotroni str.,
185 36 - Piraeus, Greece
Tel.: +30 210 4284 608
Fax: +30 210 4284 626/7
E-mail: vbairactaris@bairactaris.com

A notice or other communication received on a non-working day or after business hours in the place of receipt shall be deemed to be served on the next following working day in such place. Subject always to the foregoing sentence, any communication by personal delivery or letter shall be deemed to be received on delivery.

All communications and documents delivered pursuant to or otherwise relating to this Agreement shall be either in English or accompanied by a certified translation into English.

11 Counterparts

This Agreement may be executed in counterparts and all such counterparts taken together shall be deemed to constitute one and the same document.

12 Third Party Rights

Unless the right of enforcement is expressly granted, 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 terms of this Agreement.

The parties may rescind or vary this Agreement without the consent of a third party to whom an express right to enforce any of its terms has been provided.

13 Law and jurisdiction

- 13.1 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 and any dispute arising out of or in connection with this Agreement shall be referred to arbitration in London in accordance with the Arbitration Act 1996 or any statutory modification or re-enactment thereof for the time being in force. The arbitration shall be conducted in accordance with the London Maritime Arbitrators Association (LMAA) Terms then in force. The reference shall be to three arbitrators. A party wishing to refer a dispute to arbitration shall appoint its arbitrator and send notice of such appointment in writing to the other party requiring the other party to appoint its arbitrator within 14 calendar days of that notice and stating that it will appoint its arbitrator as sole arbitrator unless the other party appoints its own arbitrator and gives notice that it has done so

within the 14 day specified. If the other party does not appoint its own arbitrator and give notice that it has done so within the 14 days specified the party referring a dispute to arbitration may, without the requirement of any further prior notice to the other party, appoint its arbitrator as sole arbitrator and shall advise the other party accordingly. The award of a sole arbitrator shall be binding on both parties as if he had been appointed by agreement.

In cases where neither the claim nor any counterclaim exceeds the sum of **US\$100,000 (United States Dollars One Hundred Thousand)** the arbitration shall be conducted in accordance with the LMAA Small Claims Procedure current at the time when the arbitration proceedings are commenced.

The arbitration proceedings and awards shall be kept confidential.

IN WITNESS HEREOF the parties have duly signed and executed this Agreement on the day and year first above written.

SELLER

for and on behalf of **Capital Maritime & Trading Corp.**

Name: Gerasimos Kalogiratos
Title: Director/Chief Financial Officer

BUYER

for and on behalf of **Capital Product Partners L.P.**

Name: Gerasimos Kalogiratos
Title: Director/Chief Executive Officer

Certain identified information has been excluded from this exhibit because it is both (i) not material and (ii) is the type that the registrant treats as private or confidential. [*****] indicates that information has been redacted.

MEMORANDUM OF AGREEMENT

- 1 Dated: 7th April 2021
- 2 **Poseidon Container Carrier S.A. of Trust Company Complex, Ajeltake Road, Ajeltake Islands, Majuro, Marshall Islands** (Name of sellers), hereinafter called the "Sellers", have agreed to sell, and
- 3 [*****] whose performance hereunder is hereby irrevocably and unconditionally guaranteed, as primary obligor and note merely as surety, by [*****] (Name of buyers), hereinafter called the "Buyers", have agreed to buy:
- 4 Name of vessel: **m/v ADONIS (ex CMA CGM Uruguay)**
- 5 IMO Number: **9706310**
- 6 Classification Society: **Lloyd's Register**
- 7 Class Notation: **+100A1 CONTAINER SHIP, SHIPRIGHT(SDA, FDA PLUS(25, WW), CM, ACS(B)), *IWS, LI, ECO(BWT, EEDI, IHM), BOXMAX(V,W). +LMC, UMS, NAVI**
Descriptive Notes SHIPRIGHT SERS, SHIPRIGHT BWMP (T), SHIPRIGHT SCM
- 8 Year of Build: **2015**_ Builder/Yard: **Daewoo-Mangalia, Romania**
- 9 Flag: **Malta** Place of Registration: **La Valetta** GT/NT: **96424/59714**
- 10 hereinafter called the "Vessel", on the following terms and conditions:
- 11 **Definitions**
- 12 "Banking Days" are days on which banks are open both in the country of the currency stipulated for
- 13 the Purchase Price in Clause 1, (Purchase Price) and in the place of closing stipulated in Clause 8
- 14 (Documentation), **London, Hamburg, Liberia, Malta, Portugal and Geneva.** (add additional
Jurisdictions as appropriate).
- 15 "Buyers' Nominated Flag...state" means **either Malta (if Novation Agreement) or Madeira (if free of charter)** (state flag state).
- 16 "Class" means the class notation referred to above.
- 17 "Classification Society" means the Society referred to above.
- Charterers: means ZIM Integrated Shipping Services Ltd.**
- 18 "Deposit" shall have the meaning given in Clause 2 (Deposit)
- 19 **"Escrow Agent" means a UK law firm with its London or any Far East office nominated by Sellers, who shall hold the Deposit (and if requested by the Sellers the Balance Funds) in the names of the Parties, and who shall release same in accordance with and pursuant to the terms of an escrow agreement to be entered into between themselves (acting as escrow agent), the Sellers and the Buyers (the "Escrow Agreement"). The Parties agree that HFW, WFW, Hill Dickinson and Ince & Co are deemed acceptable.**
- 20 "Deposit Holder" means (state name and location of Deposit Holder) or, if left blank, the Sellers' Bank, which shall hold and release the Deposit in accordance with this Agreement.
- "First MOA" means the memorandum of agreement to be entered between Sellers as buyer and HAI KUO SHIPPING 1989C LIMITED, of Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong (registered owner) being the current registered owner of the Vessel (the "First Sellers") as seller.**
- "First MOA Payment" has the meaning given to it in Clause 3.**
- "First PoDA" means the protocol of delivery and acceptance for the Vessel under the First MOA.**
- 21 "In writing" or "written" means a letter handed over from the Sellers to the Buyers or vice versa, a
- 22 registered letter, e-mail or telefax.
- "MOA PoDA" means the protocol of delivery and acceptance for the Vessel between the Sellers and the Buyers as per Clause 8.**
- 23 "Parties" means the Sellers and the Buyers.
- 24 "Purchase Price" means the price for the Vessel as stated in Clause 1 (Purchase Price).
- 25 "Sellers' Account" means **the account or accounts to be notified by the Sellers to the Buyers for receipt of the Purchase Price.** (state details of bank account) at the Sellers' Bank.
- 26 "Sellers' Bank" means **the bank or banks to be** (state name of bank, branch and details) or, if left blank, the bank notified by the Sellers to the Buyers for receipt of the balance of the Purchase Price.
- 27 **"Time Charter" means [*****]**
- 28 **1. Purchase Price**
- 29 The Purchase Price is **US\$ 96,000,000.- {United States Dollars ninety six million}** (state currency and amount both in words and figures).
- 30 **2. Deposit.**
- 31 As security for the correct fulfillment of this Agreement the Buyers shall lodge a deposit of
- 32 ~~4%~~ (per cent) or, if left blank, 10% (ten per cent), of the Purchase Price (the
- 33 "Deposit") in an interest-bearing account for the Parties with the **Escrow Agent** Deposit Holder within three (3)
- 34 Banking Days after the date that:
- 35 (i) this Agreement has been signed by the Parties and exchanged in original or by e-mail or
- 36 telefax; and
- (ii) **the Escrow Agreement has been signed by the Parties and the Escrow Agent and changed by e-mail or telefax; and**
- 37 (iii) the **Escrow Agent** Deposit Holder has confirmed in writing to the Parties that the account has been
- 38 opened.

39 The Deposit shall be released in accordance with joint written instructions of the Parties.
40 Interest, if any, shall be credited to the Buyers. Any fee charged for holding and releasing the
41 Deposit shall be borne equally by the Parties. The Parties shall provide to the **Escrow Agent**
42 ~~Deposit Holder~~
all necessary documentation to open and maintain the account without delay.

43 3. Payment

(A) At the time of delivery of the Vessel to the Buyers under this Agreement (which shall occur immediately after the delivery of the Vessel by the First Sellers to the Sellers as buyers under the First MOA) but not later than three (3) Banking Days after the date that Notice of Readiness has been given in accordance with Clause 5 (time and Place of delivery and notices):

(i) the Deposit shall be released to the Sellers; and

(ii) the balance of the Purchase Price and all other sums payable on delivery by the Buyers to the Sellers under this Agreement (the "Balance Funds") shall be paid or released (as the case may be) in accordance with the provisions of Clause 3.

(B) All amounts due and payable by the Buyers under this Agreement shall be paid free of bank charges.

(C) Two (2) Banking Days prior to the anticipated delivery date of the Vessel (as notified in writing by Sellers to the Buyers in accordance with Clause 5 (Notices, time and place of delivery)), the Buyers shall lodge an amount equivalent to the Balance Funds (which shall remain at the orders of the Buyers or its financiers until delivery) at Sellers' option as per below alternatives to be advised by Sellers to Buyers not later than five (5) Banking Days prior to delivery:

(i) Option A: by way of one conditional payment order MT199 bank transfer ("MT199") to be held to the Buyers' (or their financiers) order:

(a) to the bank or an escrow agent related to the First Sellers any part of the Balance Funds due to the First Sellers under the First MOA (the "First MOA Payment"), with an instruction that the amount so remitted shall be payable and released to the First Sellers only against presentation by the First Sellers to their bank or escrow agent of (i) a pdf/copy of the timed and dated First PoDA

and (ii) a pdf/copy of the timed and dated MOA PoDA duly executed by the authorized signatories of the Sellers and the Buyers, as identified in the MT199 and any release instructions as may be required to an escrow agent; and

(b) any part of the Balance Funds not remitted as (a) above to the bank or an escrow agent of the First Sellers and to be paid to the Sellers under this Agreement as may be adjusted in accordance with this Agreement (the "Sellers' Portion") in an escrow account held with the Escrow Agent in accordance with and pursuant to the Escrow Agreement to be held in the sole name of the Buyers and to be released in favour of the Sellers to Sellers' Account and remitted by the Escrow Agent on closing to the Sellers to Sellers' Account (together with the Deposit) ,

The MT199 shall provide that if the pre-positioned funds are not released within the period of five

(5) Banking Days from the date of receipt by the First Sellers bank the funds shall immediately be returned to the Buyers -Interest (if any) accrued shall be/or the Buyers' account.

(ii) Option B: in an escrow account held with an Escrow Agent in accordance with and pursuant to the Escrow Agreement to be held in the sole name and order of the Buyers and to be released in favour of the Sellers to Sellers' Account as regards the Sellers' Portion (together with the Deposit) and to Sellers' order in favour of the First Sellers and remitted by the Escrow Agent upon delivery of the Vessel

(D) Any cost related to the payment under this Clause 3 (irrespective of whether Option 1 or 2 is selected) shall be shared equally between the Buyers and Sellers.

44 On delivery of the Vessel, but not later than three (3) Banking Days after the date that Notice of
45 Readiness has been given in accordance with Clause 5 (Time and place of delivery and
46 notices):

47 (i) the Deposit shall be released to the Sellers; and

48 (ii) the balance of the Purchase Price and all other sums payable on delivery by the Buyers
49 to the Sellers under this Agreement shall be paid in full free of bank charges to the
50 Sellers' Account.

51 4. Inspection

52 ~~(a) The Buyers have inspected and accepted the Vessel's classification records. The Buyers have~~
~~waived their right to inspect the Vessel and have~~
53 ~~have also inspected the Vessel at/in _____ (state place) on _____ (state date) and have~~
54 ~~accepted the Vessel following this inspection and therefore the sale is outright and definite, subject~~
55 ~~only~~
~~to the terms and conditions of this Agreement.~~

56 ~~(b) The Buyers shall have the right to inspect the Vessel's classification records and declare~~
57 ~~whether same are accepted or not within _____ (state date/period).~~

58 ~~The Sellers shall make the Vessel available for inspection at/in _____ (state place/range) within~~
59 ~~_____ (state date/period).~~

60 ~~The Buyers shall undertake the inspection without undue delay to the Vessel. Should the~~
61 ~~Buyers cause undue delay they shall compensate the Sellers for the losses thereby incurred.~~

62 ~~The Buyers shall inspect the Vessel without opening up and without cost to the Sellers.~~

63 ~~During the inspection, the Vessel's deck and engine log books shall be made available for~~
64 ~~examination by the Buyers.~~

65 ~~The sale shall become outright and definite, subject only to the terms and conditions of this~~
66 ~~Agreement, provided that the Sellers receive written notice of acceptance of the Vessel from~~
67 ~~the Buyers within seventy two (72) hours after completion of such inspection or after the~~
68 ~~date/last day of the period stated in Line 59, whichever is earlier.~~

69 ~~Should the Buyers fail to undertake the inspection as scheduled and/or notice of acceptance of~~
70 ~~the Vessel's classification records and/or of the Vessel not be received by the Sellers as~~
71 ~~aforsaid, the Deposit together with interest earned, if any, shall be released immediately to the~~
72 ~~Buyers, whereafter this Agreement shall be null and void.~~

73 ~~*4(a) and 4(b) are alternatives; delete whichever is not applicable. In the absence of deletions,~~
74 ~~alternative 4(a) shall apply.~~

75 5. Time and place of delivery and notices

76 (a) The Vessel shall be delivered and taken over safely afloat at a safe and accessible berth or
77 anchorage at/in **within the Vessel's trading area as per the Time Charter (state place/range)** in
the Sellers' option.

78 Notice of Readiness shall not be tendered before: **15th July 2021 in the Sellers' option** ~~(date)~~

79 Cancelling Date (see Clauses 5(c), 6 (a)(i), 6(a) (iii), ~~and 14 and 19~~): **31st August 2021 in Buyers'**
option

(i) Subject always to subparagraph (ii), if at any time prior to tendering Notice of Readiness for delivery the position at the intended place of delivery has changed such that the Sellers would not be able to comply with their obligations under this Agreement were the Vessel to be delivered at such place due to Covid19 local restrictions, the Sellers shall be entitled to nominate another place of delivery within the range specified in Clause 5 of this Agreement where the Buyers are able to embark their crew acceptable to Buyers whose acceptance shall be given within one (1) Banking Day and shall not be unreasonably withheld or conditioned and

which shall have due regard to mitigating additional costs for the Sellers and minimising disruption to the Charterer's service and use of the Vessel ("Alternative Place of Delivery"). In such event, the Cancelling Date shall be extended by the time taken to agree on Alternative Place of Delivery and for the Vessel to move from her location at the time of the new nomination until she arrives at the Alternative Place of Delivery.

(ii) Notwithstanding anything to the contrary in sub-paragraph (i) above, in the event that either the Sellers or the Vessel at the place of delivery (whether it be the original intended place of delivery or the Alternative Place of Delivery) are subject to a quarantine (but thereafter can perform / comply with their obligations under this Agreement) then the Sellers shall have the option of delivering the Vessel at such place after the expiry of the relevant quarantine period and the Cancelling Date shall be extended by such period.

Any additional expenses, including but not limited to additional bunkers consumed, harbour dues, screening, cleaning, fumigating and/or quarantining the Vessel and its crew (together the "Relocation Expenses") arising directly or indirectly from a delay in the performance of the obligations of either party under this Agreement as a result of delays/restrictions/measures arising due to Covid-19 or proceeding to an Alternative Place of Delivery instead of the place of delivery originally nominated in accordance with Clause 5 shall be shared on a 50/50 basis, against presentation of reasonable supporting documentation Payment under this Clause shall be made at the same time and place and in the same currency as the Purchase Price:

In the event that it is not possible to deliver the Vessel within the range of delivery places set out in Clause 5(a) of this Agreement, the Sellers and the Buyers shall use their best endeavours, acting in good faith, to find another place at which delivery can be given and the Buyers shall not be entitled to exercise any right of cancellation under this Agreement until such time as it is clear that no agreement can be reached.

80 (b) The Sellers shall keep the Buyers well informed of the Vessel's itinerary and shall
81 provide the Buyers with **thirty (30)**, twenty (20), ten (10), five (5) and three (3) days'
82 approximate notice and one (1) day definite notice of the date the
83 Sellers intend to tender Notice of Readiness and of the intended place of delivery.

83 When the Vessel is at the place of delivery and physically ready for delivery in accordance with
84 this Agreement, the Sellers shall give the Buyers a written Notice of Readiness for delivery.

85 (c) If the Sellers anticipate that, notwithstanding the exercise of due diligence by them, the
86 Vessel will not be ready for delivery by the Cancelling Date they may notify the Buyers in writing
87 stating the date when they anticipate that the Vessel will be ready for delivery and proposing a
88 new Cancelling Date. Upon receipt of such notification the Buyers shall have the option of
89 either cancelling this Agreement in accordance with Clause 14 (Sellers' Default) within **one (1)**
90 ~~three (3)~~
91 Banking Days of receipt of the notice or of accepting the new date as the new Cancelling Date.
92 If the Buyers have not declared their option within **one (1)** ~~three (3)~~ Banking Days of receipt of the
93 Sellers' notification or if the Buyers accept the new date, the date proposed in the Sellers'
94 notification shall be deemed to be the new Cancelling Date and shall be substituted for the
95 Cancelling Date stipulated in line 79.

95 If this agreement is maintained with the new Cancelling Date all other terms and conditions
96 hereof including those contained in Clauses 5(b) and 5(d) shall remain unaltered and in full
97 force and effect.

98 (d) Cancellation, failure to cancel or acceptance of the new Cancelling Date shall be entirely
99 without prejudice to any claim for damages the Buyers may have under Clause 14 (Sellers'
100 Default) for the Vessel not being ready by the original Cancelling Date.

101 (e) Should the Vessel become an actual, constructive or compromised total loss before delivery
102 the Deposit together with interest earned, if any, shall be released immediately to the Buyers
103 whereafter this Agreement shall be null and void.

104 6. Divers Inspection/ Drydocking

105 (a)*

106 (i) The Buyers **herewith declare** ~~shall have~~ the option at their cost and expense to arrange for
107 an underwater
108 inspection by a diver approved by the Classification Society prior to the delivery of the
109 Vessel. **The underwater inspection may take place at a port/place prior to arrival at the**
110 **place of delivery and shall be organised and arranged by the Sellers and paid for by the**
111 **Buyers (in such event, the Sellers shall provide the Buyers on delivery with a letter of**
112 **undertaking that to the best of Sellers knowledge and belief the Vessel has not touched**
113 **bottom or grounded from the time of said inspection until delivery). Such option shall be**
114 ~~declared latest nine (9) days prior to the Vessel's intended~~
115 ~~date of readiness for delivery as notified by the Sellers pursuant to Clause 5(b) of this~~
116 ~~Agreement.~~ The Sellers shall at their cost and expense make the Vessel available for
117 such inspection. This inspection shall be carried out without undue delay and in the
118 presence of a Classification Society surveyor arranged for by the Sellers and paid for by
119 the Buyers **at the time of closing**. The Buyers' representative shall have the right to be
120 present at the diver's
121 inspection as observer(s) only without interfering with the work or decisions of the
122 Classification Society surveyor. The extent of the inspection, -and the conditions under
123 which it is performed shall be to the satisfaction of the Classification Society. If the
124 **underwater inspection is scheduled for the place of delivery but the** conditions at the
125 **place of delivery are unsuitable for such inspection (other than for any reason set out in**
126 **Clause 5 (b), in which case the provisions of Clause 5 (b) will apply),** the Sellers shall at
127 their cost and expense make the Vessel available at a suitable alternative place near to
128 the delivery port, in which event the Cancelling Date shall be extended by the additional
129 time required for such positioning and the subsequent re-positioning **unless otherwise**
130 **mutually agreed**. The Sellers may
131 not tender Notice of Readiness prior to completion of the underwater inspection.

122 (ii) If the rudder, propeller, bottom or other underwater parts below the deepest load line are
123 found broken, damaged or defective so. as to affect the Vessel's class, then (1) unless
124 repairs can be carried out afloat to the satisfaction of the Classification Society, the
125 Sellers shall arrange for the Vessel to be drydocked at their expense for inspection by
126 the Classification Society of the Vessel's underwater parts below the deepest load line,
127 the extent of the inspection being in accordance with the Classification Society's rules (2)
128 such defects shall be made good by the Sellers at their cost and expense to the
129 satisfaction of the Classification Society without condition/recommendation** and (3) the
130 Sellers shall pay for the underwater inspection and the Classification Society's
131 attendance.

132 Notwithstanding anything to the contrary in this Agreement, if the Classification Society
133 do not require the aforementioned defects to be rectified before the next class
134 drydocking survey, the Sellers shall be entitled to deliver the Vessel with these defects
135 against a deduction from the Purchase Price of the estimated direct cost (of labour and
136 materials) of carrying out the repairs to the satisfaction of the Classification Society,
137 whereafter the Buyers shall have no further rights whatsoever in respect of the defects
138 and/or repairs. The estimated direct cost of the repairs shall be the average of quotes for
139 the repair work obtained from two reputable independent shipyards **in the People's** at or in
the vicinity of

140 the port of delivery, ~~Republic of China~~, one to be obtained by each of the Parties within ~~two~~

141 ~~(2) three (3)~~ Banking

142 Days from the date of the imposition of the condition/recommendation, unless the Parties
143 agree otherwise. Should either of the Parties fail to obtain such a quote within the
144 stipulated time then the quote duly obtained by the other Party shall be the sole basis for
the estimate of the direct repair costs. The Sellers ~~shall may not~~ re-tender Notice of

Readiness ~~upon~~

145 ~~prior to~~ such estimate having been established.

Notwithstanding anything to the contrary in this Agreement, the Cancelling Date shall be automatically extended for the time required to either i) agree the deduction from the Purchase Price as set out above, or ii) for the repairs to be carried out afloat pursuant to 6 (a) (ii), if such delay(s) in reaching an agreement on the deduction of the Purchase Price or performing repairs to the Vessel afloat would lead to the Vessel missing its Cancelling Date.

146 (iii) If the Vessel is to be drydocked pursuant to Clause 6(a) (ii) and no suitable dry-docking
147 facilities are available at the port of delivery, the Sellers shall take the Vessel to a port
148 where suitable drydocking facilities are available, whether within or outside the delivery
149 range as per Clause 5(a). ~~Once drydocking has taken place the Sellers shall deliver the~~
150 ~~Vessel at a port within the delivery range as per Clause 5(a)~~ which shall, for the purpose
151 of this Clause, become the new port of delivery. In such event the Cancelling Date shall
152 be extended by the additional time required for the drydocking and extra steaming, but
153 limited to a maximum of ~~forty-five (45) fourteen (14)~~ days.

154 ~~(b) *The Sellers shall place the Vessel in drydock at the port of delivery for inspection by the~~
155 ~~Classification Society of the Vessel's underwater parts below the deepest load line, the extent~~
156 ~~of the inspection being in accordance with the Classification Society's Rules. If the rudder,~~
157 ~~propeller, bottom or other underwater parts below the deepest load line are found broken,~~
158 ~~damaged or defective so as to affect the Vessel's class, such defects shall be made good at the~~
159 ~~Seller's cost and expense to the satisfaction of the Classification Society without~~
160 ~~condition/recommendation**. In such event the Sellers are also to pay for the costs and~~
161 ~~expenses in connection with putting the Vessel in and taking her out of drydock, including the~~
162 ~~drydock dues and the Classification Society's fees. The Sellers shall also pay for these costs~~
163 ~~and expenses if parts of the tailshaft system are condemned or found defective or broken so as~~
164 ~~to affect the Vessel's class. In all other cases, the Buyers shall pay the aforesaid costs and~~
165 ~~expenses, dues and fees.~~

166 (c) If the Vessel is drydocked pursuant to Clause 6(a) (ii) ~~or 6 (b)~~ above:

167 (i) The Classification Society may require survey of the tailshaft system, the extent of the
168 survey being to the satisfaction of the Classification Society surveyor. If such survey is
169 not required by the Classification Society, the Buyers shall have the option to require the
170 tailshaft to be drawn and surveyed by the Classification Society, the extent of the survey
171 being in accordance with the Classification Society's rules for tailshaft survey and
172 consistent with the current stage of the Vessel's survey cycle. The Buyers shall declare
173 whether they require the tailshaft to 'be drawn and surveyed not later than by the
174 completion of the inspection by the Classification Society. The drawing and refitting of
175 the tailshaft shall be arranged by the Sellers. Should any parts of the tailshaft system be
176 condemned or found defective so as to affect the Vessel's class, those parts shall be
177 renewed or made good at the Sellers' cost and expense to the satisfaction of the
178 Classification Society without condition/recommendation**.

179 (ii) The costs and expenses relating to the survey of the tailshaft system shall be borne
180 by the Buyers unless the Classification Society requires such survey to be carried out or if
181 parts of the system are condemned or found defective or broken so as to affect the
182 Vessel's class, in which case the Sellers shall pay these costs and expenses.

183 (iii) The Buyers' representative(s) shall have the right to be present in the drydock, as
184 observer(s) only without interfering with the work or decisions of the Classification
185 Society surveyor.

186 (iv) The Buyers shall have the right to have the underwater parts of the Vessel cleaned
187 and painted at their risk, cost and expense without interfering with the Sellers' or the
188 Classification Society surveyor's work, if any, and without affecting the Vessel's timely
189 delivery. If, however, the Buyers' work in drydock is still in progress when the
190 Sellers have completed the work which the Sellers are required to do, the additional
191 docking time needed to complete the Buyers' work shall be for the Buyers' risk, cost and
192 expense. In the event that the Buyers' work requires such additional time, the Sellers
193 may upon completion of the Sellers' work tender Notice of Readiness for delivery whilst
194 the Vessel is still in drydock and, notwithstanding Clause 5(a), the Buyers shall be
195 obliged to take delivery in accordance with Clause 3 (Payment), whether the Vessel is in
196 drydock or not.

197 ~~*6(a) and 6(b) are alternatives; delete whichever is not applicable. In the absence of deletions,~~
198 ~~alternative 6(a) shall apply.~~

199 ~~**Notes or memoranda, if any, in the surveyor's report which are accepted by the Classification~~
200 ~~Society without condition/recommendation are not to be taken into account.~~

201 7. Spares, bunkers and other items

202 The Sellers shall deliver the Vessel to the Buyers with everything belonging to her **and** on board.
203 ~~and on shore~~. All spare parts and spare equipment including spare tail-end shaft(s) and/or
204 spare propeller(s)/propeller blade(s), if any, belonging to the Vessel at the time of inspection **this**

Agreement

205 used or unused ~~whether on board or not~~ shall become the Buyers' property, but spares on
206 order are excluded. ~~Forwarding charges, if any, shall be for the Buyers' account.~~ The Sellers
207 are not required to replace spare parts including spare tail-end shaft(s) and spare
208 propeller(s)/propeller blade(s) which are taken out of spare and used as replacement prior to
209 delivery, but the replaced items shall be the property of the Buyers. Unused stores and
210 provisions shall be included in the sale and be taken over by the Buyers without extra payment.

211 Library and forms exclusively for use in the Sellers' vessel(s) and captain's, officers' and crew's
212 personal belongings including the slop chest are excluded from the sale without compensation. ~~r~~
213 as well as the following additional items: ~~(include list)~~

214 Items on board which are on hire or owned by third parties, listed as follows, are excluded from
215 the sale without compensation: ~~(include list)~~

- ECDIS (electronic charts), and /SF Watchkeeper software program
- NAVTOR NAVBOX and 2 NAVSTICKS, Power Supply and Octocoupler
- VIKING LIFE RAFTS 4x16 Persons and 2x6 Persons
- Refillable cylinders (Ox, Ac, Freon)
- FX60 Antenna & SC SIGMA Xtreme Rack
- 1 FBB Antenna and BDU (VSAT Backup)
- Fleet phone (Antipiracy)
- Server Hard Disk drives
- NAS device
- All laptop & hard drives

- **Chrts hired items: reefer spare kits**

216 Items on board at the time of inspection -which are on hire or owned by third parties, not listed
217 above, shall be replaced or procured by the Sellers prior to delivery at their cost and expense.

218 The Buyers shall take over remaining bunkers (**unless they are the property of the Charterers**)
and unused lubricating and hydraulic oils and
219 greases in storage tanks and unopened drums and pay either:

220 ~~(a) the actual net price (excluding barging expenses) as evidenced by invoices or vouchers; or~~

221 ~~(b) the current net market price (excluding barging expenses) at the port and date of delivery~~
222 ~~of the Vessel or, if unavailable, at the nearest bunkering port;~~

223 for the quantities taken over.

**The quantities of the bunkers (unless they are the property of the Charterers) and unused
luboils remaining on board shall be measured jointly by the Sellers and the Buyers
representatives on board one (1) Banking Day prior to the expected date of delivery with an
allowance for consumption to be calculated until the expected time of physical delivery. The
allowance to be adjusted in case of a later then calculated delivery.**

224 Payment under this Clause shall be made at the same time and place and in the same

225 currency as the Purchase Price.

226 "inspection" in this Clause 7, shall mean the Buyers' inspection according to Clause 4. ~~(a) or (b)~~
227 ~~(Inspection), if applicable. If the Vessel is taken over without inspection, the date of this~~
228 ~~Agreement shall be the relevant date.~~

229 ~~*(a) and (b) are alternative, delete whichever is not applicable. In the absence of deletions~~
230 ~~alternative (a) shall apply.~~

231 **8. Documentation**

232 The place of closing: **e-closing**

233 **(a)** In exchange for payment of the Purchase Price the Sellers shall provide the Buyers with the

234 ~~following~~ delivery documents: **to be mutually agreed and which shall comply with the Buyers' Nominated Flag State and registry and to form part of an addendum to this Agreement.**

235 ~~(i) Legal Bill(s) of Sale in a form recordable in the Buyers' Nominated Flag State,~~
236 ~~transferring title of the Vessel and stating that the Vessel is free from all mortgages,~~
237 ~~encumbrances and maritime liens or any other debts whatsoever, duly notarially attested~~
238 ~~and legalised or apostilled, as required by the Buyers' Nominated Flag State;~~

239 ~~(ii) Evidence that all necessary corporate, shareholder and other action has been taken by~~
240 ~~the Sellers to authorise the execution, delivery and performance of this Agreement;~~

241 ~~(iii) Power of Attorney of the Sellers appointing one or more representatives to act on behalf~~
242 ~~of the Sellers in the performance of this Agreement, duly notarially attested and legalised~~
243 ~~or apostilled (as appropriate);~~

244 ~~(iv) Certificate or Transcript of Registry issued by the competent authorities of the flag state~~
245 ~~on the date of delivery evidencing the Sellers' ownership of the Vessel and that the~~
246 ~~Vessel is free from registered encumbrances and mortgages, to be faxed or e-mailed by~~
247 ~~such authority to the closing meeting with the original to be sent to the Buyers as soon as~~
248 ~~possible after delivery of the Vessel;~~

249 ~~(v) Declaration of Class or (depending on the Classification Society) a Class Maintenance~~
250 ~~Certificate issued within three (3) Banking Days prior to delivery confirmation that the~~
251 ~~Vessel is in Class free of condition/recommendation;~~

252 ~~(vi) Certificate of Deletion of the Vessel from the Vessel's registry or other official evidence of~~
253 ~~deletion appropriate to the Vessel's registry at the time of delivery, or, in the event that~~
254 ~~the registry does not as a matter of practice issue such documentation immediately, a~~
255 ~~written undertaking by the Sellers to effect deletion from the Vessel's registry forthwith~~
256 ~~and provide a certificate or other official evidence of deletion to the Buyers promptly and~~
257 ~~latest within four (4) weeks after the Purchase Price has been paid and the Vessel has~~
258 ~~been delivered;~~

259 ~~(vii) A copy of the Vessel's Continuous Synopsis Record certifying the date on which the~~
260 ~~Vessel ceased to be registered with the Vessel's registry, or, in the event that the registry~~
261 ~~does not as a matter of practice issue such certificate immediately, a written undertaking~~
262 ~~from the Sellers to provide the copy of this certificate promptly upon it being issued~~
263 ~~together with evidence of submission by the Sellers of a duly executed Form 2 stating~~
264 ~~the date on which the Vessel shall cease to be registered with the Vessel's registry;~~

265 ~~(viii) Commercial Invoice for the Vessel;~~

266 ~~(ix) Commercial Invoice(s) for bunkers, lubricating and hydraulic oils and greases;~~

267 ~~(x) A copy of the Sellers' letter to their satellite communication provider cancelling the~~
268 ~~Vessel's communications contract which is to be sent immediately after delivery of the~~
269 ~~Vessel;~~

270 ~~(xi) Any additional documents as may reasonably be required by the competent authorities of~~
271 ~~the Buyers' Nominated Flag State for the purpose of registering the Vessel, provided the~~
272 ~~Buyers notify the Sellers of any such documents as soon as possible after the date of~~
273 ~~this Agreement; and~~

274 ~~(xii) The Sellers' letter of confirmation that to the best of their knowledge, the Vessel is not~~
275 ~~black listed by any nation or international organisation.~~

276 **(b)** At the time of delivery the Buyers shall provide the Sellers with: **delivery documents to be mutually agreed and to form part of an addendum to this Agreement.**

277 ~~(i) Evidence that all necessary corporate, shareholder and other action has been taken by~~
278 ~~the Buyers to authorise the execution, delivery and performance of this Agreement; and~~

279 ~~(ii) Power of Attorney of the Buyers appointing one or more representatives to act on behalf~~
280 ~~of the Buyers in the performance of this Agreement, duly notarially attested and legalised~~
281 ~~or apostilled (as appropriate).~~

282 **(c)** If any of the documents listed in **the Addendum Sub-clauses (a) and (b) above** are not in the
English

283 language they shall be accompanied by an English translation by an authorised translator or
284 certified by a lawyer qualified to practice in the country of the translated language.

285 **(d)** The Parties shall to the extent possible exchange copies, drafts or samples of the

286 documents listed in **the Addendum Sub-clause (a) and Sub-clause (b) above** for review and
comment by the

287 other party not later than **seven (7) (state number of days)**, or if left blank, **nine (9)** days prior to
288 the Vessel's intended date of readiness for delivery as notified by the Sellers pursuant to

289 Clause 5(b) of this Agreement.

290 (e) Concurrent with the exchange of documents in **the Addendum** ~~Sub clause (a) and Sub clause (b) above,~~
291 the Sellers shall also hand to the Buyers the classification certificate(s) as well as all plans,
292 drawings and manuals, (excluding ISM/ISPS manuals), which are on board the Vessel. Other
293 certificates which are on board the Vessel shall also be handed over to the Buyers unless the
294 Sellers are required to retain same, in which case the Buyers have the right to take copies.

295 (f) Other technical documentation which may be in the Sellers' possession shall promptly after
296 delivery be forwarded to the Buyers at their expense, if they so request. The Sellers may keep
297 the Vessel's log books but the Buyers have the right to take copies of same.

298 (g) The Parties shall sign and deliver to each other a Protocol of Delivery and Acceptance
299 confirming the date and time of delivery of the Vessel from the Sellers to the Buyers.

300 9. Encumbrances

301 The Sellers warrant that the Vessel, at the time of delivery, is free from all charters,
302 encumbrances, mortgages and maritime liens or any other debts whatsoever, and is not subject
303 to Port State or other administrative detentions. The Sellers hereby undertake to indemnify the
304 Buyers against all consequences of claims made against the Vessel which have been incurred
305 prior to the time of delivery. .

306 10. Taxes, fees and expenses

307 Any taxes, fees and expenses in connection with the purchase and registration in the Buyers'
308 Nominated Flag State shall be for the Buyers' account, whereas similar charges in connection
309 with the closing of the Sellers' register shall be for the Sellers' account.

310 11. Condition on delivery

311 The Vessel with everything belonging to her shall be at the Sellers' risk and expense until she is
312 delivered to the Buyers, but subject to the terms and conditions of this Agreement she shall be
313 delivered and taken over as she was at the ~~date time of inspection~~ **this Agreement**, fair wear and
tear excepted.

314 However, the Vessel shall be delivered ~~free of cargo and~~ free of stowaways with her Class
315 maintained without condition/recommendation*, free of average damage affecting the Vessel's
316 class, and with her classification certificates and national certificates, as well as all other
317 certificates the Vessel had at the time of inspection, **clean**, valid and unextended **if with**
Time Charter attached (however if free of Time Charter then clean, valid but maybe extended) without
318 condition/recommendation* by the Classification Society or the relevant authorities at the time
319 of delivery **if the Vessel is delivered after the Time Charter expiration then the Vessel has to be delivered free of cargo.**

320 "inspection" in this Clause 11, shall mean the Buyers' inspection according to Clause 4. ~~(a) or~~
321 ~~4(b) (inspection), if applicable. If the Vessel is taken over without inspection, the date of this~~
322 ~~Agreement shall be the relevant date.~~

323 *Notes and memoranda, if any, in the surveyor's report which are accepted by the Classification
324 Society without condition/recommendation are not to be taken into account.

325 12. Name/markings

326 Upon delivery the Buyers undertake to change the name of the Vessel and alter funnel
327 markings.

328 13. Buyers' default

329 Should the Deposit not be lodged in accordance with Clause 2 (Deposit), the Sellers have the
330 right to cancel this Agreement, and they shall be entitled to claim compensation for their losses
331 and for all expenses incurred together with interest.

332 Should the Purchase Price not be paid in accordance with Clause 3 (Payment), the Sellers
333 have the right to cancel this Agreement, in which case the Deposit together with interest
334 earned, if any, shall be released to the Sellers. If the Deposit does not cover their loss, the
335 Sellers shall be entitled to claim further compensation for their losses and for all expenses
336 incurred together with interest.

337 14. Sellers' default

338 Should the Sellers fail to give Notice of Readiness in accordance with. Clause 5(b) or fail to be
339 ready to validly complete a legal transfer by the Cancelling Date the Buyers shall have the
340 option of cancelling this Agreement. If after Notice of Readiness has been given but before
341 the Buyers have taken delivery, the Vessel ceases to be physically ready for delivery and is not
342 made physically ready again by the Cancelling Date and new Notice of Readiness given, the
343 Buyers shall retain their option to cancel. In the event that the Buyers elect to cancel this
344 Agreement, the Deposit together with interest earned, if any, shall be released to them
345 immediately.

346 Should the Sellers fail to give Notice of Readiness by the Cancelling Date or fail to be ready to
347 validly complete a legal transfer as aforesaid they shall make due compensation to the Buyers
348 for their loss and for all expenses together with interest if their failure is due to proven
349 negligence and whether or not the Buyers cancel this Agreement.

350 15. Buyers' representatives

351 After this Agreement has been signed by the Parties and the Deposit has been lodged, the
352 Buyers have the right to place two (2) representatives on board the Vessel at their sole risk and
353 expense **for the last fifteen (15) days prior delivery. The right of the Buyers shall be subject to i)**
the Charterers consent and ii) Buyers representatives providing negative Covid-19 test results
within 36 hours prior to embarkation at the intended port. Sellers shall exercise reasonable
efforts to obtain Charterers consent.

After embarkation, the Buyers representatives will strictly adhere to the Vessels health and
safety protocols relating to Covid-19 at all times, which shall include but not be limited to
submitting daily temperature readings and wearing face masks, and if requested by the master,
to immediately self-isolate should they show symptoms or signs of infection. Sellers shall exercise reasonable efforts to obtain Charterers consent.

354 These representatives are on board for the purpose of familiarisation and in the capacity of
355 observers only, and they shall not interfere in any respect with the operation of the Vessel. The
356 ~~Buyers and the~~ Buyers' representatives shall sign the Sellers **and Charterers'** P&I Club's standard
letter of
357 indemnity prior to their embarkation **and at all times adhere to the lawful the Vessel's Master.**

Any off hire due to the Buyers' representatives to be for Buyers account.

The Buyers shall also reimburse the Sellers at cost for any other costs/expenses incurred as a result of the Buyers representative's embarkation, as evidenced by supporting documentation.

358 16. Law and Arbitration

359 (a) This Agreement shall be governed by and construed in accordance with English law and
360 any dispute arising out of or in connection with this Agreement shall be referred to arbitration in
361 London in accordance with the Arbitration Act 1996 or any statutory modification or re-
362 enactment thereof save to the extent necessary to give effect to the provisions of this Clause.

363 The arbitration shall be conducted in accordance with the London Maritime Arbitrators
364 Association (LMAA) Terms current at the time when the arbitration proceedings are
365 commenced.

366 The reference shall be to three arbitrators. A party wishing to refer a dispute to arbitration shall

367 appoint its arbitrator and send notice of such appointment in writing to the other party requiring
368 the other party to appoint its own arbitrator within fourteen (14) calendar days of that notice and
369 stating that it will appoint its arbitrator as sole arbitrator unless the other party appoints its own
370 arbitrator and gives notice that it has done so within the fourteen (14) days specified. If the
371 other party does not appoint its own arbitrator and give notice that it has done so within the
372 fourteen (14) days specified, the party referring a dispute to arbitration may, without the
373 requirement of any further prior notice to the other party, appoint its arbitrator as sole arbitrator
374 and shall advise the other party accordingly. The award of a sole arbitrator shall be binding on
375 both Parties as if the sole arbitrator had been appointed by agreement.

376 In cases where neither the claim nor any counterclaim exceeds the sum of US\$100,000 the
377 arbitration shall be conducted in accordance with the LMAA Small Claims Procedure current at
378 the time when the arbitration proceedings are commenced.

379 ~~(b) This Agreement shall be governed by and construed in accordance with Title 9 of the
380 United States Code and the substantive law (not including the choice of law rules) of the State
381 of New York and any dispute arising out of or in connection with this Agreement shall be
382 referred to three (3) persons at New York, one to be appointed by each of the parties hereto,
383 and the third by the two so chosen; their decision or that of any two of them shall be final, and
384 for the purposes of enforcing any award, judgment may be entered on an award by any court of
385 competent jurisdiction. The proceedings shall be conducted in accordance with the rules of the
386 Society of Maritime Arbitrators, Inc.~~

387 ~~In cases where neither the claim nor any counterclaim exceeds the sum of US\$ 100,000 the
388 arbitration shall be conducted in accordance with the Shortened Arbitration Procedure of the
389 Society of Maritime Arbitrators, Inc.~~

390 ~~(e) This Agreement shall be governed by and construed in accordance with the laws of
391 (state place) and any dispute arising out of or in connection with this Agreement shall be
392 referred to arbitration at (state place), subject to the procedures applicable there.~~

393 ~~*16(a), 16(b) and 16(c) are alternatives; delete whichever is not applicable. In the absence of
394 deletions, alternative 16(a) shall apply.~~

395 17. Notices

396 All notices to be provided under this Agreement shall be in writing.

397 Contact details for recipients of notices are as follows:

398 For the Buyers: *via the brokers*

399 For the Sellers: *via the brokers*

400 18. Entire Agreement

401 The written terms of this Agreement comprise the entire agreement between the Buyers and
402 the Sellers in relation to the sale and purchase of the Vessel and supersede all previous
403 agreements whether oral or written between the Parties in relation thereto.

404 Each of the Parties acknowledges that in entering into this Agreement it has not relied on and
405 shall have no right or remedy in respect of any statement, representation, assurance or
406 warranty (whether or not made negligently) other than as is expressly set out in this Agreement.

407 Any terms implied into this Agreement by any applicable statute or law are hereby excluded to
408 the extent that such exclusion can legally be made. Nothing in this Clause shall limit or exclude
409 any liability for fraud.

19. Novation of the Time Charter

The Vessel to be delivered with balance of her Time Charter. A Tripartite Novation Agreement to be mutually agreed and signed by Buyers, Sellers and Charterers once the Deposit has been lodged pursuant to Clause 2.

No changes or addenda to the Time Charter shall be negotiated or agreed between Sellers and Charterers without Buyers written prior approval (which not be unreasonably withheld, delayed or conditioned).

Notwithstanding the above, in case no mutual agreement on the Tripartite Novation Agreement can be made with reasonable effort by 1st July 2021, Vessel to be delivered at the end of the Time Charter and Vessel's laycan to be amended accordingly with effect that the Cancelling date shall be automatically extended to fall thirty (30) days from the date the Vessel is redelivered by Charterers to Sellers under the terms of the Time Charter.

The Charterers will be informed of the sale of the Vessel and intention to novate the Time-Charter only once the Deposit has been lodged with the Escrow Agent pursuant to Clause 2. (Deposit).

Furthermore, the Buyers hereby agree and undertake to the Sellers that, prior to the Deposit being lodged, they shall not (whether directly or through brokers) make any attempts to directly contact/communicate with the Charterers in relation to this Agreement, or the transactions contemplated herein, at any time. Once the Deposit has been lodged, the Buyers may communicate with Charterers in relation to the Time-Charter novation.

20. Sanction

The Sellers and the Buyers represent and warrant to each other as of the date hereof and at the date of delivery that none of them, nor any of their shareholders, are a person or entity listed or targeted by any sanctions issued by the United Nations, the United States, the United Kingdom, Switzerland or the European Union ("Sanctions") or owned or controlled by any of the foregoing ("Restricted Person").

The Sellers further represent and warrant as of the date hereof and at the date of delivery that the Vessel is not a Restricted Person and has not engaged in any activity or trade restricted under Sanctions or that might lead the Vessel to become a Restricted Person.

If at any time before delivery there is a breach of any representation contained under paragraph 1 or 2, the non-breaching party may terminate this Agreement by giving written notice to the other party.

21. Confidentiality

The negotiations and the terms and conditions of this Agreement shall be kept strictly private and confidential between Buyers and Sellers and not details of this sale shall be disclosed to any third party except/or any public announcements or regulatory filings required and/or in accordance with NASDAQ/SEC filings. A breach of this confidentiality clause shall, however, not entitle any of the Parties to terminate this Agreement.

22. Counterpart

This Agreement may be executed in counterparts in two originals, each of which when executed and delivered shall constitute an original of this Agreement. No counterpart shall be effective

until each Party has executed at least on counterpart. A signed copy received in pdf format shall be deemed to be an original.

Annex I : recap and base Time Charter or a draft of the Time Charter attached hereto form an integral part of this Agreement.

For and on behalf of the Sellers

[*****]

Name: [*****]

Title: Authorized Signatory

For and of behalf of the Buyers

[*****]

Name: [*****]

Title: Authorized Signatory

For and on behalf of [***]**

[*****]

Name: [***]**

Title: Director

This Charter Party is a computer generated copy of the "SALEFORM 2012" form) printed by .authority of Norwegian Shipbrokers' Association using software which is the copyright of SDSO. Any insertion or deletion to, the form must be clearly visible. In the event of any modification made to the preprinted text of this document which is not clearly visible, the text of the original approved document shall apply. Norwegian Shipbrokers' Association and SDSO assume no responsibility for any loss or damage caused as a result of discrepancies between the original approved document and this document

Certain identified information has been excluded from this exhibit because it is both (i) not material and (ii) is the type that the registrant treats as private or confidential. [*****] indicates that information has been redacted.

MEMORANDUM OF AGREEMENT

1. **Dated:** 7th April 2021
2. **Atrotos Container Carrier S.A. of Trust Company Complex, Ajeltake Road, Ajeltake Islands, Majuro, Marshall Islands** (Name of sellers), hereinafter called the "Sellers", have agreed to sell and
3. [*****] **whose performance hereunder is hereby irrecoverably and unconditionally guaranteed, as primary obligor and note merely as surety, by** [*****] (Name of buyers), hereinafter called the "Buyers", have agreed to buy:
4. Name of vessel: *m/v CMA CGM Magdalena – (ex Anaxagoras)*
5. IMO Number: **9724049**
6. Classification Society: *Lloyd's Register*
7. Class Notation: **+100A1 CONTAINER SHIP, SHIPRIGHT (SDA, FDA PLUS(25, WW), CM, ACS(B)), *IWS, LI, ECO(BWT, EEDI, IHM), BOXMAX(V,W). +LMC, UMS, NAVI Descriptive Notes SHIPRIGHT SERS, SHIPRIGHT BWMP(T), SHIPRIGHT SCM**
8. Year of Build: **2016** ___ Builder/Yard: *Daewoo-Mangalia, Romania*
9. Flag: Malta Place of Registration: *La Valetta* GT/NT: **96424/59714**
10. hereinafter called the "Vessel", on the following terms and conditions:
11. **Definitions**
12. "Banking Days" are days on which banks are open both in the country of the current stipulated for
13. the Purchase Price in Clause 1 (Purchase Price) and in the place of closing stipulated in Clause 8
14. (Documentation), *London, Hamburg, Liberia, Malta, Portugal and Geneva. (add additional jurisdictions as appropriate).*
15. "Buyers' Nominated Flag State" means *Madeira (state flag state).*
16. "Class" means the class notation referred to above.
17. "Classification Society" means the Society referred to above.
18. "Deposit" shall have the meaning given in Clause 2 (Deposit)
19. **"Escrow Agent" means a UK law firm with its London or any Far East office nominated by Sellers, who shall hold the Deposit (and if requested by the Sellers the Balance Funds) in the names of the Parties, and**
who shall release same in accordance with and pursuant to the terms of an escrow agreement to be entered into between themselves (acting as escrow agent), the Sellers and the Buyers (the "Escrow Agreement"). The Parties agree that HFW, WFW, Hill Dickinson and Ince & Co are deemed acceptable.
20. **"Deposit Holder" means (state name and location of Deposit Holder) or, if left blank, the Sellers' Bank, which shall hold and release the Deposit in accordance with this Agreement.**

"First MOA" means the memorandum of agreement to be entered between Sellers as buyer and HAI KUO SHIPPING 1988C LIMITED, of Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong (registered owner) being the current registered owner of the Vessel (the "First Sellers") as seller.

"First PoDA" means the protocol of delivery and acceptance for the Vessel under the First MOA.
21. "In writing" or "written" means a letter handed over from the Sellers to the Buyers or vice versa, a
22. registered letter, e-mail or telefax.

"MOA PoDA" means the protocol of delivery and acceptance for the Vessel between the Sellers and the Buyers as per Clause 8.
23. "Parties" means the Sellers and the Buyers
24. "Purchase Price" means the price for the Vessel as stated in Clause 1 (Purchase Price).
25. "Sellers' Account" means **the account or accounts to be notified by the Sellers to the Buyers for receipt of the Purchase Price.** (state details of bank account) at the Sellers' Bank.
26. "Sellers' Bank" means **the bank or banks to be (state name of bank, branch and details) or, if left blank, the bank**
27. notified by the Sellers to the Buyers for receipt of the ~~balance of the~~ Purchase Price.
28. **1. Purchase Price**
29. The Purchase Price is **US\$ 99,000,000.- (United States Dollars ninety nine million)** (state currency and amount both in words and figures).
30. **2. Deposit**
31. As security for the correct fulfilment of this Agreement the Buyers shall lodge a deposit of
32. ~~% (per cent) or, if left blank, 10%~~ (ten per cent), of the Purchase Price (the
33. "Deposit") in an interest bearing account for the parties with the ~~Escrow Agent Deposit Holder~~ within three (3)
34. Banking Days after that date:
35. (i) this Agreement has been signed by the Parties and exchanged in original or by e-mail or
36. telefax; and

(ii) **the Escrow Agreement has been signed by the Parties and the Escrow Agent and exchanged by e-mail or telefax; and**
37. (iii) **the Escrow Agent** ~~Deposit Holder~~ has confirmed in writing to the Parties that the account
38. has been opened.
39. The Deposit shall be released in accordance with joint written instructions of the Parties.
40. Interest, if any, shall be credited to the Buyers. Any fee charged for holding and releasing the
41. Deposit shall be borne equally by the Parties. The Parties shall provide to the **Escrow Agent**
~~Deposit Holder~~

42. all necessary documentation to open and maintain the account without delay.

43. **3. Payment**

(A) At the time of delivery of the Vessel to the Buyers under this Agreement (which shall occur immediately after the delivery of the Vessel by the First Sellers to the Sellers as buyers under the First MOA) but not later than three (3) Banking Days after the date that Notice of Readiness has been given in accordance with Clause 5 (time and Place of delivery and notes):

(i) the Deposit shall be released to the Sellers; and

(ii) the balance of the Purchase Price and all other sums payable on delivery by the Buyers to the Sellers under this Agreement (the "Balance Funds") shall be paid or released (as the case may be) in accordance with the provisions of Clause 3.

(B) All amounts due and payable by the Buyers under this Agreement shall be paid free of bank charges,

(C) Two (2) Banking Days prior to the anticipated delivery date of the Vessel (as notified in writing by Sellers to the Buyers in accordance with Clause 5 (Notices, time and place of delivery), the Buyers shall lodge an amount equivalent to the Balance Funds (which shall remain at the orders of the Buyers or its financiers until delivery) at Sellers' option as per below alternatives not later than 5 (5) Banking Days prior to delivery:

(i) Option A: by way of one conditional payment order MT199 bank transfer ("MT199") to be held to the Buyers' (or their financiers) order:

(a) to the bank or an escrow agent related to the First Sellers any part of the Balance Funds due to the First Sellers under the First MOA (the "First MOA Payment"), with an instruction that the amount so remitted shall be payable and released to the First Sellers only against presentation by the First Sellers to their bank or escrow agent of (i) a pdf/copy of the timed and dated First PoDA and (ii) a pdf/copy of the timed and dated MOA PoDA duly executed by the authorized signatories of the Sellers and the Buyers, as identified in the MT199 and any release instructions as may be required to an escrow agent; and

(b) any part of the Balance Funds not remitted as (a) above to the bank or an escrow agent of the First Sellers and to be paid to the Sellers under this Agreement as may be adjusted in accordance with this Agreement (the "Sellers' Portion") in an escrow account held with the Escrow Agent in accordance with and pursuant to the Escrow Agreement to be held in the sole name of the Buyers and to be released in favour of the Sellers to Sellers' Account and remitted by the Escrow Agent on closing to the Sellers to Sellers' Account (together with the Deposit),

The MT199 shall provide that if the pre-positioned funds are not released within the period of five (5) Banking Days from the date of receipt by the First Sellers bank the funds shall immediately be returned to the Buyers. Interest (if any) accrued shall be for the Buyers' account.

(ii) Option B: in an escrow account held with an Escrow Agent in accordance with and pursuant to the Escrow Agreement to be held in the sole name and order of the Buyers and to be released in favour of the Sellers to Sellers' Account as regards to the Sellers' Portion (together with the Deposit) and to Sellers' order in favour of the First Sellers and remitted by the Escrow Agent upon delivery of the Vessel.

(D) Any cost related to the payment under this Clause 3 (irrespective of whether Option 1 or 2 is selected) shall be shared equally between the Buyers and Sellers.

44. On delivery of the Vessel, but not later than three (3) Banking Days after the date that Notice of
45. Readiness has been given in accordance with Clause 5 (Time and place of delivery and

46. notices):

47. (i) the Deposit shall be released to the Sellers; and

48. (ii) the balance of the Purchase Price and all other sums payable on delivery by the Buyers
49. to the Sellers under this Agreement shall be paid in full free of bank charges to the
50. Sellers' Account.

51. **4. Inspection**

52. ~~(a) *The Buyers have inspected and accepted the Vessel's classification records. The Buyers have waived their right to inspect the Vessel and have~~
53. ~~Have also inspected the Vessel at/in (state place) on (state date) and have~~
54. ~~accepted the Vessel following this inspection and therefore the sale is outright and definite subject only~~
55. ~~to the terms and conditions of this Agreement.~~

56. ~~(b) *The Buyers shall have the right to inspect the Vessel's classification records and declare~~
57. ~~Whether same are accepted or not within (state date/period)~~

58. ~~The Sellers shall make the Vessel available for inspection at/in (state place/range) within~~
59. ~~(state date/period)~~

60. ~~The Buyers shall undertake the inspection without undue delay to the Vessel. Should the~~
61. ~~Buyers cause undue delay they shall compensate the Sellers for the losses thereby incurred.~~

62. ~~The Buyers shall inspect the Vessel without opening up and without cost to the Sellers.~~

63. ~~During the inspection, the Vessel's deck and engine log books shall be made available for~~
64. ~~examination by the Buyers.~~

65. ~~The sale shall become outright and definite, Subject only to the terms and conditions of this~~
66. ~~Agreement, provided that the Sellers receive written notice of acceptance of the Vessel from~~
67. ~~the Buyers within seventy two (72) hours after completion of such inspection or after the~~
68. ~~Date/last day of the period stated in Line 59, whichever is earlier.~~

69. ~~Should the Buyers fail to undertake the inspection as scheduled and/or notice of acceptance of the~~
70. ~~Vessel's classification records and/or of the Vessel not be received by the Sellers as~~
71. ~~aforsaid, the Deposit together with interest earned, if any, shall be released immediately, to the~~
72. ~~Buyers, whereafter this Agreement shall be null and void.~~

73. ~~*4(a) and 4(b) are alternatives; delete whichever is not applicable. In the absence of deletions,~~
74. ~~alternative 4(a) shall apply.~~

75. **5. Time and place of delivery and notices**

76. (a) The Vessel shall be delivered and taken over safely afloat (i) safe and accessible berth or
77. anchorage ~~at/in~~ within the trading area under the existing charter back to back I upon expiry
of the charter (state place/range) in the Sellers' option.

78. Notice of Readiness shall not be tendered before: 1st May 2021 ~~(date)~~.

79. Cancelling Date (see Clauses 5(c), 6(a)(i), 6(a)(iii) and 14): 15 June 2021

(i) Subject always to subparagraph (ii), if at any time prior to tendering Notice of Readiness for delivery the position at the intended place of delivery has changed such that the Sellers would not be able to comply with their obligations, under this Agreement were the Vessel to be delivered at such place due to Covid 19 local restrictions, the Sellers shall be entitled to nominate another place of delivery within the range specified in Clause 5 of this Agreement [where the Buyers are able to embark their crew] acceptable to Buyers whose acceptance shall be given within one (1) Banking Day and shall not be unreasonably withheld or conditioned and which shall have due regard to mitigating additional

costs for the Sellers and minimising disruption to the Charterer's service and use of the Vessel ("Alternative Place of Delivery"). In such event, the Cancelling Date shall be extended by the time taken to agree on Alternative Place of Delivery and for the Vessel to move from her location at the time of the new nomination until she arrives at the Alternative Place of Delivery.

(ii) *Notwithstanding anything to the contrary in sub-paragraph (i) above, in the event that either the Sellers or the Vessel at the place of delivery (whether it be the original intended place of delivery or the Alternative Place of Delivery) are subject to a quarantine (but thereafter can perform / comply with their obligations under this Agreement) then the Sellers shall have the option -of delivering the Vessel at such place after the expiry of the relevant quarantine period and the, Cancelling Date shall be extended by such period.*

Any additional expenses, including but not limited to additional bunkers consumed, harbour dues, screening, cleaning, fumigating and/or quarantining the Vessel and its crew (together the "Relocation Expenses") arising directly or indirectly from a delay in the performance of the obligations of either party under this Agreement as a result of delays/restrictions/measures arising due to Covid-19 or proceeding to an Alternative Place of Delivery instead of the place of delivery originally nominated in accordance with Clause 5 shall be shared on a 50/50 basis, against presentation of reasonable supporting documentation Payment under this Clause shall be made at the same time and place and in the same currency as the Purchase Price.

In the event that it is not possible to deliver the Vessel within the range of delivery places set out in Clause 5(a) of this Agreement, the Sellers and the Buyers shall use their best endeavours, acting in good faith, to find another place at which delivery can be given and the Buyers shall not be entitled to exercise any right of cancellation under this Agreement until such time as it is clear that no agreement can be reached.

80. (b) The Sellers shall keep the Buyers well informed of the Vessel's itinerary and shall
81. provide the Buyers with **thirty (30)**, twenty (20), ten (10), five (5) and three (3) days' **approximate**
82. notice and one (1) day definite notice of the date the
Sellers intend to tender Notice of Readiness and of the intended place of delivery.

83. When the Vessel is at the place of delivery and physically ready for delivery in accordance with this
84. Agreement, the Sellers shall give the Buyers a written Notice of Readiness for delivery.

85. (c) If the Sellers anticipate that, notwithstanding the exercise of due diligence by them, the
86. Vessel will not be ready for delivery by the Cancelling Date they may notify the Buyers in writing
87. stating the date when they anticipate that the Vessel will be ready for delivery and proposing a
88. new Cancelling Date. Upon receipt of such notification the Buyers shall have the option of
89. either cancelling this Agreement in accordance with Clause 14 (Sellers' Default) within **one (1)**
~~three (3)~~.

90. Banking Days of receipt of the notice or of accepting the new date as the new Cancelling Date.
91. If the Buyers have not declared their option within **one (1)** ~~three (3)~~ Banking Days of receipt of the
92. Sellers' notification or if the Buyers accept the new date, the date proposed in the Sellers'
93. notification shall be deemed to be the new Cancelling Date and shall be substituted for the
94. Cancelling Date stipulated in line 79.

95. If this Agreement is maintained with the new Cancelling Date' all other terms and conditions
96. hereof including those contained in Clauses 5(b) and 5(d) shall remain unaltered and in full
97. force and effect.

98. (d) Cancellation, failure to cancel or acceptance of, the new Cancelling Date shall be entirely
99. without prejudice to any claim for damages the. Buyers may have under Clause 14 (Sellers' Default)
100. for the Vessel not being ready by the original Cancelling Date.

101. (e) Should the Vessel become an actual, constructive or compromised total loss before delivery
102. the Deposit together with interest earned, if--any, shall be released immediately to the Buyers
103. whereafter this Agreement shall be null and void.

104. 6. Divers Inspection / Drydocking

105. (a)*
106. (i) The Buyers **herewith declare** ~~shall have~~ the option at their cost and expense to arrange for an
underwater
107. inspection by a diver approved by the Classification Society prior to the delivery of the
108. Vessel. **The_ underwater inspection may take place at a port/place prior to arrival at the**
place of delivery and shall be organised and arranged by the Sellers and paid for by the
Buyers (in such event, the Sellers shall provide the Buyers on delivery with a letter of
undertaking that to the best of Sellers knowledge and belief the Vessel has not touched
bottom or grounded from the time of said inspection until delivery). ~~Such option shall be~~
~~declared latest nine (9) days prior to the Vessel's intended~~
109. ~~date of readiness for delivery as notified by the Sellers pursuant to Clause 5(b) of this~~
110. ~~Agreement.~~ The Sellers shall at their cost and expense make the Vessel available for
111. such inspection. This inspection shall be carried out without undue delay and in the
112. presence of a Classification Society surveyor arranged for by the Sellers and paid for by
113. the Buyers **at the time of closing.** The Buyers' representative) shall have the right to be
present at the diver's
114. inspection as observer(s) only without interfering with the work or decisions of the
115. Classification Society surveyor. The extent of the inspection and the conditions under
116. which it is performed shall be to the satisfaction of the Classification Society. If the
117. **underwater inspection is scheduled for the place of delivery but the** conditions at the
place of delivery are unsuitable for such inspection (**other than for any reason set out in**
Clause 5(b), in which case the provisions of Clause 5 (b) will apply), the Sellers shall at
118. their cost and expense make the Vessel available at a suitable alternative place near to
119. the delivery port, in which event the Cancelling Date shall be extended by the additional
120. time required for such positioning and the subsequent re-positioning **unless otherwise**
mutually agreed. The Sellers may
121. not tender Notice of Readiness prior to completion of the underwater inspection.

122. (ii) If the rudder, propeller, bottom or other underwater parts below the deepest load line are
123. found broken, damaged or defective so as to affect the Vessel's class, then (1) unless
124. repairs can be carried out afloat to the satisfaction of the Classification, Society,
125. the Sellers shall arrange for the Vessel to be drydocked at their expense for inspection
126. by the Classification Society of the Vessel's underwater parts below the deepest load line,
127. the extent of the inspection being in accordance with the Classification Society's rules (2)
128. such defects shall be made good by the Sellers at their cost and expense to the
129. satisfaction of the Classification Society without condition/recommendation** and (3) the
130. Sellers shall pay for the underwater inspection and the Classification Society's
131. attendance.

132. Notwithstanding anything to the contrary in this Agreement, if the Classification Society
133. do not require the aforementioned defects to be rectified before the next class
134. drydocking survey, the Sellers shall be entitled to deliver the Vessel with these defects
135. against a deduction from the Purchase Price of the estimated direct cost (of labour and
136. materials) of carrying out the repairs to the satisfaction of the Classification Society,
137. whereafter the Buyers shall have no further rights whatsoever in respect of the defects
138. and/or repairs. The estimated direct cost of the repairs shall be the average of quotes for

139. the repair work obtained from two reputable independent shipyards in the People's at or in
the vicinity of
140. the port of delivery Republic of China, one to be obtained by each of the Parties within ~~two~~
~~(2) three (3)~~ Banking
141. Days from the date of the imposition of the condition/recommendation, unless the Parties
142. agree otherwise. Should either of the Parties fail to obtain 'such a quote within the
143. stipulated time then the quote duly obtained by the other Party shall be the sole basis for
144. the estimate of the direct repair costs. The Sellers shall ~~may not~~ re-tender Notice of
Readiness upon
145. such estimate having been established.

Notwithstanding anything to the contrary in this Agreement, the Cancelling Date shall be automatically extended for the time required to either i) agree the deduction from the Purchase Price as set out above, Or ii) for the repairs to be carried out afloat pursuant to 6 (a) (ii), if such delay(s) in reaching an agreement on the deduction of the Purchase Price or performing repairs to the Vessel afloat would lead to the Vessel, missing its Cancelling Date.

146. (iii) If the Vessel is to be drydocked pursuant to Clause 6(a) (ii) and no suitable dry-docking
147. facilities are available at the port of delivery, the Sellers shall take the Vessel to a port
148. where suitable drydocking facilities are available, whether within or outside the delivery
149. range as per Clause 5(a). ~~Once drydocking has taken place the Sellers shall deliver the~~
150. ~~Vessel at a port within the delivery range as per Clause 5(a)~~ which shall, for the purpose
151. of this Clause, become the new port of delivery. In such event the Cancelling Date shall
152. be extended by the additional time required for the drydocking and extra steaming, but
153. Limited to a maximum of **forty-five (45)** ~~fourteen (14)~~ days.

154. ~~(b) *The Sellers shall place the Vessel in drydock at the port of delivery for inspection by the~~
155. ~~Classification Society of the Vessel's underwater parts below the deepest load line, the extent~~
156. ~~of, the inspection being in accordance with the Classification Society's rules. If the rudder,~~
157. ~~propeller, bottom or other underwater parts below the deepest load line are found broken,~~
158. ~~damaged or defective so as to affect the Vessel's class, such defects shall be made good at the~~
159. ~~Sellers' cost and expense to the satisfaction of the Classification Society without~~
160. ~~Condition/recommendation**.~~ In such event the Sellers are also to pay for the costs and
161. expenses in connection with putting the Vessel in and taking her out of drydock, including the
162. drydock dues and the Classification Society's fees. The Sellers shall also pay for these costs
163. and expenses if parts of the tailshaft system are condemned or found defective or broken so as
164. to affect the Vessel's class. In all other cases, the Buyers shall pay the aforesaid costs and
165. expenses, dues and fees.

166. (c) If the vessel is drydocked pursuant to Clause 6(a)(ii) ~~or 6(b)~~ above:

167. (i) The Classification Society may require survey of the tailshaft system, the extent of the
168. survey being to the satisfaction of the Classification Society surveyor. If such survey is
169. not required by the Classification Society, the Buyers shall have the option to require the
170. tailshaft to be drawn and surveyed by the Classification Society, the extent of the survey
171. being in accordance with the Classification Society's rules for tailshaft survey and
172. consistent with the current stage of the Vessel's survey cycle. The Buyers shall declare
173. whether they require the tailshaft to be drawn and surveyed not later than by the
174. completion of the inspection by the Classification Society. The drawing and refitting of
175. the tailshaft shall be arranged by the Sellers. Should any parts of the tailshaft system be
176. condemned or found defective so as to affect the Vessel's class, those parts shall be
177. renewed or made good at the Sellers' cost and expense to the satisfaction of the
178. Classification Society without condition/recommendation**.

179. (ii) The costs and expenses relating to the survey of the tailshaft system . shall be borne by
180. the Buyers unless the Classification Society requires such survey to be carried out or if
181. parts of the system are condemned or found defective or broken so as to affect the
182. Vessel's class, in which case the Sellers shall pay these costs and expenses.

183. (iii) The Buyers' representative(s) shall have the right to be present in the drydock, as
184. observer(s) only without interfering with the work or decisions of the Classification
185. Society surveyor.

186. (iv) The Buyers shall have the right to have the underwater parts of the Vessel cleaned
187. and painted at their risk, cost and expense without interfering with the Sellers' or the
188. Classification Society surveyor's work, if any, and without affecting the Vessel's timely
189. delivery. If, however, the Buyers' work in drydock is still in progress when the
190. Sellers have completed the work which the Sellers are required to do, the additional
191. docking time needed to complete the Buyers' work shall be for the Buyers' risk, cost and
192. expense. In the event that the Buyers' work requires such additional time, the Sellers
193. may upon completion of the Sellers' work tender Notice of Readiness for delivery whilst
194. the Vessel is still in drydock and, notwithstanding Clause 5(a), the Buyers shall be
195. obliged to take delivery in accordance with Clause 3 (Payment), whether the Vessel is in
196. drydock or not.

197. ~~*6(a) and 6(b) are alternatives; delete whichever is not applicable. In the absence of deletions,~~
198. ~~alternative 6(a) shall apply.~~

199. ~~** Notes or memoranda, if any, in the surveyor's report which are accepted by the Classification~~
200. ~~Society without condition/recommendation are not to be taken into account.~~

201. 7. Spares, bunkers and other items

202. The Sellers shall deliver the Vessel to the Buyers with everything belonging to her **and** on board
203. ~~and on shore~~. All spare parts and spare equipment including spare tail-end shaft(s) and/or
204. spare propeller(s)/propeller blade(s), if any, belonging to the Vessel at the time of ~~inspection this~~
Agreement
205. used or unused, ~~whether on board or not~~ shall become the Buyers' property, but spares on
206. order are excluded. ~~Forwarding charges, if any, shall be for the Buyers' account.~~ The Sellers
207. are not required to replace spare parts including spare tail-end shaft(s) and spare
208. propeller(s)/propeller blade(s) which are taken out of spare and used as replacement prior to
209. delivery, but the replaced items shall be the property of the Buyers. Unused stores and
210. provisions shall be included in the sale and be taken over by the Buyers without extra payment.

211. Library and forms exclusively for use in the Sellers' vessel(s) and captain's, officers' and crew's
212. personal belongings including the slop chest are excluded from the sale without compensation,
213. ~~as well as the following additional items: (include list)~~

214. Items on board which are on hire or owned by third parties, listed as follows, are excluded from
215. the sale without compensation: ~~(include list)~~

- ECDIS (electronic charts), and /SF Watchkeeper software program
- NAVTOR NAVBOX and 2 NAVSTICKS, Power Supply and Octocoupler
- VIKING LIFE RAFTS 4x1 6 Persons and 2x6 Persons
- Refillable cylinders (Ox, Ac, Freon)
- FX60 Antenna & SC SIGMA Xtreme Rack 1 FBB Antenna and BDU (VSAT Backup) Fleet phone (Antipiracy)
- Server.Hard Disk drives
- NAS device
- All laptop & hard drives
- Chris hired items: reefer spare kits

216. Items on board at the time of inspection which are on hire or owned by third parties, not listed
217. above, shall be replaced or procured by the Sellers prior to delivery at their cost and expense.

218. The Buyers shall take over remaining bunkers and unused lubricating and hydraulic oils and
219. greases in storage tanks and unopened drums and pay ~~either:~~
220. (a) *the actual net price (excluding barging expenses) as evidenced by invoices or vouchers;~~or~~
221. ~~(b) *the current net market price (excluding barging expenses) at the port and date of delivery~~
222. ~~of the Vessel or, if unavailable, at the nearest bunkering port,~~

223. for the quantities taken over.

The quantities of bunkers and unused Lu boils remaining on board shall be measured jointly by the Sellers and the Buyers representatives on board one (1) Banking Day prior to the expected date of delivery with an allowance for consumption to be calculated until the expected time of physical delivery. The allowance to be adjusted in case of a later than calculated delivery.

224. Payment under this Clause shall be made at the same time and place and in the same
225. currency as the Purchase Price.

226. "inspection" in this Clause 7, shall mean the Buyers' inspection according to Clause 4. ~~(a) or (b)~~
227. ~~(Inspection), if applicable. If the Vessel is taken over without inspection, the date of this~~
228. ~~Agreement shall be the relevant date.~~

229. ~~*(a) and (b) are alternatives, delete whichever is not applicable. In the absence of deletions~~
230. ~~Alternative (a) shall apply.~~

231. 8. Documentation

232. The place of closing: ***e-closing***

233. (a) In exchange for payment of the Purchase Price the Sellers shall provide the Buyers with the
234. ~~following~~ delivery documents: ***to be mutually agreed and which shall comply with the Buyers' Nominated Flag State and registry and to form part of an addendum to this Agreement.***

235. ~~(i) Legal Bill(s) of Sale in a form recordable in the Buyers' Nominated Flag State,~~
236. ~~transferring title of the Vessel and stating that the Vessel is free from all mortgages,~~
237. ~~encumbrances and maritime liens or any other debts whatsoever, duly notarially attested~~
238. ~~and legalised or apostilled, as required by the Buyers' Nominated Flag State;~~

239. ~~(ii) Evidence that all necessary corporate, shareholder and other action has been taken by~~
240. ~~the Sellers to authorise the execution, delivery and performance of this Agreement;~~

241. ~~(iii) Power of Attorney of the Sellers appointing one or more representatives to act on behalf~~
242. ~~of the Sellers in the performance of this Agreement, duly notarially attested and legalised~~
243. ~~or apostilled (as appropriate);~~

244. ~~(iv) Certificate or Transcript of Registry issued by the competent authorities of the flag state~~
245. ~~on the date of delivery evidencing the Sellers' ownership of the Vessel and that the~~
246. ~~Vessel is free from registered encumbrances and mortgages, to be faxed or e-mailed by~~
247. ~~such authority to the closing meeting with the original to be sent to the Buyers as soon as~~
248. ~~possible after delivery of the Vessel;~~

249. ~~(v) Declaration of Class or (depending on the Classification Society) a Class Maintenance~~
250. ~~Certificate issued within three (3) Banking Days prior to delivery confirming that the~~
251. ~~Vessel is in Class free of condition/recommendation;~~

252. ~~(vi) Certificate of Deletion of the Vessel from the Vessel's registry or other official evidence of~~
253. ~~deletion appropriate to the Vessel's registry at the time of delivery, or, in the event that~~
254. ~~the registry does not as a matter of practice issue such documentation immediately, a~~
255. ~~written undertaking from the Sellers to effect deletion from the Vessel's registry forthwith~~
256. ~~and provide a certificate or other official evidence of deletion to the Buyers promptly and~~
257. ~~latest within four (4) weeks after the Purchase Price has been paid and the Vessel has~~
258. ~~been delivered;~~

259. ~~(vii) A copy of the Vessel's Continuous Synopsis Record certifying the date on which the~~
260. ~~Vessel ceases to be registered with the Vessel's registry, or, in the event that the registry~~
261. ~~does not as a matter of practice issue such certificate immediately, a written undertaking~~
262. ~~from the Sellers to provide the copy of this certificate promptly upon it being issued~~
263. ~~together with evidence of submission by the Sellers of a duly executed Form 2 stating~~
264. ~~the date on which the Vessel shall cease to be registered with the Vessel's registry;~~

265. ~~(viii) Commercial Invoice for the Vessel;~~

266. ~~(ix) Commercial Invoice(s) for bunkers, lubricating and hydraulic oils and greases;~~

267. ~~(x) A copy of the Sellers' letter to their satellite communication provider cancelling the~~
268. ~~Vessel's communications contract which is to be sent immediately after delivery of the~~
269. ~~Vessel;~~

270. ~~(xi) Any additional documents as may reasonably be required by the competent authorities of~~
271. ~~the Buyers' Nominated Flag State for the purpose of registering the Vessel, provided the~~
272. ~~Buyers notify the Sellers of any such documents as soon as possible after the date of~~
273. ~~this Agreement; and~~

274. ~~(xii) The Sellers' letter of confirmation that to the best of their knowledge, the Vessel is not~~
275. ~~black-listed by any nation or international organisation.~~

276. (b) At the time of delivery the Buyer shall provide the Sellers with ***delivery documents to be mutually agreed and to form part of an addendum to this Agreement.***

277. (i) Evidence that all necessary corporate, shareholder and other action has been taken by
278. the Buyers to authorise the execution, delivery and performance of this Agreement; and

279. (ii) Power of Attorney of the Buyers appointing one or more representatives to act on behalf
280. of the Buyer in the performance of this Agreement, duly notarially attested and legalised
281. or apostilled (as appropriate).

282. (c) If any of the documents listed in *the Addendum Sub-clauses (a) and (b) above* are not in the
English
283. language they shall be accompanied by an English translation by an authorised translator or
284. certified by a lawyer qualified to practice in the country of the translated language.

285. (d) The Parties shall to the extent possible exchange copies, drafts or samples of the
286. documents listed in *the Addendum Sub-clause (a) and Sub-clause (b) above* for review and
comment by the
287. other party not later than ~~seven (7) (state number of days), or if left blank, nine (9) days~~ prior to
288. the Vessel's intended date of readiness for delivery as notified by the Sellers pursuant to
289. Clause 5(b) of this Agreement.

290. (e) Concurrent with the exchange of documents in *the Addendum Sub-clause (a) and Sub-clause
(b) above*.

291. the Sellers shall also hand to the Buyers the classification certificate(s) as well as all plans,
292. drawings and manuals, (excluding ISM/ISPS manuals), which are on board the Vessel. Other
293. certificates which are on board the Vessel shall also be handed over to the Buyers unless the
294. Sellers are required to retain same, in which case the Buyers have the right to take copies.

295. (f) Other technical documentation which may be in the Sellers' possession shall promptly after
296. delivery be forwarded to the Buyers at their expense, if they so request. The Sellers may keep
297. the Vessel's log books but the Buyers have the right to take copies of same.

298. (g) The Parties shall sign and deliver to each other a Protocol of Delivery and Acceptance
299. confirming the date and time of delivery of the Vessel from the Sellers to the Buyers.

300. 9. Encumbrances

301. The Sellers warrant that the Vessel, at the time of delivery, is free from all charters,
302. encumbrances, mortgages and maritime liens or any other debts whatsoever, and is not subject
303. to Port State or other administrative detentions. The Sellers hereby undertake to indemnify
304. the Buyers against all consequences of claims made against the Vessel which have been incurred
305. prior to the time of delivery.

306. 10. Taxes, fees and expenses

307. Any taxes, fees and expenses in connection with the purchase and registration in the Buyers'
308. Nominated Flag State shall be for the Buyers' account, whereas similar charges in connection
309. with the closing of the Sellers' register shall be for the Sellers' account.

310. 11. Condition on delivery

311. The Vessel with everything belonging to her shall be at the Sellers' risk and expense until she is
312. delivered to the Buyers, but subject to the terms and conditions of this Agreement she shall be
313. delivered and taken over as she was at the date time of inspection this Agreement, fair wear and
tear excepted.

314. However, the Vessel shall be delivered free of cargo and free of stowaways with her Class
315. maintained without condition/recommendation*, free of average damage affecting the Vessel's
316. class, and with her classification certificates and national certificates, as well as all other
317. certificates the Vessel had at the time of inspection, clean, valid and unextended without
318. condition/recommendation* by the Classification Society or the relevant authorities for at least three (3) months after delivery.
319. .

320. "inspection" in this Clause 11, shall mean the Buyers' inspection according to Clause 4(a) or
321. ~~4(b) (Inspection), if applicable. If the Vessel is taken over without inspection, the date of this~~
322. ~~Agreement shall be the relevant date.~~

323. *Notes and memoranda, if any, in the Surveyor's report which are accepted by the Classification
324. Society without condition/recommendation are not to be taken into account.

325. 12. Name/markings

326. Upon delivery the Buyers undertake to change the name of the Vessel and alter funnel
327. markings.

328. 13. Buyers' default

329. Should the Deposit not be lodged in accordance with Clause 2 (Deposit), the Sellers have the
330. right to cancel this Agreement, and they shall be entitled to claim compensation for their losses
331. and for all expenses incurred together with interest.

332. Should the Purchase Price not be paid in accordance with Clause 3 (Payment), the Sellers
333. have the right to cancel this Agreement, in which case the Deposit together with interest
334. earned, if any, shall be released to the Sellers. If the Deposit does not cover their loss, the
335. Sellers shall be entitled to claim further compensation for their losses and for all expenses
336. incurred together with interest.

337. 14. Sellers' default

338. Should the Sellers fail to give Notice of Readiness in accordance with Clause 5(b) or fail to be
339. ready to validly complete a legal transfer by the Cancelling Date the Buyers shall have the

340. option of cancelling this Agreement. If after Notice of Readiness has been given but before

341. the Buyers have taken delivery, the Vessel ceases to be physically ready for delivery and is not
342. made physically ready again by the Cancelling Date and new Notice of Readiness given, the
343. Buyers shall retain their option to cancel. In the event that the Buyers elect to cancel this
344. Agreement, the Deposit together with interest earned, if any, shall be released to them
345. immediately.

346. Should the Sellers fail to give Notice of Readiness by the Cancelling Date or fail to be ready to
347. validly complete a legal transfer as aforesaid they shall make due compensation to the Buyers
348. for their loss and for all expenses together with interest if their failure is due to proven
349. negligence and whether or not the Buyers cancel this Agreement.

350. 15. Buyers' representatives

351. After this Agreement has been signed by the Parties and the Deposit has been lodged, the

352. Buyers have the right to place two (2) representatives on board the Vessel at their sole risk and
353. expense **for the last fifteen (15) days prior delivery. The right of the Buyers shall be subject to i) the charterers consent and ii) Buyers representatives providing negative Covid-19 test results within 36 hours prior to embarkation at the intended port. Sellers shall exercise reasonable efforts to obtain Charterers consent.**
After embarkation, the Buyers representatives will strictly adhere to the Vessels health and safety protocols relating to Covid-19 at all times, which shall include but not be limited to submitting daily temperature readings and wearing face masks, and if requested by the master, to immediately self-isolate should they show symptoms or signs of infection.

354. These representatives are on board for the purpose of familiarisation and in the capacity of
355. observers only, and they shall not interfere in any respect with the operation of the Vessel. The
356. ~~Buyers and the~~ Buyers' representatives shall sign the Sellers **and charterers'** P&I Club's standard
letter of
357. indemnity prior to their embarkation **and at all times adhere to the lawful the Vessel's Master.**
Any off hire due to the Buyers' representatives to be for Buyers account.

The Buyers shall also reimburse the Sellers at cost for any other-costs/expenses incurred as a result of the Buyers representative's embarkation, as evidenced by supporting documentation.

358. 16. Law and Arbitration

359. (a) This Agreement shall be governed by and construed in accordance with English law and
360. any dispute arising out of or in connection with this Agreement shall be referred to arbitration in
361. London in accordance with the Arbitration Act 1996 or any statutory modification or re-
362. enactment thereof save to the extent necessary to give effect to the provisions of this Clause.

363. The arbitration shall be conducted in accordance with the London Maritime Arbitrators
364. Association (LMAA) Terms current at the time when the arbitration proceedings are
365. commenced.

366. The reference shall be to three arbitrators. A party wishing to refer a dispute to arbitration shall
367. appoint its arbitrator and send notice of such appointment in writing to the other party requiring
368. the other party to appoint its own arbitrator within fourteen (14) calendar days of that notice and
369. stating that it will appoint its arbitrator as sole arbitrator unless the other party appoints its own
370. arbitrator and gives notice that it has done so within the fourteen (14) days specified. If the
371. other party does not appoint its own arbitrator and give notice that it has done so within the
372. fourteen (14) days specified, the party referring a dispute to arbitration may, without the
373. requirement of any further prior notice to the other party, appoint its arbitrator as sole arbitrator
374. and shall advise the other party accordingly. The award of a sole arbitrator shall be binding on
375. both Parties as if the sole arbitrator had been appointed by agreement.

376. In cases where neither the claim nor any counterclaim exceeds the sum of US\$100,000 the
377. arbitration shall be conducted in accordance with the LMAA Small Claims Procedure current at
378. the time when the arbitration proceedings are commenced.

379. ~~(b) *This Agreement shall be governed by and construed in accordance with Title 9 of the
380. United States Code and the substantive law (not including the choice of law rules) of the State
381. of New York and any dispute arising out of or in connection with this Agreement shall be
382. referred to three (3) persons at New York, one to be appointed by each of the parties hereto,
383. and the third by two so chosen; their decision or that of any two of them shall be final, and
384. for the purposes of enforcing any award, judgment may be entered on an award by any court of
385. competent jurisdiction. The proceedings shall be conducted in accordance with the rules of the
386. Society of Maritime Arbitrators, Inc.~~

387. ~~In cases where neither the claim nor any counterclaim exceeds the sum of US\$100,000 the
388. arbitration shall be conducted in accordance with the Shortened Arbitration Procedure of the
389. Society of Maritime Arbitrators, Inc.~~

390. ~~(c) This Agreement shall be governed by and construed in accordance with the laws of
391. (state place) and any dispute arising out of or in connection with this Agreement shall be
392. referred to arbitration at (state place), subject to the procedures applicable there.~~

393. ~~*16(a), 16(b) and 16(c) are alternatives; delete whichever is not applicable. In the absence of
394. deletions, alternative 16(a) shall apply.~~

395. 17. Notices

396. All notices to be provided under this Agreement shall be in writing.

397. Contact details for recipients of notices are as follows:

398. For the Buyers: **via the brokers**

399. For the Sellers: **via the brokers**

400. 18. Entire Agreement

401. The written terms of this Agreement comprise the entire agreement between the Buyers and
402. the Sellers in relation to the sale and purchase of the Vessel and supersede all -previous
403. agreements whether oral or written between the Parties in relation thereto.

404. Each of the Parties acknowledges that in entering into this Agreement n has not relied on
405. and shall have no right or remedy in respect of any statement, representation, assurance or
406. warranty (whether or not made negligently) other than as is expressly set out in this Agreement.

407. Any terms implied into this Agreement by any applicable statute or law are hereby excluded
408. to the extent that such exclusion can legally be made. Nothing in this Clause shall limit or exclude
409. any liability for fraud.

19. Sanction

The Sellers and the Buyers represent and warrant to each other as of the date hereof and at the date of delivery that none of them, nor any of their shareholders, are a person or entity listed or targeted by any sanctions issued by the United Nations, the United States, the United Kingdom, Switzerland or the European Union ("Sanctions") or owned or controlled by any of the foregoing ("Restricted Person").

The Sellers further represent and warrant as, of the date hereof and at the date of delivery that the

Vessel is not a Restricted Person and has not engaged in any activity or trade restricted under Sanctions or that might lead the Vessel to become a Restricted Person.

If at any time before delivery there is a breach of any representation contained under paragraph 1 or 2, the non-breaching party may terminate this Agreement by giving written notice to the other party.

20. Confidentiality

The negotiations and the terms and conditions of this Agreement shall be kept strictly private and Confidential between Buyers and Sellers and not details of this sale shall be disclosed to any third party except for any public announcements or regulatory filings required and/or in accordance with NASDAQ/SEC filing. A breach of this confidentiality clause shall, however, not entitle any of the Parties to terminal this Agreement.

21. Counterpart

This Agreement may be executed in counterparts in two originals, each of which when executed and delivered shall constitute an original of this Agreement. No counterpart shall be effective until each Party has executed at least on counterpart A signed copy received in pdf format shall be deemed to be an original. and delivered shall constitute an original of this Agreement. No counterpart shall be effective until each Party has executed at least on counterpart. A signed copy received in pdf format shall be deemed to be an original.

For and on behalf of the Sellers

[*****]

Name: [*****]

Title: Authorised Signatory

For and on behalf of the Buyers

[*****]

Name: [*****]

Title: Authorised Signatory

For and on behalf of [***]**

[*****]

Name: [*****]

Title: Director

This Charter Party is a computer generated copy of the "SALEFORM 2012" form printed by authority of Norwegian Shipbrokers' Association using software which is the copyright of SDS. Any insertion or deletion to the form must be clearly visible. In the event of any modification made to the preprinted text of this document which is not clearly visible, the text of the original approved document shall apply. Norwegian Shipbrokers' Association and SDS assume no responsibility for any loss or damage caused as a result of discrepancies between the original approved document and this document

LIST OF SIGNIFICANT SUBSIDIARIES

<u>Name of Subsidiary</u>	<u>Jurisdiction of Incorporation</u>	<u>Proportion of Ownership Interest</u>
Capital Product Operating L.L.C.	Republic of the Marshall Islands	100%

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: April 27, 2021

By: /s/ Gerasimos (Jerry) Kalogiratos

Name: Gerasimos (Jerry) Kalogiratos

Title: Chief Executive Officer

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: April 27, 2021

By: /s/ Nikolaos Kalapotharakos

Name: Nikolaos Kalapotharakos

Title: Chief Financial Officer

**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, 2020 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: April 27, 2021

By: /s/ Gerasimos (Jerry) Kalogiratos

Name: Gerasimos (Jerry) Kalogiratos
Title: Chief Executive Officer

**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, 2020 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: April 27, 2021

By: /s/ Nikolaos Kalapotharakos

Name: Nikolaos Kalapotharakos
Title: Chief Financial Officer

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 April 27, 2021, 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 for the year ended December 31, 2020.

/s/ Deloitte Certified Public Accountants S.A.

Athens, Greece

April 27, 2021