

**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, 2023

OR

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

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: _____

For the transition period from _____ to _____

Commission file number: 001-33373

CAPITAL PRODUCT PARTNERS L.P.

(Exact name of Registrant as specified in its charter)

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

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

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

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

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

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

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

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

55,039,143 Common Units
870,522 Treasury 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.

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements.

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant’s executive officers during the relevant recovery period pursuant to §240.10D-1(b).

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

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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, 2023 and 2022, the related consolidated statements of comprehensive income, changes in partners’ capital, and cash flows, for each of the three years in the period ended December 31, 2023, 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;
- “General Partner” refers to Capital GP L.L.C., our general partner;
- “Capital Maritime” or “CMTC” refer to Capital Maritime & Trading Corp., our sponsor;
- “Capital Gas” refers to Capital Gas Corp.;
- “Capital-Executive” refers to Capital-Executive Ship Management Corp.;
- “Capital Ship Management” refers to Capital Ship Management Corp.;
- “Capital Gas Management” refers to Capital Gas Ship Management Corp.;
- the “Managers” refers to our managers, Capital-Executive, Capital Ship Management and Capital Gas Management;
- “Umbrella Agreement” refers to the umbrella agreement, which we entered into on November 13, 2023 with Capital Maritime and our General Partner;
- the “Conflicts Committee” refers to the conflicts committee of our board of directors;
- “CPLP PLC” refers to CPLP Shipping Holdings PLC, a public limited liability company and wholly owned subsidiary of CPLP;
- “Bonds” refers to €100.0 million and €150.0 million of senior unsecured bonds issued by CPLP PLC and guaranteed by CPLP, which were listed on the Athens Stock Exchange in July 2022 and October 2021, respectively;
- “financing arrangements” refers to our debt financing arrangements as well as to our sale-leaseback financing arrangements, seller’s credit agreements and the Bonds; and
- “debt” includes indebtedness under the financing arrangements.

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” within the meaning of the safe harbor provisions of the U.S. Private Securities Litigation Reform Act of 1995. 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 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;
- 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 and deliveries of vessels from Capital Maritime or third parties, and the expected benefits from the liquefied natural gas (“LNG”) carriers (“LNG/C”) that we have agreed to acquire from Capital Maritime pursuant to the Umbrella Agreement;
- expectations regarding the transactions contemplated by the Umbrella Agreement, including our intention to explore the disposition of our container vessels and abstain from acquiring additional container vessels and negotiate our conversion from a limited partnership to a corporation with customary corporate governance;
- our continued ability to enter into medium- or long-term, fixed-rate time charters with our charterers and to re-charter our vessels at attractive rates as their existing charters expire;
- the relationships and reputations of our Managers 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 and settle our hedging arrangements;
- 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 (“EU”), 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”) or other newly installed equipment and novel technologies 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 Managers to retain key employees;
- anticipated funds for liquidity needs and the sufficiency of cash flows; and
- the ability of our counterparties to perform under our shipbuilding contracts.

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, which could cause actual results to be materially different from those contained in any forward-looking statement. 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 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 industries and the countries in which we operate as of the date of this Annual Report. Please read “Item 4. Information on the Partnership” for information on the current scope of our operations. We currently own 22 vessels consisting of nine latest generation LNG/C vessels, 11 Neo-Panamax container carrier vessels, three of which we have agreed to sell to an unaffiliated party, and two Panamax container carrier vessels, both of which we have agreed to sell to an unaffiliated party. We expect to deliver each of the container carrier vessels that we have agreed sell to their respective buyers during the second quarter of 2024. In addition, we have agreed to acquire nine additional latest generation LNG/C vessels to be delivered to the Partnership between the second quarter of 2024 and the first quarter of 2027. We may in the future enter into additional markets. If that happens, we will be exposed to additional risks.

Furthermore, we are organized as a 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 LNG and container shipping industries are cyclical and volatile;
- An oversupply of LNG/C or containership capacity may depress current charter rates and adversely affect our ability to charter our vessels at profitable rates or at all;
- We may not realize the benefits anticipated from the LNG/C vessels that we have agreed to acquire from Capital Maritime pursuant to the Umbrella Agreement;
- We may not realize the benefits anticipated from our change in business focus to concentrate on the LNG/C market and the wider energy transition gas market such as the carriage of ammonia and liquid CO₂;
- A decrease in the level of export and import of goods or LNG production and exports, as a result of trade protectionism, economic sanctions, changes in commodity prices 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 and affect our ability to comply with our loan covenants or refinance our debt;
- 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 a significant part 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; and
- A further increase in interest rates or increased interest rate levels for long periods of time could increase our level of debt and the related interest expense, limit our ability to access debt and equity financing and increase the cost of capital required to acquire additional vessels or to implement our business strategy.

RISKS RELATED TO OUR INDUSTRY

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

We operate in the ocean-going LNG and container shipping industries and our performance and future growth depend on continued demand in these industries. Accordingly, we are exposed to various risks in these industries. Currently, we own nine LNG/C vessels and 13 container vessels. In connection with our intention to gradually divest from our container vessels, which we announced on November 13, 2023, we have agreed to sell to unaffiliated third parties our remaining two Panamax container vessels and three of our remaining 11 Neo-Panamax container vessels, each of which we expect to deliver to its respective buyer during the second quarter of 2024. Previously, we sold one Panamax container vessel and one Neo-Panamax container vessel in February 2024 and March 2024, respectively. In addition, we have agreed to acquire nine additional latest generation LNG/C vessels to be delivered to the Partnership between the second quarter of 2024 and the first quarter of 2027. As a result, we are most exposed to risks in the ocean-going LNG industry and, following our change in business focus, our exposure to such risks will increase. We will continue to be exposed to risks in the container shipping industry until we complete the gradual divestment of our container vessels. See “—Risks Related to Our Business and Operations—*We may not realize the benefits anticipated from our change in business focus to concentrate on the LNG/C market and the wider energy transition gas market, which could adversely affect the value of our securities*” below.

The LNG shipping industry is cyclical with attendant volatility in charter hire rates and profitability. Charter hire rates for LNG/C vessels depend on multiple factors, including changes in the supply and demand for LNG and changes in the supply and demand for LNG shipping capacity. In recent years, the LNG/C charter market recovered after experiencing a prolonged period of historically low rates. However, charter rates in 2023 were lower compared to the prior year as a result of reduced focus on energy security by western nations, generally warmer weather and increased LNG inventories, combined with prolonged availability of LNG/C vessels throughout the year. The degree of charter hire rate volatility among different types of LNG/C vessels has varied widely, and time charter and spot market rates for LNG/C vessels have in the past declined below operating costs of vessels.

The ocean-going container shipping industry is both cyclical and volatile in terms of charter rates and profitability and demand for our container vessels depends on a range of factors, including changes in the supply and demand for ship capacity and changes in the supply and demand for shipment of cargoes in containers. Charter rates for container vessels reached an all-time high in the first quarter of 2022, but rates softened during the second half of 2022 and have declined through 2023, amid demand headwinds, increased supply of vessels, easing in congestion and weaker economic sentiment. During 2023, demand in global container trade remained flat compared to the previous year in terms of Twenty-foot Equivalent Unit (“TEU”)/miles and container charter rates decreased by 68% compared to the previous year.

Both the LNG shipping industry and the container shipping industry are affected by macroeconomic and geopolitical factors, including the effects of violent conflicts, terrorist attacks, trade restrictions, tariffs, natural or man-made disasters (including industrial disasters), epidemics or pandemics of disease and climatic or other catastrophic events. For example, in the fourth quarter of 2023, container charter rates began to increase as a result of disruption to shipping caused by militia attacks on commercial vessels in the Red Sea. Ongoing conflicts, including the Russia-Ukraine conflict and the conflict in the Middle East, combined with persistent inflationary pressures across most major economies may lead to a global economic slowdown, which might in turn adversely affect demand for LNG and LNG/C vessels and/or containerized goods and container vessels and could negatively affect our results from operations. If the decline in LNG charter rates and/or freight rates continues, this could result in diminished profitability or losses, and could adversely impact certain of our charterers, which could negatively affect our results from operations. For example, in a number of instances in the past, charterers have not performed under, or have requested modifications of, existing time charters. See “—Risks Related to Our Business and Operations—*Certain of our vessels may be 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*” and “—Risks Related to Our Business and Operations—*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.*” In addition, a continued decline in freight rates could negatively affect our ability to successfully divest our container vessels.

The factors affecting the supply of LNG and products shipped in containers and the demand for LNG/C vessels and containerships 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 LNG/C vessels and containerships include:

- the price of LNG, which may be affected, among other things, by:
 - the prices and availability of crude oil, petroleum products and natural gas, including to the extent that natural gas prices are benchmarked to the price of crude oil, which could negatively affect the economies of potential new LNG production projects;
 - the cost of natural gas derived from LNG relative to the cost of natural gas generally and the cost of alternative fuels, including renewables and coal, and the impact of increases in the cost of natural gas derived from LNG on consumption of LNG; and
 - the impact of any adverse effects on the oil and gas industry relating to climate change, including growing public concern about the environmental impact of climate change;
- changes in the exploration, development, production or transportation of LNG, including the availability and allocation of capital by developers to new LNG projects, events that may affect the availability of sufficient financing for LNG projects and the location of regional and global exploration, production and manufacturing facilities;
- the location of consuming regions for LNG and increases in the production of lower cost domestic natural gas in natural gas consuming markets, which could further depress prices for natural gas in those markets;
- changes in global production of products transported by containerships;
- seaborne and other transportation patterns, including the distances over which LNGs and/or container cargoes are transported and changes in such patterns and distances;
- the globalization of production and manufacturing;

- developments in international trade and in the market for exports of containerized goods, including threats and/or imposition of trade tariffs;
- global and regional economic and political conditions, including political and military conflicts;
- any significant explosion, spill or other incident involving an LNG facility or carrier;
- economic growth in China, India and other emerging markets;
- laws and regulations, including but not limited to new taxes, environmental protection laws and other regulatory developments;
- regional, national or international energy policies that constrain the production or consumption of hydrocarbons including natural gas;
- currency exchange rates;
- changes in weather patterns, including warmer winters in the northern hemisphere and lower gas demand in the traditional peak heating season as well as severe weather events resulting from climate change; and
- cost of bunkers.

Some of the factors that influence the supply of LNG/C vessels and/or containerships 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 LNG/C vessels and/or containerships;
- newbuild prices and LNG/C vessels and/or containership owner access to capital to finance the construction of newbuilds;
- charter rates;
- the price of steel and other raw materials used in the manufacture of LNG/C vessels and/or containerships;
- changes in environmental and other regulations and standards that may limit the profitability, operations or useful life of LNG/C vessels and/or containerships;
- the number of LNG/C vessels and/or containerships that are slow-steaming or extra slow-steaming to conserve fuel;
- the number of LNG/C vessels and/or containerships that are off-charter and the number of vessels otherwise not in service (for example, as a result of vessel casualties);
- port and canal congestion and closures;
- demand for fleet renewal; and
- technological advancements or changes in vessel design, propulsion, containment systems and vessel size.

An oversupply of vessel capacity may prolong or depress current charter rates and adversely affect our ability to charter our vessels at profitable rates or at all.

Since 2014, the LNG market has been at times characterized by an oversupply of LNG tonnage, mainly caused by delays in new LNG capacity coming on stream. In addition, following a decline in ordering of newbuildings during 2016 and 2017, ordering increased in 2018 through 2023, driven by the strengthening of charter rates and increasing expectations for long-term LNG supply and demand during that period. As a result, the LNG orderbook as of December 31, 2023 represented approximately 52% of the total on-the-water fleet capacity, which is expected to be delivered between 2024 and 2029. A potential overhang of new vessels may cause LNG charter rates to be depressed.

In the containership market, the container order book as of December 31, 2023 represented approximately 26% of the total on-the-water fleet capacity. Deliveries of vessels ordered will significantly increase the size of the on-the-water container fleet over the next two to three years, which might in turn create an overhang of container vessels and cause container charter rates to be depressed. An overhang of container vessels could also negatively affect our ability to successfully divest from our container vessels.

An oversupply of newbuild vessels or re-chartered or idle vessel capacity entering the market, combined with any decline in the demand for LNG/C vessels or containerships, may depress charter rates and may decrease our ability to charter our vessels other than for reduced rates or unprofitable rates or to 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.

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. 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. Any future trade barriers or restrictions on trade in the United States may trigger retaliatory actions by others, potentially resulting in a "trade war."

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 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. In addition, the strengthening nearshoring trend, in which companies are reworking global supply chains to expand or relocate facilities closer to end-consumers, could result in decreased demand for ocean-going container vessels. 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, 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.

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.

Our business could be harmed by trade tariffs, as well as any trade embargoes or other economic sanctions by the United States or other countries against Russia and countries in the Middle East, Asia or elsewhere as a result of terrorist attacks, hostilities or diplomatic or political pressures that limit trading activities with those countries. In particular, the ongoing conflict between Russia and Ukraine, and attendant sanctions imposed by the United States, the EU and other countries may also adversely impact our business, especially given Russia's role as a major global exporter of crude oil and natural gas and the imposition of a price cap on Russian-origin oil announced by the U.S., EU and several other countries in December 2022. While reduced flow of Russian natural gas into Europe and the associated trade distortions have increased demand for LNG shipping, they have also negatively affected demand in regions that are more severely affected by LNG price increases, which might adversely affect the demand for LNG shipping in the future and as a consequence might impair our capacity to re-charter the vessels after the expiration of their current charters. The conflict in the Middle East and the resulting restriction on Red Sea crossings has led to a disruption in trade patterns which could force elimination of long haul trades for LNG, reducing the demand for LNG shipping. Long term change in trade patterns of LNG, as a result of the conflict, might adversely affect the demand for LNG shipping and as a consequence might impair our capacity to re-charter the vessels after the expiration of their current charters.

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.

Worldwide inflationary pressures could negatively impact our results of operations and cash flows.

Worldwide economies have experienced persistent inflationary pressures during the previous two years, with price increases seen across many sectors globally. For example, the U.S. consumer price index, an inflation gauge that measures costs across dozens of items, rose 3.4% and 6.5% in December 2023 and December 2022, respectively, compared to the prior year. It remains to be seen whether inflationary pressures will continue, and to what degree, as central banks respond to price increases. As a result of the heightened inflation experienced in 2023, we have incurred increased operating, voyage and administrative costs including higher costs for dry-docking. If inflationary pressures persist, we may experience further increases in our voyage, administrative and operating expenses, which we may not be able to pass on to our charterers. Furthermore, the effects of inflation on the supply and demand of the products we transport could alter demand for our services. Interventions in the economy by central banks in response to inflationary pressures may slow down economic activity, including by altering consumer purchasing habits and reducing demand for the commodities and products we carry, and cause a reduction in trade. As a result, the volumes of LNG and/or goods we deliver and/or charter rates for our vessels may be affected. Any of these factors could adversely affect our business, financial condition, results of operations, liquidity, cash flows and ability to pay cash distributions and service or refinance our debt.

LNG/C and container vessel values have historically been volatile. Vessel values may decrease and over time may fluctuate substantially, which may cause us to recognize losses if we sell our LNG/C vessels and/or container vessels, or record impairments and affect our ability to comply with our loan covenants or refinance our debt.

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

- prevailing economic and market conditions affecting the shipping industry (including the level of worldwide LNG production and exports);
- 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 vessels 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 (including our container vessels in connection with our change in business focus to concentrate on the LNG/C market and the wider energy transition gas market) at a reasonable price 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 charter our LNG/C vessels and 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 and LNG/C vessels is highly competitive, generally involves an intensive screening process and competitive bids, and often extends for several months.

LNG/C vessel and 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;
- LNG and container shipping experience and quality of vessel operations, including cost effectiveness;
- quality and experience of seafaring crew;
- the ability to finance LNG/C vessels and 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 LNG/C vessels and 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 LNG/C and containership sectors, including many with strong reputations and extensive resources and experience in the marine transportation industry. Furthermore, both markets are highly fragmented. Due in part to the highly fragmented market, competitors with greater resources could enter the LNG/C and container shipping industry and operate larger fleets through consolidations or acquisitions and may be able to offer lower charter rates than we are able to offer. Although we believe that no single competitor has a dominant position in the markets in which we compete, we are aware that certain competitors may be able to devote greater financial and other resources to their activities than we can, resulting in a significant competitive threat to us. This increased competition in both the LNG/C and containership shipping markets 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 of March 31, 2024, seven of our container vessels are chartered for less than two years. Our LNG/C vessels are under long-term time charters expiring at the earliest in 2025 (three carriers), 2026 (one carrier), 2028 (one carrier), 2029 (one carrier), 2031 (two carriers) and 2032 (one carrier—the LNG/C Axios II—is currently on a one-year time charter, which will be followed by a seven-year bare boat charter expiring in 2032). On redelivery from their present charters, our vessels may operate in the short-term or spot market unless and until we are able to secure new medium- to long-term 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. See “—Risks Related to Our Industry—An oversupply of vessel capacity may prolong or depress current charter rates and adversely affect our ability to charter our vessels at profitable rates or at all.”

In recent years, global natural gas and crude oil prices have been volatile. Any decline in oil prices can depress natural gas prices and lead to a narrowing of the difference in pricing between geographic regions, which can adversely affect the length of voyages in the spot LNG shipping market and the spot rates and medium-term charter rates for charters which commence in the near future. In addition, advances in LNG/C technology may negatively impact our ability to charter our LNG/C vessels at attractive rates and may result in lower levels of utilization.

Operating vessels in the spot market or being unable to re-charter vessels on long-term charters with similar or better rates may mean that our revenues and cash flows from these vessels will decline following the expiration of our current charters. This could have a material adverse effect on our business results or operations, cash flows and our ability to make cash distributions and service or refinance our debt. In particular, a sustained decline in our charter rates and employment opportunities could adversely affect the market value of our vessels, on which certain ratios and financial covenants with which we are required to comply are based. A significant decline in the market value of our vessels could impact our compliance with covenants in our financing arrangements and, if the values are lower at a time when we are attempting to dispose of vessels (including our container vessels in connection with our change in business focus to concentrate on the LNG/C market and the wider energy transition gas market), could cause us to incur a loss. See “—LNG/C and container vessel values have historically been volatile. Vessel values may decrease and over time may fluctuate substantially, which may cause us to recognize losses if we sell our LNG/C vessels and/or container vessels, or record impairments and affect our ability to comply with our loan covenants or refinance our debt.” above and “—Risks Related to Our Business and Operations—We may not realize the benefits anticipated from our change in business focus to concentrate on the LNG/C market and the wider energy transition gas market, which could adversely affect the value of our securities.” below.

RISKS RELATED TO OUR BUSINESS AND OPERATIONS

We may not realize the benefits anticipated from the LNG/C vessels that we have agreed to acquire from Capital Maritime, which could adversely affect the value of our securities.

On November 13, 2023, we entered into the Umbrella Agreement with Capital Maritime and the General Partner, which provides for the acquisition by the Partnership of 11 newbuild LNG/C vessels from Capital Maritime (the “Newbuild Vessels”) for a total acquisition price of \$3,130.0 million. Each Vessel has or will have a capacity of 174,000 Cubic Meters (“CBM”) and was built or is under construction at Hyundai Heavy Industries Co., LTD and Hyundai Samho Heavy Industries Co. Ltd., South Korea (collectively, “Hyundai”). On December 21, 2023 we closed the Umbrella Agreement and entered into 11 share purchase agreements to acquire 100% of the equity interests in each vessel-owning company of the Newbuild Vessels (the “Vessel SPAs”). On December 21, 2023 we took delivery of the first Newbuild Vessel pursuant to the Umbrella Agreement, the LNG/C Amore Mio I.

Upon entry into the Vessel SPAs for the LNG/C vessels Axios II, Assos, Apostolos, Aktoras, Archimidis and Agamemnon (the “Initial Vessels”), we paid to Capital Maritime a deposit of \$174.4 million, or 10% of the aggregate acquisition price of the Initial Vessels. We closed the Vessel SPA for the Axios II upon delivery of the vessel on January 2, 2024 and we expect to complete the remaining acquisitions of each of the vessel-owning companies of the Initial Vessels upon each vessel’s delivery from Hyundai. The remaining purchase price with respect to each Initial Vessel will be paid upon delivery of such vessel and closing of the applicable Vessel SPA, with a total of \$1,287.0 million remaining due for the Initial Vessels.

Upon entry into the Vessel SPAs for LNG/C vessels Alcaios I, Antaios I, Athlos and Archon (the “Remaining Vessels”), the Partnership paid Capital Maritime \$138.1 million to acquire 100% of the equity interests in each of the vessel-owning companies of the Remaining Vessels, which are expected to be delivered to the Partnership between the third quarter of 2026 and the first quarter of 2027. In addition to \$101.1 million that we have paid to-date, we expect to pay an additional amount of \$808.8 million to Hyundai in pre-delivery and delivery instalments for the Remaining Vessels.

The anticipated benefits from the vessel acquisitions pursuant to the Umbrella Agreement are based on projections and assumptions about the impact of the additional vessels on our business, which may not materialize as expected or which may prove to be inaccurate. Our ability to achieve the anticipated benefits will depend on our ability to secure long-term charters at acceptable day rates for each of the Newbuild Vessels. We may face challenges securing long-term charters for such vessels, including as a result of macroeconomic factors and changes to the global charter market and the relationships and reputations of our Managers and our General Partner in the shipping industry. If we are unable to secure long-term charters for such vessels, we may be unable to make required principal and interest payments on our financing arrangements.

If we do not successfully manage these issues, then we may not achieve the anticipated benefits of vessel acquisitions under the Umbrella Agreement and our operating results and the value of our securities could be materially and adversely affected.

We may not realize the benefits anticipated from our change in business focus to concentrate on the LNG/C market and the wider energy transition gas market, which could adversely affect the value of our securities.

Pursuant to the Umbrella Agreement, we have agreed with Capital Maritime and our General Partner to change our business focus to concentrate on the LNG/C market. In addition to our commitment to concentrate our business on the LNG/C market, we also expect to focus on the wider energy transition gas market. Pursuant to the Umbrella Agreement, we also committed to explore the disposition of our container vessels and to abstain from acquiring additional container vessels. In connection with our intention to gradually divest from our container vessels, which we announced on November 13, 2023, we have agreed to sell to unaffiliated third parties our remaining two Panamax container vessels and three of our remaining 11 Neo-Panamax container vessels, each of which we expect to deliver to their respective buyers during the second quarter of 2024. Previously, we sold one Panamax container vessel and one Neo-Panamax container vessel in February 2024 and March 2024, respectively. While we expect to change our business focus to concentrate on the LNG/C market and the wider energy transition gas market such as the carriage of ammonia and liquid CO₂, we can provide no assurances that in the future we will not return to the container market or the drybulk market, or that we will not explore additional shipping markets beyond the identified markets. We can also provide no assurances as to whether or when we will complete the disposition of our container vessels. If we do not complete the disposition of our container vessels, or if we otherwise do not concentrate our business focus on the LNG/C market and the wider energy transition gas market, then we may not realize the benefits anticipated from the transactions contemplated by the Umbrella Agreement and our operating results and the value of our common units could be materially and adversely affected.

In addition, we are exposed to risks in the LNG shipping industry and, following our change in business focus, our exposure to such risks will increase. See “—Risks Related to Our Industry—We are exposed to various risks in the ocean-going LNG and container shipping industries, which are cyclical and volatile” above.

The anticipated benefits from our change in business focus are, necessarily, based on projections and assumptions about the growth of the LNG/C market and our ability to capitalize on LNG/C market opportunities, which may not materialize as expected or which may prove to be inaccurate. While we expect that both natural gas and LNG will play a key role in the energy transition, it is possible that the public perception of the environmental impact of LNG may change in the future. For example, in January 2024, in response to public concern about, among other things, the environmental impact of LNG, the Biden administration expanded its review criteria for approval of the Calcasieu Pass 2 LNG terminal to consider its impact on climate change and has announced a temporary pause on pending approvals of LNG exports. If our expectations about the growth of the LNG/C market and the role of LNG in the energy transition do not materialize or prove to be inaccurate, we may not realize the benefits anticipated from our change in business focus to concentrate on the LNG/C market and the wider energy transition gas market and our operating results and the value of our securities could be materially and adversely affected.

We may not be able to grow, or to effectively manage our growth, which could negatively affect our competitiveness and financial condition.

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 time 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;
 - comply with existing and new regulations, such as those imposed by the International Maritime Organization (“IMO”) and other national and supra national organizations;
 - maintain our commercial and technical management agreements with our Managers or other competent managers; and
- the ability of our Managers to hire, train and retain qualified personnel to manage, maintain and operate our business and fleet.

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.

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 may be 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 LNG/C and container vessels that are chartered to BP Gas Marketing Limited ("BP"), Cheniere Marketing International LLP ("Cheniere"), Engie Energy Marketing Singapore Pte Ltd ("Engie"), Hyundai Merchant Marine Co Ltd. ("HMM"), Hartree Partners Power & Gas Company (UK) Limited ("Hartree"), Hapag-Lloyd Aktiengesellschaft ("Hapag-Lloyd"), Qatar Energy Trading LLC ("Qatar Energy Trading") and Bonny Gas Transport Limited ("BGT") are each currently employed under medium-to-long-term time charters.

Given that the rates we charge to these charterers may at times 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 as a result of 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 BP, Cheniere, Engie, Hartree, BGT, HMM, Hapag-Lloyd or Qatar Energy Trading prior to their respective expiration date, we would have to re-charter the vessels at the then prevailing charter rates. If the charter market is depressed at such time, or when time charters for our vessels otherwise expire, we may be forced to re-charter our vessels at reduced or even unprofitable rates, or we may not be able to re-charter them at all, and our business, financial condition, results of operation, cash flows and ability to make distributions 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 are highly leveraged. 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 in the past, and their ability to make charter payments, which resulted in a material increase in the credit and counterparty risks to which we were exposed and our ability to re-charter our vessels at competitive 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 and 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 in August 2016 for aggregate cash consideration of \$29.7 million.

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.

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 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, 2023, our charterers who individually accounted for more than 10% of total revenues were Hapag-Lloyd, BP, Cheniere and HMM, who accounted for 24.1%, 20.9%, 15.6% and 14.8% 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 above in *“Certain of our vessels may be 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.”*

A loss of any of our charterers 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 mostly depend on our Managers, which are privately held companies, for the commercial and technical management of our fleet. If, for any reason, any of our Managers 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 Managers are privately held companies and not part of the group of companies controlled by Capital Maritime. Accordingly, they do not benefit from the financial and operational support of Capital Maritime as parent company.

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

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

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

If any of the above risks were to 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 Managers for services provided to us are substantial, fluctuate, cannot be easily predicted and may reduce our cash available for distribution to our unitholders.

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

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

Fees charged by our Managers and compensation for expenses and liabilities incurred on our behalf, as well as the costs associated with future dry-dockings 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 and/or our Managers, 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.

In connection with the Umbrella Agreement, we agreed to, in good faith, negotiate with the General Partner and jointly working with tax and other advisors to agree to mutually acceptable terms for our conversion from a Marshall Islands limited partnership to a corporation with customary corporate governance provisions and, subject to reaching such agreement, use our reasonable best efforts to cause such conversion to have been completed by June 21, 2024. We can make no assurances that we will convert to a corporation or, if such conversion occurs, as to the corporate governance provisions that would be adopted by us upon such conversion. See “—*Risks Inherent in an Investment in Us —We may not complete our conversion from a Marshall Islands limited partnership to a corporation with customary corporate governance that we have committed to consider pursuant to the Umbrella Agreement.*”

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 charter our LNG/C vessels and containerships depend on, among other things, our ability to expand relationships with existing charterers and develop relationships with new charterers, for which we will face substantial competition,*” the following factors may be considered when awarding such contracts, including:

- office assessments and audits of the vessel operator;
- the operator’s environmental, health and safety record;
- compliance with the standards of the IMO;
- 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 our Managers not continue to successfully clear major charterers’ risk assessment processes on an ongoing basis, our vessels’ present and future employment, as well as our relationship with our existing charterers and our ability to obtain new charterers, whether medium- or long-term, could be adversely affected. Such a situation may lead to major charterers’ terminating existing charters and refusing to use our vessels in the future, which would adversely affect our business, financial condition, results of operations, cash flows and ability to make cash distributions and service or refinance our debt.

If our vessels suffer damage due to the inherent operational risks of the shipping industry, we may experience unexpected dry-docking 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. For the LNG/C vessels, there is a risk of damage in the membrane of the cargo tanks due to sloshing in extreme weather.

If our vessels suffer damage, they may need to be repaired at a dry-docking facility. The costs of dry-dock repairs are unpredictable and may be substantial. We may have to pay dry-docking 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 dry-docking facilities is sometimes limited and not all dry-docking facilities are conveniently located. We may be unable to find space at a suitable dry-docking facility or our vessels may be forced to travel to a dry-docking 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 dry-docking facilities may adversely affect our business and financial condition. 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 secondhand 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 22 vessels, excluding the 5,100 TEU container vessels the M/V Fos Express and the M/V Seattle Express and the 10,000 TEU container vessels the M/V Athenian, the M/V Athos and the M/V Aristomenis, each of which we expect to deliver to its respective buyer during the second quarter of 2024, had a DWT weighted average age of approximately 3.7 years as of March 31, 2024 compared to the industry average of 12.8 years (adjusted for the composition of our fleet). 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 aging fleet might affect our ability to remain in compliance with debt covenants and/or raise financing.

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 or the insurance that may be available to us may be significantly more expensive than our existing coverage. 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. Changes in the insurance markets attributable to terrorist attacks or a high-profile marine casualty may also make certain types of insurance more difficult for us to obtain. 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.

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

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

The collective bargaining agreement between our Managers and the Pan-Hellenic Seamen's Federation, effective August 1, 2023, expires on July 31, 2024. This collective bargaining agreement may not prevent labor interruptions and it is subject to renegotiation in the future. Although we believe that our relations with our employees are satisfactory, no assurance can be given that we will be able to successfully extend or renegotiate our collective bargaining agreement when it expires. If we fail to extend or renegotiate our collective bargaining agreement, if disputes with our union arise, or if our unionized workers engage in a strike or other work stoppage or interruption, we could experience a significant disruption of our operations, which could have a material adverse effect on our business, financial condition, results of operations, cash flows and ability to pay cash distributions and service or refinance our debt.

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

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

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

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

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

Acts of piracy or other attacks by paramilitary groups and/or militias 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 in the Gulf of Guinea. In addition, at the end of 2023, militia attacks on commercial vessels in the Red Sea began to occur in connection with the conflict in the Middle East.

If these 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 such incidents may 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. Recently, militia attacks on commercial vessels in the Red Sea began to occur in connection with the conflict in the Middle East. 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.

The ongoing conflicts in the Middle East and between Russia and Ukraine may lead to further regional and international conflicts or armed action. In addition to the recent attacks in the Red Sea, the invasion of Ukraine has disrupted supply chains, caused instability in the global economy and added pressure to already rising inflation; these effects are likely to continue and possibly compound as the conflict remains ongoing. Economic sanctions levied on Russia, its leaders and on Russian oil and oil products may cause further global economic downturns, including additional increases in bunker costs, and the ongoing conflict could result in the imposition of further economic sanctions by the United States and the EU against Russia. While much uncertainty remains regarding the global impact of the conflict in Ukraine, it is possible that such tensions could adversely affect our business, financial condition, results of operation and cash flows. In 2023, Russian LNG exports accounted for 8% of the global trade. Russian gas accounted for less than 15% of all natural gas consumed in Europe during 2023. Furthermore, it is possible that third parties with whom we have charter contracts may be impacted by events in Russia, Ukraine, and the Middle East, which could adversely affect our operations.

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’ dry-docking, we are responsible for the cost of fuel 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 (such as the ongoing military conflicts in the Middle East and between Russia and Ukraine), 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 IMO 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 LNG/C and container 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. Specifically for LNG/C vessels, technological developments in containment systems and reliquefaction technology could affect the value of the vessels as well as their commercial life, as is now demonstrated in the market with older generation vessels trading at a significant discount as compared to modern vessels. 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 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 Second Amended and Restated Limited Partnership Agreement, as amended (the "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 the 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 dry-docking costs associated with scheduled dry-dockings, 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, including as a result of efforts by central banks to address inflation, 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, in connection with certain of the LNG/C vessel acquisitions that we agreed to complete pursuant to the Umbrella Agreement, we will be required to make significant installment payments to the shipyard 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 10% 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. In connection with certain of the LNG/C vessel acquisitions under the Umbrella Agreement and as of the date of this annual report, we expect to be required to pay an additional amount of \$808.8 million to Hyundai in pre-delivery and delivery instalments for the Remaining Vessels.

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. For example, we issued 35,087,719 common units to finance a portion of the purchase price for the Newbuild Vessels that we agreed to acquire pursuant to the Umbrella Agreement. 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. See also “—Risks Related to Financing Activities.”

Failure of the scrubber, ballast water treatment equipment or other newly installed equipment and novel technologies 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, all of our container vessels are equipped with scrubbers except for two Panamax container vessels that we have agreed to sell to an unaffiliated party. As of the date of this Annual Report, all of our vessels are equipped with ballast water treatment system (“BWTS”). Failure of the scrubber, BWTS equipment or other newly installed equipment and novel technologies 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.

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, LNG/C 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.

In 2019, a number of leading lenders to the shipping industry and other industry participants announced a global framework, referred to as the “Poseidon Principles”, by which financial institutions can assess the climate alignment of their ship finance portfolios, and additional lenders have subsequently announced their intention to adhere to such principles. In addition, the EU has introduced a set of criteria for economic activities which should be framed as “green”, called the EU Taxonomy. Based on the current version of the EU Taxonomy, companies that own assets shipping fossil fuels, including LNG/C vessels, are considered as not aligned with the EU Taxonomy. If our operations are considered as not aligned with the EU Taxonomy, it could result in an increase in the cost of capital and/or gradually reduced access to financing as a result of financial institutions’ compliance with EU Taxonomy. Accordingly, if the vessels in our fleet are deemed not to satisfy the emissions and other sustainability standards contemplated by the Poseidon Principles, the EU Taxonomy or other Environmental Social Governance (ESG) standards required by lenders or investors, the availability and cost of bank or other financing for such vessels, or our business as a whole, may be adversely affected.

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, as well as higher interest rates resulting from efforts by central banks to address increased inflation, 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, 2023, our total debt was \$1,787.8 million in total. 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 \$0.5 million 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;
- 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; and
- to 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 the respective outstanding amount under the applicable financing arrangement between 110% and 125%.

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.

Furthermore, the Bonds we issued in July 2022 and October 2021 require us to (a) maintain a pledged Debt Service Reserve Account (the “DSRA”) with a minimum balance €100,000, (b) deposit to the DSRA an amount equal to 50% of any cash disbursements to our unitholders (e.g., dividends) exceeding \$20.0 million per annum, capped at 1/3 of the par value of the Bonds outstanding at the time and (c) if our market value adjusted net worth (“MVAN”) falls below \$300.0 million, to deposit to the DSRA the difference between the MVAN and \$300.0 million (capped at 1/3 of the par value of the Bonds outstanding).

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 or a loss of our rights as lessee under such arrangements.

To the extent that our cash flows are insufficient to make required service payments under our 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 financing arrangements, replace it with alternate credit arrangements or provide additional security. We may not be able to refinance or replace our financing arrangements 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 indebtedness 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 interest, 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 finance providers 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 may cause our finance providers to seek to foreclose on the vessels in our fleet securing those financing arrangements, 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, including failure to maintain unencumbered title to any of the vessel-owning subsidiaries and failure to maintain proper insurance;
- any breach of the financing arrangements, any related security document or guarantee (other than breaches described in the preceding two bullet points) if, in the opinion of the lenders, 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 our 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, to pay our debts when due;
- any form of execution, attachment, arrest, sequestration or distress which has or is reasonably likely to have a Material Adverse Effect (as such term is defined under our financing arrangements);
- 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 financing arrangements, of any of the related finance and guarantee documents;
- 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;
- 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, Hapag-Lloyd, BP and Cheniere 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 finance providers 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 and related security or guarantee documents.

In addition, certain dealings in connection with sanctioned countries could 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 EU 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.

A rise in interests rates would result in increased interest expense.

We are reliant on our ability to obtain required financing to operate and grow our business, including debt financing. As of December 31, 2023, \$1,342.0 million out of our total debt of \$1,787.8 million is floating rate debt, which means we pay interest on such debt at a margin on top of an agreed benchmark rate. Worldwide economies have experienced inflationary pressures during the previous two years, with price increases seen across many sectors globally. In response to inflationary pressures, central banks have increased interest rates, which translates into increases in base interest rates that result in an increase to our interest expense on our existing floating rate debt. Efforts by central banks to address rising inflation also result in increases to the interests rates available to us on new debt financing for our operations. If central banks continue to increase interest rates, or interest rates otherwise increase significantly or remain at elevated levels, the increase in base rates and the resulting increase in our existing floating rate interest expense, as well as increases to the interest rates available to us on new debt financing we may pursue, could materially and adversely affect our financial condition and ability to make cash distributions. See “*—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.*” and “*—Risks Inherent in an Investment in Us—We cannot assure you that we will pay any distributions on our units.*”

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 EU and other jurisdictions.

Certain countries (including certain regions of Ukraine, Russia, Belarus, Cuba, Iran, North Korea and Syria), entities and persons are targeted by economic sanctions and embargoes imposed by the United States, the EU and other jurisdictions, and a number of those countries, currently North Korea, Iran 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. In particular, sanctions imposed in relation to the Russian invasion of Ukraine have created significant disruptions in the global economy and in the shipping industry.

While it is difficult to estimate the impact of the conflict and current or future sanctions on our business and financial position, these events and related sanctions could adversely impact our operations. In recent years, economic sanctions were imposed by the United States, the EU, the United Kingdom and a number of other countries on Russian financial institutions, businesses and individuals, as well as certain regions within the Donbas region of Ukraine. Certain of these sanctions have targeted Russia’s usage of and participation in maritime shipping. For example, the United Kingdom and the EU have introduced export restrictions, which capture the provision of maritime vessels and supplies to or for use in Russia. They have also imposed restrictions on providing financing, financial assistance, technical assistance and brokering or other services that would further the provision of vessels to or for use in Russia, including the provision of maritime navigation goods. Import bans of Russian energy products, such as coal, crude oil and refined petroleum products, and commodities, such as coal, iron, steel, plastics, cement and agricultural products including potash and fertilizer, have also been introduced by a number of jurisdictions. In addition, certain jurisdictions, such as Greece and the United States, have temporarily detained vessels suspected of violating sanctions. Countries, such as Canada, the United Kingdom and the EU, have also broadly prohibited Russian-affiliated vessels from entering their waters and/or ports. In light of the current regulatory and economic environment in the region, certain vessel operators have temporarily suspended shipping routes to and from Russia or have declined to engage in business with Russian-affiliated entities.

These bans and related trade sanctions have started to change trade patterns across the shipping industry and existing or future restrictions may affect our current or future charters. In the near term, we have seen, and expect to continue to see, increased volatility in the region due to these geopolitical events. In addition, the volatility of market prices for fuel and energy products have increased as a result of related supply disruptions from the war in Ukraine. While uncertainty remains with respect to the ultimate impact of the conflict, we have seen, and anticipate continuing to see, significant changes in trade flows. A reduction or stoppage of grain out of the Black Sea or cargoes from Russia has, and will continue to, negatively impact the markets in those areas. In addition, increased volatility in the price of fuel or energy commodities may increase or decrease the price of fuel used by our vessels and/or demand for LNG or other goods we transport, each of which could affect our operations and liquidity. Due to their effect on the global market for LNG or other goods that we transport, current or additional sanctions could have a material adverse impact on our cash flows, financial condition and ability to make cash distributions.

We are mindful of the restrictions contained in the various economic sanctions programs and embargo laws administered by the United States, the EU and other jurisdictions that limit the ability of companies and persons from doing business or trading with targeted countries and persons and entities. Any violation of sanctions or embargoes could result in the Partnership incurring monetary fines, penalties or other sanctions. In addition, certain institutional investors may have investment policies or restrictions that prevent them from holding securities of companies that have contacts with countries or entities or persons within these countries that are identified by the U.S. government as state sponsors of terrorism. We are required to comply with such policies in order to maintain access to charterers and capital. 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 without our consent and in violation of their charter agreements. 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 2023, none of the vessels in our fleet made any port calls in the Crimea region and the non-government controlled areas of the Donetsk, Kherson, Luhansk and Zaporizhzhia oblasts of Ukraine, Cuba, North Korea, Iran, Russia, Belarus or Syria.

Notwithstanding the above, it is possible that new, or changes to existing, sanctions-related legislation or agreements may impact our business. In addition, it is possible that the charterers of our vessels may violate applicable sanctions, laws and regulations, using our vessels or otherwise, and the applicable authorities may seek to review our activities as the vessel owner. Moreover, although we believe that we are in compliance with all applicable sanctions and embargo laws and regulations, and intend to maintain such compliance, the scope of certain laws may be unclear, may be subject to changing interpretations or may be strengthened or otherwise amended. Any violation of sanctions or engagement in sanctionable conduct could result in fines, sanctions or other penalties, and could negatively affect our reputation and result in some investors deciding, or being required, to divest their interest, or not to invest, in our common units. As noted above, any such violation or conduct would trigger a mandatory payment event under our financing arrangements. 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 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. In particular, due to concerns over the risks associated with climate change, a number of countries and the IMO have adopted, or are considering the adoption of, regulatory frameworks to reduce greenhouse gas emission from ships. These regulatory measures may include the adoption of cap and trade regimes, carbon taxes, increased efficiency standards, operational limitations and incentives or mandates for renewable energy. See "Item 4. Information on the Partnership—B. Business Overview-Regulation" for more information on regulation applicable to our business.

Emissions of greenhouse gases from international shipping currently are not subject to the Kyoto Protocol to the United Nations Framework Convention on Climate Change, or any amendments or successor agreements and the Paris Agreement adopted under the United Nations Framework Convention on Climate Change in December 2015 did not include any restrictions or other measures specific to shipping emissions. However, maritime shipping will be included in the EU Emission Trading System (ETS) as of 2024 with a phase-in period. It is expected that either shipowners or operators (i.e., charterers) will need to purchase and surrender emission allowances that represent their carbon emission exposure for a specific reporting period as recorded pursuant to Regulation (EU) 2015/757 concerning the monitoring, reporting and verification of carbon dioxide emissions from vessels (the “EU MRV Regulation”). As part of the phased approach shipping companies will be required to surrender 40% of their 2024 emissions in 2025; 70% of their 2025 emissions in 2026; and 100% of their 2026 emissions in 2027. The person or organization responsible for the compliance with the EU ETS will be the shipping company, defined as the shipowner or any other organization or person, such as the manager or the bareboat charterer, that has assumed the responsibility for the operation of the ship from the shipowner. An ETS costs clause is also being mandated which enables the shipping company to contractually pass on costs of ETS allowances to commercial operators. Compliance with the Maritime EU ETS will result in additional compliance and administration costs to properly incorporate the provisions of the Directive into our business routines. Additional EU regulations which are part of the EU’s Fit-for-55, such as the “FuelEU” maritime regulation, could also affect our financial position in terms of compliance and administration costs when they take effect.

The ETS rules and the other regulatory requirements applicable to our operations 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. Among other things, any climate control legislation, or other regulatory initiatives that aim to reduce greenhouse gases emissions, may include increases in the pricing of greenhouse gas emissions, new reporting regulations, changes in legislation impacting existing products and services, costs of transitioning to lower-emission fuels and technologies, potential substitution or replacement of existing products and services, and stakeholder concerns and/or shifts in customer preferences which may have financial implications for our business and could lead us to retire existing vessels prior to the end of their currently-anticipated useful lives.

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. In addition, in response to increased freight rates for containerships that occurred earlier in the COVID-19 pandemic, legislation has been proposed in the United States that could limit or eliminate antitrust exemptions for certain ocean-going containerships and the EU has decided to eliminate the antitrust exemptions provided by the Consortia Block Exemption Regulation, which could negatively affect existing vessel-sharing alliances in which our charterers participate. If stricter laws or regulations governing the shipping industry are enacted, including those governing environmental harm, marine accidents or competition rules, it could limit our operations or our ability to do business and 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.

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 dry-dock.

If any vessel does not maintain its class or fails any annual, intermediate or special survey, the vessel, as per the International Association of Classification Societies (“IACS”) unified procedure for automatic suspension of class, will be dis-classed and will be unable to maintain insurance arrangements and 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 Managers. Our operations could be targeted by individuals or groups seeking to sabotage or disrupt our information technology systems and networks, or to steal data. A successful cyber-attack could materially disrupt our operations, including the safety or operation of our vessels, or lead to unauthorized release of information or alteration of information on our systems. Any such attack or other breach of our information technology systems could have a material adverse impact on our business, financial condition, results of operations, cash flows and ability to make cash distributions and service or refinance our debt.

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 have operated and 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 U.S. Securities and Exchange Commission (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 and which is broader in scope than the FCPA.

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 anti-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 may not complete our conversion from a Marshall Islands limited partnership to a corporation with customary corporate governance that we have committed to consider pursuant to the Umbrella Agreement.

Pursuant to the Umbrella Agreement, we and the General Partner agreed to, in good faith, negotiate and jointly work with tax and other advisors to agree to mutually acceptable terms for our conversion from a Marshall Islands limited partnership to a corporation with customary corporate governance provisions and, subject to reaching such agreement, use our reasonable best efforts to cause such conversion to have been completed by June 21, 2024. We have agreed only to negotiate, in good faith, and jointly work with tax and other advisors in respect of such conversion. As of the date of this Annual Report, no decisions have been made in respect of such conversion. Accordingly, we can make no assurances that we will convert to a corporation or, if such conversion occurs, as to the corporate governance provisions that would be adopted by us upon such conversion. We have not agreed to establish any specific governance structure in connection with such corporate conversion and it is possible that, even if we convert from a Marshall Islands limited partnership to a corporation, the resulting corporation may have corporate governance features that certain investors or other parties do not consider to be customary. If we do not complete the conversion to a corporation, or if such conversion occurs but does not meet the expectations of investors in our securities, then the value of our securities could be materially and adversely affected.

A significant number of our common units are held by the Marinakis family, including Mr. Evangelos M. Marinakis and Mr. Miltiadis E. Marinakis. The Marinakis family, and any other affiliates of our General Partner, may favor their own interests in any vote by our unitholders.

As of the date of this annual report, the Marinakis family, including Mr. Evangelos M. Marinakis and Mr. Miltiadis E. Marinakis, may be deemed to beneficially own, in aggregate, 56.4% of the common units outstanding (excluding 2,122,352 treasury units and 348,570 general partner units) through Mr. Evangelos M. Marinakis' beneficial ownership of Capital Maritime and Mr. Miltiadis E. Marinakis' beneficial ownership of Capital Gas. In addition, Mr. Miltiadis E. Marinakis beneficially owns all of the membership interests in our General Partner. We depend on our General Partner for the day-to-day management of our affairs.

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;
- 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;
- dissolution of the Partnership;
- change to the quorum requirements;
- approval of merger or consolidation; and
- certain amendments to the Partnership Agreement; provided that 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 do not require unitholder approval, 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, or a change that the Board of Directors determines does not adversely affect the limited partners in any material respect.

In addition, an affirmative vote of the holders of at least two-thirds of the outstanding units, including any units owned by our General Partner and its affiliates, is required to remove the General Partner.

The Marinakis family, including Mr. Evangelos M. Marinakis and Mr. Miltiadis E. Marinakis, have considerable influence on our corporate affairs and actions. For so long as the Marinakis family continues to beneficially own a majority of the outstanding common units, then it will have enhanced rights to direct our affairs, including the ability to form a quorum at a meeting of unitholders and to approve certain acts of unitholders that require only a vote of a majority of unitholders present in person or by proxy at such meeting. The interests of other holders of our common units may differ from the interests of the Marinakis family.

Capital Maritime and its affiliates, including the Marinakis family, may favor their own interests or the interests of our General Partner in any vote by our unitholders. 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. These considerations may significantly impact any vote under the terms of our Partnership Agreement and may significantly affect the rights of holders of common units 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.

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 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 publicly traded 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 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 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 debt, 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 debt, 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.

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

Mr. Evangelos M. Marinakis is the chairman of Capital Maritime, our sponsor. In addition, as of the date of this annual report, the Marinakis family, including Mr. Evangelos M. Marinakis, may be deemed to beneficially own a 56.7% interest in us, excluding treasury units of 2,122,352, 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 and Capital Gas.

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.

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, Mr. Kalogiratos who is an officer of our General Partner and a director of the Partnership, serves also as officer and director of Capital Maritime, and as such 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. 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 who are not affiliated with Capital Maritime, our General Partner has a substantial influence on decisions made by our board of directors. Please read “Item 6. Directors, Senior Management and Employees.”

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. In addition, pursuant to the Umbrella Agreement, Capital Maritime granted the Partnership certain rights of first refusal over (i) transfers of LNG/C vessels owned by Capital Maritime to third-parties, opportunities to order newbuild LNG/C vessels of which Capital Maritime becomes aware and employment opportunities for LNG/C vessels of which Capital Maritime becomes aware and(ii) transfers to third parties of two certain liquid CO₂ carriers and two certain ammonia carriers recently ordered by Capital Maritime and employment opportunities for such vessels. Please read “Item 4. Information on the Partnership—A. History and Development of the Partnership—Developments in 2023 and up to the filing of this Annual Report” for further information on the rights of first refusal granted by Capital Maritime pursuant to Umbrella Agreement.

However, Capital Maritime and its controlled affiliates still 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 and/or our Managers, 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 Commercial Officer are also executive officers or employees of Capital Maritime, Capital Ship Management and/or their respective affiliates. Capital Maritime and our Managers each conduct substantial businesses and activities of their own in which we have no economic interest.

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

Our Partnership Agreement limits our General Partner’s and our directors’ fiduciary duties to our unitholders and restricts the remedies available to unitholders for actions taken by our General Partner or our directors.

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

- permits our General Partner to make a number of decisions in its individual capacity, as opposed to in its capacity as our General Partner. Where our Partnership Agreement permits, our General Partner may consider only the interests and factors that it desires, and in such cases, it has no duty or obligation to give any consideration to any interest of, or factors affecting, us, our affiliates or our unitholders. Specifically, pursuant to our Partnership Agreement, our General Partner will be considered to be acting in its individual capacity if it exercises its right to call and purchase limited partner interests, including common units, preemptive rights or registration rights, consents or withholds consent to any merger or consolidation of the partnership, appoints any directors or votes for the election of any director, votes or refrains from voting on amendments to our Partnership Agreement that require a vote of the outstanding units, voluntarily withdraws from the partnership, transfers (to the extent permitted under our Partnership Agreement) or refrains from transferring its common units or general partner units, 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 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—B. Related-Party Transactions.”

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. 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. As of the date of this annual report, 23,924,586 common units are owned by unitholders other than the General Partner and its affiliates, representing 43.6% of our common units excluding treasury units of 2,122,352.

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 its 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 (i) directly from the General Partner or its affiliates or (ii) with the prior approval of our board of directors.

As of the date of this annual report, based on 55,235,883 units issued and outstanding (excluding 2,122,352 treasury units and including 348,570 general partner units), the Marinakis family, including Mr. Miltiadis E. Marinakis, who beneficially owns 100% of our General Partner and Capital Gas, and Evangelos M. Marinakis, the chairman of Capital Maritime, may be deemed to beneficially own a 56.7% interest in us, through:

- Capital Maritime, which beneficially owns 29,808,881 common units, representing 54.0% of the outstanding units;
- Capital Gas, which beneficially owns 1,153,846 common units, representing 2.1% of the outstanding units; and
- our General Partner, which may be deemed to beneficially own 348,570 general partner units representing a 0.6% interest in us.

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

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

- the unitholders will be unable to remove our General Partner without its consent so long as our General Partner and its affiliates or related persons own sufficient units to be able to prevent such removal. The vote of the holders of at least two thirds of all outstanding units voting together as a single class and a majority vote of our board of directors is required to remove the General Partner. As of the date of this annual report, based on 55,235,883 units issued and outstanding (excluding 2,122,352 treasury units and including 348,570 general partner units), the Marinakis family, including Mr. Miltiadis E. Marinakis, who beneficially owns 100% of our General Partner and Capital Gas, and Evangelos M. Marinakis, the chairman of Capital Maritime, may be deemed to beneficially own a 56.7% 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 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. For example, in December 2023 we issued 35,087,719 common units to finance a portion of the purchase price for the LNG/C vessels that we agreed to acquire pursuant to the Umbrella Agreement.

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, which could harm our business.

We are a Marshall Islands limited partnership with principal executive offices in Greece. Our subsidiaries are organized in the Marshall Islands, Liberia and Cyprus. The Marshall Islands has enacted economic substance regulations with which we may be obligated to comply. Regulations adopted in the Marshall Islands 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.

In addition, certain jurisdictions have enacted or may enact economic substance laws and regulations with which we may be obligated to comply. If we fail to comply with our obligations under any such laws and regulations, including the Marshall Islands regulations, we could be subject to financial penalties and 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.

As a “foreign private issuer” and a limited partnership, we are exempt from certain otherwise applicable SEC and NASDAQ requirements, which may result in less protection than is accorded to investors under rules applicable to domestic U.S. issuers.

We are a Marshall Islands limited partnership. The Nasdaq Global Select Market requires limited partnerships with listed units to comply with its corporate governance standards, subject to certain exceptions as set forth in Nasdaq Rule 5615(a)(4). As a foreign private issuer, we are not required to comply with all of the rules that apply to listed U.S. limited partnerships. In particular, our status as a foreign private issuer limited partnership exempts us from compliance with certain SEC laws and regulations and certain of the Nasdaq Global Select Market’s regulations, including the proxy rules, the beneficial ownership reporting and short-swing profits recapture rules of Section 16 of the Exchange Act, certain rules relating to disclosure regarding executive compensation, and certain governance requirements such as independent director oversight over the nomination of directors and executive compensation. In addition, we are not required under the Exchange Act to file current reports and financial statements with the SEC as frequently or as promptly as U.S. domestic companies whose securities are registered under the Exchange Act and we are generally exempt from filing quarterly reports with the SEC. 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. However, these exemptions and leniencies reduce the frequency and scope of information and protections to which you are otherwise entitled as an investor and perceptions about the actual or possible reduction in the frequency and scope of information and protections to which our investors are entitled could materially and adversely affect the market price of the common units.

Pursuant to the Umbrella Agreement, we and the General Partner agreed to, in good faith, negotiate and jointly work with tax and other advisors to agree to mutually acceptable terms for our conversion from a Marshall Islands limited partnership to a corporation with customary corporate governance and, subject to reaching such agreement, use our reasonable best efforts to cause such conversion to have been completed by June 21, 2024. We can make no assurances as to the corporate governance provisions that would be adopted by us upon such conversion if such conversion occurs. See “—We may not complete our conversion from a Marshall Islands limited partnership to a corporation with customary corporate governance that we have committed to consider pursuant to the Umbrella Agreement.”

TAX RISKS

In addition to the following risk factors, you should read “Item 10. Additional Information—E. Taxation” below for a more detailed 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 carry on business or conduct 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 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.

Developments in 2023 and up to the filing of this Annual Report

LNG/C Vessel Acquisitions and Related Commitments

On November 13, 2023, we entered into the Umbrella Agreement with Capital Maritime and our General Partner. Pursuant to the Umbrella Agreement, we agreed, among other things, to purchase 11 newbuild LNG/C vessels from Capital Maritime for an aggregate acquisition price of \$3,130.0 million (of which \$2,023.8 million is payable to Capital Maritime). One of the Newbuild Vessels (LNG/C Amore Mio I) was delivered in December 2023 and another (LNG/C Axios II) was delivered in January 2024. The remaining Newbuild Vessels are expected to be delivered to the Partnership by 2027. Each Newbuild Vessel has or will have a capacity of 174,000 CBM and was built or is under construction at Hyundai. On December 21, 2023 we closed the Umbrella Agreement and entered into 11 Vessel SPAs to acquire 100% of the equity interests in each vessel-owning company of the Newbuild Vessels.

Upon entry into the Vessel SPAs for the Initial Vessels, namely the LNG/C vessels Axios II, Assos, Apostolos, Aktoras, Archimidis and Agamemnon, we paid to Capital Maritime a deposit of \$174.4 million, or 10% of the aggregate acquisition price of such Initial Vessels. We closed the Vessel SPA for the Axios II upon delivery of the vessel on January 2, 2024 for a total consideration of \$314.0 million and we expect to close the remaining acquisitions of each of the vessel-owning companies of the Initial Vessels upon each vessel's delivery from Hyundai. The remaining purchase price with respect to each Initial Vessel will be paid upon delivery of such vessel and closing of the applicable Vessel SPA, with a total of \$1,287.0 million remaining due for the Initial Vessels.

Upon entry into the Vessel SPAs for the Remaining Vessels, namely the LNG/C vessels Alcaios I, Antaios I, Athlos and Archon, the Partnership paid Capital Maritime \$138.1 million to acquire 100% of the equity interests in each of the vessel-owning companies of such Remaining Vessels, which are expected to be delivered to the Partnership between the third quarter of 2026 and the first quarter of 2027. In addition to \$101.1 million that we have paid to-date, we expect to pay an additional amount of \$808.8 million to Hyundai in pre-delivery and delivery instalments for the Remaining Vessels.

To finance a portion of the purchase price for the Newbuild Vessels, the Partnership distributed rights to purchase common units (the "Rights") to holders of common units on November 24, 2023 (the "Record Date"). The subscription price per common unit was \$14.25 (the "Rights Offering Price") (such offering, the "Rights Offering"). Pursuant to the Umbrella Agreement, Capital Maritime and the Partnership also entered into a Standby Purchase Agreement, pursuant to which Capital Maritime purchased from the Partnership, at the Rights Offering Price, the number of common units offered pursuant to the Rights Offering that were not issued pursuant to existing unitholders' exercise of their Rights, or 34,641,731 common units. Capital Maritime also issued to the Partnership an unsecured seller's credit in an amount up to \$220.0 million to finance a portion of the purchase price for the Newbuild Vessels (the "Seller's Credit"). See Note 1 (Basis of Presentation and General Information) to our Financial Statements included herein.

Upon acquisition of the LNG/C Amore Mio I, we assumed indebtedness of \$196.3 million in the form of a sale and leaseback transaction (the "2023 CMBFL - LNG/C AMI") with CMB Financial Leasing Co., Ltd. ("CMBFL"). The 2023 CMBFL - LNG/C AMI has a tenor of 10 years and offers the option to repurchase the vessel at a predetermined price after the first anniversary of the arrangement, together with a purchase obligation of \$98.2 million at the expiration of the lease in October 2033.

Upon delivery of the LNG/C Axios II, the vessel commenced an index-linked, one-year time charter, which will be followed by a seven-year bareboat charter with BGT. BGT maintains an option to extend the charter by an additional three years. To partially finance the acquisition of the shares of the company owning the LNG/C Axios II, we entered into a new senior secured loan facility in an amount of \$190.0 million with a duration of seven years from the acquisition of the vessel. In addition, we drew down \$92.6 million under the Seller's Credit to partially finance the acquisition of the shares of the company owning the LNG/C Axios II.

The parties to the Umbrella Agreement also agreed to take certain post-closing actions, including (i) changing the name of the Partnership, (ii) committing to negotiate to agree procedures for the conversion of the Partnership from a Marshall Islands limited partnership to a corporation with customary corporate governance and (iii) committing to explore the disposition of the Partnership's container vessels and to abstain from acquiring additional container vessels. In addition, Capital Maritime granted the Partnership, beginning on December 21, 2023, rights of first refusal over (i) transfers of LNG/C vessels owned by Capital Maritime to third-parties, opportunities to order newbuild LNG/C vessels of which Capital Maritime becomes aware and employment opportunities for LNG/C vessels of which Capital Maritime becomes aware, in each case, for a period ending on December 21, 2033, (ii) transfers to third parties of two certain liquid CO₂ carriers and two certain ammonia carriers recently ordered by Capital Maritime (the "New Energy Vessels") for a period ending on the date on which Capital Maritime and its affiliates no longer beneficially own at least 25% of the issued and outstanding common units and (iii) if the Partnership acquires a New Energy Vessel from Capital Maritime, employment opportunities for such New Energy Vessel of which Capital Maritime becomes aware, for a period ending on the date on which Capital Maritime and its affiliates no longer beneficially own at least 25% of the issued and outstanding common units.

Other Vessel Acquisitions

On January 10, 2023, we acquired from Capital Maritime the shares of the company owning the M/V Itajai Express for total consideration of \$122.5 million, which was funded through a cash deposit of \$6.0 million advanced in June 2022, \$8.5 million of cash at hand and \$108.0 million of debt through a new sale and lease back agreement we entered into on December 23, 2022 with a duration of eight years (the "2022 Jolco"). The M/V Itajai Express has started her ten-year employment with Hapag-Lloyd, which, together with the optional periods, will expire in February 2039.

On February 17, 2023, we acquired from Capital Maritime the shares of the company owning the LNG/C Asterix I, for total consideration of \$230.0 million, which was funded through a cash deposit of \$12.0 million advanced in June 2022, \$34.0 million of cash at hand and \$184.0 million of debt through a new sale and lease back agreement we entered into on February 7, 2023 with a duration of 10 years (the "2023 CMBFL - LNG/C"). The LNG/C Asterix I was built by Hyundai. The LNG/C Asterix I has started her seven-year employment with Hartree, which will expire in December 2029.

On June 20, 2023, we acquired from Capital Maritime the shares of the company owning the M/V Buenaventura Express for total consideration of \$122.5 million, which was funded through a cash deposit of \$6.0 million advanced in June 2022, \$16.5 million of cash at hand and \$100.0 million of debt through a new credit facility we entered into on June 13, 2023 with a duration of eight years (the "2023 credit facility"). The M/V Buenaventura Express has started her ten-year employment with Hapag-Lloyd, which, together with the optional periods, will expire in August 2039.

Financing Arrangements

On January 2, 2024, we assumed a syndicated credit facility led by ING, in an amount of \$190.0 million, with a duration of seven years, for the purpose of partially financing the acquisition of the shares of the company owning the LNG/C Axios II.

On December 22, 2023, the vessel-owning company of the LNG/C Assos entered into a new sale and lease back agreement (the “2023 Jolco LNG/C Assos”) of up to \$240.0 million, for the purpose of partially financing the acquisition of the shares of the vessel-owning company of the LNG/C Assos, with the Partnership acting as a parent guarantor. The amount is expected to be drawn, subject to the provisions of the sale and lease back agreement, upon the completion of the acquisition of the vessel from CMTC in May 2024.

On December 21, 2023, we assumed the 2023 CMBFL - LNG/C AMI, consisting of a \$196.3 million a sale and leaseback transaction with a tenor of 10 years, which offers the option to repurchase the vessel at a predetermined price after the first anniversary of the arrangement, together with a purchase obligation of \$98.2 million at the expiration of the lease in October 2033.

On December 21, 2023, Capital Maritime issued to the Partnership the unsecured Seller’s Credit in an amount up to \$220.0 million to finance a portion of the purchase price for the Newbuild Vessels. The Seller’s Credit bears interest at a rate of 7.5% per annum and matures on June 30, 2027. The Seller’s Credit contains customary cross-default provisions. In addition, the Seller’s Credit contains a covenant requiring the Partnership to prepay any amount drawn under the Seller’s Credit on a quarterly basis beginning on March 31, 2027 by an amount equal to the excess over \$75.0 million of the Partnership’s cash and cash equivalents that are freely available to the Partnership and able to be used by the Partnership for its general corporate purposes, less any actual or contemplated dividends or other distributions as at each applicable quarter end date. The Seller’s Credit also contains a covenant requiring the Partnership to prepay any amount drawn under the Seller’s Credit upon receipt of any new debt proceeds by the Partnership and/or its subsidiaries, excluding indebtedness which is secured by first priority security on a ship, in an amount equal to the net cash proceeds received by the Partnership and/or its subsidiaries after deducting fees, costs and expenses and after deducting the amount of such proceeds that have been used to refinance any existing indebtedness of the Partnership and its subsidiaries. On January 2, 2024, we drew down \$92.6 million under the Seller’s Credit for the purpose of partially financing the acquisition of the shares of the company owning the LNG/C Axios II. In February and March 2024 upon the disposal of M/V Long Beach Express and the M/V Akadimos, and according to the terms of the Seller’s Credit, we repaid to Capital Maritime \$12.8 million and \$40.0 million, respectively. As of March 31, 2024, the amount outstanding under the Seller’s Credit amounted to \$39.8 million and the remaining amount available to be drawn down by the Partnership amounted to \$127.4 million.

On June 13, 2023, we entered into the 2023 credit facility, consisting of up to \$100.0 million of available funds, for the purpose of partially financing the acquisition of the shares of the company owning the M/V Buenaventura Express. The full amount of the facility was drawn on June 15, 2023, and has a duration of eight years.

On March 14, 2023, the Partnership fully repaid the debt facility that we entered into with CMBFL in January 2021 amounting to \$23.4 million with original maturity in February 2026 (“2021 CMBFL – Panamax”) with the purpose of partially financing the acquisition of three 5,089 TEU sister container vessels, namely the M/V Long Beach Express, the M/V Seattle Express and the M/V Fos Express.

On February 7, 2023, we entered into the 2023 CMBFL - LNG/C, consisting of up to \$184.0 million of available funds, for the purpose of partially financing the acquisition of the shares of the company owning the LNG/C Asterix I. The full amount of the sale and lease back agreement was drawn on February 17, 2023, and has duration of 10 years.

Vessel Disposals

On March 1, 2024, we agreed to sell the M/V Athenian, the M/V Athos and the M/V Aristomenis (118,834, 118,888 and 118,712 DWT, respectively, 9,954 TEU container vessels, built in 2011 by Samsung Heavy Industries Co., Ltd.) to an unaffiliated party. The vessels are expected to be delivered to their buyer during the second quarter of 2024.

On February 14, 2024 we agreed to sell the two remaining Panamax container vessels in our fleet, the M/V Fos Express and the M/V Seattle Express (68,579 and 68,411 DWT, respectively, 5,100 TEU, container vessels, built in 2008 by Hanjin Heavy Industries & Construction Co., Ltd., South Korea) to an unaffiliated party. We expect to deliver the M/V Fos Express and the M/V Seattle Express to their buyer during the second quarter of 2024.

On January 31, 2024, we agreed to sell the M/V Akadimos (115,534 DWT / 9,288 TEU, Eco-Flex, Wide Beam container vessel, built in 2015 by Daewoo-Mangalia Heavy Industries S.A., Romania) to an unaffiliated party. The M/V Akadimos was delivered to its new owner on March 8, 2024.

On December 15, 2023 we agreed to sell the M/V Long Beach Express (68,618 DWT / 5,100 TEU, container vessel, built in 2008 by Hanjin Heavy Industries & Construction Co., Ltd., South Korea) to an unaffiliated party. The M/V Long Beach Express was delivered to its new owner on February 26, 2024.

On June 27, 2023, we agreed to sell the dry cargo vessel M/V Cape Agamemnon (179,221 DWT, built in 2010 by Sungdong Shipbuilding & Marine Engineering Co., Ltd, South Korea) to an unaffiliated party. The vessel was delivered to its new owner on November 7, 2023.

See “Item 5. Operating and Financial Review and Prospects—B. Liquidity and Capital Resources-Borrowings (Financing Arrangements)” below for information regarding our financing arrangements.

Unit Repurchase Program

On January 26, 2023, our board approved a new unit repurchase program (the “Unit Repurchase Program”), providing the Partnership with authorization to repurchase up to \$30.0 million of the Partnership’s common units, effective for a period of two years through January 2025. During 2023, we completed the repurchase, under the Unit Repurchase Program, of 304,283 units, for an average price per unit of \$13.48 plus repurchase expenses. These units are held as treasury units by the Partnership and the amount of \$4.1 million was recorded as a reduction in the Partnership’s Partners’ Capital as of December 31, 2023.

Developments in 2022

Acquisition of one LNG/C and three 13,312 TEU Container Vessels

On June 6, 2022, CPLP agreed to exercise its right of first offer and acquire, upon their respective delivery from the shipyard, one 174,000 cubic meter (“CBM”) latest generation X-DF LNG/C vessel and three 13,312 TEU hybrid scrubber-fitted Tier III and Phase III, dual fuel ready eco container sister vessels from Capital Maritime, for total consideration of \$596.6 million.

One of the three 13,312 TEU Container vessels that CPLP agreed to acquire from Capital Maritime, the M/V Manzanillo Express, which was delivered to CPLP on October 12, 2022 and started her ten-year employment with Hapag-Lloyd, which, together with the optional periods, will expire in October 2038. The total consideration for the vessel was \$121.6 million comprised of (i) a cash deposit of \$6.0 million advanced to Capital Maritime in June 2022, (ii) \$6.6 million in common units of CPLP (valued at the volume weighted average price of the common units of CPLP for the 30 trading days ending on the second trading day immediately prior to the Vessel acquisition, being 505,204 common units in total), (iii) \$105.0 million of debt and (iv) \$4.0 million of cash at hand.

Financing Arrangements

On December 23, 2022, we entered into the 2022 Jolco of \$108.0 million with the purpose of partially financing the acquisition of M/V Itajai Express.

On October 6, 2022, we entered into a credit facility with HCOB of \$105.0 million with the purpose of partially financing the acquisition of M/V Manzanillo Express.

On July 22, 2022, the wholly owned subsidiary of the Partnership, CPLP PLC, issued €100.0 million of Bonds listed on the Athens Stock Exchange with a fixed coupon of 4.40% for a term of seven years.

On August 4, 2022, in connection with the issuance of the Bonds, we entered into a cross-currency swap agreement with Piraeus Bank SA exchanging €100.0 million with \$101.8 million paying a fixed annual rate of 6.55%.

Sale of the M/V Archimidis and the M/V Agamemnon

On May 30, 2022, the Partnership entered into two separate memorandums of agreement for the sale of the M/V Archimidis and the M/V Agamemnon to an unaffiliated party for total consideration of \$130.0 million. The M/V Archimidis was delivered to its new owner on July 6, 2022, and the M/V Agamemnon was delivered on July 28, 2022.

See “Item 5. Operating and Financial Review and Prospects— B. Liquidity and Capital Resources-Borrowings (Financing Arrangements)” below for information regarding our financing arrangements.

Unit Repurchase Program

During 2022, we completed the repurchase, under the unit repurchase program approved in 2021, of 389,962 units, for an average price per unit of \$15.13 plus repurchase expenses. These units are held as treasury units by the Partnership and the amount of \$5.9 million was recorded as a reduction in the Partnership’s Partners’ Capital as of December 31, 2022.

Developments in 2021

Acquisition of six LNG/C vessels

On August 31, 2021, CPLP agreed to acquire three 174,000 CBM latest generation X-DF LNG/C vessels, namely, the LNG/C Aristos I, the LNG/C Aristarchos and the LNG/C Aristidis I, constructed at Hyundai, from CGC Operating Corp., for total consideration of \$599.8 million comprised of (i) \$147.1 million of cash on hand, (ii) the assumption of the \$427.4 million of secured debt, (iii) the issuance of 1,153,846 (or \$15.3 million in value) of new common units of CPLP at a premium to the unit trading price at the time of the agreement and (iv) \$10.0 million of unsecured, interest free seller’s credit. The LNG/C Aristos I and the LNG/C Aristarchos were delivered to the Partnership on September 3, 2021, while the LNG/C Aristidis I was delivered on December 16, 2021. The LNG/C Aristos I and the LNG/C Aristidis I are under long-term time charters with BP with earliest expiration in October 2023 and December 2023, respectively. The LNG/C Aristarchos is under a long-term time charter with Cheniere, which expires the earliest in February 2025.

Furthermore, on August 31, 2021, the Partnership secured an option, which was exercised on November 4, 2021, to acquire an additional three X-DF LNG/C sister vessels, namely, the LNG/C Attalos, the LNG/C Asklipios and the LNG/C Adamastos, constructed at Hyundai, for total consideration of \$623.0 million comprised of (i) \$184.0 million of cash on hand and (ii) the assumption of the \$439.0 million of secured debt. The LNG/C Attalos and the LNG/C Asklipios were delivered to the Partnership on November 18, 2021, while the LNG/C Adamastos was delivered on November 29, 2021. The LNG/C Attalos is under long-term time charter with BP with earliest expiration in October 2025, the LNG/C Asklipios is under long-term time charter with Cheniere expected to expire at the earliest in January 2025 and the LNG/C Adamastos is under a long-term time charter with Engie which expires at the earliest in September 2026.

Sale of the M/V CMA CGM Magdalena and the 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 total consideration of \$195.0 million. The M/V CMA CGM Magdalena and the M/V Adonis were delivered to their new owners on May 17, 2021, and December 13, 2021, respectively.

Acquisition of three Panamax container carrier 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 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).

Financing Arrangements

On October 20, 2021, the wholly owned subsidiary of the Partnership, CPLP PLC, issued €150.0 million of Bonds listed on the Athens Stock Exchange with a fixed coupon of 2.65% for a term of five years.

In connection with the issuance of the Bonds, we entered into certain cross-currency swap agreements, including on December 2, 2021 a cross currency agreement with Piraeus Bank SA, exchanging €120.0 million with \$139.7 million paying fixed annual rate of 3.655% and on December 14, 2021 a cross currency agreement with Alpha Bank SA, exchanging €30.0 million with \$34.9 million paying fixed annual rate of 3.690%.

On December 16, 2021, upon the delivery of the LNG/C Aristidis I, we assumed a syndicated secured credit facility with ING Bank N.V., London Branch acting as agent of \$123.0 million.

On November 29, 2021, upon the delivery of the LNG/C Adamastos, we assumed debt in the form of a sale and leaseback agreement with Shin Doun Kisen Co., Ltd. (“Shin Doun”) of \$143.1 million.

On November 18, 2021, upon the delivery of the LNG/C Attalos and the LNG/C Asklipios we assumed debt in the form of sale and leaseback agreement with CMBFL of \$146.3 million and \$149.6 million respectively.

On September 3, 2021, upon the delivery of the LNG/C Aristos I and the LNG/C Aristarchos we assumed debt in the form of sale and leaseback agreement with Bank of Communications Financial Leasing Co., Ltd. (“Bocomm”) of \$148.9 million and \$155.4 million respectively. Furthermore, we entered into the CGC Seller’s Credit in order to defer \$10.0 million of the total purchase price of the LNG/C Aristos I and the LNG/C Aristarchos for up to 12 months from the vessels’ delivery date.

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 CMBFL for \$10.0 million each. Furthermore, we entered into a seller’s credit agreement with CMTC (“CMTC Seller’s Credit”) in order to defer \$6.0 million of the purchase price of the M/V Long Beach Express, M/V Seattle Express and M/V Fos Express for up to five years from the vessels’ delivery date.

See “Item 5. Operating and Financial Review and Prospects-B. Liquidity and Capital Resources-Borrowings (Financing Arrangements)” below for information regarding our financing arrangements.

Unit Repurchase Program

On January 25, 2021, the Partnership’s Board of Directors approved a unit repurchase plan for an amount of \$30.0 million to be used for repurchasing the Partnership’s common units over the period of two years. During 2021, we completed the repurchase of 382,250 units, paying an average price per unit of \$11.74 plus repurchasing expenses. These units are held as treasury units by the Partnership and the amount of \$4.5 million was recorded as a reduction in the Partnership’s Partners’ Capital as of December 31, 2021.

B. Business Overview

We are an international owner of ocean-going vessels. Currently our fleet of 22 vessels consists of nine latest generation LNG/C vessels (0.7 million DWT and total capacity of 1.6 million CBM), 11 Neo-Panamax container carrier vessels (1.1 million DWT and total TEU capacity of 95,297), three of which we have agreed to sell to an unaffiliated party, and two Panamax container carrier vessels (0.1 million DWT and total TEU capacity of 10,178), both of which we have agreed to sell to an unaffiliated party. We expect to deliver each of the container carrier vessels that we have agreed to sell to their respective buyers during the second quarter of 2024. In addition, we have agreed to acquire nine additional latest generation LNG/C vessels to be delivered to the Partnership between the second quarter of 2024 and the first quarter of 2027. As of March 31, 2024, the DWT weighted average age of our fleet is approximately 6.2 years or, excluding the container carrier vessels that we have agreed sell, approximately 3.7 years. Of the 18 LNG/C vessels that we own or have agreed to acquire (which includes the nine latest generation LNG/C vessels we have agreed to acquire from Capital Maritime), 12 LNG/C vessels are currently chartered under medium- to long-term charters (with remaining revenue-weighted charter of approximately 7.4 years as of March 31, 2024, based on earliest possible expiration) to reputable charters, such as BP, Cheniere, Tokyo LNG Tanker Co. Ltd., LNG Marine Transport Limited, BGT, Engie, Qatar Energy Trading and Hartree.

All of our container carrier vessels are currently chartered under medium-to long-term charters (with remaining revenue-weighted charters of approximately 6.8 years as of March 31, 2024 based on earliest expiration) to reputable charterers, such as HMM and Hapag-Lloyd.

Our fleet is managed by our Managers, which are private companies. Capital-Executive and Capital Gas Management are ultimately controlled by Mr. Miltiadis Marinakis.

In connection with the Umbrella Agreement, we have agreed with Capital Maritime and our General Partner to change our business focus to concentrate on the LNG/C market. As part of this change in business focus, and pursuant to the Umbrella Agreement, we have committed to explore the disposition of our container vessels and abstain from acquiring additional container vessels. In addition to our commitment to concentrate our business on the LNG/C market, we also expect to focus on the wider energy transition gas market. While we expect to change our business focus to concentrate on the LNG/C market and the wider energy transition gas market such as the carriage of ammonia and liquid CO₂, we can provide no assurances that in the future we will not return to the container market or the drybulk market, or that we will not explore additional shipping markets beyond the LNG/C market. We can also provide no assurances as to whether or when we will complete the disposition of our container vessels. See “Item 3. Key Information—D. Risk Factors—Risks Related to Our Business and Operations—*We may not realize the benefits anticipated from our change in business focus to concentrate on the LNG/C market and the wider energy transition gas, which could adversely affect the value of our securities*” above.

Business Strategies

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

- **Capitalize on growing demand for LNG shipping and other energy transition gas cargoes.** We believe that demand for LNG and, as a result, for LNG shipping will continue to grow. Demand for natural gas is expected to continue to grow, as it is expected to play a major role in the transition to net zero carbon emissions. As a result, we believe that our investors are better served by increasing our exposure and focus on the LNG shipping industry and the wider energy transition gas market, while divesting where possible from our container business. In December 2023, we agreed to acquire 11 latest generation two-stroke (MEGA) LNG/C vessels, the first two of which were delivered in December 2023 and January 2024. We expect to take delivery of the remaining LNG/C vessels between the second quarter of 2024 and the first quarter of 2027. In connection with our intention to gradually divest from our container vessels, we have agreed to sell to unaffiliated third parties our remaining two Panamax container vessels and three of our remaining 11 Neo-Panamax container vessels, each of which we expect to deliver to their respective buyers during the second quarter of 2024. Previously, we sold one Panamax container vessel and one Neo-Panamax container vessel in February 2024 and March 2024, respectively.

In addition, we may expand in the maritime transportation of other gas cargoes such as liquefied petroleum gas (“LPG”) and LPG related cargoes, grey, blue and green ammonia and liquid CO₂. We expect that demand for seaborne transportation of such cargoes will increase over the coming decades, as a result of the decarbonization of a number of industries.

- **Maintain a balanced chartering strategy.** We pursue a balanced chartering strategy by entering into medium- to long-term, fixed-rate charters for the majority of our fleet in an effort to provide visibility of revenues and cash flows, while at the same time maintaining some market exposure by entering into shorter-term charters or keeping open positions. As our vessels come up for re-chartering, we aim to redeploy them under period contracts that reflect our expectations of prevailing market conditions. We believe that the DWT weighted average age of our LNG fleet of approximately 2.1 years as of March 31, 2024 and the fact that the additional nine LNG/C vessels that we have agreed to acquire will be newbuilds, compared to an industry average of 11.4 years and the fact that our latest generation LNG/C vessels deliver superior unit freight economics to our charterers compared to previous generation vessels, position us favorably to continue to secure medium- to long-term charters for our vessels. Of the 18 LNG/C vessels that we own or have agreed to acquire (which includes the nine latest generation LNG/C vessels we have agreed to acquire from Capital Maritime), 12 LNG/C vessels currently have in place medium- to long-term employment with remaining charter duration of 7.4 years and \$2,191.5 million in contracted revenues.
- **Expand our fleet through accretive acquisitions.** Subject to securing the required financing, we intend to evaluate potential acquisitions of both newbuilds and second-hand vessels in the LNG and energy transition gas markets. We also intend to continue to take advantage of opportunities afforded to us by our relationship with our sponsor, Capital Maritime. In addition to the 11 LNG/C vessels we agreed to acquire pursuant to the Umbrella Agreement, Capital Maritime granted the Partnership, beginning on December 21, 2023, rights of first refusal over (i) transfers of LNG/C vessels owned by Capital Maritime to third-parties, opportunities to order newbuild LNG/C vessels of which Capital Maritime becomes aware and employment opportunities for LNG/C vessels of which Capital Maritime becomes aware, in each case, for a period ending on December 21, 2033, (ii) transfers to third parties of the New Energy Vessels for a period ending on the date on which Capital Maritime and its affiliates no longer beneficially own at least 25% of the issued and outstanding common units and (iii) if the Partnership acquires a New Energy Vessel from Capital Maritime, employment opportunities for such New Energy Vessel of which Capital Maritime becomes aware, for a period ending on the date on which Capital Maritime and its affiliates no longer beneficially own at least 25% of the issued and outstanding common units.
- **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. Our Managers have strong records of vessel safety and compliance with rigorous health, safety and environmental protection standards, and are committed to providing our charterers with a high level of customer service and support, which we believe helps us to maintain relationships with our current customer base and further cultivate relationships with a number of additional major energy players.

Our Customers

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

- **Hyundai Merchant Marine Co. Ltd.** is an integrated logistics company, which has worldwide global service networks and diverse logistics facilities.
- **Hapag Lloyd-Aktiengesellschaft**, is a German international shipping and container transportation company and one of the largest container carrier companies in terms of vessel capacity.
- **BP Gas Marketing Limited** is part of the wider BP group and produces and distributes oil and natural gas. The company offers biofuels, motor oil, lubricants, petrol, crudes, liquefied natural gas, marine fuels, natural gas liquids, and petrochemicals. BP markets its products worldwide.
- **Cheniere Marketing International LLP** is part of Cheniere Energy Inc., a liquefied natural gas company headquartered in Houston, Texas. Cheniere is a full-service LNG provider, with capabilities that include gas procurement and transportation, liquefaction, vessel chartering, and LNG delivery. Cheniere has one of the largest liquefaction platforms in the world, consisting of the Sabine Pass and Corpus Christi liquefaction facilities on the U.S. Gulf Coast, with expected total production capacity of approximately 45.0 million tons per annum of LNG operating or in commissioning.
- **Engie Energy Marketing Singapore Pte Ltd.** is part of the wider Engie SA group, a French multinational utility company, headquartered in Paris, France, which operates in the fields of energy transition, electricity generation and distribution, natural gas, nuclear, renewable energy and petroleum. Engie supplies electricity in 27 countries in Europe and 48 countries worldwide.
- **Hartree Partners Power & Gas Company (UK) Limited.** is a global energy and commodities firm privately held by management and Oaktree, a global investment manager with approximately \$238.0 billion of assets under management as of the end of the year 2022.
- **Qatar Energy Trading LLC** is a wholly owned subsidiary of QatarEnergy established in 2020, with the aim of establishing a dedicated LNG trading arm for QatarEnergy. Qatar Energy Trading has a total production capacity of 77 million tons per annum (“mtpa”), which is expected to grow to 142 mtpa by 2030.
- **Bonny Gas Transport Limited** was established in 1989, following the incorporation of Nigeria LNG Limited (“NLNG”), to provide shipping capacity for NLNG which has a total production capacity of 22 mtpa of LNG and 5 mtpa of natural gas liquids from its six-train plant complex.

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

Our Management Agreements

Under our management agreements:

- we pay our Managers a daily technical management fee per vessel, which is revised annually based on the United States Consumer Price Index;
- we indemnify our Managers for expenses and liabilities they incur 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 dry-docking.

We expect that vessels acquired in the future will be managed under similar floating fee management arrangements. See Note 4 (Transactions with Related Parties) to our Financial Statements for additional information on fees paid under our management agreements.

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. We completed the spin-off of our 25 vessel Tanker Business on March 27, 2019. Following the spin-off our fleet was comprised of 10 Neo-Panamax container carrier vessels and one Capesize bulk carrier vessel. In 2020 we completed the acquisition of three Neo-Panamax container carrier vessels and in the first half of 2021 the acquisition of three Panamax container carrier vessels. During the second half of 2021 we completed the acquisition of six LNG/C vessels while in May and December 2021, respectively, we completed the sale of two Neo-Panamax container carrier vessels. On June 6, 2022, we agreed to acquire, upon their respective delivery from the shipyard, one LNG/C and three Neo-Panamax container carrier vessels. The LNG/C was delivered in February 2023 and two of the Neo-Panamax container carriers were delivered in October 2022 and January 2023, respectively, while the third Neo-Panamax container carrier was delivered in June 2023. In July 2022 we also completed the sale of two Neo-Panamax container carrier vessels. In November 2023, we sold the M/V Cape Agamemnon. Also in 2023, we agreed to acquire 11 latest generation two-stroke (MEGA) LNG/C vessels, the first two of which were delivered in December 2023 and January 2024.

As a result we currently own a fleet of 22 vessels, which consists of nine latest generation LNG/C vessels (0.7 million DWT and total capacity of 1.6 million CBM), 11 Neo-Panamax container carrier vessels (1.1 million DWT and total TEU capacity of 95,297), three of which we have agreed to sell to an unaffiliated party, and two Panamax container carrier vessels (0.1 million DWT and total TEU capacity of 10,178), both of which we have agreed to sell to an unaffiliated party. We expect to deliver each of the container carrier vessels that we have agreed to sell to their respective buyers during the second quarter of 2024. In addition, we have agreed to acquire nine additional latest generation LNG/C vessels to be delivered to the Partnership between the second quarter of 2024 and the first quarter of 2027. As of March 31, 2024, the DWT weighted average age of our fleet is approximately 6.2 years or, excluding the container carrier vessels that we have agreed sell, approximately 3.7 years.

In connection with the Umbrella Agreement, we have agreed with Capital Maritime and our General Partner to change our business focus to concentrate on the LNG/C market. As part of this change in business focus, and pursuant to the Umbrella Agreement, we have committed to explore the disposition of our container vessels and abstain from acquiring additional container vessels. In addition to our commitment to concentrate our business on the LNG/C market, we also expect to focus on the wider energy transition gas market. While we expect to change our business focus to concentrate on the LNG/C market and the wider energy transition gas market such as the carriage of ammonia and liquid CO₂, we can provide no assurances that in the future we will not return to the container market or the drybulk market, or that we will not explore additional shipping markets beyond the LNG/C market. We can also provide no assurances as to whether or when we will complete the disposition of our container vessels. See “Item 3. Key Information—D. Risk Factors—Risks Related to Our Business and Operations—*We may not realize the benefits anticipated from our change in business focus to concentrate on the LNG/C market and the wider energy transition gas market, which could adversely affect the value of our securities*” above.

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 distributable cash flow 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-CBM (5)	Management Agreement Expiration (2)	Charter Duration / Type (3)	Expiry of Charter (4)	Charterer	Description
CONTAINER CARRIER VESSELS								
Manzanillo Express ⁽¹¹⁾	A	2022	142,411-13,312 TEU	Oct-27	10-yr TC	Jul-32	Hapag-Lloyd	Dual Fuel Ready Eco Container Carrier
Itajai Express ⁽¹¹⁾	A	2023	142,411-13,312 TEU	Jan-28	10-yr TC	Oct-32	Hapag-Lloyd	Dual Fuel Ready Eco Container Carrier
Buenaventura Express ⁽¹¹⁾	A	2023	142,411-13,696 TEU	June-28	10-yr TC	Mar-33	Hapag-Lloyd	Dual Fuel Ready Eco Container Carrier
Hyundai Prestige	B	2013	63,010-5,023 TEU	Aug-24	12-yr TC	Dec-24	HMM	Eco Wide Beam Container Carrier
Hyundai Premium	B	2013	63,010-5,023 TEU	Aug-24	12-yr TC	Jan-25	HMM	Eco Wide Beam Container Carrier
Hyundai Paramount	B	2013	63,010-5,023 TEU	Aug-24	12-yr TC	Feb-25	HMM	Eco Wide Beam Container Carrier
Hyundai Privilege	B	2013	63,010-5,023 TEU	Aug-24	12-yr TC	Mar-25	HMM	Eco Wide Beam Container Carrier
Hyundai Platinum	B	2013	63,010-5,023 TEU	Aug-24	12-yr TC	Apr-25	HMM	Eco Wide Beam Container Carrier
Athos ⁽¹⁴⁾	C	2011	118,888-9,954 TEU	Jan-25	6.8-yr TC	Apr-26	Hapag-Lloyd	Container Carrier
Aristomenis ⁽¹⁴⁾	C	2011	118,712-9,954 TEU	Jan-25	7.5-yr TC	Apr-26	Hapag-Lloyd	Container Carrier
Athenian ⁽¹⁴⁾	C	2011	118,834-9,954 TEU	Jan-25	6.8-yr TC	Apr-26	Hapag-Lloyd	Container Carrier
Seattle Express ⁽⁶⁾	D	2008	68,411-5,089 TEU	Feb-26	4.7-yr TC	Sep-25	Hapag-Lloyd	Container Carrier
Fos Express ⁽⁶⁾	D	2008	68,579-5,089 TEU	Feb-26	4.7-yr TC	Sep-25	Hapag-Lloyd	Container Carrier
LNG/C VESSELS								
Aristos I ⁽⁷⁾	E	2020	81,978-174,000 CBM	Sep-26	5-yr TC	Oct-25	BP	LNG/C
Aristarchos ⁽⁸⁾	E	2021	81,956-174,000 CBM	Sep-26	10-yr TC	May-31	Cheniere	LNG/C
Aristidis I ⁽⁷⁾	E	2021	81,898-174,000 CBM	Dec-26	5-yr TC	Dec-25	BP	LNG/C
Attalos ⁽⁷⁾	E	2021	81,850-174,000 CBM	Nov-26	4.2-yr TC	Oct-25	BP	LNG/C
Adamastos ⁽⁹⁾	E	2021	82,095-174,000 CBM	Nov-26	7.2-yr TC	Sep-28	Engie	LNG/C
Asklipios ⁽⁸⁾	E	2021	81,882-174,000 CBM	Nov-26	10-yr TC	Aug-31	Cheniere	LNG/C
Asterix I ⁽¹⁰⁾	E	2023	81,932-174,000 CBM	Feb-28	7-yr TC	Dec-29	Hartree	LNG/C
Amore Mio I ⁽¹²⁾	E	2023	82,076-174,000 CBM	Dec-28	3-yr TC	Sep-26	Qatar Energy Trading	LNG/C
Axios II ⁽¹³⁾	E	2024	82,271-174,000 CBM	Jan-29	7-yr BB	Jan-32	BGT	LNG/C
TOTAL FLEET			1,973,645 DWT-105,475 TEU-1,566,000 CBM					

(1) Sister vessels and shipyards of origin are denoted in the tables by the following letters: (A): these vessels were built by Hyundai Samho Heavy Industries Co. Ltd; (B): these vessels were built by Hyundai Heavy Industries Co. Ltd, South Korea; (C): these vessels were built by Samsung Heavy Industries Co. Ltd; (D): these vessels were built by Hanjin Heavy Industries & Construction Co., Ltd.; and (E): these vessels were built by Hyundai Heavy Industries Co., Ltd.

(2) Our vessels are managed under floating fee management agreements entered into with our Managers. For additional details regarding our management agreement, please see “-Our Management Agreements” above.

(3) TC: Time Charter; BB: Bareboat Charter.

(4) Earliest possible redelivery date.

(5) DWT: Dead Weight Ton, TEU: Twenty-foot Equivalent Units, CBM: Cubic Meter.

- (6) In September 2020, each of the vessel-owning companies of 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. The charterer has the option to extend the time charters of the vessels by 24 months (+/- 60 days) plus 12 months (+/- 45 days). The charters of the M/V Seattle Express and the M/V Fos Express commenced for both vessels in January 2021. In February 2024, we agreed to sell these two vessels to an unaffiliated party and the vessels are expected to be delivered to their buyer in the second half of 2024.
- (7) In 2019, each of the vessel-owning companies of the LNG/C Aristos I, the LNG/C Aristidis I and the LNG/C Attalos, entered into a time charter agreement with BP for a period of 3 years (+/- 30 days). The charterers have three two-year options (+/- 30 days) and one three-year option (+/- 30 days). The charters of the LNG/C Aristos I and the LNG/C Aristidis I commenced in November 2020 and January 2021 respectively. The charter of the LNG/C Attalos commenced in November 2022, previously the vessel was under a 15-month (+/- 30 days) time charter with BP. In February and March 2023, the charterer exercised its option to extend the time charter of the LNG/C Aristos I and LNG/C Aristidis I by two years (+/- 30 days), respectively.
- (8) In April 2021, each of the vessel-owning companies of the LNG/C Aristarchos and the LNG/C Asklipios, entered into a time charter agreement with Cheniere until March 15, 2025 (+/- 30 days) and February 5, 2025 (+/- 30 days). Each charter has two one-year options (+/- 30 days). The charters of the LNG/C Aristarchos and the LNG/C Asklipios commenced in June 2021 and September 2021, respectively. In August 2022 both vessels amended their time charter agreement with Cheniere and extended them until June 14, 2031 (+/- 30 days) and September 28, 2031 (+/- 30 days), respectively. After the amendment each charter has two two-year options (+/- 30 days).
- (9) In July 2021, the vessel-owning company of the LNG/C Adamastos, entered into a time charter agreement with Engie for a period of 1,890 days (+90/-45 days) or for a period of 2,620 days (+90/-45 days) if the charterer exercises its option on or prior to May 2023. The charter of the LNG/C Adamastos commenced in August 2021. In May 2022, the charterer elected the second period of 2,620 days (+90/-45 days).
- (10) In January 2022, the vessel-owning company of the LNG/C Asterix I, entered into a time charter agreement with Hartree for a period of 1,825 days (+/-60 days) or for a period of 2,555 days (+/-60 days) if the charterer exercises its option on or prior to January 2025. The charter has one two-year option (+/- 30 days). In January 2023, the charterer selected the period of 2,555 days (+/-60 days). The charter of the LNG/C Asterix I commenced in February 2023.
- (11) In June 2021, the vessel-owning companies of the M/V Manzanillo Express, the M/V Itajai Express and the M/V Buenaventura Express, entered into a time charter agreement with Hapag-Lloyd for a period of 120 months (+/-90 days). The charterers have three two-year options (+/- 45 days). The charters of the M/V Manzanillo Express, the M/V Itajai Express and the M/V Buenaventura Express commenced in October 2022, January 2023, and June 2023, respectively.
- (12) In October 2022, the company owning the LNG/C Amore Mio I, entered into a time charter agreement with Qatar Energy Trading for a period of up to October 1, 2026 (+30/-30 days). The time charter of the LNG/C Amore Mio I commenced on October 31, 2023.
- (13) In November 2023, the company owning the LNG/C Axios II agreed with BGT to enter into a seven year (+30/-30 days) Bareboat charter commencing in the first quarter of 2025. The charterer has the option to extend the charter for 36 months (+30/-30 days). In December 2023 the company owning the LNG/C Axios II entered into a one-year time charter at a market-linked rate which commenced in January 2024. Upon the completion of the one-year time charter, the vessel will perform the seven-year bareboat charter with BGT.
- (14) In March 2024, we agreed to sell the M/V Athos, the M/V Aristomenis and the M/V Athenian to an unaffiliated party. The vessels are expected to be delivered to their buyer in the second half of 2024.

Our Charters

Our vessels are chartered with remaining revenue-weighted charter duration of approximately 7.3 years as of March 31, 2024. 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 dry-dock 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 seasonal variations in demand.

Management of Ship Operations, Administration and Safety

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

In compliance with the IMO's ISM code, our Managers operate under safety management systems certified by Lloyd's Register of Shipping ("LRS"). Capital-Executive's management systems also comply with 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, Capital-Executive has implemented an "Integrated Management System Approach" verified by the LRS.

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

Capital-Executive and Capital Gas Management currently outsource in part or in full the technical management and crewing of five container carrier vessels and six LNG/C vessels to third parties.

Crewing and Staff

Capital-Executive and Capital Gas Management, through a Capital Maritime subsidiary in Romania and crewing offices in Romania, Russia and the Philippines, recruit senior officers and crews for our vessels. Our vessels are currently manned primarily by Romanian and Russian officers and Filipino ratings. We believe that Capital-Executive and Capital Gas have significant experience in operating vessels in this configuration and have access to a pool of certified and experienced crew members whom they can recruit to man our vessels. In addition, Capital Gas Management also recruits crew for our LNG/C vessels through third-party managers and manning offices.

The LNG/C vessels are currently manned primarily by Romanian, Ukrainian, Russian and Greek officers and Filipino ratings. The continued hostilities between Russia and Ukraine might adversely impact our ability to safely repatriate Russian and Ukrainian officers and make the ability to perform regular crew changes problematic, as travel may not be available. This could impact the smooth operations of vessels as new officers and crews are sourced which may not have the familiarity of the vessel that they are joining. The extent to which this war will impact the Partnership's future results of operations and financial condition will depend on future developments, which are highly uncertain and cannot be predicted. Accordingly, an estimate of the impact cannot be made at this time.

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 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.
- A bottom survey, which is an examination of the outside of the ship’s bottom and related items, and is normally carried out with the ship in dry-dock. However, the classification society may give consideration to alternate examination while the ship is afloat as an in-water survey. An in-water survey is not permitted for ships 15 years of age and over that are assigned the notation ESP. A minimum of two bottom surveys are to be held in each five-year special survey period and the maximum interval between successive bottom surveys may not exceed three years. One of the two bottom surveys required in each five-year period is to coincide with the special survey. Non-ESP vessels (i.e., containers and LNG) are eligible to apply to the flag administration for the vessel to be placed on an Extended Dry-Docking (“EDD”) regime thus extending the bottom surveys to 7.5 years. The EDD scheme provides commercial flexibility and reduced operating expenses during the survey periods.
- 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 dry-docking the vessel. Intermediate surveys may be carried out on the occasion of the second or third annual survey.
- Vessels above 15 years of age, subject to enhanced survey requirements, are also dry-docked 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 classification society. The classification surveyor in this case will issue a “recommendation” which must be rectified by the ship-owner within prescribed time limits.

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.

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 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 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, 2023:

Type	Aggregate Sum Insured for All Vessels in Our Existing Fleet
Hull and Machinery	\$3.4 billion
Increased Value (including Excess Liabilities)	\$765.0 million additional “total loss” coverage
Hull & Machinery (War Risks)	\$4.2 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 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. Water Pollution Control Act (“Clean Water Act”), Japanese Marine traffic safety laws, Australian Marine Orders regarding stevedores safety, as well as regulations adopted by the IMO and the EU, State air emission requirements, IMO/United States Coast Guard (“USCG”)/Environmental Protection Agency (“EPA”) pollution regulations and various SOLAS amendments, International Labour Organization (“ILO”) regulations, International Telecommunications Union (“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, Port State Control (“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.

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.

Under OPA 90, vessel operators, including vessel owners, managers and bareboat or “demise” charterers, are “responsible parties” who share strict joint and several liability for all containment and clean-up costs and other damages arising from oil spills from their vessels. These “responsible parties” would not be liable if the spill results solely from the act or omission of a third party, an act of God or an act of war. OPA 90 liability for non-tank vessels, edible oil tank vessels, and any oil spill response vessels, is the greater of \$1,200 per gross ton or \$997,100 (subject to periodic adjustment for inflation). However, these limits of liability do not apply if an incident was proximately caused by the violation of an applicable United States federal safety, construction or operating regulation by a responsible party (or its agent, employee or a person acting pursuant to a contractual relationship), or a responsible party’s gross negligence or willful misconduct. The limitation on liability similarly does not apply if the responsible party fails or refuses to (i) report the incident as required by law where the responsible party knows or has reason to know of the incident; (ii) reasonably cooperate and assist as requested in connection with oil removal activities; or (iii) without sufficient cause, comply with an order issued under the Federal Water Pollution Act (Section 311 (c), (e)) or the Intervention on the High Seas Act. OPA 90 specifically permits individual states to impose their own liability regimes with regard to oil pollution incidents occurring within their boundaries, and some states have enacted legislation providing for unlimited liability for discharge of pollutants within their waters.

CERCLA applies to the discharge of hazardous substances (other than oil) whether on land or at sea in U.S. jurisdictional waters, and contains a liability regime that provides for recovery of cleanup costs and damages to natural resources. 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 the greater of \$300 per gross ton or \$0.5 million for any other vessel, per release of or incident involving hazardous substances. As with OPA 90, these limits of liability do not apply if the incident is caused by gross negligence, willful misconduct, violation of certain regulations or if the responsible party fails or refuses to report the incident or fails to provide all reasonable cooperation and assistance requested in response activities, in which case, liability is unlimited. While OPA 90 and CERCLA would not apply to the discharge of LNG, these laws may affect us because we carry oil as fuel, lubricants for our engines and other maintenance chemicals, and the discharge of these could cause an environmental hazard. 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 significant penalties for damage caused by water pollution.

U.S. 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, our vessels 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 and U.S. EPA has announced plans to publish new vessel discharge standards in late 2024, which could ultimately replace the VGP program by 2026.

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 IMO. For trading in 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, all of our vessels are equipped with 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 controlling air emissions from all sources. 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 IMO 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 NO_x 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, have been adopted, or are 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. Since 1 January 2019, vessels operating within such a coastal ECA have been 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.

Korea Requirements

From 1 September 2020, the South Korea government implemented mandatory SO_x Emission Control Areas (SECAs) requiring the use of 0.1% sulphur fuel by ships in specified port areas. The following seaport areas became Korean SECAs, Incheon (including Gyeongin port), Pyeongtaek-Dangjin Yeosu-Gwangyang (including Hadong port) Busan Ulsan.

Effective from 1 September 2020, all ships (including foreign-flagged vessels) berthed or at anchorage in the above SECAs must ensure that, one hour after mooring (or anchoring) and one hour before de-berthing (or heaving anchor), sulphur content of fuel oils used on board does not exceed 0.1% m/m (or an approved equivalent arrangement is used).

Effective from 1 January 2022, all ships (including foreign-flagged vessels) entering or leaving the SECAs must comply with the same 0.1% m/m sulphur fuel limit using the appropriate fuel oils (or approved equivalent arrangement).

In September 2020, the EU agreed to cut greenhouse gas (“GHG”) emissions by at least 55% by 2030 and to become climate neutral by 2050.

The EU has developed a legislative package, called “Fit for 55” aimed to pave the way to the 2030 GHG emissions target. It is considered one of the most ambitious regulatory frameworks to reverse climate change and build a sustainable economy and it is in line with the Paris Agreement objective to keep the global temperature increase to well below 2° C and pursues efforts to keep it below 1.5° C. The legislative package consists of both new technical and market based regulations along with the revision of existing ones. The “Fit for 55” package was tabled in July 2021 to respond to the requirements in the EU Climate Law to reduce Europe’s net GHG emissions and updated when the European Commission proposed more ambitious targets on renewable energy and energy efficiency in the “REPowerEU” plan to respond to Russia’s invasion of Ukraine and boost Europe’s energy security. The final legislative package is expected to reduce EU net GHG emissions by 57% by 2030. While this legislative package is a central part of the European “Green Deal”, work continues on other pending legislative files and proposals, and on the implementation of legislation in the Member States.

The EU began accounting for seaborne emissions generated in European territorial waters in 2018 with the EU MRV Regulation. In the context of the “Fit for 55” legislative package, the proposals affecting the maritime industry are:

- Emission Trading System (“ETS”) Directive: The EU has determined that maritime shipping will be included in the ETS as from 2024 in the absence of a comparable system operating under the IMO, with the ships presently reporting emissions under the EU MRV Regulation required to purchase CO₂ emission credits.
- The revision of the EU ETS Directive entered into force on June 5, 2023. From January 1, 2024, the maritime industry has been gradually integrated into the European Emission Trading System (“EU ETS”). Shipping companies operating in European territorial waters are required to submit at the end of each reporting period the equivalent amount of European Emissions Allowances (“EUAs”) based on their verified monitored emissions of the previous year. The emissions covered under the EU ETS are:
 - 100% of the emissions of intra EU voyages;
 - 50% of the emissions of voyages departing from or arriving to a port of a member State and a port of a third country;
 - 100% of the emissions generated at berth in EU port.

Implementation for the maritime industry began on January 1, 2024 for cargo and passenger ships of 5000 gross tonnage and above.

Starting from 2025, shipping companies will be required to surrender by September 30 of each year, EUAs corresponding to their verified GHG emissions of the previous monitoring year. There will be a gradual phase-in of the required allowances to be submitted.

- By September 30, 2025, surrender of EUAs corresponding to 40% of 2024 verified CO₂ emissions.
- By September 30, 2026, surrender of EUAs corresponding to 70% of 2025 verified CO₂ emissions.
- By September 30, 2027, surrender of EUAs corresponding to 100% of 2026 verified CO₂, CH₄ and N₂O emissions.

Shipping companies will need to surrender allowances to the EU Member State which corresponds to their administering authority. The allowances will need to be submitted through the maritime operator holding account for that EU Member State. Failure to surrender allowances within the deadline for a single ship can affect compliance for an entire fleet. Companies that fail to surrender allowances are liable for an excess emissions penalty of 100 Euros per tonne of CO₂ and are still liable for surrender of the required allowances.

In line with the “polluter pays” principle, a shipping company could, by means of a contractual arrangement, hold the entity that is directly responsible for the decisions affecting the CO₂ emissions of the ship accountable for the compliance costs under this Directive. This entity would normally be the entity that is responsible for the choice of fuel, route and speed of the ship.

During the fourth quarter of 2023, we took proactive steps to prepare for upcoming ETS regulation by:

- Quantifying and projecting our EUAs exposure.
- Identifying operational processes that need to be established to comply with the regulations.
- Revising and enhancing our legal documentation and time charter agreements to align with regulatory requirements.
- Systems configuration for monitoring and reporting.

These actions were aimed at ensuring our readiness and compliance with the evolving regulatory landscape.

- **“FuelEU” Maritime Regulation:** This is a technical measure that incentivizes the production and uptake of sustainable low carbon and renewable fuels. From January 1, 2025, the GHG intensity of energy consumed onboard vessels on European voyages will be evaluated on a well-to-wake (“WtW”) basis. Starting from 2025, an upper limit of GHG intensity—which is calculated based on the EU MRV data from 2020—will be gradually decreased every five years from 2% in 2025 to 80% in 2050. The regulation sets an upper limit on energy’s GHG intensity, expressed in gCO₂eq/megajoule. The reference value is set at 91.16 grams of CO₂e per megajoule based on energy used on board by ships in 2020, determined by the reported data in the framework of Regulation (EU) 2015/757, EU MRV. In order to ensure that the energy used on board will be less carbon intensive over time, the GHG intensity limit will be periodically reduced. For each reporting year, the energy used on board must be below the reference GHG intensity. If the actual GHG intensity is higher, a remedial penalty will be imposed. When a ship has a compliance deficit for two or more consecutive reporting periods, the remedial penalty will be multiplied by a factor that is increased for each year of non-compliance. The progressive reduction of upper limit of GHG intensity is intended to incentivize the development and uptake of biofuels and renewable fuels of non-biological origin (“RFNBOs”). Furthermore, the regulation permits a ship to bank a compliance surplus during a reporting period and use it in the following reporting period. In addition, several vessels of the same or different owners may create a compliance pool so as to take advantage of their aggregate surplus.

Additionally, from January 1, 2030, containerships and passenger ships will be required to connect to onshore power supply (“OPS”) and use it for all energy needs while at berth in a port of call under the jurisdiction of a Member State. Similar to the ETS, non-compliance may lead to fines and vessels being banned from EU waters.

The “FuelEU” maritime regulation supports LNG as a transitional fuel, allowing LNG-powered vessels to comply up to the reporting period of 2035 to 2040. Moreover, the “FuelEU” maritime regulation “pooling” mechanism may create upside potential. After conducting an internal assessment of the impact of the “FuelEU” maritime regulation on our fleet, we anticipate that we will not incur any penalties in the short to medium term.

- **Alternative Fuel Infrastructure Regulation (“AFIR”):** In July 2023 AFIR was revised to support the objectives of the “FuelEU” maritime regulation by requiring EU Member States to speed up the provision of LNG bunkering terminals and OPS in major ports as follows:
 - Containerships and passenger ship terminals are required to have provisions by January 1, 2030 for OPS that meet 90% of the expected demand of those ports for containerships and passenger ships over 5,000 gross tonnage, where there are a certain number of port calls by those ship.
 - Sets targets from 1 January 2025 for the supply of liquid methane through an appropriate number of refueling points (as determined by the Member States) in maritime ports.

These targets are aligned and consistent with the “FuelEU” maritime regulation.

- **Renewable Energy Directive (“RED II”)**: RED II sets renewable energy targets for Member States, energy content of fuels, GHG emissions, savings calculations and values for various renewable fuels, and other targets for the transport sector. RED II may be revised to set more ambitious goals on the share of energy derived from renewable sources for the EU’s gross final consumption by 2030 and to set the sustainability criteria for biofuels, biogas and renewable fuels of non-biological origin. This proposal sets binding combined sub-targets for advanced biofuels and RFNBOs in the share of renewable energies supplied to transport sector by 2030. Additionally, the proposal includes a revision that renewable energy sources are to include domestic and international marine bunkers.
- **Energy Taxation Directive**: A revision of the Energy Taxation Directive has been proposed to align the taxation of energy products and electricity with the EU’s energy, environment and climate policies. This will be done by taxing fuels that pollute at higher rates than those of less polluting and more sustainable alternative fuels. A specific provision of the proposal affecting the maritime transport sector is to remove tax exemption from conventional fuels used between EU ports and incentivize the uptake of alternative fuels by keeping them tax exempt for a transitional period of ten years. Member States can also apply a tax exemption to shore-side electricity to incentivize its use.

International Requirements

In September 1997, the IMO 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. Depending on the vessel type and size, this could mean a substantial increase in the cost of bunkers for the vessel. This cost could increase further if the refining sector is unable to cope with the higher distillate demand, resulting in a tight distillate market and wider spread between HSFOs and MGOs, or by retrofitting the vessel to handle alternative fuels, such as LNG, methanol, biofuels, LPG, etc. Retrofitting vessels for the consumption of these type of alternative fuels would involve a substantial capital expenditure and might be uneconomical for most conventional vessel types given current technology and design challenges.

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

Nitrogen Oxide (“NOx”) is one of the gaseous pollutants from ships regulated by the International Convention for the Prevention of Pollution from Ships (“MARPOL Annex VI(1)”), published by the IMO. Under Regulation 13 of MARPOL Annex VI, three tiers of NOx emission limits are set for diesel engines with a power output higher than 130 kW, i.e., Tier I, Tier II and Tier III. Each Tier limits the NOx emission to a specific value based on the rated engine speed. Diesel engines for installation on a ship constructed on or after January 1, 2016 are subject to IMO Tier III requirements when the ship is operating in a NOx Tier III emission control area (a “NOx ECA”) designated under Regulation 13 of MARPOL Annex VI.

The North American area, the United States Caribbean Sea area, the Baltic Sea area and the North Sea area are currently designated as NOx ECAs.

Air emissions requirements are driving the development of primary engine technologies and secondary exhaust emissions abatement systems to reduce exhaust emissions from ships. As a result, a number of techniques and design features are utilized by internal combustion engine manufacturers to reduce NOx emissions. The predominant technologies used to achieve compliance with the IMO Tier III limit include reduction of NOx emission at the source and the treatment of the exhaust gas after combustion. Compliance with NOx Tier III increases the capital expenses of vessels due to the introduction of complex installations of technologies to treat exhaust gas after combustion.

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 IMO, 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.

Vessels that transport gas, including LNG/C vessels, are also subject to the International Gas Carrier Code (“IGC”) which provides a standard for the safe carriage of LNG and certain other liquid gases by prescribing the design and construction standards of vessels involved in such carriage. Each of our vessels is in compliance with the IGC Code. Our ship manager holds a document of compliance under the ISM code for operation of Gas Carriers.

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 IMO 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 IMO.

In 2001, the IMO 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, all of our vessels are equipped with BWTS.

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 EU also has indicated that it intends to propose an expansion of the existing EU 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, above pre-industrial levels and pursuing efforts to limit the temperature increase to 1.5°C above pre-industrial levels 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 IMO, EU, 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 June 2021, the IMO adopted extensive new CO₂ regulations applicable to existing ships. The Energy Efficiency Existing Ship Index ("EEXI") addresses the technical efficiency of ships and the Carbon Intensity Indicator ("CII") rating scheme addresses the operational efficiency of ships. A ship's EEXI is a one-time certification and it indicates the ship's energy efficiency compared to a baseline derived from the ship's Energy Efficiency Design Index. The calculated attained EEXI value for each individual ship must be below the required EEXI to ensure the ship meets a minimum energy efficiency standard. An energy efficiency certificate is issued when the EEXI is verified, which must be no later than the first annual, intermediate or renewal International Air Pollution Prevention survey or, for ships delivered after January 1, 2023, delivery of the initial International Energy Efficiency certificate. From 2023, the CII requirements took effect for our entire fleet, with the first annual reporting on carbon intensity completed in 2023 and the first rating to be given in 2024. Within 3 months after the end of each calendar year, ships are required to calculate the attained annual operational CII over a 12-month period using data from the IMO Data Collection System and report it to its flag administration or recognized organization who is required to:

- determine whether the data has been properly reported,
- verify the attained annual operational CII,
- determine the operational carbon intensity rating (A, B, C, D or E)
- issue a Statement of Compliance related to fuel oil consumption reporting and annual operational carbon intensity rating.

For ships rated as “D” for three consecutive years or rated as “E” for one year, on the subsequent year, the Ship Energy Efficiency Management Plan Part III shall be amended with a plan of corrective actions to achieve the required annual operational CII. The Partnership has developed procedures and monitoring tools, which are already in place, for effective management of CII implementation. We expect to obtain official ratings for the vessels in our fleet within May 2024.

Moreover, the IMO Marine Environment Protection Committee (“MEPC”) held its 80th session from July 3 to July 7, 2023 and reached consensus on the revision of its Initial IMO Strategy on Reduction of GHG Emissions from Ships and approved the 2023 IMO Strategy on Reduction of GHG Emissions from Ships (the “2023 IMO GHG Reduction Strategy”).

The objectives of 2023 IMO GHG Reduction Strategy are:

- enhancing IMO’s contribution to global efforts (e.g., the Paris Agreement and United Nations 2030 Agenda for Sustainable Development) to reduce GHG emissions in international shipping;
- identifying actions the international shipping sector should implement, while addressing impacts on states and supporting the consistent development of global trade and maritime transport services; and
- specifying actions and measures that will contribute to achieving those objectives along with incentives for research and development and monitoring of GHG emissions from international shipping.

The 2023 IMO GHG Reduction Strategy sets higher goals compared to the Initial IMO Strategy on Reduction of GHG Emissions from Ships. The new goals and indicative checkpoints consider the WtW GHG emissions of marine fuels, as addressed in the guidelines on lifecycle GHG intensity of marine fuels with the overall objective of reducing GHG emissions of international shipping without a shift to other sectors.

The new goals of the 2023 IMO GHG Reduction Strategy are as follows:

1. reducing the carbon intensity of ships through further improvement to the energy efficiency of new ships;
2. reducing the carbon intensity of international shipping by reducing CO₂ emissions per transport work, as an average across international shipping, by at least 40% by 2030, compared to 2008;
3. increasing the uptake of zero or near-zero GHG emission technologies, fuels and/or energy sources used by international shipping by at least 5% (and striving for 10%) by 2030; and
4. reducing GHG emissions from international shipping to net zero by or around 2050, with peak GHG emissions from international shipping occurring as soon as possible.

In addition, the Committee established two indicative checkpoints to reach net-zero GHG emissions from international shipping:

- i. reducing the total annual GHG emissions from international shipping by at least 20% (striving for 30%) by 2030, compared to 2008; and
- ii. reducing the total annual GHG emissions from international shipping by at least 70% (striving for 80%) by 2040, compared to 2008.

The Committee agreed on the following timelines for the candidate measures set out in the 2023 IMO GHG Reduction Strategy:

- review of the short-term mandatory goal-based technical and operational measures completed by January 1, 2026;
- finalize and agree upon mid-term GHG reduction measures by 2025 (other candidate mid-term GHG reduction measures may be finalized and agreed between 2023 and 2030); and
- finalize and agree upon long-term GHG reduction measures as part of the 2028 review of the 2023 IMO GHG Reduction Strategy.

The 2023 IMO GHG Reduction Strategy is subject to review every five years, with the next review to occur in 2028.

Our strategy to address the developments outlined in the 2023 IMO GHG Reduction Strategy involves proactive impact assessment of upcoming regulations and timeline adherence. Looking ahead, we anticipate active involvement in the development of long-term measures beyond 2030, aligning with the 2028 review of the 2023 IMO GHG Reduction Strategy. Our approach underscores our commitment to offer value to our stakeholders, environmental stewardship and sustainable maritime practices.

C. Organizational Structure

CPLP is a limited partnership organized in the Republic of the Marshall Islands. Please read “Item 4. Information on the Partnership—A. History and Development of the Partnership—Developments in 2023 and up to the filing of this Annual Report” for further information on our commitment in the Umbrella Agreement to negotiate in good faith to agree to our conversion from a Marshall Islands limited partnership to a corporation with customary corporate governance provisions. As of the date of this Annual Report, the Partnership has 36 subsidiaries which are incorporated in the Marshall Islands, Liberia and Cyprus. Of our significant subsidiaries, 22 either own or leaseback vessels in our fleet. Our subsidiaries are wholly-owned by us. A list of our significant subsidiaries as of the date of this Annual Report, is set forth in Exhibit 8.1 to this Annual Report.

Please also see Note 1 (Basis of Presentation and General Information) to our Financial Statements for a list of our significant subsidiaries as of December 31, 2023.

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.

For a discussion of the year ended December 31, 2022, compared to the year ended December 31, 2021, please refer to Part A, Item 5, “Operating and Financial Review and Prospects” in our Annual Report on Form 20-F for the year ended December 31, 2022, filed with the SEC on April 26, 2023.

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. See “Forward-Looking Statements” above.

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 distributable cash flow over time, while growing our business, 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 for the majority of our fleet and our Managers’ cost-efficient management of our vessels to provide visibility of revenues, earnings and distributions in the medium- to long-term. As our vessels come up for re-chartering, we seek to redeploy them on terms that reflect our expectations of the market conditions prevailing at the time.

We intend to further evaluate potential opportunities to acquire both newly built and second-hand vessels from Capital Maritime and its affiliates 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 cash flow growth, subject to approval of our board of directors, overall market conditions and our ability to obtain required financing and access financial markets.

In connection with the Umbrella Agreement, we have agreed with Capital Maritime and our General Partner to change our business focus to concentrate on the LNG/C market. As part of this change in business focus, and pursuant to the Umbrella Agreement, we have committed to explore the disposition of our container vessels and abstain from acquiring additional container vessels. In addition to our commitment to concentrate our business on the LNG/C market, we also expect to focus on the wider energy transition gas market. While we expect to change our business focus to concentrate on the LNG/C market and the wider energy transition gas market such as the carriage of ammonia and liquid CO₂, we can provide no assurances that in the future we will not return to the container market or the drybulk market, or that we will not explore additional shipping markets beyond the LNG/C market. We can also provide no assurances as to whether or when we will complete the disposition of our container vessels. See “Item 3. Key Information—D. Risk Factors—Risks Related to Our Business and Operations—*We may not realize the benefits anticipated from our change in business focus to concentrate on the LNG/C market and the wider energy transition gas market, which could adversely affect the value of our securities*” above.

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, 2023, the Marinakis family, including Evangelos M. Marinakis, the chairman of Capital Maritime, our sponsor, may be deemed to beneficially own a 56.4% of our common units through, among others, Capital Maritime and Capital Gas.

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, 2023, all of our vessels were trading in the period market.

Our vessels are currently under contracts with HMM, Hapag-Lloyd, BP, Cheniere, Hartree, Engie, BGT and Qatar Energy Trading.

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.*”

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 LNG/C and container markets to a significant extent, as our fleet is comprised of nine LNG/C vessels and 13 container carrier vessels. This includes two 5,100 TEU Panamax container vessels and three 10,000 TEU Neo-Panamax container vessels that we have agreed to sell and are expected to be delivered to their respective buyers during the second quarter of 2024. In addition, we have agreed to acquire nine additional latest generation LNG/C vessels to be delivered to the Partnership between the second quarter of 2024 and the first quarter of 2027.

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 publicly traded limited partnerships such as us. Protectionist trends, efforts by central banks to address increased inflation, global growth and demand for the seaborne transportation of goods, including liquefied natural gas 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 LNG and containerized goods;
- supply and orderbook of vessels, including, LNG/C and container vessels;
- the continuing demand for goods from China, India and Brazil and other emerging markets and developments in international trade including threats and/or imposition of trade tariffs;

- time charter hire levels and our ability to enter our vessels into long-term charters at competitive rates as their current charters expire;
- the impact of the international conflicts, including the conflicts between Russia and Ukraine and in the Middle East, on the global economy in general, and on the oil and gas industry in particular;
- 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 reputations of our Managers, our General Partner and Capital Maritime in the shipping industry;
- the effective and efficient technical management of our vessels;
- the strength of and growth in the number of our customer relationships;
- continued and consistent support from our Managers at comparable rates;
- 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, including the impact of increased interest rates on our floating rate debt;
- 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 dry-docking 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 and type of the vessels in our fleet when evaluating our results of operations. In 2023, we took delivery of two LNG/C vessels and two Neo-Panamax container vessels. In January 2024, we also took delivery of one LNG/C vessel. We have agreed to acquire nine additional latest generation LNG/C vessels to be delivered to the Partnership between the second quarter of 2024 and the first quarter of 2027. The weighted average number of vessels in our fleet increased by 2.0 during the year 2023 compared to the year 2022. 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

We have derived the following selected historical financial data for the years ended December 31, 2023 and 2022 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.

Income Statement Data:	2023	2022
Revenues	\$ 360,586	\$ 299,071
Expenses / (income), net:		
Voyage expenses	14,920	16,236
Vessel operating expenses	74,790	58,288
Vessel operating expenses - related parties	10,899	9,172
General and administrative expenses	13,445	10,681
Gain on sale of vessels	-	(47,275)
Vessel depreciation and amortization	84,199	69,272
Impairment of vessels	11,497	-
Operating income	150,836	182,697
Other income / (expense), net:		
Interest expense and finance cost	(104,858)	(55,421)
Other income / (expense), net	1,230	(1,855)
Partnership's net income	47,208	125,421

Year Ended December 31, 2023 Compared to Year Ended December 31, 2022

Our results of operations for the years ended December 31, 2023 and 2022 differ primarily due to:

- The net increase in the weighted average number of vessels in our fleet by 2.0 vessels. The weighted average number of container carrier and dry bulk vessels increased by 1.1 following the acquisitions of the M/V Itajai Express in January 2023 and of the M/V Buenaventura Express in June 2023 partly offset by the sale of the M/V Cape Agamemnon in November 2023, while the weighted average number of LNG/C vessels which are earning revenues and are incurring operating expenses at a higher rate compared to the rest of our fleet increased by 0.9 vessels following the acquisition of the LNG/C Asterix I in February 2023 and of the LNG/C Amore Mio I in December 2023. Our LNG/C vessels are earning revenues and incurring operating expenses at a higher rate compared to our container fleet.
- The increase in our average indebtedness and the increase in the weighted average interest on our long-term debt, which increased to 6.4% for the year 2023 from 4.1% for the year 2022.
- The impairment charge we recognized in the year 2023 in connection with the sale of the M/V Cape Agamemnon and the M/V Long Beach Express as opposed to the gain on sale of vessel we recognized in the year 2022 in connection with the sale of the M/V Agamemnon and the M/V Archimidis.

Total Revenues

Total revenues, consisting of time and voyage charter revenues, amounted to \$360.6 million for the year ended December 31, 2023 compared to \$299.1 million for the year ended December 31, 2022.

The increase of \$61.5 million was primarily a result of the net increase in the weighted average number of vessels in our fleet by 2.0 vessels during the year ended December 31, 2023, and the higher charter rates earned by our vessels on average during the year 2023 compared to the year 2022.

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 weighted average number of vessels in our fleet and the charter rates.

For the year ended December 31, 2023, Hapag-Lloyd, BP, Cheniere and HMM accounted for 24.1%, 20.9%, 15.6% and 14.8% of our total revenues, 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 \$14.9 million for the year ended December 31, 2023, compared to \$16.2 million for the year ended December 31, 2022. The decrease of \$1.3 million was primarily attributable to the sale of M/V Cape Agamemnon which was employed under voyage charters during both the year 2023 and 2022. In addition, we have incurred increased voyage expenses as a result of the heightened inflation experienced in 2022 and 2023.

Voyage expenses primarily consist of bunkers, port expenses, canal dues and commissions. Commissions are paid to shipbrokers for negotiating and arranging charter party agreements on our behalf. Voyage expenses incurred during time charters are paid 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, 2023, our total vessel operating expenses amounted to \$85.7 million compared to \$67.5 million for the year ended December 31, 2022. The \$18.2 million increase in total vessel operating expenses primarily reflects the increase in the number of vessels in our fleet during 2023 including the LNG/C vessels which are incurring operating expenses at a higher rate compared to the rest of our fleet. In addition, we have incurred increased vessel operating expenses, including higher costs for dry-docking, as a result of the heightened inflation experienced in 2022 and 2023.

Total vessel operating expenses for the year ended December 31, 2023 include expenses of \$10.9 million incurred under the management agreements we have with our Managers, compared to \$9.2 million during the year ended December 31, 2022.

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 \$13.4 million for the year ended December 31, 2023, compared to \$10.7 million for the year ended December 31, 2022. The \$2.7 million increase in general and administrative expenses was mainly attributable to costs incurred in connection with our agreement to acquire 11 vessels pursuant to the Umbrella Agreement.

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.

Gain on sale of vessels

We did not recognize a gain on the sale of vessels during the year ended December 31, 2023, compared to \$47.3 million recognized in the year 2022 in connection with the sale of the M/V Archimidis and the M/V Agamemnon in July 2022.

Vessel Depreciation and Amortization

Depreciation and amortization amounted to \$84.2 million for the year ended December 31, 2023, compared to \$69.3 million for the year ended December 31, 2022. The \$14.9 million increase in vessel depreciation and amortization primarily reflects the net increase in the number of vessels in our fleet and the higher average acquisition cost due to the LNG/C vessels acquisitions during the year ended December 31, 2023.

Generally, depreciation is expected to increase if the weighted average number of vessels in our fleet and/or our average acquisition cost of new vessels increase.

Impairment of vessels

On June 27, 2023 and December 15, 2023 the Partnership agreed to sell the M/V Cape Agamemnon and the M/V Long Beach Express, respectively, to unaffiliated parties. Upon reaching each agreement to sell, the Partnership considered that each vessel met the criteria to be classified as held for sale and measured each vessel at the lower of its carrying amount and fair value less the cost associated with each sale. Consequently, the Partnership recognized an impairment charge for the year ended December 31, 2023, of \$11,497 million in total. The Partnership did not recognize an impairment charge during the year ended December 31, 2022.

Interest expense and finance cost

Interest expense and finance costs amounted to \$104.9 million for the year ended December 31, 2023, compared to \$55.4 million for the year ended December 31, 2022. The increase of \$49.5 million primarily reflects higher debt and interest costs incurred mainly as a result of higher average indebtedness and the increase in the weighted average interest rate for the year ended December 31, 2023, compared to 2022.

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

The weighted average interest rate on the debt outstanding under our financing arrangements for the year ended December 31, 2023, was 6.4%, compared to 4.1% for the year ended December 31, 2022. Please also refer to Note 7 (Long-Term Debt) to our Financial Statements.

Net Income

Net income for the year ended December 31, 2023 amounted to \$47.2 million compared to \$125.4 million for the year ended December 31, 2022.

For a discussion of our results for the year ended December 31, 2022 compared to the year ended December 31, 2021, please see “Item 5. Operating and Financial Review and Prospects—A. Operating Results Overview—Year Ended December 31, 2022 Compared to Year Ended December 31, 2021” contained in our annual report on Form 20-F for the year ended December 31, 2022, filed with the SEC on April 26, 2023.

Foreign currency fluctuations/hedging

See “Item 11. Quantitative and Qualitative Disclosures about Market Risk” for information about our exposure to foreign currency fluctuations.

Government policies

See “Item 3. Key Information—D. Risk Factors—Risks Related to Our Industry” for information on the risks arising from governmental economic, fiscal, monetary or political policies or factors.

B. Liquidity and Capital Resources

As of December 31, 2023, total cash and cash equivalents (including restricted cash) were \$204.1 million. Restricted cash under our financing arrangements amounted to \$11.7 million. 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 equity and debt 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. None of our charters is expected to expire in the coming 12 months. Cash flows from operations may be further affected by other factors described in “Item 3. Key Information- D. Risk Factors”.

Future minimum charter hire receipts, excluding any profit share revenue that may arise, based on non-cancellable time charter contracts, as of December 31, 2023 were:

Year ending December 31,		Amount
2024	\$	403,278
2025		331,377
2026		200,151
2027		153,803
2028		142,781
Thereafter		330,378
Total	\$	1,561,768

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 equity and debt 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 and its affiliates 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 publicly traded 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, 2023, total partners' capital amounted to \$1,174.9 million, an increase of \$536.5 million compared to \$638.4 million as of December 31, 2022. The increase reflects net income of \$47.2 million for the year ended December 31, 2023, other comprehensive income of \$3.2 million relating to the net effect of the cross-currency swap agreement we designated as an accounting hedge, the amortization associated with the equity incentive plan of \$3.8 million and the net result from the issuance of common units in connection with the Rights Offering of \$498.7 million, partly offset by distributions declared and paid during the period in a total amount of \$12.2 million and the cost of repurchasing our common units under our Unit Repurchase Program for an aggregate amount of \$4.1 million.

On November 13, 2023, we entered into the Umbrella Agreement with Capital Maritime and our General Partner, which provides for the acquisition by the Partnership of the Newbuild Vessels, which are 11 newbuild LNG/C vessels, from Capital Maritime for a total acquisition price of \$3,130.0 million. On December 21, 2023 we closed the Umbrella Agreement and entered into 11 Vessel SPAs to acquire 100% of the equity interests in each vessel-owning company of the Newbuild Vessels.

Upon entry into the Vessel SPAs for the Initial Vessels, namely the LNG/C vessels Axios II, Assos, Apostolos, Aktoras, Archimidis and Agamemnon, we paid to Capital Maritime a deposit of \$174.4 million, or 10% of the aggregate acquisition price of such Initial Vessels. We closed the Vessel SPA for the Axios II upon delivery of the vessel on January 2, 2024 and we expect to complete the remaining acquisitions of each of the vessel-owning companies of the Initial Vessels upon each vessel's delivery from Hyundai. The remaining purchase price with respect to each Initial Vessel will be paid upon delivery of such vessel and closing of the applicable Vessel SPA, with a total of \$1,287.0 million remaining due for the Initial Vessels.

Upon entry into the Vessel SPAs for the Remaining Vessels, namely the LNG/C vessels Alcaios I, Antaios I, Athlos and Archon, the Partnership paid Capital Maritime \$138.1 million to acquire 100% of the equity interests in each of the vessel-owning companies of such Remaining Vessels, which are expected to be delivered to the Partnership between the third quarter of 2026 and the first quarter of 2027. In addition to \$101.1 million that we have paid to-date, we expect to pay an additional amount of \$808.8 million to Hyundai in pre-delivery and delivery instalments for the Remaining Vessels.

The following table contains details of our commitments relating to acquisitions of vessels under construction pursuant to the Vessel SPAs as of December 31, 2023:

Year ending December 31,	Initial Vessels	Remaining Vessels	Total
2024	\$ 1,083,600	\$ 101,100	\$ 1,184,700
2025	-	126,050	126,050
2026	486,000	375,550	861,550
2027	-	307,200	307,200
Total	\$ 1,569,600	\$ 909,900	\$ 2,479,500

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 from December 31, 2023.

For more information on our anticipated future cash requirements and resources please refer to Note 7 (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.

	2023	2022
Net Cash Provided by Operating Activities	\$ 189.4	\$ 172.6
Net Cash Used in Investing Activities	\$ (447.1)	\$ (14.1)
Net Cash Provided by/(Used in) Financing Activities	\$ 307.0	\$ (35.1)

Net Cash Provided by Operating Activities

Net cash provided by operating activities was \$189.4 million for the year ended December 31, 2023 compared to \$172.6 million for the year ended December 31, 2022. The increase of \$16.8 million was mainly attributable to the net increase in the average number of vessels in our fleet partly offset by the increase in the payments for dry-docking costs and the increase in interest expense and finance costs.

Net Cash Used in Investing Activities

Net cash used in investing activities refers primarily to cash used for vessel acquisitions and improvements, partly offset by proceeds from the sale of vessels.

Net cash used in investing activities for the year ended December 31, 2023, amounted to \$447.1 million compared to \$14.1 million during the year 2022. The increase of \$433.0 million was primarily attributable to \$233.0 million we paid for the acquisition of the M/V Itajai Express and the M/V Buenaventura Express, \$218.0 million we paid for the acquisition of the LNG/C Asterix I and \$16.6 million for vessel improvements partly offset by \$20.5 million net proceeds received from the sale of the M/V Cape Agamemnon.

During the year 2022, we paid \$115.0 million to acquire the M/V Manzanillo Express, paid \$24.0 million in advance for the acquisition of the M/V Itajai Express and the M/V Buenaventura Express which were delivered in January and June 2023 respectively and the LNG/C Asterix I which was delivered in February 2023, and \$2.2 million for vessel improvements, partly offset by \$127.1 million of net proceeds received from the sale of the M/V Archimidis and the M/V Agamemnon.

Net Cash Provided by/Used in Financing Activities

Net cash provided by financing activities for the year ended December 31, 2023, was \$307.0 million representing mainly cash proceeds of \$392.0 million from three new financing arrangements that we entered into in order to partly finance the acquisition of the shares of the companies owning the M/V Itajai Express, the LNG/C Asterix I and the M/V Buenaventura Express and \$45.0 million of net proceeds from the issuance of units under the Rights Offering, partly offset by \$3.8 million paid for the issuance of the three financing arrangements, \$23.4 million used to fully repay the 2021 CMBFL – Panamax sale and lease back agreements, \$86.4 million of scheduled principal payments, \$4.1 million paid to acquire CPLP units under our Unit Repurchase Program and \$12.2 million of dividends to our unit holders.

Net cash used in financing activities for the year ended December 31, 2022, was \$35.1 million representing mainly scheduled principal payments for the year of \$85.2 million, debt repayments in connection with the sale of the M/V Archimidis and the M/V Agamemnon of \$28.0 million, the repayment in full of our 2017 and 2020 credit facilities for a total amount of \$95.7 million, the repayment of \$10.0 million seller's credit, \$12.2 million of dividends paid to our common unit holders and \$5.9 million paid to acquire CPLP units under our repurchase program partly offset by the issuance of €100.0 million (\$101.3 million) Bonds in July 2022 and the drawdown of \$105.0 million of a new credit facility to partly finance the acquisition of the M/V Manzanillo Express in October 2022 net of \$4.3 million paid for the issuance of these financing arrangements.

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, 2023 and 2022 our total borrowings were \$1,787.8 million and \$1,299.2 million respectively. See Note 7 (Long-Term Debt) to our Financial Statements for further discussion of our long-term debt.

The 2024 Axios II Credit Facility

On January 2, 2024, we assumed a syndicated credit facility led by ING, in an amount of \$190.0 million, with a duration of seven years, for the purpose of partially financing the acquisition of the shares of the company owning the LNG/C Axios II.

The 2023 Jolco LNG/C Assos

On December 22, 2023, the vessel-owning company of the LNG/C Assos entered into the 2023 Jolco LNG/C Assos sale and lease back agreement of up to \$240.0 million, for the purpose of partially financing the acquisition of the shares of the vessel-owning company of the LNG/C Assos, with the Partnership acting as a parent guarantor. The amount is expected to be drawn, subject to the provisions of the sale and lease back agreement, upon the completion of the acquisition of the vessel from Capital Maritime in May 2024.

The 2023 CMBFL - LNG/C AMI Sale and Lease Back

On December 21, 2023, we assumed the 2023 CMBFL - LNG/C AMI with CMBFL, consisting of a \$196.3 million sale and leaseback transaction for the purpose of partially financing the acquisition of the shares of the company owning the LNG/C Amore Mio I. The 2023 CMBFL - LNG/C AMI has a tenor of 10 years and offers the option to repurchase the vessel at a predetermined price after the first anniversary of the arrangement, together with a purchase obligation of \$98.2 million at the expiration of the lease in October 2033.

The Seller's Credit

On December 21, 2023, Capital Maritime issued to the Partnership the unsecured Seller's Credit in an amount up to \$220.0 million to finance a portion of the purchase price for the Newbuild Vessels. The Seller's Credit bears interest at a rate of 7.5% per annum and matures on June 30, 2027. The Seller's Credit contains customary cross-default provisions. In addition, the Seller's Credit contains a covenant requiring the Partnership to prepay any amount drawn under the Seller's Credit on a quarterly basis beginning on March 31, 2027 by an amount equal to the excess over \$75.0 million of the Partnership's cash and cash equivalents that are freely available to the Partnership and able to be used by the Partnership for its general corporate purposes, less any actual or contemplated dividends or other distributions as at each applicable quarter end date. The Seller's Credit also contains a covenant requiring the Partnership to prepay any amount drawn under the Seller's Credit upon receipt of any new debt proceeds by the Partnership and/or its subsidiaries, excluding indebtedness which is secured by first priority security on a ship, in an amount equal to the net cash proceeds received by the Partnership and/or its subsidiaries after deducting fees, costs and expenses and after deducting the amount of such proceeds that have been used to refinance any existing indebtedness of the Partnership and its subsidiaries. On January 2, 2024, we drew down \$92.6 million under the Seller's Credit for the purpose of partially financing the acquisition of the shares of the company owning the LNG/C Axios II. In February and March 2024, upon the disposal of M/V Long Beach Express and the M/V Akadimos, and according to the terms of the Seller's Credit, we repaid to Capital Maritime \$12.8 million and \$40.0 million, respectively. As of March 31, 2024, the amount outstanding under the Seller's Credit amounted to \$39.8 million and the remaining amount available to be drawn down by the Partnership amounted to \$127.4 million.

The 2023 Credit Facility

On June 13, 2023, we entered into a new syndicated credit facility led by Cathay United Bank for up to \$100.0 million for the purpose of partially financing the acquisition of the M/V Buenaventura Express. The full amount of the facility was drawn on June 15, 2023. It has a duration of eight years.

The 2023 CMBFL - LNG/C Sale and Lease Back

On February 7, 2023, we entered into the 2023 CMBFL - LNG/C, consisting of up to \$184.0 million of available funds, for the purpose of partially financing the acquisition of the shares of the company owning the LNG/C Asterix I. The full amount of the sale and lease back agreement was drawn on February 17, 2023. It has a duration of 10 years.

The 2022 Jolco Sale and Lease Back

On December 23, 2022, the Partnership entered into a sale and lease back agreement for up to \$108.0 million for the purpose of partially financing the acquisition of the shares of the company owning the M/V Itajai Express. The full amount of the sale and lease back agreement was drawn on January 6, 2023. It has a duration of eight years.

The 2020 CMBFL Sale and Lease Back

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 CMBFL for \$38.5 million each. The lease agreement has a duration of five years 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 anniversary of the lease. The full amounts were drawn on January 23, 2020.

The ICBCFL Sale and Lease Back (fully repaid in 2024)

In May 2020 we entered 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 full amount was drawn on May 27, 2020. 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 and the amount repaid by the Partnership to ICBCFL on the delivery of the vessels to their new owners was \$96.2 million. In March 2024, upon the disposal of the M/V Akadimos, we repaid in full the outstanding amount at the time of \$38.3 million.

The 2021 CMBFL Panamax Sale and Lease Back (fully repaid in 2023)

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 CMBFL for \$10.0 million each. The lease agreement has a duration of five years. The full amounts were drawn on February 25, 2021. On March 14, 2023, we repaid in full the amount outstanding at the time of \$23.4 million.

The CMTC Seller's Credit

In January 2021, in connection to the acquisition of the M/V Long Beach Express, the M/V Seattle Express and the M/V Fos Express, the Partnership entered into a seller's 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 2021 BoComm Facility

Upon the acquisition of the LNG/C Aristos I and the LNG/C Aristarchos on September 3, 2021, we assumed indebtedness, previously entered by the companies owning the vessels, of \$148.9 million and \$155.4 million, respectively, under sale and lease back transactions (the "2021 BoComm Facility"). At maturity on October 2027 and May 2028, the 2021 BoComm Facility provides for a purchase obligation to acquire each vessel at the predetermined price of \$84.7 million. In addition, the 2021 BoComm Facility includes various purchase options commencing from the inception of the lease.

The 2021 CMBFL LNG/C Sale and Lease Back

Upon the acquisition of the LNG/C Attalos and the LNG/C Asklipios on November 18, 2021, we assumed debt previously incurred by the companies owning the vessels, of \$146.3 million and \$149.6 million, respectively, under sale and lease back transactions with CMBFL. At maturity in August 2028 and September 2028, the lease provides for a purchase option to acquire each vessel at the predetermined price of \$90.7 million and \$91.4 million respectively. In addition, the lease agreement includes various purchase options commencing from the first anniversary of the lease.

The 2021 Shin Doun Sale and Lease Back

Upon the acquisition of the LNG/C Adamastos on November 29, 2021, we assumed debt previously incurred by the company owning the vessel, of \$143.1 million, under sale and lease back transaction with Shin Doun. The lease agreement has a duration of 15 years maturing in July 2036 and includes a purchase obligation at the end of the lease at a predetermined price of \$30.0 million.

The 2021 Credit Facility

Upon the acquisition of the LNG/C Aristidis I on December 16, 2021, we assumed debt previously incurred by the Seller, of \$123.0 million, under a syndicate credit facility led by ING. As of December 31, 2023, the 2021 Credit Facility has a remaining duration of four years, maturing in December 2027.

The 2022 Credit Facility

On October 6, 2022, we entered into a new term loan facility with HCOB of up to \$105.0 million for the purpose of partially financing the acquisition of the M/V Manzanillo Express. The full amount of the facility was drawn on October 11, 2022.

Senior Unsecured Bonds

On October 20, 2021, the wholly owned subsidiary of the Partnership, CPLP PLC, issued €150.0 million of senior unsecured bonds in Greece. The Bonds are guaranteed by the Partnership, mature in October 2026 and have a coupon of 2.65%, payable semi-annually. The trading of the Bonds on the Athens Stock Exchange commenced on October 25, 2021.

On July 22, 2022, the wholly owned subsidiary of the Partnership, CPLP PLC, issued €100.0 million of senior unsecured bonds in Greece. The Bonds are guaranteed by the Partnership, mature in July 2029 and have a coupon of 4.40%, payable semi-annually. The trading of the Bonds on the Athens Stock Exchange commenced on July 27, 2022.

The required annual payments to be made subsequently to December 31, 2023, with reference to our financing arrangements are as follows:

For the year ending December 31,		In millions
2024	\$	105.9
2025		145.2
2026		271.0
2027		262.9
2028		393.2
Thereafter		609.6
Total	\$	1,787.8

On December 2, 2021 we entered into a cross-currency swap agreement with Piraeus Bank SA exchanging €120.0 million with \$139.7 million paying a fixed annual rate of 3.66%. The agreement's effective date is October 21, 2021 and its maturity date is October 21, 2025.

On December 13, 2021, we entered into a cross-currency swap agreement with Alpha Bank SA exchanging €30.0 million with \$34.9 million paying a fixed annual rate of 3.69%. The agreement's effective date is October 21, 2021 and its maturity date is October 21, 2025.

On August 4, 2022, we entered into a cross-currency swap agreement with Piraeus Bank SA exchanging €100.0 million with \$101.8 million paying a fixed annual rate of 6.55%. The agreement's effective date is July 26, 2022 and its maturity date is July 26, 2029.

Our financing arrangements, other than the Bonds, 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 including the Bonds 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 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, the Bonds require that:

- we maintain a pledged DSRA with a minimum balance €0.1 million;
- we deposit to the DSRA 50% of any cash disbursements to unitholders (e.g., dividends) exceeding \$20.0 million per annum, capped at 1/3 of the par value of the Bonds outstanding at the time; and
- if our MVAN falls below \$300.0 million then to deposit to the DSRA the difference between the MVAN and the \$300.0 million (capped to 1/3 of the par value of the Bonds outstanding).

Furthermore, all our financing arrangements other than the Bonds provide that:

- we are required to 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 the respective outstanding amount under the applicable financing arrangement between 110% and 125%;
- 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; and
- the earnings, insurances and requisition compensation of the vessels are required to be assigned as collateral and additional security, including pledge and charge on current account, corporate guarantee from each of the vessel-owning subsidiaries and mortgage interest insurance, is also required.

These financing arrangements are secured by first-priority mortgages over all our vessels and are guaranteed by each vessel-owning subsidiary and 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, 2023, we were in compliance with all financial debt covenants under all our financing arrangements.

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 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 certain of our credit facilities are secured by our vessels or through the ownership of the vessels, and if we are unable to repay, or otherwise default on, 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. 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 fair market values of our vessels would not cause any violation of the indebtedness to market value covenants, contained in our financing arrangements.

C. Research and Development. Not applicable.

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 LNG/C and container markets at the time of chartering a vessel, please also refer to “Item 3. Key Information—D Risk Factors—Risks Related to Our Industry”. For other trends affecting our business please see other discussions in “—A. Operating Results” above.

E. Critical Accounting Estimates

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 estimates are those estimates made in accordance with U.S. GAAP that involve a significant level of estimation uncertainty and have had or are reasonably likely to have a material impact on our financial condition or results of operations. We have described below what we believe our critical accounting estimates are. For a description of our significant accounting policies, see Note 2 (Significant Accounting Policies) to our Financial Statements.

Impairment

The carrying value of each of our vessels represents its original cost (contract price, initial expenditures and improvements) 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.

The table below specifies (i) the carrying value of each of our vessels as of December 31, 2023 and 2022 and (ii) which of those vessels we believe had a charter-free market value below its carrying value. 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, 2023		Carrying value as of December 31, 2022	
		(in millions of United States dollars)			
M/V Cape Agamemnon	06/09/2011	\$ -	\$ -	\$ -	\$ 30.3*
M/V Hyundai Prestige	09/11/2013	\$ 36.1	\$ 36.1	\$ 38.4	\$ 38.4
M/V Hyundai Premium	03/20/2013	\$ 35.6	\$ 35.6	\$ 37.9	\$ 37.9
M/V Hyundai Paramount	03/27/2013	\$ 35.6	\$ 35.6	\$ 37.9	\$ 37.9
M/V Hyundai Privilege	09/11/2013	\$ 36.3	\$ 36.3	\$ 38.6	\$ 38.6
M/V Hyundai Platinum	09/11/2013	\$ 36.4	\$ 36.4	\$ 38.7	\$ 38.7
M/V Akadimos (ex CMA CGM Amazon)	06/10/2015	\$ 62.3	\$ 62.3	\$ 65.8	\$ 65.8
M/V Athenian	01/22/2020	\$ 49.3	\$ 49.3	\$ 46.1	\$ 46.1
M/V Athos	01/23/2020	\$ 49.2	\$ 49.2	\$ 46.4	\$ 46.4
M/V Aristomenis	01/23/2020	\$ 49.7	\$ 49.7	\$ 46.2	\$ 46.2
M/V Long Beach Express	02/25/2021	\$ -	\$ -	\$ 15.7	\$ 15.7
M/V Seattle Express	02/25/2021	\$ 14.5	\$ 14.5	\$ 15.7	\$ 15.7
M/V Fos Express	02/25/2021	\$ 14.5	\$ 14.5	\$ 15.7	\$ 15.7
LNG/C Aristos I	09/03/2021	\$ 182.6	\$ 182.6	\$ 188.1	\$ 188.1
LNG/C Aristarchos	09/03/2021	\$ 180.7	\$ 180.7	\$ 186.0	\$ 186.0
LNG/C Aristidis I	12/16/2021	\$ 190.6	\$ 190.6	\$ 196.3	\$ 196.3
LNG/C Attalos	11/18/2021	\$ 192.7	\$ 192.7	\$ 198.4	\$ 198.4
LNG/C Adamastos	11/29/2021	\$ 196.3	\$ 196.3	\$ 202.0	\$ 202.0
LNG/C Asklipios	11/18/2021	\$ 187.7	\$ 187.7	\$ 193.1	\$ 193.1
M/V Manzanillo Express	10/12/2022	\$ 116.0	\$ 116.0	\$ 120.6	\$ 120.6
M/V Itajai Express	01/10/2023	\$ 126.1	\$ 126.1	\$ -	\$ -
LNG/C Asterix I	02/17/2023	\$ 297.6*	\$ 297.6*	\$ -	\$ -
M/V Buenaventura Express	06/20/2023	\$ 131.5	\$ 131.5	\$ -	\$ -
LNG/C Amore Mio I	12/21/2023	\$ 270.6	\$ 270.6	\$ -	\$ -
Total		\$ 2,491.9	\$ 2,491.9	\$ 1,757.9	\$ 1,757.9

* Indicates vessels for which we believe that, as of December 31, 2023 and 2022, the carrying value exceeds the basic charter-free market value by \$5.1 million and \$5.6 million, respectively. As discussed below, we believe that the carrying values of our vessels as of December 31, 2023 and 2022 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, 2023 and 2022, 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 rate for the unfixed days (based on the ten-year historical average of time charters with duration of one year) 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 99.4% 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 container and bulk carrier vessels and 35 years for our LNG/C 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 historical average 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 dry-docking expenditures are based on historical operating and dry-docking 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, 2023 and 2022, 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:

Type of vessels	Percentage Decline from which Impairment would be recorded	
	Year ended December 31, 2023	Year ended December 31, 2022
LNG/C	70.1%	-
Cape vessel	-	32.3%

Based on the above assumptions we determined that the undiscounted cash flows support the vessels' carrying amounts as of December 31, 2023 and 2022.

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.”

Pursuant to the Umbrella Agreement, we and the General Partner agreed to, in good faith, negotiate and jointly work with tax and other advisors to agree to mutually acceptable terms for our conversion from a Marshall Islands limited partnership to a corporation with customary corporate governance provisions and, subject to reaching such agreement, use our reasonable best efforts to cause such conversion to have been completed by June 21, 2024. We have agreed only to negotiate, in good faith, and jointly work with tax and other advisors in respect of such conversion. As of the date of this Annual Report, no decisions have been made in respect of such conversion. Accordingly, we can make no assurances that we will convert to a corporation or, if such conversion occurs, as to the corporate governance provisions that would be adopted by us upon such conversion. See Item 3. Key Information—D. Risk Factors—Risks Inherent in an Investment in Us—We may not complete our conversion from a Marshall Islands limited partnership to a corporation with customary corporate governance that we have committed to consider pursuant to the Umbrella Agreement.”

Our board of directors currently consists of eight members, including three 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 22, 2023, Rory Hussey was re-elected to act as a Class I Director until the Partnership’s 2026 annual meeting of Limited Partners.

Our General Partner intends to cause its officers to devote as much time as is necessary for the proper conduct of our business and affairs. Our General Partner’s Chief Executive Officer, Mr. Gerasimos (Jerry) Kalogiratos, Chief Financial Officer, Mr. Nikolaos Kalapotharakos and Chief Commercial Officer, Spyridon Leousis, 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⁾	65	Director and Chairman of the Board ⁽⁵⁾
Gerasimos (Jerry) Kalogiratos ⁽¹⁾	46	Director and Chief Executive Officer of our General Partner
Gurpal Grewal ⁽¹⁾	77	Director
Atsunori Kozuki ⁽¹⁾	64	Director
Rory Hussey ⁽²⁾	72	Director ⁽⁵⁾
Abel Rasterhoff ⁽³⁾	84	Director ⁽⁵⁾
Eleni Tsoukala ⁽⁴⁾	46	Director ⁽⁵⁾
Dimitris P. Christacopoulos ⁽³⁾	53	Director ⁽⁵⁾
Nikolaos Kalapotharakos	49	Chief Financial Officer of our General Partner
Spyridon Leousis	45	Chief Commercial Officer of our General Partner

(1) Appointed by our General Partner.

(2) Class I director (term expires in 2026).

(3) Class II director (term expires in 2024).

(4) Class III director (term expires in 2025).

(5) Member of audit committee, 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 the Conflicts Committee, audit committee and compensation committee. Mr. Forman joined our board on April 3, 2007. From July 2022 until December 2023, Mr. Forman has been acted as a senior advisor to Kayne Anderson Capital Advisors, an alternative investment management firm focused on energy infrastructure and renewables. Mr. Forman served in a similar role at Industry Funds Management, an Australian fund manager investing in infrastructure projects worldwide, from 2012 to 2023. In January 2020, Mr. Forman began a fellowship at Harvard University's Advanced Leadership Initiative which ended on December 31, 2021. Mr. Forman has held a number of executive, director and advisory positions at investment companies and publicly traded limited partnerships throughout his career. 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 limited partnership. Mr. Forman holds a B.A. degree in economics and political science from Vanderbilt University.

Gerasimos (Jerry) Kalogiratos, Director (Appointed by our General Partner) 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 18 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. From March 2019 to July 2021, Mr. Kalogiratos served on the board of directors of NYSE listed DSSI. Mr. Kalogiratos also serves on the board of directors of CPLP PLC.

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.

Spyridon Leousis, Chief Commercial Officer.

Mr. Leousis was appointed as Chief Commercial Officer of our General Partner on January 24, 2022. Mr. Leousis brings 18 years of global experience in the LNG shipping and finance industries. He currently serves as Business Development Director of Capital Gas Management and has previously worked as Head of Planning and Analysis for Nakilat, the largest LNG shipowner in the world and as Senior Consultant for the Treasury of National Bank of Greece. He holds an MEng in Naval Architecture and Marine Engineering from National Technical University of Athens and an MBA from Athens University of Economics and Business. Mr. Leousis also serves on the board of directors of CPLP PLC.

Gurpal Grewal, Director (Appointed by our General Partner).

Mr. Gurpal Grewal joined our board of directors on November 16, 2017. 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/C 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.

Atsunori Kozuki, Director (Appointed by our General Partner).

Mr. Atsunori Kozuki joined our board of directors on October 2, 2023. Mr. Kozuki served as Principal Project Developer and previously as General Manager for INPEX Corporation, in charge of LNG business development and marketing. Mr. Kozuki has more than 35 years of experience in LNG business development, including shipping. He started his career as Project Developer and then Project Manager for Nissho Iwai Corporation, where he developed new LNG projects between 1982 and 2002. From 1987 to 1990, he was a core member of the team that established an LNG Joint Venture with Pertamina. Before joining INPEX Corporation, Mr. Kozuki served from 2002 to 2003 as Executive Director and Officer of Nippon Colin Corporation and from 2003 to 2009 as a Director at Johnson & Johnson K.K., in charge of new business development and R&D in the medical sector. Mr. Kozuki holds an MSIA and an MBA from the Carnegie Mellon University School of Business and a B.A. degree in Economics from Keio University.

Rory Hussey, Director.

Mr. Rory Hussey joined our board of directors on September 8, 2017 and serves on the Conflicts Committee, audit committee and 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 the Conflicts Committee and 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 the 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. Christopoulos, Director.

Mr. Christopoulos 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 the Conflicts Committee, audit committee and compensation committee. Mr. Christopoulos 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. Christopoulos has a diploma in chemical engineering from the National Technical University of Athens and an MBA from Columbia Business School in New York.

B. Compensation

Reimbursement of Expenses of Our General Partner

Our General Partner does not receive any management fee or other compensation for managing us. Our General Partner and its other affiliates are reimbursed for expenses incurred on our behalf. These expenses include all expenses necessary or appropriate for the conduct of our business and allocable to us, as determined by our General Partner. In 2023, these expenses for which our General Partner was reimbursed amounted to \$0.1 million.

Executive Compensation

The compensation of our General Partner's Chief Executive Officer, Chief Financial Officer, and Chief Commercial Officer is set and paid by our General Partner, and we reimburse our General Partner for such costs and related expenses under relevant executive service agreements. We do not have a retirement plan for our General Partner's executive officers or directors. Officers and employees of our General Partner or its affiliates may participate in employee benefit plans and arrangements sponsored by Capital Maritime, our General Partner or their affiliates, including plans that may be established in the future. For the year ended December 31, 2023 we paid our General Partner \$2.4 million 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, 2023, our directors, including our chairman, received an aggregate cash amount of \$0.8 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.

Services Agreement

Under separate service agreements entered into between our General Partner and its Chief Executive 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, 2023, our board of directors held 17 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, 2023 our independent directors held three executive sessions. Even if Board members are not able to attend a board meeting, all board members are provided information related to each of the agenda items before each meeting, and can therefore provide counsel outside regularly scheduled meetings. All directors were present at all meetings of the board of directors and all meetings of committees of the board of directors on which such director served.

Although the Nasdaq Global Select Market does not require a listed limited partnership like us to have a majority of independent directors on our board of directors or to establish a compensation committee or a nominating/corporate governance committee, our board of directors is currently comprised of directors a majority of whom are independent and 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.capitalplp.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 Dimitris Christacopoulos (Chair), Abel Rasterhoff, Rory Hussey, Keith Forman and Eleni Tsoukala. 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, 2023, on January 26, April 25, July 20 and October 23.

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 seven times during the year ended December 31, 2023.

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. The Compensation Committee met once during the year ended December 31, 2023.

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, 2023:

- 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 Managers, 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. See 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. Awards vested in three equal installments ending on December 31, 2021. All awards under the amended Plan were conditional upon the grantee’s continued service until the applicable vesting date.

In January 2022, the board of directors adopted an amended and restated Plan, so as to reserve for issuance a maximum number of 750,000 restricted common units. On March 18, 2022, the Partnership awarded 743,800 unvested units. Awards granted to beneficiaries would vest in three equal installments. One third of the units awarded, namely 247,933 units vested on December 31, 2022 and another third, namely 247,933 units vested on December 31, 2023.

On December 30, 2022, the Partnership awarded 1,969 unvested units. The units were fully vested on December 31, 2022. In January 2024, the board of directors adopted an amended and restated Plan and reserved for issuance a maximum number of 3,300,000 restricted common units. On January 25, 2024, 1,100,000 common units of the 3,300,000 restricted common units were issued. As of the date of this Annual Report the total number of restricted common units reserved was 1,551,061.

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, 2023, our partners’ capital consisted of 55,039,143 common units, of which 24,076,416 were owned by public unitholders, no subordinated units, 348,570 general partner units and 870,522 treasury units that the Partnership has purchased under the Unit Repurchase Program currently in effect.

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 units, effective for a period of two years through January 2023.

On January 26, 2023, the Board approved our new Unit Repurchase Program, providing the Partnership with authorization to repurchase up to \$30.0 million of the Partnership's common units, effective for a period of two years through January 2025.

As of the date of this annual report, the Partnership had purchased 1,076,495 common units in total under both programs.

Please see "Item 16—E. Purchases of Equity Securities by the Issuer and Affiliated Purchasers."

Based on 55,235,883 units issued and outstanding (excluding treasury units of 2,122,352 and including 348,570 general partner units) as of the date of this annual report, the Marinakis family, including Evangelos M. Marinakis, the chairman of (i) Capital Maritime, may be deemed to beneficially own a 56.7% interest in us, through Capital Maritime, which may be deemed to beneficially own 29,808,881 common units representing a 54.0% interest in us, (ii) Capital Gas, which may be deemed to beneficially own 1,153,846 common units representing a 2.1% interest in us and (iii) our General Partner, which may be deemed to beneficially own 348,570 general partner units representing a 0.6% interest in us.

As of March 18, 2024, there were two holders of record of our common units, 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 32.3% 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 of this annual report 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 (excluding treasury units of 2,122,352)
Capital Maritime ⁽¹⁾	29,808,881	54.3%
Capital Gas ⁽²⁾	1,153,846	2.1%
Yoda PLC ⁽³⁾	14,166,739	25.8%
All executive officers and directors as a group (ten persons) ⁽⁴⁾	*	*

(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) The Marinakis family, including Miltiadis E. Marinakis, through its ownership of the 100% of Capital Gas, may be deemed to beneficially own all of our units held by Capital Gas.

(3) As reported in a Schedule 13D amendment filed on February 26, 2024 by (i) Yoda PLC, a public limited liability company incorporated in Cyprus ("Yoda") and (ii) Ioannis Papalekas. According to the Schedule 13D amendment, (i) the principal business of Yoda consists of holding of investments and the provision of financing and the address of its principal office is 48 Themistokli Dervi Avenue, Athienitis Centennial Building, 7th Floor, Suite 703, 1066 Nicosia, Cyprus and (ii) Ioannis Papalekas is a businessman who, among others, founded Globalworth Real Estate Investments Limited, a real estate company traded on the London Stock Exchange and his principal address is 10 Aphrodite Street, Flat 301, P.C. 1060, Nicosia, Cyprus. According to the Schedule 13D, Ioannis Papalekas, who is the controlling shareholder of Yoda, may be deemed to beneficially own the common units directly held by Yoda.

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

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

B. Related-Party Transactions

Our General Partner, which is a private entity wholly owned by Mr. Miltiadis E. Marinakis, controls the appointment of up to three of the members of our board of directors. Capital Maritime and Capital Gas can vote the common units they hold in their totality on all matters that arise under the Partnership Agreement (except for the election of directors elected by holders of our common units). Accordingly, our General Partner, Capital Maritime and Capital Gas 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 2022, 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, for a fee of \$2.4 million per annum.

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

See Note 4 (Transactions with Related Parties) to our Financial Statements for additional information on fees pays under our management agreements.

Transactions entered into during the year ended December 31, 2023 and up to the date of this Annual Report

Umbrella Agreement, Standby Purchase Agreement and Vessel SPAs

On November 13, 2023, we entered into the Umbrella Agreement with Capital Maritime and our General Partner. Pursuant to the Umbrella Agreement, we agreed, among other things, to purchase 11 newbuild LNG/C vessels from Capital Maritime for an aggregate acquisition price of \$3,130.0 million (of which \$2,023.8 million is payable to Capital Maritime). The Newbuild Vessels are expected to be delivered to the Partnership from 2023 to 2027. Each Newbuild Vessel will have a capacity of 174,000 CBM and was built or is under construction at Hyundai. On December 21, 2023 we closed the Umbrella Agreement and entered into 11 Vessel SPAs to acquire 100% of the equity interests in each vessel-owning company of the Newbuild Vessels.

To finance a portion of the purchase price for the Newbuild Vessels, the Partnership distributed Rights to holders of common units on Record Date. Pursuant to the Umbrella Agreement, Capital Maritime and the Partnership also entered into a Standby Purchase Agreement, pursuant to which Capital Maritime purchased from the Partnership, at the Rights Offering Price, the number of common units offered pursuant to the Rights Offering that were not issued pursuant to existing unitholders' exercise of their Rights, or 34,641,731 common units. Capital Maritime also issued to the Partnership an unsecured seller's credit in an amount up to \$220.0 million to finance a portion of the purchase price for the Newbuild Vessels.

On December 21, 2023, and upon entry into the Vessel SPAs for the Remaining Vessels, each of the four vessel-owning companies of the Remaining Vessels entered into a separate supervision agreement with Capital Gas Management pursuant to which Capital Gas Management will supervise the performance of the design, building, equipment, completion and delivery by the shipyard of the applicable Remaining Vessel. The aggregate consideration payable to Capital Gas Management under each such agreement is \$1.5 million, of which a third was payable upon signing, a third is payable on the date of the applicable Remaining Vessel's steel cutting and the remaining third is payable upon such vessel's date of delivery.

On December 21, 2023, we took delivery of the first Newbuild Vessel to be delivered pursuant to the Umbrella Agreement, the LNG/C Amore Mio I. Upon acquisition, we assumed indebtedness of \$196.3 million in the form of a sale and leaseback transaction. The 2023 CMBFL - LNG/C AMI has a tenor of 10 years, and offers the option to repurchase the vessel at a predetermined price after the first anniversary of the arrangement, together with a purchase obligation of \$98.2 million at the expiration of the lease in October 2033.

We closed the Vessel SPA for the Axios II upon delivery of the vessel on January 2, 2024. The vessel acquisition was partly financed through, a new senior secured loan facility for an amount of \$190.0 million, with a duration of seven years and a drawdown of \$92.6 million under the Seller's Credit.

The Partnership also agreed to take certain post-closing actions, including (i) changing the name of the Partnership, (ii) committing to negotiate to agree procedures for the conversion of the Partnership from a Marshall Islands limited partnership to a corporation with customary corporate governance provisions and (iii) committing to explore the disposition of the Partnership's container vessels and to abstain from acquiring additional container vessels. In addition, Capital Maritime granted the Partnership, beginning on December 21, 2023, rights of first refusal over (i) transfers of LNG/C vessels owned by Capital Maritime to third-parties, opportunities to order newbuild LNG/C vessels of which Capital Maritime becomes aware and employment opportunities for LNG/C vessels of which Capital Maritime becomes aware, in each case, for a period ending on December 21, 2033, (ii) transfers to third parties the New Energy Vessels for a period ending on the date on which Capital Maritime and its affiliates no longer beneficially own at least 25% of the issued and outstanding common units and (iii) if the Partnership acquires a New Energy Vessel from Capital Maritime, employment opportunities for such New Energy Vessel of which Capital Maritime becomes aware, for a period ending on the date on which Capital Maritime and its affiliates no longer beneficially own at least 25% of the issued and outstanding common units.

Share Purchase Agreement with Capital Maritime for the Acquisition of the M/V Itajai Express, the LNG/C Asterix I and the M/V Buenaventura Express

On January 10, 2023, we acquired the shares of the company owning the M/V Itajai Express for total consideration of \$122.5 million comprised of (i) a cash deposit of \$6.0 million advanced in June 2022, (ii) \$108.0 million of debt and (iii) \$8.5 million of cash at hand.

On February 17, 2023, we acquired the shares of the company owning the LNG/C Asterix I for total consideration of \$230.0 million comprised of (i) a cash deposit of \$12.0 million advanced in June 2022, (ii) \$184.0 million of debt and (iii) \$34.0 million of cash at hand.

On June 20, 2023, we acquired the shares of the company owning the M/V Buenaventura Express for total consideration of \$122.5 million, which was funded through a cash deposit of \$6.0 million advanced in June 2022, \$16.5 million of cash at hand and \$100.0 million of debt through a new credit facility we entered into on June 13, 2023 with a duration of eight years.

Floating Rate Management Agreements with Capital-Executive

In January 2023 and June 2023, the vessel-owning subsidiaries of the M/V Itajai Express and the M/V Buenaventura Express entered into a floating rate management agreement with Capital-Executive, pursuant to which Capital-Executive provides certain commercial and technical management services.

Floating Rate Management Agreements with Capital Gas Management

In February 2023, December 2023 and January 2024, the vessel-owning subsidiaries of the LNG/C Asterix I, LNG/C Amore Mio I and LNG/C Axios II entered into floating rate management agreements with Capital Gas Management, pursuant to which Capital Gas Management provides certain commercial and technical management services.

Transactions entered into during the year ended December 31, 2022

Master Vessel Acquisition Agreement (the "MVAA")

On June 6, 2022, CPLP agreed to exercise its right of first offer and entered into a Master Vessel Acquisition Agreement with Capital Maritime to acquire one 174,000 CBM latest generation X-DF LNG/C and three 13,312 TEU hybrid scrubber-fitted Tier III and Phase III, dual fuel ready eco container sister vessels for total consideration of \$596.6 million.

Share Purchase Agreements with Capital Maritime for the Acquisition of the M/V Manzanillo Express

On October 12, 2022, CPLP acquired the shares of the company owning the M/V Manzanillo Express for total consideration of \$121.6 million comprised of (i) a cash deposit of \$6.0 million advanced in June 2022, (ii) \$6.6 million in common units of CPLP, (iii) \$105.0 million of debt and (iv) \$4.0 million of cash at hand.

Floating Rate Management Agreements with Capital-Executive

In October 2022, the vessel-owning subsidiary of the M/V Manzanillo Express entered into a floating rate management agreement with Capital-Executive, pursuant to which Capital-Executive provides certain commercial and technical management services.

Transactions entered into during the year ended December 31, 2021

Share Purchase Agreements with CGC Operating for the Acquisition of the Companies Owning Six LNG/C Vessels and the CGC Seller's Credit

On August 31, 2021, CPLP agreed to acquire the shares of the companies owning three 174,000 CBM latest generation X-DF LNG/C vessels from CGC Operating for total consideration of \$599.8 million comprised of (i) \$147.1 million of cash on hand, (ii) the assumption of the \$427.4 million of secured debt, (iii) the issuance of 1,153,846 (or \$15.3 million in value) of new common units of CPLP at a premium to the trading unit price at the time of the agreement and (iv) the CGC Seller's Credit, which is \$10.0 million of unsecured, interest free seller's credit. The three vessels are the LNG/C Aristos I, the LNG/C Aristarchos and the LNG/C Aristidis I.

In connection with the acquisition of the LNG/C Aristos I and the LNG/C Aristarchos, we entered into the CGC Seller's Credit, which is a seller's credit agreement with CGC Operating to defer \$10.0 million of the purchase price for up to 12 months from the delivery of the vessels. The CGC Seller's Credit is unsecured and interest free. On July 8, 2022 we fully repaid the amount of \$10.0 million.

Furthermore, on August 31, 2021, the Partnership secured an option, which was exercised on November 4, 2021, to acquire the shares of the companies owning an additional three X-DF LNG sister vessels for total consideration of \$623.0 million comprised of (i) 184.0 million of cash on hand and (ii) the assumption of the \$439.0 million of secured debt. The three vessels are the LNG/C Attalos, the LNG/C Askleprios and the LNG/C Adamastos.

On March 30, 2022, CGC Operating transferred all 1,153,846 common units held by it to Capital Gas for no consideration. Mr. Miltiadis M. Marinakis beneficially owns 50% of CGC Operating and the remaining 50% of CGC Operating is beneficially owned by a U.S.-based financial sponsor. In connection with the transfer of common units from CGC Operating to Capital Gas, Capital Gas paid \$9,029,877.39 to the U.S.-based financial sponsor in exchange for its interest in the common units held by CGC Operating. Mr. Miltiadis E. Marinakis beneficially owns of 100% of Capital Gas.

Share Purchase Agreements for the Acquisition of the Companies Owning M/V Long Beach Express, M/V Seattle Express and the M/V Fos Express and the CMTC Seller's Credit

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 consideration of \$13.5 million each. The vessels were delivered to the Partnership on February 25, 2021.

In connection with this acquisition, the Partnership entered into a seller's credit agreement with Capital Maritime to defer \$6.0 million of the purchase price for up to five years from the delivery of the vessels. The CMTC Sellers' Credit bears interest at a fixed rate of 5.0% per year.

Floating Rate Management Agreements with Capital Gas Management

On its acquisition date in 2021, each vessel-owning subsidiary of our six LNC/C vessels entered into a floating rate management agreement with Capital Gas Management, pursuant to which Capital Gas Management provides certain commercial and technical management services.

Floating Rate Management Agreement with Capital-Executive

In February 2021, each vessel-owning subsidiary of M/V Long Beach Express, M/V Seattle Express and the M/V Fos Express, entered into a floating rate management agreement with Capital-Executive, pursuant to which Capital-Executive provides certain commercial and technical management services.

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 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 Commercial Officer are also executive officers or employees of Capital Maritime, Capital Ship Management or their respective affiliates.

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

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

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

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

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

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

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

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

- approved by a majority of the members of our Conflicts Committee;
- approved by the vote of a majority of the common units (excluding common units owned by the General Partner and its affiliates);
- 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 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 must be:

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

If our board of directors does not seek approval from the Conflicts Committee, and our board of directors determines that the resolution or course of action taken with respect to the conflict of interest satisfies either of the standards set forth in the bullet points above, then it will be presumed that, in making its decision, our board of directors acted in good faith.

These standards reduce the obligations to which our board of directors would otherwise be held. In addition to the other more specific provisions limiting the obligations of our General Partner and our directors, our Partnership Agreement further provides that our General Partner and its officers and our directors, will not be liable for monetary damages to us for errors of judgment or for any acts or omissions unless there has been a final and non-appealable judgment by a court of competent jurisdiction determining that our General Partner or its officers or our directors acted in bad faith or engaged in actual fraud or willful misconduct or, in the case of a criminal matter, acted with knowledge that the conduct was unlawful.

Rights and remedies of unitholders The provisions of the MILPA resemble the provisions of the limited partnership act of Delaware. For example, like Delaware, the MILPA favors the principles of freedom of contract and enforceability of partnership agreements and allows the partnership agreement to contain terms governing the rights of the unitholders. The rights of our unitholders, including voting and approval rights and the ability of the partnership to issue additional units, are governed by the terms of our Partnership Agreement. Please read “The Partnership Agreement” in Exhibit 2.1 to this Annual Report.

As to remedies of unitholders, the MILPA permits a limited partner or an assignee of a partnership interest to bring action in the High Court in the right of the limited partnership to recover a judgment in the limited partnership’s favor if general partners with authority to do so have refused to bring the action or if effort to cause those general partners to bring the action is not likely to succeed.

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

Under the Partnership Agreement, we must indemnify our General Partner and its officers and our directors to the fullest extent permitted by law, against liabilities, costs and expenses incurred by our General Partner or these other persons. We must provide this indemnification unless there has been a final and non-appealable judgment by a court of competent jurisdiction determining that these persons engaged in actual fraud or willful misconduct. We also must provide this indemnification for criminal proceedings when our General Partner or these other persons acted with no reasonable cause to believe that their conduct was unlawful. Thus, our General Partner and its officers and our directors could be indemnified for their negligent acts if they met the requirements set forth above. To the extent that these provisions purport to include indemnification for liabilities arising under the Securities Act, in the opinion of the Securities and Exchange Commission such indemnification is contrary to public policy and therefore unenforceable. Please read “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.

HOW WE MAKE CASH DISTRIBUTIONS

Distributions of Available Cash

General

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

Definition of Available Cash

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

- less the amount of cash reserves established by our board of directors to:
- provide for the proper conduct of our business (including reserves for future capital expenditures and for our anticipated credit needs);
- comply with applicable law, any of our debt instruments, or other agreements; or
- to the extent permitted under our Partnership Agreement, provide funds for distributions to our unitholders and to our General Partner for any one or more of the next four quarters;
- plus all additional cash and cash equivalents on hand on the date of determination of available cash for the quarter resulting from working capital borrowings made after the end of the quarter. Working capital borrowings are generally borrowings that are made under our credit agreement and in all cases are used solely for working capital purposes or to pay distributions to partners.

Minimum Quarterly Distribution

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

Distribution Policy

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

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

- Our common unitholders have no contractual or other legal right to receive distributions other than the right under our Partnership Agreement to receive available cash on a quarterly basis. Our board of directors has broad discretion to establish reserves and other limitations in determining the amount of available cash.
- While our Partnership Agreement requires us to distribute all of our available cash, our Partnership Agreement, including provisions requiring us to make cash distributions contained therein, may be amended. The Partnership Agreement can be amended in certain circumstances with the approval of a majority of the outstanding common units.
- Even if our cash distribution policy is not modified or revoked, the amount of distributions we pay under our cash distribution policy and the decision to make any distribution is determined by our board of directors, taking into consideration the terms of our Partnership Agreement and the establishment of any reserves for the prudent conduct of our business.
- Under Section 51 of the Marshall Islands Limited Partnership Act, we may not make a distribution if, after giving effect to the distribution, our liabilities (other than liabilities to partners on account of their partnership interest and liabilities for which the recourse of creditors is limited to specified property of ours) would exceed the fair value of our assets, except that the fair value of property that is subject to a liability for which the recourse of creditors is limited shall be included in our assets only to the extent that the fair value of that property exceeds that liability.
- Our common units are subject to the prior distribution rights of any holders of our preferred units then outstanding.
- We may lack sufficient cash to pay distributions on our common units due to, among other things, decreases in net revenues or increases in operating expenses, principal and interest payments on outstanding debt, tax expenses, working capital requirements, maintenance and replacement capital expenditures or anticipated cash needs.
- Our distribution policy will be affected by restrictions on distributions under our credit facilities which contain material financial tests and covenants that must be satisfied. Should we be unable to satisfy these terms, covenants and restrictions included in our credit facilities or if we are otherwise in default under the credit agreements, our ability to make cash distributions to our unitholders, notwithstanding our stated cash distribution policy, would be materially adversely affected.
- If we make distributions out of capital surplus, as opposed to operating surplus, such distributions will constitute a return of capital and will result in a reduction in the quarterly distribution and the target distribution levels. We do not anticipate that we will make any distributions from capital surplus.
- If the ability of our subsidiaries to make any distribution to us is restricted by, among other things, the provisions of existing and future indebtedness, applicable partnership and limited liability company laws or any other laws and regulations, our ability to make distributions to our unitholders may be restricted.

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

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 12 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 dry-docking, 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, 98.0% to all unitholders, pro rata, and 2.0% to our General Partner, until we distribute for each outstanding unit an amount equal to the minimum quarterly distribution for that quarter; and
- thereafter, in the manner described in “-Incentive Distribution Rights” below.

The preceding paragraph and other similar disclosure in this Section assumes that our General Partner maintains its initial 2.0% general partner interest.

As of the date of this Annual Report, our General Partner holds a 0.6% 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, 98.0% 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, 85.0% to all unitholders, pro rata, and 15.0% to our General Partner, until each unitholder receives a total of \$1.8725 per unit for that quarter (the “second target distribution”),
- third, 75.0% to all unitholders, pro rata, and 25.0% to our General Partner, until each unitholder receives a total of \$2.0475 per unit for that quarter (the “third target distribution”), and
- thereafter, 65.0% to all unitholders, pro rata, and 35.0% 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 0.6% general partner interest.

Following discussion with, and with the unanimous support of, the Conflicts Committee, 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 0.6% general partner interest.

	Total Quarterly Distribution Target Amount	Marginal Percentage Interest in Distributions	
		Unitholders	General Partner
Minimum Quarterly Distribution	\$1.6275	98.0%	2.0%
First Target Distribution	up to \$1.6975 (1)	98.0%	2.0%
Second Target Distribution	above \$1.6975 (1) up to \$1.8725	85.0%	15.0%
Third Target Distribution	above \$1.8725 up to \$2.0475	75.0%	25.0%
Thereafter	above \$2.0475	65.0%	35.0%

(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. 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, 98.0% to the common unitholders, pro rata, and 2.0% 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 0.6% 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) 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 the 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:

- 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:

- 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); 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 0.6% general partner interest.

B. Significant Changes

Other than as described in “*Item 4. Information on the Partnership—A. History and Development of the Partnership—Developments in 2023 and up to the filing of this Annual Report*” and in Note 17 (Subsequent Events) to our Financial Statements and below, no significant changes have occurred since the date of our Financial Statements.

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 carries 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 and the amendments thereto are 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 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.”

Pursuant to the Umbrella Agreement, we and the General Partner agreed to, in good faith, negotiate and jointly work with tax and other advisors to agree to mutually acceptable terms for our conversion from a Marshall Islands limited partnership to a corporation with customary corporate governance and, subject to reaching such agreement, use our reasonable best efforts to cause such conversion to have been completed by June 21, 2024. We have agreed only to negotiate, in good faith, and jointly work with tax and other advisors in respect of such conversion. As of the date of this annual report, no decisions have been made in respect of such conversion. Accordingly, we can make no assurances that we will convert to a corporation or, if such conversion occurs, as to the corporate governance provisions that would be adopted by us upon such conversion. See Item 3. Key Information—D. Risk Factors—*Risks Inherent in an Investment in Us—We may not complete our conversion from a Marshall Islands limited partnership to a corporation with customary corporate governance that we have committed to consider pursuant to the Umbrella Agreement.*”

C. Material Contracts

For a discussion of material contracts, 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 see “Item 4. Information on the Partnership—A. History and Development of the Partnership” and “Item 5. Operating and Financial Review and Prospects—B. Liquidity and Capital Resources—Borrowings (Financing Arrangements).” Please also refer to “Item 7. Major Unitholders and Related Party Transactions—B. Related-Party Transactions” for further detail on the transactions entered into with related parties.

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 relating to Unitholders

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 carry on business or conduct transactions or operations in the Marshall Islands (“non-resident holders”). Because we, our subsidiaries and our controlled affiliates do not, and assuming that we and our subsidiaries will not carry on business or conduct transactions 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.

Marshall Islands Taxation of the Partnership

Because we, our subsidiaries and our controlled affiliates do not, and we and our subsidiaries will not (and assuming we, our subsidiaries and our controlled affiliates will not) carry on business or conduct transactions 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 good standing from, or certified copies of documents filed with, the Marshall Islands registrar, (v) compliance, or penalties for noncompliance, with Marshall Islands law concerning books and records and economic substance regulations and (vi) 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 LNG and containerized goods. If we complete the gradual divestment of our container vessels that we announced on November 13, 2023, we expect that substantially all of our gross income would be attributable to the transportation of LNG. 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 provides, 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

Regardless of whether we qualify for the Section 883 Exemption, we believe gain from the sale of a vessel should not be subject to U.S. federal income taxation provided the sale is considered to occur outside of the United States under U.S. federal income tax principles. It is expected that any sale of a vessel by us will be considered to occur outside of the United States.

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% 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.

If we are a PFIC and, at any time, have a non-U.S. subsidiary that is classified as a PFIC, a U.S. Holder generally would be deemed to own a portion of the shares of such lower-tier PFIC, and, unless it makes a timely QEF election with respect to such subsidiary, generally could incur liability for the deferred tax and interest charge described below if we (or our subsidiary) receive a distribution from, or dispose of all or part of our interest in, the lower-tier PFIC or if the U.S. Holder otherwise were deemed to have disposed of an interest in the lower-tier PFIC. The mark-to-market election described below would not apply to the U.S. Holder’s indirect interest in any such lower tier PFICs.

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 we are a PFIC and in turn have subsidiaries that are PFICs, a U.S. Holder would have to make a separate QEF election with respect to each such subsidiary PFIC to avoid being subject to the deferred tax interest charges described below in respect of such subsidiary PFICs. 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 elections 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

Not applicable.

J. Annual Report to Security Holders

Not Applicable

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

Financing activities

In connection with the issuance of our Euro-denominated senior unsecured bonds in October 2021 and July 2022, we entered into certain cross-currency swap agreements to manage the related foreign currency exchange risk by effectively converting the fixed-rate, Euro-denominated Bonds, including the semi-annual interest payments for the duration of the bonds to fixed-rate U.S. Dollar-denominated debt. The economic effect of the swap agreements is to eliminate the uncertainty of the cash flows in U.S. Dollars associated with the issuance of the Euro-denominated Bonds. See “Item 5. Operating and Financial Review and Prospects—B. Liquidity and Capital Resources—Borrowings (Financing Arrangements)-Senior Unsecured Bonds.”

Operating activities

We do not have a material currency exposure risk in connection to our operating activities. We generate all of our revenues in U.S. Dollars and incur less than 10% 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, 2023, less than 10% 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, 2023. 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 based on changes in base rates. As of December 31, 2023, \$1,342.0 million out of our total debt of \$1,787.8 million is floating rate debt, which means we pay interest on such debt at a margin on top of an agreed benchmark rate. Therefore, we are exposed to the risk that our interest expense may increase if interest rates rise. Recently, in response to inflationary pressures, central banks have begun to increase interest rates, which translates into increases in base interest rates that result in an increase to our interest expense on our existing floating rate debt and also result in increases to the interest rates available to us on new debt financing for our operations. See “Item 3. Key Information—D. Risk Factors—Risks Related to Financing Activities—A significant rise in interest rates could result in increased interest expense.”

Interest rate sensitivity analysis

Currently we have, and during 2023 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 SOFR would have resulted in an increase in our interest expense by approximately \$11.5 million, \$9.3 million and \$4.6 million for the years ended December 31, 2023, 2022 and 2021 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

As a result of the heightened inflation experienced in 2022 and 2023, we have incurred increased operating, voyage and administrative costs including higher costs for dry-docking. We continue to see near-term impacts on our business due to elevated inflation in the United States of America, Eurozone and other countries, including ongoing global prices pressures in the wake of the war in Ukraine, driving up energy prices and commodity prices, which continue to affect our operating and voyage expenses. As inflation becomes a significant factor in the global economy, inflationary pressures are expected to 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, 2023, 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, 2023, 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, 2023.

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 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, 2023 and 2022, the related consolidated statements of comprehensive income, changes in partners' capital, and cash flows, for each of the three years in the period ended December 31, 2023, 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, 2023 and 2022, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2023, 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, 2023, 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 23, 2024, 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 Matters

Critical audit matters are matters arising from the current-period audit of the financial statements that were communicated or required to be communicated to the audit committee and that (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. We determined that there are no critical audit matters.

/s/ Deloitte Certified Public Accountants S.A.

Athens, Greece
April 23, 2024

We have served as the Company's auditor since 2006.

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 16.

A. Audit Committee Financial Expert.

Our board of directors has determined that director Abel Rasterhoff 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.

B. 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 our Managers 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.

C. Principal Accountant Fees and Services.

Our principal accountant for 2023 and 2022 was Deloitte Certified Public Accountants S.A. (PCAOB ID No. 1163) 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	2023	2022
Audit Fees ⁽¹⁾	\$ 369.3	\$ 382.2
Audit-Related Fees ⁽²⁾	13.5	101.7
Tax Fees ⁽³⁾	14.2	13.5
Total	\$ 397.0	\$ 497.4

(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 and the Athens Stock Exchange.

(2) Audit related fees represent compensation for professional services provided in connection with the review of the prospectus and related services for the public offering and listing on the Athens Stock Exchange of senior unsecured bonds by CPLP PLC.

(3) 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 2023 and 2022.

D. Exemptions from the Listing Standards for Audit Committees.

None.

E. 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 through January 2023. On January 26, 2023, our board approved our new Unit Repurchase Program, providing the Partnership with authorization to repurchase up to \$30.0 million of the Partnership's common units, effective for a period of two years through January 2025. 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. During 2023 the Partnership had purchased 304,283 common units under the programs at a total cost of \$4.1 million.

The following table presents information with respect to repurchases of common units in 2023:

	(a) Total Number of Common Units Purchased	(b) Average Price Paid per Common Unit	(c) Total Number of Common Units Purchased as Part of Publicly Announced Plans or Programs	(d) Maximum Number (or Approximate Dollar Value) of Common Units that May Yet Be Purchased Under the Plans or Programs
				\$ 30,000,000
January 1 - January 31, 2023	6,602	\$ 13.57	89,577	\$ 29,910,423
February 1 - February 28, 2023	18,979	\$ 14.34	272,171	\$ 29,638,252
March 1 - March 31, 2023	103,677	\$ 13.43	1,392,549	\$ 28,245,703
April 1 - April 30, 2023	51,964	\$ 13.19	685,473	\$ 27,560,230
May 1 - May 31, 2023	50,262	\$ 12.84	645,537	\$ 26,914,692
June 1 - June 30, 2023	54,334	\$ 13.84	751,721	\$ 26,162,972
July 1 - July 31, 2023	15,070	\$ 14.26	214,933	\$ 25,948,039
August 1 - August 31, 2023	1,893	\$ 15.17	28,725	\$ 25,919,314
September 1 - September 30, 2023	-	\$ -	-	\$ 25,919,314
October 1 - October 31, 2023	1,502	\$ 14.90	22,385	\$ 25,896,929
November 1 - November 30, 2023	-	\$ -	-	\$ 25,896,929
December 1 - December 31, 2023	-	\$ -	-	\$ 25,896,929
Total 2023	304,283	\$ 13.48	4,103,071	\$ 25,896,929

F. Change in Registrant's Certifying Accountant.

Not applicable.

G. Corporate Governance.

The Nasdaq Global Select Market requires limited partnerships with listed units to comply with its corporate governance standards, subject to certain exceptions as set forth in Nasdaq Rule 5615(a)(4). 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.

Pursuant to the Umbrella Agreement, we and the General Partner agreed to, in good faith, negotiate and jointly work with tax and other advisors to agree to mutually acceptable terms for our conversion from a Marshall Islands limited partnership to a corporation with customary corporate governance provisions and, subject to reaching such agreement, use our reasonable best efforts to cause such conversion to have been completed by June 21, 2024. We have agreed only to negotiate, in good faith, and jointly work with tax and other advisors in respect of such conversion. As of the date of this Annual Report, no decisions have been made in respect of such conversion. Accordingly, we can make no assurances that we will convert to a corporation or, if such conversion occurs, as to the corporate governance provisions that would be adopted by us upon such conversion. See Item 3. Key Information—D. Risk Factors—*Risks Inherent in an Investment in Us—We may not complete our conversion from a Marshall Islands limited partnership to a corporation with customary corporate governance that we have committed to consider pursuant to the Umbrella Agreement.*"

H. Mine Safety Disclosure.

Not applicable.

I. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections.

Not applicable.

J. Insider Trading Policies.

Not applicable.

K. Cybersecurity.

Risk Management and Strategy

CPLP's business operations, including our onshore operations and vessel operations, rely on information and operational technology systems maintained by our Managers, which could be targeted by computer hackers and cyber terrorists. We rely on information systems maintained by our Managers for a significant part of our operations, including for the steering, navigation and propulsion systems of our vessels, communications and cargo management.

Our Managers have in place safety and security measures on our vessels and onshore operations to secure our vessels against cybersecurity incidents. Our Managers' processes for assessing, identifying and managing material risks from cybersecurity threats include:

- cybersecurity processes designed in accordance with international standards guidelines including the National Institute of Standards and Technology (NIST) Core Framework, ISO 22301:2019 Business Continuity Management Systems, the Tanker Management Self-Assessment (TMSA) 13 Elements, BIMCO, IMO Guidelines and International Ship and Port Facility Security (ISPS) Code;
- system protection mechanisms such as access procedures, antivirus programs, endpoint detection & response, maintaining a firewall and antispam, anti-phishing and email filtering processes;
- implementation of internal policies and procedures, including an Information Security and Acceptable Use Policy, Information Security Management System Policy, Cyber Incident Response Procedures and Cyber Security Assessments on Policies and Procedures, to manage cybersecurity risk, implement incident reporting procedures and cybersecurity threat responses and regularly assess and monitor our cybersecurity measures;
- internal audit procedures to assess personnel's compliance with information security procedures and to test the condition of our technology infrastructure;
- On shore penetration testing to review our cybersecurity weaknesses, using either internal competencies or external firms;
- a multi-vendor approach to reduce the risk of the compromise of a major cybersecurity vendor; and
- regular comprehensive cybersecurity training for both ship and shore personnel.

Our Managers use external cybersecurity experts in connection with cybersecurity threat detection and collection of cyber threat intelligence to help us conduct internal training such as unannounced cybersecurity drills and to assist with the management and post-incident analysis of incidents.

We have adopted the internal policies mentioned above to implement reporting procedures for any cybersecurity incident and a cybersecurity management framework to continuously monitor and access risk. These policies are developed and periodically reviewed by our IT steering committee. The processes outlined above have also been integrated into our overall risk management strategy.

Governance

The Audit Committee has ultimate responsibility for the oversight of cybersecurity risks and responses to cybersecurity incidents, should they arise. The Audit Committee receives quarterly updates about cybersecurity threats and processes from the CEO.

The key management body responsible for accessing and managing material risks from cybersecurity threats is our IT steering committee which is made up of the CEO, the CFO and the Head of Information, Communication and Technology of Capital Ship Management ("ICT"). The IT steering committee periodically extends invitations to additional participants.

The IT steering committee receives information from the Head of ICT regarding the monitoring, prevention, detection, mitigation and remediation of cybersecurity incidents logged by the ICT department. ICT is responsible for researching, developing, implementing, testing and reviewing our information security to protect information and prevent unauthorized access. Our procedures provide that, to the extent any cybersecurity incident occurs, the Head of ICT is the immediate contact. The IT steering committee then takes follow-up actions, including reporting the incident to relevant stakeholders, carrying out a post-incident review and updating key information, controls and processes. The CEO, who supervises the IT steering committee then reports to the Audit Committee, as discussed above, which assesses, with the support of the legal team, the materiality of incidents in the context of our reporting and disclosure obligations.

PART III

Item 17. Financial Statements

Not Applicable.

Item 18. Financial Statements.

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Item 19. Exhibits

The following exhibits are filed as part of this Annual Report:

<u>Exhibit No.</u>	<u>Description</u>
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. ⁽²⁾
1.3	Amendment to Second Amended and Restated Agreement of Limited Partnership of Capital Product Partners L.P., dated September 30, 2011. ⁽³⁾
1.4	Second Amendment to Second Amended and Restated Agreement of Limited Partnership of Capital Product Partners L.P., dated May 22, 2012. ⁽⁵⁾
1.5	Third Amendment to Second Amended and Restated Agreement of Limited Partnership of Capital Product Partners L.P., dated March 19, 2013. ⁽⁶⁾
1.6	Fourth Amendment to Second Amended and Restated Agreement of Limited Partnership of Capital Product Partners L.P., dated August 25, 2014. ⁽⁹⁾
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
2.2	Certain long-term debt instruments, none of which relates to indebtedness that exceeds 10% of the consolidated assets of Capital Product Partners L.P., have not been filed as exhibits to this Form 20-F. Capital Product Partners L.P. agrees to furnish the Securities and Exchange Commission, upon its request, a copy of any such instrument defining the rights of holders of long-term debt of Capital Product Partners L.P. and its consolidated subsidiaries.
4.1	Loan Agreement, dated October 6, 2022, between Capital Product Partners L.P. and Hamburg Commercial Bank A.G. ⁽¹⁴⁾
4.2	Deed of Accession, Amendment and Restatement dated September 10, 2021, among Atrotos Gas Carrier Corp., Capital Gas LLC, Capital Product Partners L.P. and ING Bank N.V., London Branch, relating to a facility agreement December 18, 2020. ⁽¹³⁾
4.3	Form of Amended and Restated Term Loan Facility, among Atrotos Gas Carrier Corp., Capital Product Partners L.P. and ING Bank N.V., London Branch, relating to a facility agreement dated December 18, 2020. ⁽¹³⁾
4.4	Amended and Restated Omnibus Agreement, dated September 30, 2011. ⁽²⁾
4.5	Form of Floating Rate Management Agreement with Capital-Executive Ship Management Corp. ⁽¹⁰⁾
4.6	Form of Floating Rate Management Agreement with Capital Gas Ship Management Corp. ⁽¹³⁾
4.7	Administrative Services Agreement with Capital Ship Management. ⁽¹⁾
4.8	Amendment 1 to Administrative Services Agreement with Capital Ship Management Corp., dated April 2, 2012. ⁽⁷⁾
4.9	IT Agreement, dated April 3, 2007, by and between Capital Ship Management Corp. and Capital Product Partners L.P. ⁽¹¹⁾
4.10	Addendum No. 1 to IT Agreement, dated April 2, 2012. ⁽¹¹⁾
4.11	Addendum No. 2 to IT Agreement, dated April 2, 2017. ⁽¹¹⁾
4.12	Addendum No. 3 to IT Agreement, dated April 2, 2022. ⁽¹³⁾
4.13	Master Vessel Acquisition Agreement, dated July 24, 2014. ⁽⁸⁾
4.14	Capital Product Partners L.P. Omnibus Incentive Compensation Plan, amended and restated on January 24, 2022. ⁽¹³⁾
4.15	Capital Product Partners L.P. Omnibus Incentive Compensation Plan, amended and restated on January 25, 2024
4.16	Form of Restricted Unit Award of Capital Product Partners L.P. ⁽⁴⁾
4.17	Seller's Credit Agreement, dated January 27, 2021, with Capital Maritime & Trading Corp. ⁽¹²⁾
4.18	Umbrella Agreement, by and among Capital Maritime & Trading Corp., Capital GP L.L.C. and Capital Product Partners L.P., dated November 13, 2023. ⁽¹⁵⁾
4.19	Seller's Credit Agreement, by and between Capital Maritime & Trading Corp. and Capital Product Partners L.P., dated November 13, 2023. ⁽¹⁵⁾
4.20	Form of Supervision Agreement with Capital Gas Ship Management Corp. ⁽¹⁵⁾
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*

101.INS Inline XBRL Instance Document

101.SCH Inline XBRL Taxonomy Extension Schema Document

101.CAL Inline XBRL Taxonomy Extension Calculation Linkbase Document

101.DEF Inline XBRL Taxonomy Definition Linkbase Document

101.LAB Inline XBRL Taxonomy Extension Label Linkbase Document

101.PRE Inline XBRL Taxonomy Extension Presentation Linkbase Document

104 Cover Page Interactive Data File (Inline XBRL)

- (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 February 24, 2010.
- (3) Previously filed as a Report on Form 6-K with the SEC on September 30, 2011.
- (4) 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.
- (5) Previously furnished as a Report on Form 6-K with the SEC on May 23, 2012.
- (6) Previously furnished as a Report on Form 6-K with the SEC on March 21, 2013.
- (7) 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.
- (8) Previously furnished as a Report on Form 6-K with the SEC on July 29, 2014.
- (9) Previously furnished as a Report on Form 6-K with the SEC on August 26, 2014.
- (10) Previously filed as Exhibit 10.1 to a registration statement on Form F-3 with the SEC on October 25, 2019.
- (11) 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.
- (12) Previously filed as an exhibit to Capital Product Partners L.P.'s Annual Report on Form 20-F for the year ended December 31, 2020 and filed with the SEC on April 27, 2021.
- (13) Previously filed as an exhibit to Capital Product Partners L.P.'s Annual Report on Form 20-F for the year ended December 31, 2021 and filed with the SEC on April 27, 2022.
- (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, 2022 and filed with the SEC on April 26, 2023.
- (15) Previously furnished as Exhibit II to Capital Product Partners L.P.'s Report on Form 6-K with the SEC on November 13, 2023.

* Furnished only and not filed

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.

Capital GP L.L.C., its

By: general partner
/s/ Gerasimos (Jerry)

By: Kalogiratos
Gerasimos (Jerry)

Name: Kalogiratos

Chief Executive Officer of

Title: Capital GP L.L.C.

Dated: April 23 , 2024

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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 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, 2023 and 2022, the related consolidated statements of comprehensive income, changes in partners' capital, and cash flows, for each of the three years in the period ended December 31, 2023, 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, 2023 and 2022, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2023, 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, 2023, 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 23, 2024, 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 Matters

Critical audit matters are matters arising from the current-period audit of the financial statements that were communicated or required to be communicated to the audit committee and that (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. We determined that there are no critical audit matters.

/s/ Deloitte Certified Public Accountants S.A.

Athens, Greece
April 23, 2024

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, 2023	As of December 31, 2022
Assets		
Current assets		
Cash and cash equivalents	\$ 192,422	\$ 144,635
Trade accounts receivable, net	3,117	2,102
Prepayments and other assets	8,702	7,534
Due from related party (Note 4)	402	3,636
Inventories	5,553	6,817
Claims	914	1,599
Assets held for sale (Note 5)	14,394	—
Total current assets	225,504	166,323
Fixed assets		
Advances for vessels under construction – related party (Notes 4, 5)	174,400	24,000
Vessels, net and vessels under construction (Note 5)	2,632,285	1,757,897
Total fixed assets	2,806,685	1,781,897
Other non-current assets		
Above market acquired charters (Note 6)	83,389	32,320
Deferred charges, net	4,714	289
Restricted cash (Note 7)	11,721	10,213
Derivative asset (Note 8)	6,636	—
Prepayments and other assets	1,650	5,722
Total non-current assets	2,914,795	1,830,441
Total assets	\$ 3,140,299	\$ 1,996,764
Liabilities and Partners' Capital		
Current liabilities		
Current portion of long-term debt, net (Note 7)	\$ 103,116	\$ 73,213
Trade accounts payable	14,416	8,322
Due to related parties (Note 4)	7,979	1,016
Accrued liabilities (Note 10)	28,553	17,476
Deferred revenue	28,419	18,553
Below market acquired charter associated with vessel held for sale (Note 6)	1,447	—
Total current liabilities	183,930	118,580
Long-term liabilities		
Long-term debt, net (including \$6,000 payable to related party as of December 31, 2023 and 2022) (Note 7)	1,672,179	1,215,865
Derivative liabilities (Note 8)	7,180	13,525
Below market acquired charters (Note 6)	88,543	10,368
Deferred revenue	13,534	—
Total long-term liabilities	1,781,436	1,239,758
Total liabilities	1,965,366	1,358,338
Commitments and contingencies (Note 16)	—	—
Partners' capital		
General Partner (348,570 General partner units at December 31, 2023 and 2022) (Note 13)	12,885	12,414
Limited Partners – Common (55,909,665 units issued and 55,039,143 units outstanding and 20,821,946 units issued and 20,255,707 units outstanding as of December 31, 2023 and 2022, respectively) (Note 13)	1,171,573	634,605
Treasury Units (870,522 and 566,239 units as of December 31, 2023 and 2022, respectively) (Note 13)	(7,939)	(3,827)
Accumulated other comprehensive loss	(1,586)	(4,766)
Total partners' capital	1,174,933	638,426
Total liabilities and partners' capital	\$ 3,140,299	\$ 1,996,764

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

Capital Product Partners L.P.

Consolidated Statements of Comprehensive Income

(In thousands of United States Dollars except number of units and net income per unit)

	For the years ended December 31,		
	2023	2022	2021
Revenues (Note 3)	\$ 360,586	\$ 299,071	\$ 184,665
Expenses / (income), net:			
Voyage expenses (Note 11)	14,920	16,236	10,698
Vessel operating expenses (Note 11)	74,790	58,288	41,199
Vessel operating expenses - related parties (Notes 4, 11)	10,899	9,172	5,923
General and administrative expenses (including \$2,564, \$2,244 and \$2,013 to related parties, for the years ended December 31, 2023, 2022 and 2021, respectively) (Notes 4, 14)	13,445	10,681	8,662
Vessel depreciation and amortization (Note 5)	84,199	69,272	46,935
Gain on sale of vessels (Note 5)	—	(47,275)	(46,812)
Impairment of vessels (Note 5)	11,497	—	—
Operating income, net	150,836	182,697	118,060
Other income / (expense), net:			
Interest expense and finance cost (Note 7)	(104,858)	(55,421)	(20,129)
Other income / (expense), net	1,230	(1,855)	247
Total other expense, net	(103,628)	(57,276)	(19,882)
Partnership's net income	\$ 47,208	\$ 125,421	\$ 98,178
General Partner's interest in Partnership's net income (Note 15)	680	2,157	1,790
Partnership's net income allocable to unvested units (Note 15)	929	3,662	2,053
Common unit holders' interest in Partnership's net income (Note 15)	45,599	119,602	94,335
Net income per (Note 15):			
• Common unit, basic and diluted	\$ 2.15	\$ 6.19	\$ 5.14
Weighted-average units outstanding:			
• Common units, basic and diluted	21,182,471	19,325,030	18,342,413
Partnership's net income	47,208	125,421	98,178
Other comprehensive loss:			
Unrealized income/ (loss) on derivative instruments (Note 8)	3,180	(4,766)	—
Partnership's comprehensive income	\$ 50,388	\$ 120,655	\$ 98,178

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	Treasury units	Accumulated Other Comprehensive Loss	Total Partners' capital
Balance at January 1, 2021	\$ 8,816	\$ 413,262	\$ —	\$ —	\$ 422,078
Distributions declared / paid (distributions of \$ 0.40 per common unit)	(140)	(7,473)	—	—	(7,613)
Partnership's net income	1,790	96,388	—	—	98,178
Equity compensation expense (Note 14)	—	2,043	—	—	2,043
Issuance of common units in connection with the acquisition of vessel owning companies (Notes 4, 5, 13)	—	15,277	—	—	15,277
Repurchase of common units (Note 13)	—	—	(4,499)	—	(4,499)
Balance at December 31, 2021	\$ 10,466	\$ 519,497	\$ (4,499)	\$ —	\$ 525,464
Distributions declared / paid (distributions of \$0.60 per common unit)	(209)	(11,946)	—	—	(12,155)
Partnership's net income	2,157	123,264	—	—	125,421
Equity compensation expense (Note 14)	—	3,790	—	—	3,790
Re-issuance of treasury units in connection with the acquisition of a vessel owning company (Notes 5, 13)	—	—	6,583	—	6,583
Repurchase of common units (Note 13)	—	—	(5,911)	—	(5,911)
Other comprehensive loss (Note 8)	—	—	—	(4,766)	(4,766)
Balance at December 31, 2022	\$ 12,414	\$ 634,605	\$ (3,827)	\$ (4,766)	\$ 638,426
Distributions declared / paid (distributions of \$0.60 per common unit)	(209)	(12,033)	—	—	(12,242)
Partnership's net income	680	46,528	—	—	47,208
Issuance of Partnership's common units, net - rights offering (Note 1)	—	498,687	—	—	498,687
Equity compensation expense (Note 14)	—	3,786	—	—	3,786
Repurchase of common units (Note 13)	—	—	(4,112)	—	(4,112)
Other comprehensive income (Note 8)	—	—	—	3,180	3,180
Balance at December 31, 2023	\$ 12,885	\$ 1,171,573	\$ (7,939)	\$ (1,586)	\$ 1,174,933

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,		
	2023	2022	2021
Cash flows from operating activities:			
Net income	\$ 47,208	\$ 125,421	\$ 98,178
Adjustments to reconcile net income to net cash provided by operating activities:			
Vessel depreciation and amortization (Note 5)	84,199	69,272	46,935
Impairment of vessels (Note 5)	11,497	—	—
Gain on sale of vessels (Note 5)	—	(47,275)	(46,812)
Amortization and write-off of deferred financing costs	2,775	2,766	3,122
Amortization / accretion of above / below market acquired charters (Note 6)	891	12,010	7,287
Amortization of ineffective portion of derivatives	(260)	—	—
Equity compensation expense (Note 14)	3,786	3,790	2,043
Change in fair value of derivatives (Note 8)	(5,529)	10,959	3,167
Unrealized bonds exchange differences (Note 7)	6,018	(10,896)	(3,374)
Unrealized cash, cash equivalents and restricted cash exchange differences	—	(493)	—
Changes in operating assets and liabilities:			
Trade accounts receivable, net	(1,015)	3,923	(3,170)
Prepayments and other assets	1,574	(3,768)	(201)
Due from related party	1,789	(3,636)	—
Inventories	1,106	(1,808)	(1,481)
Claims	685	(157)	(696)
Trade accounts payable	4,166	380	(252)
Due to related parties	4,963	(1,769)	(472)
Accrued liabilities	5,100	4,215	2,687
Deferred revenue	23,400	9,634	6,098
Dry-docking costs paid	(2,978)	—	(1,895)
Net cash provided by operating activities	\$ 189,375	\$ 172,568	\$ 111,164
Cash flows from investing activities:			
Vessel acquisitions, vessels under construction and improvements including time charter agreements (Notes 5, 6)	(467,632)	(117,233)	(368,096)
Advances for vessels under construction – related party (Notes 4, 5)	—	(24,000)	—
Net proceeds from sale of vessels (Note 5)	20,540	127,124	193,031
Net cash used in investing activities	\$ (447,092)	\$ (14,109)	\$ (175,065)
Cash flows from financing activities:			
Proceeds from long-term debt (Note 7)	392,000	206,276	204,266
Deferred financing costs paid	(3,841)	(4,347)	(6,131)
Payments of long-term debt (Note 7)	(109,786)	(218,954)	(145,471)
Proceeds from rights offering (Notes 1, 13)	45,817	—	—
Rights offering costs paid	(824)	—	—
Repurchase of common units (Note 13)	(4,112)	(5,911)	(4,499)
Dividends paid (Note 13)	(12,242)	(12,155)	(7,613)
Net cash provided by/ (used in) financing activities	\$ 307,012	\$ (35,091)	\$ 40,552
Net increase / (decrease) in cash, cash equivalents and restricted cash	\$ 49,295	\$ 123,368	\$ (23,349)
Effect of exchange rate changes on cash, cash equivalents and restricted cash	—	493	—
Cash, cash equivalents and restricted cash at the beginning of the year	\$ 154,848	\$ 30,987	\$ 54,336
Cash, cash equivalents and restricted cash at the end of the year	\$ 204,143	\$ 154,848	\$ 30,987
Supplemental cash flow information			
Cash paid for interest	\$ 98,606	\$ 49,179	\$ 15,750
Non-Cash Investing and Financing Activities			
Capital expenditures included in liabilities	6,684	1,663	1,008
Capitalized dry-docking costs included in liabilities	4,149	29	123
Deferred financing costs included in liabilities	1,934	220	112
Expenses for sale of vessels included in liabilities (Note 5)	440	1,300	1,984
Seller's credit agreements in connection with the acquisition of vessel owning companies (Notes 4, 5, 7)	—	—	16,000
Sale and lease back agreements and credit facility assumed in connection with the acquisition of vessel owning companies (Notes 5, 7)	196,317	—	866,344
Issuance of common units in connection with the acquisition of vessel owning companies (Notes 5, 13)	—	—	15,277
Amounts for the acquisition of vessel owning companies and companies owning vessels under construction, netted against the amount due from CMTC pursuant to the Standby Purchase Agreement (Notes 1, 4, 5, 13)	279,783	—	—
Advances for vessels under construction - related party, netted against the amount due from CMTC pursuant to the Standby Purchase Agreement (Notes 1, 4, 5, 13)	174,400	—	—
Re-issuance of treasury units in connection with the acquisition of a vessel owning company (Notes 5, 13)	—	6,583	—
Reconciliation of cash, cash equivalents and restricted cash			
Cash and cash equivalents	192,422	144,635	20,373
Restricted cash - Non-current assets	11,721	10,213	10,614
Total cash, cash equivalents and restricted cash shown in the statements of cash flows	\$ 204,143	\$ 154,848	\$ 30,987

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, 2023, its fleet of 23 high specification vessels consisted of 12 Neo-Panamax container carrier vessels, three Panamax container carrier vessels and eight X-DF Liquefied natural gas carrier (“LNG/C”) vessels. Its vessels are capable of carrying a wide range of cargoes including liquefied natural gas and containerized goods under short-term voyage charters and medium to long-term time charters.

Transformative Transaction for the Acquisition of 11 Newbuild LNG/Cs

On November 13, 2023, the Partnership entered into an umbrella agreement (the “Umbrella Agreement”) with Capital Maritime & Trading Corp. (“CMTC”) and Capital GP L.L.C. (“CGP”), providing for the acquisition of 11 companies each of which owning a LNG/C vessel (the “Newbuild Vessels”) under construction at Hyundai Heavy Industries Co., LTD and Hyundai Samho Heavy Industries Co. Ltd., South Korea (collectively, “Hyundai”), with the exception of the LNG/C Amore Mio I which was delivered from the shipyard to CMTC in October 2023, for a total acquisition price of \$3,130,000:

Hull Number/Vessel name	Capacity in Cubic Meters (“CBM”)	Delivery/ Expected delivery date to the Partnership
Hull 3315 – LNG/C Amore Mio I	174,000	Delivered on December 21, 2023
Initial Vessels		
Hull 3316 – LNG/C Axios II	174,000	Delivered on January 2, 2024
Hull 3341 – LNG/C Assos	174,000	May 2024
Hull 3342 – LNG/C Apostolos	174,000	June 2024
Hull 8140 – LNG/C Aktoras	174,000	July 2024
Hull 8198 – LNG/C Archimidis	174,000	January 2026
Hull 8199 – LNG/C Agamemnon	174,000	March 2026
Remaining Vessels		
Hull 8202 – LNG/C Alcaios I	174,000	September 2026
Hull 8203 – LNG/C Antaios I	174,000	November 2026
Hull 8206 – LNG/C Athlos	174,000	February 2027
Hull 8207 – LNG/C Archon	174,000	March 2027

Upon the closing of the Umbrella Agreement on December 21, 2023, the Partnership entered into 11 share purchase agreements to acquire 100% of the equity interests in each company owning the Newbuild Vessels (the “Vessel SPAs”).

On December 21, 2023, and upon entry into and completion of the Vessel SPA for the LNG/C Amore Mio I, the vessel was delivered to the Partnership and the Partnership paid to CMTC an amount of \$141,683 and assumed a debt of \$196,317 (Notes 5C, 7) with respect to the vessel.

On December 21, 2023, and upon entry into the Vessel SPAs for LNG/Cs Axios II, Assos, Apostolos, Aktoras, Archimidis and Agamemnon (the “Initial Vessels”), the Partnership paid CMTC a deposit of \$174,400, or 10% of the aggregate acquisition price of the Initial Vessels (Note 5C). The Vessel SPAs of each of the vessel-owning companies of the Initial Vessels will be completed upon each vessel’s delivery from Hyundai. The remaining purchase price with respect to each Initial Vessel will be paid upon delivery of such vessel with a total of \$1,569,600 remaining due to CMTC for the Initial Vessels (Note 16B). The Vessel SPA for the LNG/C Axios II was completed upon delivery of the vessel on January 2, 2024 (Note 17).

On December 21, 2023, and upon entry into the Vessel SPAs for LNG/Cs Alcaios I, Antaios I, Athlos and Archon (the “Remaining Vessels”), the Partnership paid CMTC \$138,100 to acquire 100% of the equity interests in each of the vessel-owning companies of the Remaining Vessels (Note 5B). The Partnership expects to pay an additional amount of \$909,900 to Hyundai in pre-delivery and delivery installments for the Remaining Vessels (Note 16B).

On November 27, 2023, the Partnership launched a rights offering for up to \$500,000 with the purpose of partly financing the purchase price of the Newbuild Vessels (the “Rights Offering”). The Rights Offering resulted in subscriptions for 445,988 common units. These common units were issued to participating unitholders on December 21, 2023 (Note 13). In connection with the Rights Offering, the Partnership entered into a Standby Purchase Agreement (the “Standby Purchase Agreement”) with CMTC, pursuant to which CMTC agreed to purchase from the Partnership at \$14.25 per common unit (the subscription price in the Rights Offering), the number of common units offered that were not issued pursuant to the Rights Offering. As on December 21, 2023, the Rights Offering was not fully subscribed, CMTC purchased 34,641,731 common units pursuant to the Standby Purchase Agreement, as set forth in the following table:

Description	Common Units	Subscription	
		Price per Common Unit	Value
Common Units subscribed for in the Rights Offering	445,988	\$ 14.25	\$ 6,355
Units issued to CMTC pursuant to the Standby Purchase Agreement	34,641,731	14.25	493,645
Total Units Issued	35,087,719	\$ 14.25	\$ 500,000

1. Basis of Presentation and General Information - Continued

The Umbrella Agreement and the Standby Purchase Agreement permit the Partnership and CMTC to net payments due to each other under the transactions contemplated by the Umbrella Agreement, including the Vessel SPAs and the Standby Purchase Agreement. The following table describes the various amounts that were paid or deemed paid by each of the Partnership and CMTC on December 21, 2023:

Description	Method of Settlement	Value
From the Partnership to CMTC		
10% deposit on the Initial Vessels		\$ 174,400
Payment for the Remaining Vessels	Netted against the amount due from CMTC pursuant to the Standby	138,100
Part of purchase price of LNG/C Amore Mio I	Purchase Agreement	141,683
Total		\$ 454,183
From CMTC to the Partnership		
Total amount due pursuant to the Standby Purchase Agreement	Netted against the total amount due from the Partnership	\$ 454,183
	Cash settlement	39,462
Total		\$ 493,645

On December 21, 2023 CMTC issued to the Partnership an unsecured seller's credit in an amount equal to \$220,000 (the "Umbrella Seller's Credit") to finance a portion of the purchase price for certain of the Initial and Remaining Vessels.

CPLP Shipping Holdings PLC

On August 14, 2021, the Partnership established CPLP Shipping Holdings PLC ("CPLP PLC") a 100% subsidiary of the Partnership. CPLP PLC was established in Cyprus as a public limited liability company in accordance with the provisions of the Companies Law of Cyprus, Chapter 113. On July 22, 2022 and October 20, 2021, the Partnership, through CPLP PLC, issued two unsecured bonds of €100,000,000 (the "2022 Bonds") and €150,000,000 (the "2021 Bonds") on the Athens Stock Exchange respectively. The 2022 Bonds and the 2021 Bonds are guaranteed by the Partnership, will mature in July 2029 and October 2026 and have a coupon payable semi-annually of 4.40% and 2.65% respectively (Note 7).

1. Basis of Presentation and General Information - Continued

As of December 31, 2023, the consolidated financial statements include Capital Product Partners, L.P. and the following wholly owned significant subsidiaries which were all incorporated or formed under the laws of the Marshall Islands, Liberia or Cyprus.

Subsidiary	Date of Incorporation	Name of Vessel Owned by Subsidiary	Deadweight ("DWT")	Date acquired by the Partnership/ Estimated delivery dates	Date acquired by CMTC or CGC Operating Corp. ("CGC")
Capital Product Operating LLC	01/16/2007	—	—	—	—
CPLP Shipping Holdings PLC	08/14/2021	—	—	—	—
CPLP Gas Operating Corp.	08/24/2021	—	—	—	—
Patroklos Marine Corp.	06/17/2008	M/V Cape Agamemnon ⁽¹⁾	179,221	06/09/2011	01/25/2011
Agamemnon Container Carrier Corp.	04/19/2012	M/V Agamemnon ⁽²⁾	108,892	12/22/2012	06/28/2012
Archimidis Container Carrier Corp.	04/19/2012	M/V Archimidis ⁽²⁾	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
Thiseas Container Carrier S.A.	04/08/2011	M/V Hyundai Privilege	63,010	09/11/2013	05/31/2013
Cronus Container Carrier S.A.	07/19/2011	M/V Hyundai Platinum	63,010	09/11/2013	06/14/2013
Dias Container Carrier S.A.	05/16/2013	M/V Akadimos	115,534	06/10/2015	06/10/2015
Poseidon Container Carrier S.A.	05/16/2013	M/V Adonis ⁽³⁾	115,639	09/18/2015	09/18/2015
Atrotos Container Carrier S.A.	10/25/2013	M/V CMA CGM Magdalena ⁽³⁾	115,639	02/26/2016	02/26/2016
Deka Container Carrier S.A.	03/28/2017	M/V Athenian ⁽⁴⁾	118,834	01/22/2020	04/28/2017
Jupiter Container Carrier S.A.	03/28/2017	M/V Athos ⁽⁴⁾	118,888	01/23/2020	05/19/2017
Nikitis Container Carrier S.A.	03/28/2017	M/V Aristomenis ⁽⁴⁾	118,712	01/23/2020	06/27/2017
Neos Container Carriers Corp.	09/04/2020	M/V Long Beach Express ⁽⁵⁾	68,618	02/25/2021	01/07/2021
Maistros Container Carriers Corp.	09/04/2020	M/V Seattle Express ⁽⁴⁾	68,411	02/25/2021	01/07/2021
Filos Container Carriers Corp.	09/04/2020	M/V Fos Express ⁽⁴⁾	68,579	02/25/2021	01/07/2021
Panormos Container Carrier S.A.	12/17/2020	M/V Manzanillo Express	142,411	10/12/2022	10/12/2022
Ektoras Container Carrier S.A.	12/17/2020	M/V Itajai Express	142,411	01/10/2023	01/10/2023
Monos Container Carrier S.A.	02/05/2021	M/V Buenaventura Express	142,411	06/20/2023	06/20/2023
Assos Gas Carrier Corp.	07/16/2018	LNG/C Aristos I	81,978	09/03/2021	11/12/2020
Dias Gas Carrier Corp.	07/16/2018	LNG/C Aristarchos	81,956	09/03/2021	06/15/2021
Atrotos Gas Carrier Corp.	07/16/2018	LNG/C Aristidis I	81,898	12/16/2021	01/04/2021
Poseidon Gas Carrier Corp.	07/16/2018	LNG/C Attalos	81,850	11/18/2021	08/13/2021
Maximus Gas Carrier Corp.	04/10/2019	LNG/C Asklepios	81,882	11/18/2021	09/29/2021
Kronos Gas Carrier Corp.	02/04/2019	LNG/C Adamastos	82,095	11/29/2021	08/23/2021
Hermes Gas Carrier Corp.	07/05/2019	LNG/C Asterix I	81,932	02/17/2023	02/17/2023
Omega Gas Carriers Corp.	06/18/2021	LNG/C Amore Mio I	82,076	12/21/2023	10/31/2023
Aqua Gas Carrier Corp.	01/17/2023	LNG/C Alcaios I (Hull – 8202) ⁽⁶⁾	—	09/2026 ⁽⁷⁾	—
Mare Gas Carrier Corp.	01/17/2023	LNG/C Antaios I (Hull – 8203) ⁽⁶⁾	—	11/2026 ⁽⁷⁾	—
Polis Gas Carrier Corp.	03/27/2023	LNG/C Athlos (Hull – 8206) ⁽⁶⁾	—	02/2027 ⁽⁷⁾	—
Elpis Gas Carrier Corp.	03/27/2023	LNG/C Archon (Hull – 8207) ⁽⁶⁾	—	03/2027 ⁽⁷⁾	—

(1) Vessel was disposed in 2023

(2) Vessels were disposed in 2022

(3) Vessels were disposed in 2021

(4) Vessels agreed to be disposed in 2024

(5) Vessel classified as held for sale as of December 31, 2023

(6) Vessels are under construction

(7) Estimated delivery dates for newbuild vessels as of December 31, 2023

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 Expenses and Operating Expenses: Revenue is generated from time or voyage charter contracts.

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. A time charter begins when the vessel is delivered to the charterer and ends when the vessel is redelivered back to its owner. 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.

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 begins to be satisfied once the vessel is ready to load the cargo. The voyage charter party agreement generally has a demurrage/dispatch clause according to which in the case of demurrage, 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. In the case of dispatch, the owner reimburses the charterer for the earlier discharging of the cargo from the agreed time. Demurrage/dispatch revenues are recognized starting from the point that is determined that the amount can be estimated, and its collection/payment 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. Under Accounting Standards Codification (“ASC”) 606, receivables represent an entity’s unconditional right to consideration, whether billed or unbilled.

In voyage charters, vessel operating expenses 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.

2. Significant Accounting Policies – Continued**(c) Accounting for Revenue, Voyage Expenses and Operating Expenses - Continued:**

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 crew, repairs and maintenance, insurance, stores, spares, lubricants, other operating expenses and management fees payable to the Partnership's managers.

Vessel operating expenses are expensed as incurred.

(d) Foreign Currency Transactions: The functional currency of the Partnership is the U.S. Dollar because the Partnership's vessels operate in international shipping markets that utilize the U.S. Dollar as the functional currency. The accounting records of the Partnership are maintained in U.S. Dollars. Transactions involving other currencies during the year are converted into U.S. Dollars using the exchange rates in effect at the time of the transactions. At the balance sheet dates, monetary assets and liabilities, which are denominated in currencies other than the U.S. Dollar, are translated into the functional currency using the exchange rate at those dates. Gains or losses resulting from foreign currency transactions are included in "Other income / (expense), net" in the consolidated statements of comprehensive income.

(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. As of December 31, 2023, and 2022 the cash and cash equivalents of the Partnership were \$192,422 and \$144,635, respectively.

(f) Restricted cash: For the Partnership to comply with debt covenants under its credit facilities, sale and lease back agreements and unsecured bonds, it must maintain minimum cash deposits. Such deposits are considered by the Partnership to be restricted cash. As of December 31, 2023, and 2022 the restricted cash of the Partnership were \$11,721 and \$10,213, respectively.

(g) Trade Accounts Receivable, net: The amount shown as trade accounts receivable, net primarily consists of earned revenue that has not been billed yet or that has been billed but has not yet been collected. At each balance sheet date all potentially uncollectible accounts are assessed individually for purposes of determining the appropriate write off. As of December 31, 2023, and 2022 the Partnership had trade accounts receivables of \$3,117 and \$2,102, respectively. For the year ended December 31, 2023, and 2022 the respective write off amounted to nil and \$920, 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. As of December 31, 2023, and 2022 the value of the Partnership's inventories was \$5,553 and \$6,817, respectively.

(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.

On December 15, 2023, the Partnership agreed to sell to an unaffiliated party the M/V Long Beach Express (Notes 5, 6). On that date the Partnership considered that the M/V Long Beach Express met the criteria to be classified as held for sale.

2. Significant Accounting Policies – Continued

(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 its 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 for the container carrier and bulk carrier vessels and 35 years for the LNG/C vessels (Note 5).

(k) Impairment of Vessels: An impairment loss on vessels is recognized when indicators of impairment are present and the carrying amount of the vessel is greater than its fair value and is determined not to be recoverable. In determining future benefits derived from use of the vessels, the Partnership performs an analysis of the anticipated undiscounted future net cash flows of the related vessel. 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.

The Partnership has performed an undiscounted cash flow test as of December 31, 2023, and 2022, determining undiscounted projected net operating cash flows for each vessel for which an indication for impairment was present and compared them to the carrying amount 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, 2023 and 2022.

(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 30 to 60 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. As of December 31, 2023, and 2022 the Partnership had deferred charges, net of \$4,714 and \$289, respectively.

(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 present value of 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 6).

(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, (if any), 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 voyage 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.

2. Significant Accounting Policies – Continued

(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. 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) **Treasury Units:** The Partnership records the repurchase of its common units at cost based on the settlement dates of repurchase transactions. These units are classified as treasury units, which is a reduction to partners' capital. Treasury units are included in authorized and issued units but excluded from outstanding units (Note 13).

(r) **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.

(s) **Derivative Instruments:** The Partnership from time to time may enter into derivative instruments to hedge its exposure to foreign exchange or interest rate risks arising from operational, financing and investment activities. Derivatives are initially measured at fair value; attributable transaction costs are expensed as incurred. The accounting for changes in the fair value of derivatives depends on the intended use of the derivative, whether the Partnership has elected to designate a derivative in a hedging relationship and apply hedge accounting and whether the hedging relationship has satisfied the criteria necessary to apply hedge accounting. Derivatives designated and qualifying as a hedge of the exposure to changes in the fair value of an asset, liability, or firm commitment attributable to a particular risk, such as foreign currency risk and interest rate risk, are considered fair value hedges. Derivatives designated and qualifying as a hedge of the exposure to variability in expected future cash flows are considered cash flow hedges. Hedge accounting generally provides for the matching of the timing of gain or loss recognition on the hedging instrument with the recognition of the changes in the fair value of the hedged asset or liability that are attributable to the hedged risk in a fair value hedge or the earnings effect in a cash flow hedge. When the derivatives do qualify for hedge accounting, depending upon the nature of the hedge, changes in fair value of the derivatives are either offset against the fair value of assets, liabilities or firm commitments through income, or recognized in other comprehensive income (effective portion) until the hedged item is recognized in the consolidated statements of comprehensive income. The Company may enter into derivative contracts that are intended to economically hedge certain of its risk, even though hedge accounting does not apply, or the Company elects not to apply hedge accounting to such contracts (Note 8).

3. Revenues

The following table shows the revenues earned from time and voyage charters contracts for the years ended December 31, 2023, 2022 and 2021:

	For the years ended December 31,		
	2023	2022	2021
Time charters (operating leases)	\$ 349,628	\$ 283,962	\$ 171,134
Voyage charters	10,958	15,109	13,531
Total	\$ 360,586	\$ 299,071	\$ 184,665

As of December 31, 2023, all of the Partnership's vessels were employed under time charter agreements with the remaining tenor ranging between 1.0 and 9.2 years. From these time charter agreements 15 include extensions at the charterers' option that range between 2.2 to 9.2 years. As of December 31, 2022, 19 out of 20, of the Partnership's vessels were employed under time charter agreements with remaining tenor ranging between 0.2 and 9.5 years, while one vessel was employed under a voyage charter.

As of December 31, 2023 and 2022 there were no voyage expenses incurred between the contract date and the date of the vessel's arrival to the load port and no unearned revenue related to undelivered performance obligations.

4. Transactions with Related Parties

CMTC is an international shipping company with a long history of operating and investing in the shipping market and our sponsor. As of December 31, 2023 and 2022, CMTC may be deemed to beneficially own 54.2% and 23.1% of our common units, respectively.

CGC is a privately held company controlled by Mr. Miltiadis Marinakis the son of Mr. Evangelos M. Marinakis who also controls our general partner CGP and Capital Gas Corp. On March 30, 2022, CGC transferred all of the Partnership's 1,153,846 common units held by it to Capital Gas Corp. As of December 31, 2023 and 2022, Capital Gas Corp. may be deemed to beneficially own 2.1% and 5.7% of our common units, respectively.

Umbrella Agreement, Standby Purchase Agreement and the Umbrella Seller's Credit with CMTC

On November 13, 2023, the Partnership entered in the Umbrella Agreement with CMTC and CGP, providing for the acquisition of 11 vessel-owning companies of 11 LNG/C vessels under construction at Hyundai for a total acquisition price of \$3,130,000. Upon the consummation of the Umbrella Agreement on December 21, 2023, the Partnership entered into the Vessel SPAs to acquire 100% of the equity interests in each vessel-owning company.

On December 21, 2023, and upon entry into the Vessel SPAs for the Initial Vessels, the Partnership paid CMTC a deposit of \$174,400, or 10% of the aggregate acquisition price of the Initial Vessels (Note 5C).

On December 21, 2023, the Vessel SPA for the LNG/C Amore Mio I was completed and the Partnership paid to CMTC \$141,683 and assumed a debt of \$196,317 representing in the aggregate the total acquisition price of the vessel. On December 21, 2023, the vessel-owning company of the LNG/C Amore Mio I entered into a floating fee management agreement with Capital Gas Ship Management Corp. ("Capital-Gas"), a privately held company ultimately controlled by Mr. Miltiadis Marinakis.

On December 21, 2023, and upon entry into the Vessel SPAs for the Remaining Vessels, the Partnership paid CMTC \$138,100 million to acquire 100% of the equity interests in each of the vessel-owning companies of the Remaining Vessels (Note 5B). Upon entering the Vessel SPAs each of the four vessel-owning companies of the Remaining Vessels entered into a separate supervision services agreement with Capital-Gas.

On December 21, 2023 CMTC issued to the Partnership the Umbrella Seller's Credit in an amount equal to \$220,000 to finance a portion of the purchase price for certain of the Newbuild Vessels (Note 7).

On November 27, 2023, the Partnership launched a rights offering for up to \$500,000 with the purpose of partly financing the purchase price of the Newbuild Vessels. In connection with the Rights Offering, the Partnership entered into the Standby Purchase Agreement with CMTC, pursuant to which CMTC agreed to purchase from the Partnership at \$14.25 per common unit (the subscription price in the Rights Offering), the number of common units offered that were not issued pursuant to the Rights Offering. As on December 21, 2023, the Rights Offering was not fully subscribed, CMTC purchased 34,641,731 common units pursuant to the Standby Purchase Agreement.

Master Vessel Acquisition Agreement with CMTC

On June 6, 2022, the Partnership entered into a Master Vessel Acquisition Agreement (the "Master Agreement") with CMTC for the acquisition of the shares of four companies owning one 174,000 CBM LNG/C vessel, the LNG/C Asterix I, two 13,312 Twenty-foot Equivalent Unit ("TEU") vessels, the M/V Manzanillo Express and the M/V Itajai Express and one 13,696 TEU container carrier vessel the M/V Buenaventura Express for a total consideration of \$596,583 (Note 5A). On June 21, 2022, the Partnership paid total advances in relation to the Master Agreement of \$30,000 (Note 5C). Pursuant to the Master Agreement, the vessels were delivered to the Partnership from CMTC in February 2023, in October 2022, in January 2023 and in June 2023 respectively (Note 5A). Upon delivery, the vessel-owning company of the LNG/C Asterix I entered into a floating fee management agreement with Capital-Gas and each of the other three vessel-owning companies of the M/V Manzanillo Express, the M/V Itajai Express and the M/V Buenaventura Express entered into a separate floating fee management agreement with Capital-Executive Ship Management Corp. ("Capital-Executive"), a privately held company ultimately controlled by Mr. Miltiadis Marinakis.

4. Transactions with Related Parties – Continued

CGC Seller's Credits

On July 8, 2022, the Partnership fully repaid the amount of \$10,000 in line with the two Seller's Credit Agreements with CGC (the "CGC Seller's Credits") entered into in August 2021, in connection with the acquisition of the LNG/C Aristos I and the LNG/C Aristarchos from CGC (Note 7).

Further to the transactions described above with CMTC, the Partnership and its subsidiaries have related party transactions with Capital Ship Management Corp. ("CSM"), Capital-Executive and Capital-Gas, (collectively "Managers"), and 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, 2023, 2022 and 2021, management fees under the management agreements amounted to \$10,899, \$9,172 and \$5,923, respectively, and are included in "Vessel operating expenses – related parties" in the consolidated statements of comprehensive income.

2. Administrative and service agreements: On April 4, 2007, the Partnership entered into an administrative services agreement with CSM, pursuant to which CSM has agreed to provide certain administrative management services to the Partnership such as accounting, auditing, legal, insurance, IT and clerical services. In addition, the Partnership reimburses CSM and CGP for reasonable costs and expenses incurred in connection with the provision of these services, after CSM submits to the Partnership an invoice for such costs and expenses together with any supporting detail that may be reasonably required. These expenses are included in "General and administrative expenses" in the consolidated statements of comprehensive income. In 2015, the Partnership entered into an executive services agreement with CGP, which was amended further in 2022, according to which CGP 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. For the years ended December 31, 2023, 2022 and 2021 such fees amounted to \$2,350, \$2,050 and \$1,880, respectively and are included in "General and administrative expenses" in the consolidated statements of comprehensive income.

Balances and transactions with related parties consisted of the following:

Consolidated Balance Sheets	As of December 31,	
	2023	2022
Assets:		
CMTC – amounts relating to vessels acquisitions (a)	\$ 402	\$ —
Capital-Executive – advances from the Partnership (b)	—	3,636
Due from related party	\$ 402	\$ 3,636
Liabilities:		
CSM – payments on behalf of the Partnership (c)	\$ 114	\$ 705
Management fee payable to CSM (d)	—	25
Capital-Executive – payments on behalf of the Partnership (c)	3,823	—
Capital-Gas – payments on behalf of the Partnership (c)	4,042	107
Management fee payable to Capital-Gas (d)	—	179
Due to related parties	\$ 7,979	\$ 1,016

Consolidated Statements of Comprehensive Income	For the years ended December 31,		
	2023	2022	2021
Vessel operating expenses	\$ 10,899	\$ 9,172	\$ 5,923
General and administrative expenses (e)	2,564	2,244	2,013

(a) Amounts relating to vessels acquisitions: This line item mainly includes collected hire income payable from CMTC in connection with the acquisition of the vessels under the Umbrella Agreement.

(b) Managers - Advances from the Partnership: This line item represents the amounts advanced by the Partnership for operating and voyage expenses that will be paid by the Managers on behalf of the Partnership and its subsidiaries.

(c) 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.

(d) Management fee payable to Managers: The amount outstanding as of December 31, 2022 represents the management fee payable to the Managers under the management agreements.

(e) General and administrative expenses: This line item mainly includes fees relating to internal audit, investor relations and consultancy fees.

5. Fixed Assets and Assets Held for Sale

Fixed assetsA. Vessels, net

The following table presents an analysis of vessels, net:

	Vessel cost	Accumulated depreciation	Net book value
Balance as at January 1, 2022	\$ 1,999,894	\$ (218,036)	\$ 1,781,858
Vessel acquisitions	121,583	—	121,583
Vessel disposals	(143,692)	63,159	(80,533)
Improvements	1,873	—	1,873
Depreciation for the year	—	(66,884)	(66,884)
Balance as at December 31, 2022	\$ 1,979,658	\$ (221,761)	\$ 1,757,897
Vessel acquisitions	840,662	—	840,662
Vessel disposals	(52,963)	34,824	(18,139)
Improvements	19,755	—	19,755
Depreciation for the year	—	(82,526)	(82,526)
Impairment of vessel	(11,497)	—	(11,497)
Classification as asset held for sale	(17,814)	3,578	(14,236)
Balance as at December 31, 2023	\$ 2,757,801	\$ (265,885)	\$ 2,491,916

Three vessels with an aggregate net book value of \$437,959 as of December 31, 2023, have been provided as collateral under the terms of the Partnership's credit facilities (Note 7). In addition, there are 11 vessels financed through sale and lease back agreements, for which the title of ownership is held by the relevant lender, with an aggregate net book value of \$1,795,542 as of December 31, 2023 (Note 7) and nine unencumbered vessels with an aggregate net book value of \$272,651 of which \$14,236 is included under assets held for sale as of December 31, 2023.

Vessel acquisitions for the year 2023

On December 21, 2023, pursuant to the Umbrella Agreement (Notes 1, 13), the Partnership acquired from CMTC the shares of the vessel-owning company of the M/V Amore Mio I for a total consideration of \$338,000 which was funded through assumption of debt of \$196,317 (Note 7) and by netting the balance of \$141,683 against the amounts due from CMTC pursuant to the Standby Purchase Agreement (Notes 1, 13).

On June 20, 2023, pursuant to the Master Agreement (Note 4), the Partnership acquired from CMTC the shares of the vessel-owning company of the M/V Buenaventura Express for a total consideration of \$122,500 which was funded through debt of \$100,000 (Note 7), a cash deposit of \$6,000 (Note 5C) advanced in June 2022 and cash at hand.

On February 17, 2023, pursuant to the Master Agreement (Note 4), the Partnership acquired from CMTC the shares of the vessel-owning company of the LNG/C Asterix I, for a total consideration of \$230,000 which was funded through debt of \$184,000 (Note 7), a cash deposit of \$12,000 (Note 5C) advanced in June 2022 and cash at hand.

On January 10, 2023, pursuant to the Master Agreement (Note 4), the Partnership acquired from CMTC the shares of the vessel-owning company of the M/V Itajai Express for a total consideration of \$122,500 which was funded through debt of \$108,000 (Note 7), a cash deposit of \$6,000 (Note 5C) advanced in June 2022 and cash at hand.

All vessels were acquired with charter party agreements attached. The Partnership accounted for these acquisitions as acquisitions of assets since the fair value of the vessels and the time charters attached are concentrated in a single identifiable asset. The Partnership considered whether any value should be assigned to the attached charter party agreements acquired and concluded that the contracted daily charter rates for the M/V Itajai Express, the LNG/C Asterix I and the M/V Buenaventura Express were below the market rates on their respective acquisition dates and for the LNG/C Amore Mio I was above the market rate on the acquisition date and therefore the total consideration was allocated to the vessel's cost and the below and above market acquired charters, respectively. The Partnership allocated the cost of the vessels and the time charters acquired on the basis of their relative fair values. The vessels were recorded in the Partnership's financial statements at a total value of \$840,662, reflecting a net increase of \$27,662 (\$94,889 below market and \$67,227 above market) from the acquisition cost of \$813,000 due to the value of the charters that were attached to the vessels at the time of the respective acquisitions (Note 6).

Vessel acquisitions for the year 2022

On October 12, 2022, the Partnership acquired from CMTC the shares of the vessel-owning company of the M/V Manzanillo Express for a total consideration of \$121,583 which was funded through debt of \$105,000 (Note 7), by granting 505,204 common units to CMTC out of the Partnership's treasury units (Note 13), by a \$6,000 (Note 5C) advance paid in June 2022 and cash at hand. The Partnership accounted for this acquisition as acquisition of an asset since the fair value of the vessel and the time charter attached are concentrated in a single identifiable asset. The Partnership considered whether any value should be assigned to the attached charter party agreement acquired and concluded that the terms of the agreement were at market on the acquisition date and therefore the total consideration amount was allocated to the vessel's cost.

5. Fixed Assets and Assets Held for Sale - Continued

Fixed assets - ContinuedA. Vessels, net - ContinuedImprovements for the years 2023 and 2022

During the year ended December 31, 2023 and 2022, certain of the Partnership's vessels underwent improvements. The costs of these improvements amounted to \$19,755 and \$1,873 respectively and were capitalized as part of the vessels' cost. Improvements during the year ended December 31, 2023, included the cost of \$411 relating to the installation of ballast water treatment ("BWT") systems and \$16,281 relating to the installation of exhaust gas cleaning systems ("Scrubbers") for certain of the Partnership's vessels. Improvements during the year ended December 31, 2022, included the cost of \$1,524 relating to the installation of BWT systems for certain of the Partnership's vessels. During the year ended December 31, 2023 and 2022, the Partnership paid advances of \$16,084 and \$1,498 respectively, relating to the purchase of BWT systems and Scrubbers that were installed to certain of its vessels

Vessel disposals for the year 2023

In June 2023, the Partnership agreed to sell the M/V Cape Agamemnon to an unaffiliated party for total consideration of \$22,000. At that date, the Partnership considered that the M/V Cape Agamemnon met the criteria to be classified as held for sale and measured the vessel at the lower of its carrying amount and fair value less the cost associated with the sale (the fair value was determined using Level 2 inputs being the selling price agreed with an unaffiliated party). In this respect, the Partnership recognized an impairment charge of \$11,157. The vessel was delivered to the new owners on November 7, 2023.

Vessel disposals for the year 2022

On May 30, 2022, the Partnership entered into two separate MOAs for the sale of the M/V Archimidis and the M/V Agamemnon to an unaffiliated party for total consideration of \$65,000 each. The Partnership decided to enter into these MOAs after receiving the Buyers' purchase enquiries, which were opportunistic in nature. Upon entering the MOAs, the Partnership considered that the M/V Archimidis and the M/V Agamemnon met the criteria to be classified as held for sale. At that time the vessels' fair value less cost to sell exceeded their carrying amount, so no impairment charge was recognized in the Partnership's consolidated statement of comprehensive income for the year ended December 31, 2022. The M/V Archimidis was delivered to its new owner on July 6, 2022, and the M/V Agamemnon on July 28, 2022.

For the year ended December 31, 2022, the Partnership recognized a gain on sale of vessels analyzed as follows:

Vessel	M/V Agamemnon	M/V Archimidis	Total
Sale price	\$ 65,000	\$ 65,000	\$ 130,000
Carrying value on sale	(41,806)	(38,727)	(80,533)
Other sale expenses	(1,099)	(1,093)	(2,192)
Gain on sale	\$ 22,095	\$ 25,180	\$ 47,275

B. Vessels under construction

The following table presents an analysis of vessels under construction:

	Vessels under construction cost
Balance as at January 1, 2022	\$ —
Balance as at December 31, 2022	\$ —
Advances for vessels under construction	140,369
Balance as at December 31, 2023	\$ 140,369

On December 21, 2023, pursuant to the Umbrella Agreement the Partnership acquired from CMTc the shares of the vessel-owning companies of the Remaining Vessels (Notes 1, 13) for a total consideration of \$138,100. During 2023 the Partnership recognized initial expenses of \$2,269, as part of vessels under construction cost. As of December 31, 2022, there were no vessels under construction.

C. Advances for vessels under construction-related party

The following table presents an analysis of advances for vessels under construction-related party:

	Advances for vessels under construction-related party
Balance as at January 1, 2022	\$ —
Advances for vessels under construction-related party	30,000
Transfer to vessels, net	(6,000)
Balance as at December 31, 2022	\$ 24,000
Transfer to vessels, net	(24,000)
Advances for vessels under construction-related party	174,400
Balance as at December 31, 2023	\$ 174,400

5. Fixed assets and Assets Held for Sale - Continued

Fixed assets - ContinuedC. Advances for vessels under construction-related party - ContinuedFor the year 2023

On December 21, 2023, pursuant to the Umbrella Agreement the Partnership paid the deposit of 10% of the aggregate acquisition price of the Initial Vessels under construction amounting to \$174,400 (Notes 1, 13). On January 2, 2024, the Partnership completed the acquisition of the vessel-owning company of the LNG/C Axios II (Note 17).

On June 20, February 17 and January 10, 2023, the Partnership acquired from CMTC the shares of the companies owning the M/V Buenaventura Express, the LNG/C Asterix I and the M/V Itajai Express, respectively and as a result \$24,000 of advances for vessels under construction-related party was transferred to vessels, net (Notes 4, 5A).

For the year 2022

On June 21, 2022, pursuant to the Master Agreement, the Partnership paid to CMTC total advances for vessels under construction-related party of \$30,000. On October 12, 2022, the Partnership acquired from CMTC the shares of the vessel-owning company of the M/V Manzanillo Express and as a result \$6,000 of advances for vessels under construction-related party was transferred to vessels, net (Notes 4, 5A).

Assets held for sale

An analysis of assets held for sale is as follows:

	Assets held for sale
Balance as at January 1, 2023	\$ —
Vessel held for sale	14,236
Inventories	158
Balance as at December 31, 2023	\$ 14,394

On December 15, 2023, the Partnership agreed to sell to an unaffiliated party the M/V Long Beach Express along with its time charter attached (Note 6), at a price of \$13,050. The Partnership decided to enter into this Agreement after receiving the Buyer's purchase enquiry which was opportunistic in nature. The Partnership considered that the M/V Long Beach Express met the criteria to be classified as held for sale and measured the vessel at the lower of its carrying amount along with the time charter attached and fair value less the cost associated with the sale (the fair value was determined using Level 2 inputs being the selling price agreed with an unaffiliated party). In this respect, the Partnership recognized an impairment charge of \$340 in its consolidated statement of comprehensive income for the year ended December 31, 2023. The vessel delivered to the new owner on February 26, 2024.

6. Above / Below Market Acquired Charters

During the year ended December 31, 2023, the Partnership acquired the LNG/C Amore Mio I with time charter daily rate being above the market rate for equivalent time charter prevailing at the time of acquisition (Note 5A). During the year ended December 31, 2023, the Partnership also acquired the M/V Buenaventura Express, the LNG/C Asterix I and the M/V Itajai Express with time charters attached to the vessels, with time charter daily rates being below market rates for equivalent time charters prevailing at the time of acquisitions (Note 5A). The fair value of the time charters attached to the vessels representing the difference between the time charters rates at which the vessels were fixed and the market rates for comparable charters as determined by reference to market data on the acquisition dates were recorded as "Above market acquired charters" under other non-current assets or "Below market acquired charters" under long-term liabilities in the consolidated balance sheet as of the acquisition dates respectively. The fair values of the time charters attached were determined using Level 2 inputs being market values on the acquisition dates (Note 9).

On December 15, 2023, the Partnership agreed to sell to an unaffiliated party the M/V Long Beach Express along with its time charter attached (Note 5). As a result, the partnership classified the unamortized below market acquired charter of the M/V Long Beach Express on that date as Below market acquired charter associated with vessel held for sale under current liabilities in the consolidated balance sheets.

During the year ended December 31, 2022, the Partnership acquired the M/V Manzanillo Express with time charter attached to the vessel, with time charter daily rate being at market rate for equivalent time charter prevailing at the time of acquisition (Note 5A). As a result, no above / below market acquired charter was recognized.

Above and below market acquired time charters are amortized or accreted using the straight-line method over the remaining period of the time charters acquired as a reduction or addition to time charter revenues. For the years ended December 31, 2023 and 2022 such amortization to time charter revenues for the above market acquired time charters amounted to \$16,158 and \$16,285, respectively. For the years ended December 31, 2023 and 2022 such accretion to time charter revenues for the below market acquired time charters amounted to \$15,267 and \$4,275, respectively.

The following table presents an analysis of above / below market acquired charters:

	Above market acquired charters	Below market acquired charters
Carrying amount as at January 1, 2022	\$ 48,605	\$ (14,643)
(Amortization) / accretion	(16,285)	4,275
Carrying amount as at December 31, 2022	\$ 32,320	\$ (10,368)
Additions	67,227	(94,889)
(Amortization) / accretion	(16,158)	15,267
Transfer to below market acquired charter associated with vessel held for sale	—	1,447
Carrying amount as at December 31, 2023	\$ 83,389	\$ (88,543)

6. Above / Below Market Acquired Charters - Continued

As of December 31, 2023, the remaining carrying amount of unamortized above / below market acquired time charters will be amortized / accreted in future years as follows:

For the year ending December 31,	Above market acquired charters	Below market acquired charters
2024	\$ 36,256	\$ (16,352)
2025	28,820	(14,338)
2026	18,313	(13,004)
2027	—	(13,004)
2028	—	(13,040)
Thereafter	—	(18,805)
Total	\$ 83,389	\$ (88,543)

7. Long-Term Debt

Long-term debt consists of the following credit facilities, sale and lease back agreements, seller's credits and unsecured bonds collectively the "financing arrangements". As of December 31, 2023 and 2022, the following amounts were outstanding under our financing arrangements:

	As of December 31, 2023	As of December 31, 2022	Rate of interest
<u>Credit facilities</u>			
(i) Issued in January 2021 maturing in February 2026 (the "CMTC Seller's Credit")	\$ 6,000	\$ 6,000	Fixed rate
(ii) Assumed in December 2021 maturing in December 2027 (the "2021 credit facility")			Margin + Secured Overnight Financing Rate
	101,087	110,827	("SOFR")
(iii) Issued in October 2022 maturing in October 2028 (the "2022 credit facility")	99,680	105,000	Margin + SOFR
(iv) Issued in June 2023 maturing in June 2031 (the "2023 credit facility")	96,875	—	Margin + SOFR
<u>Sale and lease back agreements</u>			
(v) Issued in January 2020 maturing in January 2025 (the "2020 CMBFL")	26,500	29,700	Margin + SOFR
(vi) Issued in January 2020 maturing in January 2025 (the "2020 CMBFL")	26,500	29,700	Margin + SOFR
(vii) Issued in May 2020 maturing in May 2027 (the "ICBCFL")	38,332	41,996	Margin + SOFR
(viii) Issued in January 2021 fully repaid in March 2023 (the "2021 CMBFL - Panamax")	—	8,083	Margin + SOFR
(ix) Issued in January 2021 fully repaid in March 2023 (the "2021 CMBFL - Panamax")	—	8,083	Margin + SOFR
(x) Issued in January 2021 fully repaid in March 2023 (the "2021 CMBFL - Panamax")	—	8,083	Margin + SOFR
(xi) Assumed in September 2021 maturing in October 2027 (the "2021 Bocomm")	126,479	138,888	Margin + SOFR
(xii) Assumed in September 2021 maturing in May 2028 (the "2021 Bocomm")	120,232	132,217	Margin + SOFR
(xiii) Assumed in November 2021 maturing in August 2028 (the "2021 CMBFL - LNG/C")	130,873	139,183	Margin + SOFR
(xiv) Assumed in November 2021 maturing in September 2028 (the "2021 CMBFL - LNG/C")	129,829	138,072	Margin + SOFR
(xv) Assumed in November 2021 maturing in July 2036 (the "2021 Shin Doun")	130,715	136,778	Fixed rate
(xvi) Issued in December 2022 maturing in January 2031 (the "2022 Jolco")			(\$71,884: Margin + SOFR, \$32,400: Fixed rate)
	104,284	—	
(xvii) Issued in February 2023 maturing in February 2033 (the "2023 CMBFL - LNG/C")	177,438	—	Margin + SOFR
(xviii) Assumed in December 2023 maturing in October 2033 (the "2023 CMBFL - LNG/C AMI")	196,317	—	Margin + SOFR
<u>Unsecured Bonds</u>			
(xix) Issued in October 2021 maturing in October 2026 (the "2021 Bonds")	165,984	159,966	Fixed rate
(xx) Issued in July 2022 maturing in July 2029 (the "2022 Bonds")	110,656	106,644	Fixed rate
Total long-term debt	1,787,781	1,299,220	
Less: Deferred loan and financing arrangements issuance costs	12,486	10,142	
Total long-term debt, net	1,775,295	1,289,078	
Less: Current portion of long-term debt	105,911	75,438	
Add: Current portion of deferred loan and financing arrangements issuance costs	2,795	2,225	
Long-term debt, net	\$ 1,672,179	\$ 1,215,865	

7. Long-Term Debt – Continued

Changes in the financing arrangements for the years 2023 and 2022 are as follows:

· ***For the year 2023***

“Umbrella Seller’s Credit”

On December 21, 2023, upon entering the Umbrella Agreement the Partnership entered into an unsecured seller’s credit agreement with CMTC, the “Umbrella Seller’s Credit” in an amount of up to \$220,000 in order to finance a portion of the purchase price of the 11 new 174,000 CBM LNG/C vessels under construction (Note 1). The Umbrella Seller’s Credit provides for interest at a rate of 7.5% per annum and has a maturity date of June 30, 2027. On January 2, 2024, upon the delivery of the LNG/C Axios II, the Partnership used a portion of \$92,600 (Note 17).

“2023 Jolco LNG/C Assos”

On December 22, 2023, the vessel-owning company of the LNG/C Assos entered into a new sale and lease back agreement, the “2023 Jolco LNG/C Assos”, of up to \$240,000, for the purpose of partially financing the acquisition of the shares of the vessel-owning company of the LNG/C Assos, with the Partnership acting as a parent guarantor (Note 1). The amount of the sale and lease back agreement is expected to be drawn, subject to the provisions of the sale and lease back agreement, upon the completion of the acquisition of the vessel from CMTC in May 2024.

“2024- Axios II credit facility”

On December 20, 2023, the vessel-owning company of the LNG/C Axios II entered into a new credit facility, the “2024-Axios II credit facility”, of up to \$190,000, for the purpose of partially financing the construction of the vessel (Note 5A). The Partnership is acting as a parent guarantor. The Partnership assumed the full amount of the facility on January 2, 2024, upon the completion of the acquisition of the vessel from CMTC. The facility has a duration of seven years.

“2023 CMBFL - LNG/C AMI” (xviii)

On December 21, 2023, upon the completion of the acquisition of the shares of the vessel-owning company of the LNG/C Amore Mio I (Note 5A) the Partnership assumed the outstanding balance of \$196,317 of the sale and leaseback agreement that the vessel-owning company had entered into with a subsidiary of CMB Financial Leasing Co., Ltd (“CMBFL”). The lease agreement has remaining duration, from the date of the vessels’ acquisition from the Partnership of 10 years.

“2023 credit facility” (iv)

On June 13, 2023, the Partnership entered into a new credit facility, the “2023 credit facility”, of up to \$100,000, for the purpose of partially financing the acquisition of the shares of the vessel-owning company of the M/V Buenaventura Express (Note 5A). The full amount of the facility was drawn on June 15, 2023, and has a duration of eight years.

“2021 CMBFL - Panamax” (viii), (ix) and (x)

On March 14, 2023, the Partnership fully repaid the 2021 CMBFL - Panamax sale and lease back agreements, with original maturity in February 2026, amounting to \$23,423.

“2023 CMBFL - LNG/C” (xvii)

On February 7, 2023, the Partnership entered into a new sale and lease back agreement, the “2023 CMBFL - LNG/C”, of up to \$184,000, for the purpose of partially financing the acquisition of the shares of the vessel-owning company of the LNG/C Asterix I (Note 5A). The full amount of the sale and lease back agreement was drawn on February 17, 2023, and has duration of 10 years.

· ***For the year 2022***

“2022 Jolco” (xvi)

On December 23, 2022, the Partnership entered into a new sale and lease back agreement of up to \$108,000, for the purpose of partially financing the acquisition of the shares of the vessel-owning company of the M/V Itajai Express (Notes 5A). The full amount of the sale and lease back agreement was drawn on January 6, 2023 and has a duration of eight years.

“2022 credit facility” (iii)

On October 6, 2022, the Partnership entered into a new credit facility of up to \$105,000, for the purpose of partially financing the acquisition of the shares of the vessel-owning company of the M/V Manzanillo Express (Note 5A). The full amount of the facility was drawn on October 11, 2022 and has a duration of six years.

“2017 credit facility”

On August 10, 2022, the Partnership fully repaid the remaining balance of the 2017 credit facility, amounting to \$65,822. On July 28, and July 6, 2022, the Partnership repaid part of the 2017 credit facility, amounting to \$14,228 and \$13,789 as a result of the sale of the M/V Agamemnon and the M/V Archimidis respectively (Note 5A).

“2020 credit facility”

On August 5, 2022, the Partnership fully repaid the remaining balance of the 2020 credit facility, amounting to \$29,900.

“CGC Seller’s Credits”

On July 8, 2022, the Partnership fully repaid the amount of \$10,000 in line with the two CGC Seller’s Credits that the Partnership entered into on August 31, 2021 in order to defer \$5,000 of the purchase price of each of the LNG/C Aristos I and the LNG/C Aristarchos, acquired on September 3, 2021 (Note 4). The CGC Seller’s Credits bore no interest and were payable within one year of the vessel’s delivery date.

7. Long-Term Debt – Continued**“2022 Bonds” (cx)**

On July 22, 2022, the Partnership, through its wholly owned subsidiary, CPLP PLC (the “Issuer”), issued unsecured bonds on the Athens Stock Exchange of an amount of €100,000,000 or \$106,664 (translated as of December 31, 2022). The 2022 Bonds are guaranteed by the Partnership and have a seven year duration and pay a fixed coupon of 4.40%, payable semi-annually. The settlement occurred on July 26, 2022.

The 2022 and 2021 Bonds contain requirements such as that the ratio of EBITDA to net interest expenses be no less than 2:1, a restricted cash requirement and that the ratio of net total indebtedness to the total assets of the Partnership adjusted for the market value of the fleet not exceed 0.75:1. In addition, the 2022 and 2021 Bonds require that:

- the Partnership maintain a pledged Debt Service Reserve Account (“DSRA”) with a minimum balance €100,000;
- the Partnership deposit to the DSRA 50% of any cash disbursements to unitholders (e.g., dividends) exceeding \$20,000 per annum, capped at 1/3 of the par value of the 2022 and 2021 Bonds outstanding at the time; and
- if the Partnership’s Market Value Adjusted Net Assets (“MVAN”) falls below \$300,000 then to deposit to the DSRA the difference between the MVAN and the \$300,000 (capped to 1/3 of the par value of the 2022 and 2021 Bonds outstanding).

All the Partnership’s sale and leaseback agreements were classified as financing arrangements since the existence of various purchase options retained by the Partnership commencing from the first-year anniversary and including either an obligation or an option to acquire each vessel at expiration at a predetermined price, precludes the transfer of control over the vessels.

During the year ended December 31, 2023, the Partnership prepaid the amount of \$23,423 and repaid the amount of \$86,363, in line with the amortization schedule of its financing arrangements.

During the year ended December 31, 2022, the Partnership prepaid the amount of \$133,739, as a result from the sale of its vessels (Note 5A) and the full repayment of 2017 and 2020 credit facilities respectively, and repaid the amount of \$85,215, in line with the amortization schedule of its financing arrangements.

The Partnership’s credit facilities and sale and lease back agreements 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 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 exceed 0.75:1. The Partnership’s 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 2022 credit facility and the ICBCFL, 120% of the outstanding amount under the 2023 credit facility, the 2020 CMBFL, the 2021 CMBFL-Panamax and the 2021 credit facility, 110% of the outstanding amount under the 2023 CMBFL - LNG/C AMI, the 2023 CMBFL - LNG/C and the 2021 CMBFL-LNG/C and 111% of the outstanding amount under the 2021 Bocomm. 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, 2023 and 2022 the Partnership was in compliance with all financial covenants.

The Partnership’s credit facilities and sale and lease back agreements 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, 2023, an amount of \$127,400 was remaining available to be drawn under the Umbrella Seller’s Credit. Furthermore, an amount of up to \$240,000, pursuant to the sale and lease back agreement the Partnership entered into on December 22, 2023, was remaining available to be drawn for the purpose of partially financing the acquisition of the shares of the vessel-owning company of the LNG/C Assos. The amount is expected to be drawn, upon the completion of the acquisition of the vessel from CMTC in May, 2024.

For the years ended December 31, 2023, 2022 and 2021, the Partnership recorded interest expense of \$101,769, \$52,465 and \$16,586 respectively, which is included in “Interest expense and finance cost” in the consolidated statements of comprehensive income.

For the years ended December 31, 2023, 2022 and 2021 the weighted average interest on the Partnership’s long-term debt was 6.4%, 4.1% and 2.9% respectively.

As of December 31, 2023, the required annual payments to be made subsequently to December 31, 2023, are as follows:

For the year ending December 31,	Amount
2024	\$ 105,911
2025	145,175
2026	271,022
2027	262,921
2028	393,196
Thereafter	609,556
Total	\$ 1,787,781

8. Derivative Instruments

In connection with the issuance of the 2022 Bonds and the 2021 Bonds (Note 7), the Partnership entered into certain cross-currency swap agreements to manage the related foreign currency exchange risk by effectively converting the fixed-rate, Euro-denominated Bonds, including the semi-annual interest payments for the period from July 26, 2022 to July 26, 2029 and from October 21, 2021 to October 21, 2025, respectively to fixed-rate, U.S. Dollar-denominated debt. The economic effect of the swap agreements is to eliminate the uncertainty of the cash flows in U.S. Dollars associated with the issuance of the 2022 Bonds and the 2021 Bonds by fixing the principal amount of the 2022 Bonds and the 2021 Bonds, with a fixed annual interest rate. The cross-currency swap agreement related to the 2022 Bonds was designated as an accounting hedge.

Derivative instruments not designated as hedges are not speculative and are used to manage the Partnership's exposure to identified risks but do not meet the strict hedge accounting requirements and/or the Partnership has not elected to apply hedge accounting. Changes in the fair value of derivatives not designated in hedging relationships are recorded directly in the consolidated statements of comprehensive income.

Changes in the fair value of derivatives designated as accounting hedges are recorded in the consolidated statements of other comprehensive income (effective portion), until the hedged item is recognized in the consolidated statements of comprehensive income.

The following table summarizes the terms of the cross-currency swap agreements and their respective fair value as of December 31, 2023 and 2022.

a) Derivative Asset:

As of December 31, 2023:

Effective Date	Termination Date	Notional Amount in thousands of EUROS	Notional Amount in United States Dollars	Fixed Rate the Partnership receives in EURO	Fixed Rate the Partnership pays in United States Dollars	Fair Value December 31, 2023, in United States Dollars
26/07/2022	26/07/2029	100,000	101,800	4.40%	6.55%	6,636
Total Fair Value						\$ 6,636

b) Derivative Liabilities:

As of December 31, 2023:

Effective Date	Termination Date	Notional Amount in thousands of EUROS	Notional Amount in United States Dollars	Fixed Rate the Partnership receives in EURO	Fixed Rate the Partnership pays in United States Dollars	Fair Value December 31, 2023, in United States Dollars
21/10/2021	21/10/2025	120,000	139,716	2.65%	3.66%	\$ 5,758
21/10/2021	21/10/2025	30,000	34,929	2.65%	3.69%	1,422
Total Fair Value						\$ 7,180

As of December 31, 2022:

Effective Date	Termination Date	Notional Amount in thousands of EUROS	Notional Amount in United States Dollars	Fixed Rate the Partnership receives in EURO	Fixed Rate the Partnership pays in United States Dollars	Fair Value December 31, 2022, in United States Dollars
26/07/2022	26/07/2029	100,000	101,800	4.40%	6.55%	816
21/10/2021	21/10/2025	120,000	139,716	2.65%	3.66%	\$ 10,068
21/10/2021	21/10/2025	30,000	34,929	2.65%	3.69%	2,641
Total Fair Value						\$ 13,525

The fair value of the cross-currency swap agreements is presented net of accrued interest expense which is recorded in "Accrued liabilities" in the consolidated balance sheets.

The following tables summarize the effect of the cross-currency swap agreements for the years ended December 31, 2023, 2022 and 2021:

- Derivative designated as accounting hedge

Amount of gain / (loss) recognized in other comprehensive income	For the years ended December 31,		
	2023	2022	2021
Cross-currency swap agreement related to 2022 Bonds	\$ 5,286	\$ (1,757)	\$ -
Reclassification to other income / (expense), net	(2,106)	(3,009)	-
Total gain/ (loss) recognized in accumulated other comprehensive income	\$ 3,180	\$ (4,766)	\$ -

The estimated net expense that is expected to be reclassified within the next 12 months from Accumulated Other Comprehensive Loss to earnings in respect of the settlements on cross-currency swap agreements designated as accounting hedge, amounts to \$1,814.

- Derivatives not designated as accounting hedges:

Amount of gain / (loss) recognized in other income / (expense), net	For the years ended December 31,		
	2023	2022	2021
Change in fair value of derivatives related to 2021 Bonds	\$ 5,529	\$ (9,542)	\$ (3,167)
Realized interest expense of derivatives related to 2021 Bonds	(2,111)	(2,258)	(374)
Total gain/ (loss) recognized in other income / (expense), net	\$ 3,418	\$ (11,800)	\$ (3,541)

9. Financial Instruments

(a) Fair value of financial instruments

Cash and cash equivalents, restricted cash and other assets and liabilities.

The carrying value of cash and cash equivalents and restricted cash, 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 approximate their fair value.

Long-term debt

The fair value of variable rate long-term debt (Note 7) approximates the recorded value, due to its variable interest being based on the SOFR rates (on the LIBOR and the SOFR, for 2022) and due to the fact that 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, 2023. SOFR 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.

The fair value of the fixed rate long-term debt (Note 7 ((i), (xv) and (xvi))) as of December 31, 2023, was approximately \$147,210 (carrying value: \$169,115) and was determined by using Level 2 inputs being the discounted expected cash flows of the outstanding amount.

The 2022 Bonds and the 2021 Bonds (Note 7 ((xix) and (xx))) have a fixed rate, and their estimated fair values as of December 31, 2023, were determined through Level 1 inputs of the fair value hierarchy (quoted price under the ticker symbols CPLPB1 and CPLPB2 on Athens Stock Exchange) and were approximately \$215,071 (carrying value: \$276,640).

*Derivative instruments**As of December 31, 2023:*

Items Measured at Fair Value on a recurring Basis - Fair Value Measurements

Recurring Measurements:	December 31, 2023	Quoted prices in active markets for identical assets (Level 1)	Significant other Observable inputs (Level 2)	Unobservable Inputs (Level 3)
Cross Currency SWAP (100,000) – asset position	\$ 6,636	\$ –	\$ 6,636	\$ –
Cross Currency SWAP (120,000) – liability position	(5,758)	–	(5,758)	–
Cross Currency SWAP (30,000) – liability position	(1,422)	–	(1,422)	–
Total	\$ (544)	\$ –	\$ (544)	\$ –

As of December 31, 2022:

Items Measured at Fair Value on a recurring Basis - Fair Value Measurements

Recurring Measurements:	December 31, 2022	Quoted prices in active markets for identical assets (Level 1)	Significant other Observable inputs (Level 2)	Unobservable Inputs (Level 3)
Cross Currency SWAP (100,000) - liability position	\$ (10,068)	\$ –	\$ (10,068)	\$ –
Cross Currency SWAP (120,000) – liability position	(2,641)	–	(2,641)	–
Cross Currency SWAP (30,000) – liability position	(816)	–	(816)	–
Total	\$ (13,525)	\$ –	\$ (13,525)	\$ –

The fair value (Level 2) of cross-currency swap derivative agreements is the present value of the estimated future cash flows that we would receive or pay to terminate the agreements at the balance sheet date, taking into account, as applicable, current interest rates, foreign exchange rates and the credit worthiness of both us and the derivative counterparty. This line item is presented in “Derivative asset” and “Derivative liabilities” in the consolidated balance sheets.

There were no Level 3 items.

(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, net. The Partnership places its cash and cash equivalents, consisting mostly of deposits, with a limited number of creditworthy financial institutions rated by qualified rating agencies. Most of the Partnership’s revenues were derived from a few charterers.

For the year ended December 31, 2023, Hapag-Lloyd Aktiengesellschaft (“Hapag-Lloyd”), BP Gas Marketing Limited (“BP”), Cheniere Marketing International LLP (“Cheniere”) and Hyundai Merchant Marine Co Ltd. (“HMM”) accounted for 24%, 21%, 16% and 15% of the Partnership’s revenues, respectively. For the year ended December 31, 2022, BP, HMM, Cheniere and Hapag-Lloyd accounted for 28%, 18%, 17% and 16% of the Partnership’s revenues, respectively. For the year ended December 31, 2021, HMM and Hapag-Lloyd accounted for 29% and 24% of the Partnership’s revenues, respectively.

10. Accrued Liabilities

Accrued liabilities consist of the following:

	As of December 31,	
	2023	2022
Accrued loan interest and loan fees	\$ 11,136	\$ 8,139
Accrued operating expenses	10,452	4,746
Accrued capitalized expenses	2,930	1,246
Accrued voyage expenses and commissions	2,170	2,003
Accrued general and administrative expenses	1,865	1,342
Total	\$ 28,553	\$ 17,476

11. Voyage Expenses and Vessel Operating Expenses

Voyage expenses and vessel operating expenses consist of the following:

	For the years ended December 31,		
	2023	2022	2021
Voyage expenses:			
Commissions	\$ 6,781	\$ 6,134	\$ 4,278
Bunkers	5,418	7,365	4,204
Port expenses	2,246	1,819	1,633
Other	475	918	583
Total	\$ 14,920	\$ 16,236	\$ 10,698
Vessel operating expenses:			
Crew costs and related costs	\$ 39,266	\$ 34,385	\$ 22,575
Insurance expense	6,529	5,261	4,029
Spares, repairs, maintenance and other expenses	13,871	8,103	6,784
Stores and lubricants	9,818	7,512	5,288
Management fees (Note 4)	11,337	9,610	6,295
Other operating expenses	4,868	2,589	2,151
Total	\$ 85,689	\$ 67,460	\$ 47,122

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.

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 an established securities market. The Partnership has satisfied the Publicly-Traded Test for the years ended December 31, 2023, 2022 and 2021 and the vessel-owning subsidiaries are exempt from United States federal income taxation with respect to U.S.-source shipping income.

CPLP PLC is incorporated in Cyprus and does not conduct any substantive operations of its own. No provision for Cyprus income tax has been made in the financial statements as CPLP PLC had no assessable income for the years ended December 31, 2023 and 2022 and the period from August 14, 2021 (inception) to December 31, 2021.

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: As of December 31, 2023, the General Partner has a 0.63% interest in the Partnership (excluding treasury units) 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.

13. Partners' Capital – Continued

	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.

Common Units

Pursuant to the Umbrella Agreement, the Partnership conducted a Rights Offering for up to \$500,000 with the purpose of partially financing the acquisition of the shares of the vessel-owning companies of 11 new LNG/C vessels. The Rights Offering resulted in subscriptions for 445,988 common units representing limited partnership interests in the Partnership offered at an exercise price of \$14.25 per common unit amounting to \$6,355. CMTC purchased 34,641,731 common units that were not issued pursuant to the Rights Offering for an aggregate amount of \$493,645 pursuant to the Standby Purchase Agreement (Note 1). As of December 31, 2023, the Partnership recognized the amount of \$1,313 representing part of the transaction expenses as a reduction to Partners' Capital.

On October 12, 2022, the Partnership transferred 505,204 common units to CMTC out of the Partnership's Treasury units with a value at the time of transfer of \$6,583, in connection with the acquisition of the M/V Manzanillo Express from CMTC (Notes 4, 5A).

On January 26, 2023, the Partnership's Board of Directors authorized a new unit repurchase plan, replacing the earlier plan (the "Repurchase Plan"). Pursuant to the Repurchase Plan, the Partnership may purchase up to \$30,000 of its common units through January 2025, at times and prices that are considered to be appropriate. The Partnership could repurchase units under the Repurchase Plan in the open market or in privately negotiated transactions but is not obligated under the terms of the Repurchase Plan to repurchase any units, and, at any time, may suspend, delay or discontinue the Repurchase Plan. For the years ended December 31, 2023 and 2022, the Partnership completed the repurchase of 304,283 and 389,962 units paying an average price per unit of \$13.48 and \$15.13 plus repurchasing expenses, respectively. These units are held as treasury units and are recorded as a reduction in the Partnership's Partners' Capital as of December 31, 2023 and 2022, respectively.

During 2022, the Partnership reserved for issuance a maximum number of 750,000 restricted common units. As a result, the total number of restricted common units reserved and issued is 1,045,000 under its Omnibus Incentive Compensation Plan (Note 14).

As of December 31, 2023 and 2022 partners' capital included the following units:

	As of December 31,	
	2023	2022
Common units	55,039,143	20,255,707
General partner units	348,570	348,570
Treasury Units	870,522	566,239
Total partnership units	56,258,235	21,170,516

14. Omnibus Incentive Compensation Plan

In January 2022, the board of directors adopted an amended and restated Compensation Plan (the "Plan"), to reserve for issuance a maximum number of 750,000 restricted common units. As a result, the total number of restricted common units reserved and issued is 1,045,000. On March 18, 2022, the Partnership awarded 743,800 unvested units to Employees and Non-Employees with a grant-date fair value of \$15.18 per unit. Awards granted to certain Employees and Non-Employees would vest in three equal installments. One third of the units awarded, namely 247,933 and 247,933 units vested on December 31, 2023 and 2022. On December 30, 2022, the Partnership awarded 1,969 unvested units with a grant-date fair value of \$13.65 per unit. The units were fully vested on December 31, 2022.

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. As of December 31, 2023, the unvested units accrued \$260 of distributions.

There were no forfeitures of awards during the years ended December 31, 2023 and 2022. The Partnership estimated the forfeitures of unvested units to be immaterial.

For the years ended December 31, 2023, 2022 and 2021 the equity compensation expense included in "General and administrative expenses" in the consolidated statements of comprehensive income was \$3,786, \$3,790 and \$2,043, respectively. As of December 31, 2023, the total compensation cost relating to non-vested awards was \$3,769 and is expected to be recognized over a period of one year. 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	Value
Unvested on January 1, 2022	—	—
Granted	745,769	11,318
Vested	(249,902)	(3,790)
Unvested on December 31, 2022	495,867	\$ 7,528
Granted	—	—
Vested	(247,933)	(3,759)
Unvested on December 31, 2023	247,934	\$ 3,769

15. Net Income Per Unit

The general partner's and common unit holders' interests in net income are calculated as if all net income for periods after 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).

For the year ended December 31, 2023, the Partnership excluded the effect of 495,867 non-vested unit awards, from which 247,933 vested on December 31, 2023, in calculating dilutive EPU for its common unitholders as they were anti-dilutive.

For the year ended December 31, 2022, the Partnership excluded the effect of 745,769 non-vested unit awards, from which 249,902 vested on December 31, 2022, in calculating dilutive EPU for its common unitholders as they were anti-dilutive.

For the year ended December 31, 2021, the Partnership excluded the effect of 412,916 units, which vested on December 31, 2021, as they were anti-dilutive.

15. Net Income Per Unit - Continued

The non-vested units are participating securities because they received distributions from the Partnership and these distributions did not have to be returned to the Partnership if the non-vested units were forfeited by the grantee.

The Partnership's net income for the years ended December 31, 2023, 2022 and 2021 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	2023	2022	2021
Numerators			
Partnership's net income	\$ 47,208	\$ 125,421	\$ 98,178
Less:			
General Partner's interest in Partnership's net income	680	2,157	1,790
Partnership's net income allocable to unvested units	929	3,662	2,053
Common unit holders' interest in Partnership's net income	\$ 45,599	\$ 119,602	\$ 94,335
Denominators			
Weighted average number of common units outstanding, basic and diluted	21,182,471	19,325,030	18,342,413
Net income per common unit:			
Basic and Diluted (in United States Dollars)	\$ 2.15	\$ 6.19	\$ 5.14

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 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.

16. Commitments and Contingencies - Continued

Commitments

(A) **Lease Commitments:** Future minimum charter hire receipts, excluding any profit share revenue that may arise, based on non-cancellable time charter contracts, as of December 31, 2023 were:

Year ending December 31,	Amount
2024	\$ 403,278
2025	331,377
2026	200,151
2027	153,803
2028	142,781
Thereafter	330,378
Total	\$ 1,561,768

(B) **Vessels Under Construction Commitments:** As of December 31, 2023, the Partnership pursuant to the Umbrella Agreement, had outstanding commitments relating to acquisitions of vessels under construction amounting to \$1,569,600 for the Initial Vessels and \$909,900 for the Remaining Vessels which will be financed through the issuance of debt, the use of the Umbrella Seller's Credit and cash at hand (Notes 1, 4, 5, 7, 17).

The following table contains details of vessels under construction commitments:

Year ending December 31,	Initial Vessels	Remaining Vessels	Total
2024	\$ 1,083,600	\$ 101,100	\$ 1,184,700
2025	—	126,050	126,050
2026	486,000	375,550	861,550
2027	—	307,200	307,200
Total	\$ 1,569,600	\$ 909,900	\$ 2,479,500

(C) **Supervision Services Commitments:** As of December 31, 2023, the Partnership had outstanding commitments relating to supervision services agreements for the Remaining Vessels, amounting to \$4,000 (Notes 4, 5B).

The following table contains details of supervision services commitments:

Year ending December 31,	Amount
2024	\$ —
2025	2,000
2026	1,000
2027	1,000
Total	\$ 4,000

17. Subsequent Events

(A) **Dividends:** On January 25, 2024, the board of directors of the Partnership declared a cash distribution of \$0.15 per common unit for the fourth quarter of 2023. The fourth quarter common unit cash distribution was paid on February 13, 2024, to unit holders of record on February 6, 2024.

(B) **Vessel acquisition:** On January 2, 2024, the Partnership acquired from CMTC the shares of the vessel-owning company of the LNG/C Axios II (Note 5A) for a total consideration of \$314,000 which was funded through debt of \$190,000 (Note 7), part of the Umbrella Seller's Credit in the amount of \$92,600 (Note 7) and \$31,400 advances, which was netted against the amounts due from CMTC pursuant to the Standby Purchase Agreement on December 21, 2023 (Notes 1, 5C).

(C) **Vessel disposals:** During the first quarter of 2024 the Partnership agreed to sell, the M/V Akadimos (115,534 dwt / 9,288 TEU), Eco-Flex Wide Beam container vessel, built in 2015, the M/V Fos Express and M/V Seattle Express, two (68,579 dwt and 68,411 dwt, respectively / both 5,100 TEU) sister container vessels, built in 2008, and the M/V Athenian, the M/V Athos and the M/V Aristomenis three (118,834 dwt, 118,888 dwt and 118,712 dwt, respectively / all 9,954 TEU) sister container vessels, built in 2011, to unaffiliated parties for a total amount of \$259,400. As of December 31, 2023, the carrying values of the M/V Akadimos, the M/V Fos Express, the M/V Seattle Express, the M/V Athenian, the M/V Athos and the M/V Aristomenis were \$62,318, \$14,527, \$14,530, \$49,332, \$49,216 and \$49,724 respectively. The M/V Akadimos, the M/V Athenian and the M/V Athos were delivered to their new owners on March 8, 2024 and April 22, 2024 respectively, while the remaining vessels are expected to be delivered to their new owners at the latest by April 30, 2024. In addition, the M/V Long Beach Express, which presented under assets held for sale in the Partnership's consolidated balance sheets as of December 31, 2023 (Note 5), was delivered to the new owners on February 26, 2024.

(D) **Umbrella Seller's Credit:** On January 2, 2024, upon the delivery of the LNG/C Axios II, the Partnership used a portion of \$92,600 of the Umbrella Seller's Credit, entered into on December 21, 2023 (Note 7).

(E) **Repayments of debt:** On February 28, 2024 and March 11, 2024, after the deliveries of the M/V Long Beach Express and the M/V Akadimos to their new owners, the Partnership repaid the amounts of \$12,789 and \$39,973, respectively in line with the Umbrella Seller's Credit entered into on December 21, 2023. On March 8, 2024 and April 22, 2024 upon the delivery of the M/V Akadimos and the M/V Athos to their new owners the Partnership repaid in full the ICBCFL sale and leaseback agreement and partially the 2020 CMBFL amounting to \$38,332 and \$25,700 respectively (Note 7).

DESCRIPTION OF SECURITIES
REGISTERED UNDER SECTION 12 OF THE EXCHANGE ACT

As of December 31, 2023 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, 2023 (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, 2023, 55,039,143 common units were issued and outstanding.

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 and, in connection therewith, to exercise all of the rights and powers conferred upon the us pursuant to the agreements relating to such business activity, and do anything necessary or appropriate to the foregoing.

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.

<u>Action</u>	<u>Unitholder Approval Required and Voting Rights</u>
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 and approval of our General Partner and board of directors. Please read “—Merger, Sale, or Other Disposition of Assets.”
Dissolution of our partnership	Election by the General Partner and our Board of Directors that is approved by the Unit majority. Please read “— Termination and Dissolution.”
Reconstitution of our partnership upon dissolution	Unit majority. Please read “—Termination and Dissolution.”
Election of five of the eight members of our board of directors	A plurality of the votes of the holders of the common units.
Withdrawal of the General Partner	Our General Partner may withdraw without obtaining unitholder approval upon 90 days’ written notice to our board of directors. Please read “—Withdrawal or Removal of our General Partner.”
Removal of the General Partner	Not less than 66 2/3% of the outstanding units, including units held by our General Partner and its affiliates, voting together as a single class and a majority vote of our board of directors. Please read “—Withdrawal or Removal of our General Partner.”
Transfer of the general partner interest in us	Our General Partner may transfer all or any part of its General Partner interest in us to another person without the approval of the holders of our outstanding units. Please read “—Transfer of General Partner Interest.”

Transfer of incentive distribution rights	he 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 1.7%. Our General Partner's interest in us will thus be reduced if we issue additional partnership securities in the future and our General Partner does not elect to maintain its then-applicable General Partner interest in us. Our General Partner will have the right, which it may from time to time assign in whole or in part to any of its affiliates, to purchase common units or other equity securities whenever, and on the same terms that, we issue those securities to persons other than our General Partner and its affiliates, to the extent necessary to maintain its and its affiliates' percentage interest, including its interest represented by common units, that existed immediately prior to each issuance. Other holders of common units will not have similar preemptive rights to acquire additional common units or other partnership securities.

Tax Status

The Partnership Agreement provides that the partnership will elect to be taxed as a corporation for U.S. federal income tax purposes.

Amendment of the Partnership Agreement

General

Amendments to our Partnership Agreement may be proposed only by or with the consent of our General Partner and our board of directors. However, neither our General Partner nor our board of directors will have a duty or obligation to propose any amendment and may decline to do so free of any fiduciary duty or obligation whatsoever to us or the limited partners, including any duty to act in good faith or in the best interests of us or the limited partners. In order to adopt a proposed amendment, other than the amendments discussed below, approval of both our board of directors and our General Partner is required, as well as approval of the holders of the number of units required to approve the amendment. Except as we describe below, an amendment must be approved by a unit majority.

Prohibited Amendments

Except as set forth below, no amendment may:

- (1) increase the obligations of any limited partner without its consent, unless such increase is deemed to occur as a result of an amendment approved in accordance with sub-paragraph (2) below;
- (2) have a material adverse effect on the rights or preferences of any class of partnership interests in relation to other classes of partnership interests unless approved by the holders of not less than a majority of the outstanding units of the class affected, voting together as a single class;
- (3) increase the obligations of, restrict in any way any action by or rights of, or reduce in any way the amounts distributable, reimbursable or otherwise payable by us to our General Partner or any of its affiliates without the consent of the General Partner, which may be given or withheld at its option;
- (4) change the term of our partnership;
- (5) provide that our partnership is not dissolved upon an election to dissolve our partnership by our General Partner and our board of directors that is approved by the holders of a unit majority; or
- (6) give any person the right to dissolve our partnership other than the right of our General Partner and our board of directors to dissolve our partnership with the approval of the holders of a unit majority.

The provision of our Partnership Agreement preventing the amendments having the effects described in clauses (1) through (6) above can only be amended upon the approval of the holders of at least 90% of the outstanding units voting together as a single class (including units owned by our General Partner and its affiliates).

No Unitholder Approval

Our board of directors may generally make amendments to our Partnership Agreement without the approval of any limited partner to reflect:

- (1) a change in our name, the location of our principal place of business, our registered agent or our registered office;
- (2) the admission, substitution, withdrawal or removal of partners in accordance with our Partnership Agreement;
- (3) a change that our board of directors determines to be necessary or appropriate for us to qualify or to continue our qualification as a limited partnership or a partnership in which the limited partners have limited liability under the laws of any jurisdiction;
- (4) an amendment that is necessary, upon the advice of our counsel, to prevent us or our directors or our General Partner or its directors, officers, agents, or trustees from in any manner being subjected to the provisions of the U.S. Investment Company Act of 1940, the U.S. Investment Advisers Act of 1940, or “plan asset” regulations adopted under the U.S. Employee Retirement Income Security Act of 1974, or ERISA, whether or not substantially similar to plan asset regulations currently applied or proposed;
- (5) an amendment that our board of directors and, if required by the terms of the Partnership Agreement, our General Partner determines to be necessary or appropriate for the authorization of additional partnership securities or rights to acquire partnership securities;
- (6) any amendment expressly permitted in the Partnership Agreement to be made by our board of directors acting alone;
- (7) an amendment effected, necessitated, or contemplated by a merger agreement that has been approved under the terms of the Partnership Agreement;
- (8) any amendment that our board of directors determines to be necessary or appropriate for the formation by us of, or our investment in, any corporation, partnership or other entity, as otherwise permitted by the Partnership Agreement;
- (9) a change in our fiscal year or taxable year and related changes;
- (10) certain mergers or conveyances as set forth in our Partnership Agreement; or
- (11) any other amendments substantially similar to any of the matters

described in (1) through (10) above.

All amendments reflecting matters described in (1) through (11) above require the approval of our General Partner.

In addition, our board of directors may make amendments to the Partnership Agreement without the approval of any limited partner if our board of directors determines that those amendments:

- (1) do not adversely affect the limited partners (or any particular class of limited partners) in any material respect;
- (2) are necessary or appropriate to satisfy any requirements, conditions, or guidelines contained in any opinion, directive, order, ruling or regulation of any Marshall Islands or other authority or contained in any statute;
- (3) are necessary or appropriate to facilitate the trading of limited partner interests or to comply with any rule, regulation, guideline or requirement of any securities exchange on which the limited partner interests are or will be listed for trading;
- (4) are necessary or appropriate for any action taken by our board of directors relating to splits or combinations of units under the provisions of the Partnership Agreement; or 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 (4) 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:

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:

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); 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 1.7% general partner interest.

AMENDED AND RESTATED JANUARY 25th, 2024**AMENDED AND RESTATED CAPITAL PRODUCT PARTNERS L.P.
OMNIBUS INCENTIVE COMPENSATION PLAN**

SECTION 1. Purpose. The purpose of this Capital Product Partners L.P. Omnibus Incentive Compensation Plan is to promote the interests of Capital Product Partners L.P., a Marshall Islands limited partnership (the "Partnership"), and its unitholders by providing incentive compensation as a way to (a) attract and retain exceptional directors, officers, employees and consultants (including prospective directors, officers, employees and consultants), whether a natural Person (as defined below) or entity, to the Partnership, the General Partner (as defined below) and their Affiliates (as defined below), Capital Maritime & Trading Corp. (the "Organizational Limited Partner") and the General Partner, and (b) enable such Persons to participate in the long-term growth and financial success of the Partnership.

SECTION 2. Definitions. As used herein, the following terms shall have the meanings set forth below:

"Affiliate" means (a) any entity that, directly or indirectly, is controlled by, controls or is under common control with, the Partnership, the General Partner, the Organizational Limited Partner, Capital Ship Management Corp. ("Capital Ship Management"), Capital-Executive Ship Management Corp. ("C-Executive") and Capital Gas Ship Management Corp. ("Capital Gas") and (b) any entity in which the Partnership or the General Partner has a significant equity interest, in either case as determined by the Board or the General Partner.

"Award" means any award that is permitted under Section 6 and granted under the Plan.

"Award Agreement" means any written agreement, contract or other instrument or document evidencing any Award, which may, but need not, require execution or acknowledgment by a Participant.

"Award Determinations" means all necessary and appropriate determinations with respect to any Award including: (i) determination of the terms and conditions of any Awards, (ii) determination of the vesting schedules of Awards and, if certain performance conditions must be attained in order for an Award to vest or be settled or paid, establishment of such performance conditions and certification of whether, and to what extent, such performance conditions have been attained, (iii) determination of whether, to what extent and under what circumstances Awards may be settled or exercised in cash, Units, other securities, other Awards or other property, or canceled, forfeited or suspended and the method or methods by which Awards may be settled, exercised, canceled, forfeited or suspended, (iv) determination of whether, to what extent and under what circumstances cash, Units, other securities, other Awards, other property and other amounts payable with respect to an Award shall be deferred either automatically or at the election of the holder thereof or of the Determining Party, (v) acceleration of the vesting or exercisability of, payment for or lapse of restrictions on, Awards and (vi) amendment of an outstanding Award or grant of a replacement Award for an Award previously granted under the Plan if, in its sole discretion, the Determining Party determines that (x) the tax consequences of such Award to the Partnership or the Participant differ from those consequences that were expected to occur on the date the Award was granted or (y) clarifications or interpretations of, or changes to, tax law or regulations permit Awards to be granted that have more favorable tax consequences than initially anticipated.

“Board” means the Board of Directors of the Partnership.

“Cash Incentive Award” shall have the meaning specified in Section 6(f).

“Change of Control” shall (a) have the meaning set forth in an Award Agreement or (b) if there is no definition set forth in an Award Agreement, mean, with respect to the Partnership or the General Partner (the “Applicable Person”), any of the following events: (a) any sale, lease, exchange or other transfer (in one transaction or a series of related transactions) of all or substantially all of the Applicable Person’s assets to any other Person, unless immediately following such sale, lease, exchange or other transfer such assets are owned, directly or indirectly, by the Applicable Person; (b) the consolidation or merger of the Applicable Person with or into another Person pursuant to a transaction in which the outstanding Voting Securities of the Applicable Person are changed into or exchanged for cash, securities or other property, other than any such transaction where (i) the outstanding Voting Securities of the Applicable Person are changed into or exchanged for Voting Securities of the surviving Person or its parent and (ii) the holders of the Voting Securities of the Applicable Person immediately prior to such transaction own, directly or indirectly, not less than a majority of the outstanding Voting Securities of the surviving Person or its parent immediately after such transaction; and (c) a “person” or “group” (within the meaning of Sections 13(d) or 14(d)(2) of the Exchange Act), other than the Organizational Limited Partner or its Affiliates (including the current owner of the General Partner and members of his family) with respect to the General Partner, being or becoming the “beneficial owner” (as defined in Rules 13d-3 and 13d-5 under the Exchange Act) of more than 50% of all of the then outstanding Voting Securities of the Applicable Person, except in a merger or consolidation which would not constitute a Change of Control under clause (b) above.

“Code” means the United States Internal Revenue Code of 1986, as amended from time to time, or any successor statute thereto, and the regulations promulgated thereunder.

“Common Units” means “Common Units”, as defined in the Partnership Agreement.

“Conflicts Committee” means the conflicts committee of the Board.

“Determining Party” means, with respect to Awards granted to Participants other than Outside Director Participants, the General Partner, and, with respect to Awards granted to Outside Director Participants, the Board.

“Employee Participants” means all Participants other than Outside Directors.

“Exchange Act” means the United States Securities Exchange Act of 1934, as amended from time to time, or any successor statute thereto, and the regulations promulgated thereunder.

“Exercise Price” means (a) in the case of Options, the price specified in the applicable Award Agreement as the price-per-Unit at which Units may be purchased pursuant to such Option or (b) in the case of UARs, the price specified in the applicable Award Agreement as the reference price-per-Unit used to calculate the amount payable to the Participant.

“Fair Market Value” means (a) with respect to any property other than Units, the fair market value of such property determined by such methods or procedures as shall be established from time to time by the General Partner and (b) with respect to the Units, as of any date, (i) the closing price of Units (A) as reported by the NASDAQ for such date or (B) if the Units are listed on any other national stock exchange, as reported on the stock exchange composite tape for securities traded on such stock exchange for such date or, with respect to each of clauses (A) and (B), if there were no sales on such date, on the closest preceding date on which there were sales of Units or (ii) in the event there shall be no public market for the Units on such date, the fair market value of the Units as determined in good faith by the General Partner.

“General Partner” means Capital GP L.L.C.

“IRS” means the United States Internal Revenue Service or any successor thereto and includes the staff thereof.

“NASDAQ” means the National Association of Securities Dealers Automated Quotations or any successor thereto.

“Option” means an option to purchase Units from the Partnership that is granted under Section 6.

“Outside Director” means any member of the Board who is not an employee of the Partnership, the General Partner or its Affiliates.

“Participant” means any director, officer, employee or consultant (including any prospective director, officer, employee or consultant), whether a natural Person or entity, of the Partnership, the General Partner, the Organizational Limited Partner, Capital Ship Management, C-Executive, Capital Gas or their Affiliates who is eligible for an Award under Section 5 and who is selected by the Board or the General Partner to receive an Award under the Plan or who receives a Substitute Award pursuant to Section 4(e).

“Partnership Agreement” means the Second Amended and Restated Agreement of Limited Partnership of Capital Product Partners L.P., as amended from time to time.

“Performance Unit” means an Award under Section 6(e) that has a value set by the Determining Party (or that is determined by reference to a valuation formula specified by the Determining Party or to the Fair Market Value of Units), which value may be paid to the Participant by delivery of such property as the Determining Party shall determine, including without limitation, Units, cash, other securities, other Awards or other property, or any combination thereof, upon achievement of such performance goals during the relevant performance period as the Determining Party shall establish at the time of such Award or thereafter.

“Person” means any natural person, corporation, limited partnership, limited liability company, unlimited liability company, partnership, joint venture, trust, business association, governmental entity or other entity.

“Plan” means this Capital Product Partners L.P. Omnibus Incentive Compensation Plan, as in effect from time to time.

“Restricted Unit” means a Unit delivered under the Plan that is subject to certain transfer restrictions, forfeiture provisions and/or other terms and conditions specified herein and in the applicable Award Agreement.

“Retirement” means termination of employment after attainment of age 65.

“RUA” means a restricted unit Award that is designated as such in the applicable Award Agreement and that represents an unfunded and unsecured promise to deliver Units, cash, other securities, other Awards or other property in accordance with the terms of the applicable Award Agreement.

“SEC” means the United States Securities and Exchange Commission or any successor thereto and shall include the staff thereof.

“Subsidiary” means any entity in which the Partnership, directly or indirectly, possesses 50% or more of the total combined voting power of all classes of its stock.

“Substitute Awards” shall have the meaning specified in Section 4(e).

“UAR” means a unit appreciation right Award that represents an unfunded and unsecured promise to deliver Units, cash, other securities, other Awards or other property equal in value to the excess, if any, of the Fair Market Value per Unit over the Exercise Price per Unit of the UAR, subject to the terms of the applicable Award Agreement.

“Units” means the Common Units of the Partnership or such other securities of the Partnership (a) into which such units shall be changed by reason of a recapitalization, merger, consolidation, split-up, combination, exchange of units or other similar transaction or (b) as may be determined by the General Partner pursuant to Section 4(d).

“Voting Securities” means securities of any class of any Person entitling the holders thereof to vote in the election of members of the board of directors or other similar governing body of the Person.

SECTION 3. Administration.

(a) Authority of Board and the General Partner. The Plan shall be administered by the Board (or such committee of the Board as may be designated by the Board from time to time) and by the General Partner, including all necessary and appropriate decisions and determinations with respect thereto, in accordance with its terms. Subject to the terms of the Plan and applicable law, and in addition to other express powers and authorizations conferred on the Board and the General Partner by the Plan:

(i) the General Partner shall have sole and plenary authority to administer the Plan except to the extent such authority is expressly granted to the Board under clause (ii) below, including the authority to (A) propose the aggregate number and type of Awards which will be available from time to time for grants to Participants, (B) designate Employee Participants, (C) determine the number and type or types of Board Approved Awards (as defined below) to be granted to such Employee Participants and make all other Award Determinations with respect to Employee Participants, (D) interpret, administer, reconcile any inconsistency in, correct any default in and supply of any omission in, the Plan and any instrument or agreement relating to, or Award made under, the Plan, (E) establish, amend, suspend or waive such rules and regulations and appoint such agents as it shall deem appropriate for the proper administration of the Plan and (F) make any other determination and take any other action that it deems necessary or desirable for the administration of the Plan.

(ii) the Board shall have sole and plenary authority to (A) approve the aggregate number and type of Awards which will be available from time to time for grants to Participants (the “Board Approved Awards”), (B) designate Outside Director Participants and (C) determine the number and type or types of Awards to be granted to Outside Director Participants and make all other Award Determinations with respect to Outside Director Participants.

(iii) the Conflicts Committee shall have authority to approve any matters relating to Employee Participant Awards that the General Partner, in its sole discretion, may refer to the Conflicts Committee in accordance with Section 7.16(a) of the Partnership Agreement.

(b) Decisions. Unless otherwise expressly provided in the Plan, and notwithstanding any delegation of its powers, authority or function under the Plan to a duly designated committee of the Board, all designations, determinations, interpretations and other decisions under or with respect to the Plan or any Award shall be within the sole and plenary discretion of the General Partner as set forth in the Plan, may be made at any time and shall be final, conclusive and binding upon all Persons, including the Partnership, any Affiliate, any Participant, any holder or beneficiary of any Award and any unitholder.

(c) Indemnification. No member of the Board or partner of the General Partner or employee of the Partnership, the General Partner or any of their Affiliates (each such Person, a "Covered Person") shall be liable for any action taken or omitted to be taken or any determination made in good faith with respect to the Plan or any Award hereunder. Each Covered Person shall be indemnified and held harmless by the Partnership against and from (i) any loss, cost, liability or expense (including attorneys' fees) that may be imposed upon or incurred by such Covered Person in connection with or resulting from any action, suit or proceeding to which such Covered Person may be a party or in which such Covered Person may be involved by reason of any action taken or omitted to be taken under the Plan or any Award Agreement and (ii) any and all amounts paid by such Covered Person, with the Partnership's approval, in settlement thereof, or paid by such Covered Person in satisfaction of any judgment in any such action, suit or proceeding against such Covered Person; provided that the Partnership shall have the right, at its own expense, to assume and defend any such action, suit or proceeding, and, once the Partnership gives notice of its intent to assume the defense, the Partnership shall have sole control over such defense with counsel of the Partnership's choice. The foregoing right of indemnification shall not be available to a Covered Person to the extent that a court of competent jurisdiction in a final judgment or other final adjudication, in either case not subject to further appeal, determines that the acts or omissions of such Covered Person giving rise to the indemnification claim resulted from such Covered Person's bad faith, fraud or willful criminal act or omission or that such right of indemnification is otherwise prohibited by law or by the Partnership Agreement. The foregoing right of indemnification shall not be exclusive of any other rights of indemnification to which Covered Persons may be entitled under the Partnership Agreement, as a matter of law, or otherwise, or any other power that the Partnership may have to indemnify such Persons or hold them harmless.

SECTION 4. Units Available for Awards: Other Limits.

(a) Units Available. Subject to adjustment as provided in Section 4(d), the aggregate number of Units that may be delivered pursuant to Awards granted under the Plan shall be 3,300,000 restricted units. If, after the effective date of the Plan, any Award granted under the Plan is forfeited, or otherwise expires, terminates or is canceled without the delivery of Units, then the Units covered by such forfeited, expired, terminated or canceled Award shall again become available to be delivered pursuant to Awards under the Plan. If Units issued upon exercise, vesting or settlement of an Award, or Units owned by a Participant (which are not subject to any pledge or other security interest), are surrendered or tendered to the Partnership in payment of the Exercise Price of an Award or any taxes required to be withheld in respect of an Award, in each case, in accordance with the terms and conditions of the Plan and any applicable Award Agreement, such surrendered or tendered Units shall again become available to be delivered pursuant to Awards under the Plan.

(b) Vesting of Awards. Each Award shall be vested at such times, in such manner and subject to such terms and conditions as the Determining Party may, in its sole and plenary discretion, specify in the applicable Award Agreement or thereafter. Except as otherwise specified by the Determining Party in the Award Agreement, Awards shall become vested on the third anniversary of the date of the grant.

(c) Expiration of Awards. Except as otherwise set forth in the applicable Award Agreement and subject to Section 6(b) (v), each Award shall expire immediately, without any payment or vesting, upon either (i) the date the Participant who is holding the Award ceases to be an officer, employee or consultant of the Partnership, the General Partner, the Organizational Limited Partner, Capital Ship Management, C-Executive, Capital Gas or one of their respective Affiliates for any reason other than the Participant's Retirement or death, (ii) one year after the date a Director Participant who is holding the Award ceases to be a Director by reason of such Director Participant's resignation or removal (except for cause) or non re-election as a Director (except for cause), (iii) six months after the date the Participant who is holding the Award ceases to be an officer, employee or consultant of the Partnership, the General Partner, the Organizational Limited Partner, Capital Ship Management, C-Executive, Capital Gas or one of their respective Affiliates by reason of the Participant's Retirement or (iv) six months after the date the Participant who is holding the Award ceases to be an officer, employee or consultant of the Partnership, the General Partner, the Organizational Limited Partner, Capital Ship Management, C-Executive, Capital Gas or one of their respective Affiliates by reason of the Participant's death.

(d) Adjustments for Changes in Capitalization and Similar Events. In the event that the General Partner determines that any dividend or other distribution (whether in the form of cash, Units, other securities or other property), recapitalization, unit split, reverse unit split, reorganization, merger, consolidation, split-up, spin-off, combination, repurchase or exchange of Units or other securities of the Partnership, issuance of warrants or other rights to purchase Units or other securities of the Partnership, or other similar corporate transaction or event that affects the value of the Units, then the General Partner shall (i) in such manner as it may determine equitable or desirable, adjust (A) the number of Units or other securities of the Partnership (or number and kind of other securities or property) with respect to which Awards may be granted, including (1) the aggregate number of Units that may be delivered pursuant to Awards granted under the Plan and (2) the maximum number of Units or other securities of the Partnership (or number and kind of other securities or property) with respect to which Awards may be granted to any Participant in any fiscal year of the Partnership, and (B) the terms of any outstanding Award, including (1) the number of Units or other securities of the Partnership (or number and kind of other securities or property) subject to outstanding Awards or to which outstanding Awards relate and (2) the Exercise Price with respect to any Award, (ii) if deemed appropriate or desirable by the General Partner, make provision for a payment (in cash, Units or other property) to the holder of an outstanding Award in consideration for the cancelation of such Award, including, in the case of an outstanding Option or UAR, a payment (in cash, Units or other property) to the holder of such Option or UAR in consideration for the cancelation of such Option or UAR in an amount equal to the excess, if any, of the Fair Market Value (as of a date specified by the General Partner) of the Units subject to such Option or UAR over the aggregate Exercise Price of such Option or UAR and (iii) if deemed appropriate or desirable by the General Partner, cancel and terminate any Option or UAR having a per Unit Exercise Price equal to, or in excess of, the Fair Market Value of a Unit subject to such Option or UAR without any payment or consideration therefor.

(e) Substitute Awards. Awards may, in the discretion of the General Partner, be granted under the Plan in assumption of, or in substitution for, outstanding awards previously granted by the Partnership or any of its Affiliates or a company acquired by the Partnership or any of its Affiliates or with which the Partnership or any of its Affiliates combines ("Substitute Awards"). The number of Units underlying any Substitute Awards shall not be counted against the aggregate number of Units available for Awards under the Plan.

(f) Sources of Units Deliverable Under Awards. Any Units delivered pursuant to an Award may consist, in whole or in part, of authorized and unissued Units or of treasury Units.

SECTION 5. Eligibility.

Any director, officer, employee or consultant (including any prospective director, officer, employee or consultant), whether a natural Person or entity, of the Partnership, the General Partner, the Organizational Limited Partner, Capital Ship Management, C-Executive, Capital Gas or any of their Affiliates shall be eligible to be designated a Participant in respect of services performed, directly or indirectly, for the benefit of the Partnership and its Subsidiaries.

SECTION 6. Awards.

(a) Types of Awards. Awards may be made under the Plan in the form of (i) Options, (ii) UARs, (iii) Restricted Units, (iv) RUAs, (v) Performance Units, (vi) Cash Incentive Awards and (vii) other equity-based or equity-related Awards that the Determining Party determines are consistent with the purpose of the Plan and the interests of the Partnership. Awards may be granted in tandem with other Awards.

(b) Options.

(i) Grant. Subject to the provisions of the Plan, the Determining Party shall have sole and plenary authority to determine the Participants to whom Options shall be granted, the number of Units to be covered by each Option and the conditions and limitations applicable to the vesting and exercise of the Option.

(ii) Exercise Price. Except as otherwise established by the Determining Party at the time an Option is granted and set forth in the applicable Award Agreement, the Exercise Price of each Unit covered by an Option shall be not less than 100% of the Fair Market Value of such Unit (determined as of the date the Option is granted).

(iii) Vesting and Exercise. Each Option shall be vested and exercisable at such times, in such manner and subject to such terms and conditions as the Determining Party may, in its sole and plenary discretion, specify in the applicable Award Agreement or thereafter. Except as otherwise specified by the Determining Party in the applicable Award Agreement, an Option may only be exercised to the extent that it has already vested pursuant to Section 4(b) at the time of exercise. An Option shall be deemed to be exercised when written or electronic notice of such exercise has been given to the Partnership in accordance with the terms of the Award by the Person entitled to exercise the Award and full payment pursuant to Section 6(b)(iv) for the Units with respect to which the Award is exercised has been received by the Partnership. Exercise of a vested Option may be for some or all of the portion of the Option that is then exercisable and any such partial exercise shall decrease the number of Units that thereafter may be available for sale under the Option. The Determining Party may impose such conditions with respect to the exercise of Options, including, without limitation, any relating to the application of Federal or state securities laws, as it may deem necessary or advisable.

(iv) Payment. (A) No Units shall be delivered pursuant to any exercise of an Option until payment in full of the aggregate Exercise Price therefor is received by the Partnership, and the Participant has paid to the Partnership an amount equal to any income and employment taxes required to be withheld. Such payments may be made in cash (or its equivalent) or, in the Determining Party's sole and plenary discretion, (1) by exchanging Units owned by the Participant (which are not the subject of any pledge or other security interest) or (2) if there shall be a public market for the Units at such time, subject to such rules as may be established by the General Partner, through delivery of irrevocable instructions to a broker to sell the Units otherwise deliverable upon the exercise of the Option and to deliver promptly to the Partnership an amount equal to the aggregate Exercise Price, or by a combination of the foregoing; provided that the combined value of all cash and cash equivalents and the Fair Market Value of any such Units so tendered to the Partnership as of the date of such tender is at least equal to such aggregate Exercise Price and the amount of any income, employment or other taxes required to be withheld.

(B) Wherever in the Plan or any Award Agreement a Participant is permitted to pay the Exercise Price of an Option or taxes relating to the exercise of an Option by delivering Units, the Participant may, if permitted by the Determining Party, and subject to procedures satisfactory to it, in its discretion, satisfy such delivery requirement by presenting proof of beneficial ownership of such Units, in which case the Partnership shall treat the Option as exercised without further payment and shall withhold such number of Units from the Units acquired by the exercise of the Option.

(v) Expiration. Except as otherwise set forth in the applicable Award Agreement, each Option shall expire immediately, without any payment, upon the earlier of (A) the tenth anniversary of the date the Option is granted and (B) either (i) the date the Participant who is holding the Option ceases to be an officer, employee or consultant of the Partnership, the General Partner, the Organizational Limited Partner, Capital Ship Management, C-Executive, Capital Gas or one of their respective Affiliates for any reason other than the Participant's retirement or death, (ii) one year after the date a Director Participant who is holding the Option ceases to be a Director by reason of such Director Participant's resignation or removal (except for cause) or non re-election as a Director (except for cause), (iii) six months after the date the Participant who is holding the Option ceases to be an officer, employee or consultant of the Partnership, the General Partner, the Organizational Limited Partner, Capital Ship Management, C-Executive, Capital Gas or one of their respective Affiliates by reason of the Participant's Retirement or (iv) six months after the date the Participant who is holding the Option ceases to be an officer, employee or consultant of the Partnership, the General Partner, the Organizational Limited Partner, Capital Ship Management, C-Executive, Capital Gas or one of their respective Affiliates by reason of the Participant's death. In no event may an Option be exercisable after the tenth anniversary of the date the Option is granted.

(c) UARs.

(i) Grant. Subject to the provisions of the Plan, the Determining Party shall have sole and plenary authority to determine the Participants to whom UARs shall be granted, the number of Units to be covered by each UAR, the Exercise Price thereof and the conditions and limitations applicable to the exercise thereof.

(ii) Exercise Price. Except as otherwise established by the Determining Party at the time a UAR is granted and set forth in the applicable Award Agreement, the Exercise Price of each Unit covered by a UAR shall be not less than 100% of the Fair Market Value of such Unit (determined as of the date the UAR is granted).

(iii) Exercise. A UAR shall entitle the Participant to receive an amount equal to the excess, if any, of the Fair Market Value of a Unit on the date of exercise of the UAR over the Exercise Price thereof. The Determining Party shall determine, in its sole and plenary discretion, whether a UAR shall be settled in cash, Units, other securities, other Awards, other property or a combination of any of the foregoing.

(iv) Other Terms and Conditions. Subject to the terms of the Plan and any applicable Award Agreement, the Determining Party shall determine, at or after the grant of a UAR, the vesting criteria, term, methods of exercise, methods and form of settlement and any other terms and conditions of any UAR. The Determining Party may impose such conditions or restrictions on the exercise of any UAR as it shall deem appropriate or desirable.

(d) Restricted Units and RUAs.

(i) Grant. Subject to the provisions of the Plan, the Determining Party shall have sole and plenary authority to determine the Participants to whom Restricted Units and RUAs shall be granted, the number of Restricted Units and RUAs to be granted to each Participant, the duration of the period during which, and the conditions, if any, under which, the Restricted Units and RUAs may vest or may be forfeited to the Partnership and the other terms and conditions of such Awards.

(ii) Transfer Restrictions. Restricted Units and RUAs may not be sold, assigned, transferred, pledged or otherwise encumbered except as provided in the Plan or as may be provided in the applicable Award Agreement; provided, however, that the Determining Party may in its discretion determine that Restricted Units and RUAs may be transferred by the Participant. Certificates issued in respect of Restricted Units shall be registered in the name of the Participant and deposited by such Participant, together with a unit power endorsed in blank, with the Partnership or such other custodian as may be designated by the General Partner or the Partnership, and shall be held by the Partnership or other custodian, as applicable, until such time as the restrictions applicable to such Restricted Units lapse. Upon the lapse of the restrictions applicable to such Restricted Units, the Partnership or other custodian, as applicable, shall deliver such certificates to the Participant or the Participant's legal representative.

(iii) Payment/Lapse of Restrictions. Each RUA shall be granted with respect to one Unit or shall have a value equal to the Fair Market Value of one Unit. RUAs shall be paid in cash, Units, other securities, other Awards or other property, as determined in the sole and plenary discretion of the Determining Party, upon the lapse of restrictions applicable thereto, or otherwise in accordance with the applicable Award Agreement.

(e) Performance Units.

(i) Grant. Subject to the provisions of the Plan, the Determining Party shall have sole and plenary authority to determine the Participants to whom Performance Units shall be granted and the terms and conditions thereof.

(ii) Value of Performance Units. Each Performance Unit shall have an initial value that is established by the Determining Party at the time of grant. The Determining Party shall set, in its sole and plenary discretion, performance periods, payment formulas and performance goals (or any other terms) which, depending on the extent to which they are met, will determine the number and value of Performance Units that will be paid out to the Participant.

(iii) Earning of Performance Units. Subject to the provisions of the Plan, after the applicable performance period has ended, the holder of Performance Units shall be entitled to receive a payout of the number and value of Performance Units earned by the Participant over the performance period, to be determined by the Determining Party, in its sole and plenary discretion, as a function of the extent to which the corresponding performance goals have been achieved and the applicable payment formulas (or any other terms).

(iv) Form and Timing of Payment of Performance Units. Subject to the provisions of the Plan, the Determining Party, in its sole and plenary discretion, may pay earned Performance Units in the form of cash, Units, other securities, other Awards or other property (or in any combination thereof) that has an aggregate Fair Market Value equal to the value of the earned Performance Units at the close of the applicable performance period. Such Units may be granted subject to any restrictions in the applicable Award Agreement deemed appropriate by the Determining Party. The determination of the Determining Party with respect to the form and timing of payout of such Awards shall be set forth in the applicable Award Agreement.

(f) Cash Incentive Awards. Subject to the provisions of the Plan, the Determining Party, in its sole and plenary discretion, shall have the authority to grant Cash Incentive Awards. The Determining Party shall establish Cash Incentive Award levels to determine the amount of a Cash Incentive Award payable upon the attainment of performance goals (or any other terms) specified by the Determining Party.

(g) Other Unit-Based Awards. Subject to the provisions of the Plan, the Determining Party shall have the sole and plenary authority to grant to Participants other equity-based or equity-related Awards (including, but not limited to, fully-vested Units) in such amounts and subject to such terms and conditions as the Determining Party shall determine.

(h) Distribution Equivalents. In the sole and plenary discretion of the Determining Party, an Award, other than an Option, UAR or Cash Incentive Award, may provide the Participant with distributions or distribution equivalents, payable in cash, Units, other securities, other Awards or other property, on a current or deferred basis, on such terms and conditions as may be determined by the Determining Party in its sole and plenary discretion, including, without limitation, payment directly to the Participant, withholding of such amounts by the Partnership subject to vesting of the Award or reinvestment in additional Units, Restricted Units or other Awards.

SECTION 7. Amendment and Termination.

(a) Amendments to the Plan. Subject to any applicable law or government regulation and to the rules of the NASDAQ or any successor exchange or quotation system on which the Units may be listed or quoted, the Plan may be amended, modified or terminated by the Board and the General Partner at any time and in any manner without the approval of the unitholders of the Partnership. No modification, amendment or termination of the Plan may, without the consent of any Participant to whom any Award shall previously have been granted, materially and adversely affect the rights of such Participant (or his or her transferee) under such Award, unless otherwise provided by the Determining Party in the applicable Award Agreement.

(b) Amendments to Awards. The Determining Party may waive any conditions or rights under, amend any terms of, or alter, suspend, discontinue, cancel or terminate any Award theretofor granted, prospectively or retroactively; provided, however, that, except as set forth in the Plan, unless otherwise provided by the Determining Party in the applicable Award Agreement, any such waiver, amendment, alteration, suspension, discontinuance, cancellation or termination that would materially and adversely impair the rights of any Participant or any holder or beneficiary of any Award theretofor granted shall not to that extent be effective without the consent of the impaired Participant, holder or beneficiary.

(c) Adjustment of Awards Upon the Occurrence of Certain Unusual or Nonrecurring Events. The General Partner is hereby authorized to make adjustments in the terms and conditions of, and the criteria included in, Awards in recognition of unusual or nonrecurring events (including, without limitation, the events described in Section 4(d) or the occurrence of a Change of Control) affecting the Partnership, any Affiliate, or the financial statements of the Partnership or any Affiliate, or of changes in applicable rules, rulings, regulations or other requirements of any governmental body or securities exchange, accounting principles or law (i) whenever the General Partner, in its sole and plenary discretion, determines that such adjustments are appropriate or desirable, including, without limitation, providing for a substitution or assumption of Awards, accelerating the exercisability of, lapse of restrictions on, or termination of, Awards or providing for a period of time for exercise prior to the occurrence of such event, (ii) if deemed appropriate or desirable by the General Partner, in its sole and plenary discretion, by providing for a payment (in cash, Units or other property) to the holder of an Award in consideration for the cancelation of such Award, including, in the case of an outstanding Option or UAR, a payment (in cash, Units or other property) to the holder of such Option or UAR in consideration for the cancelation of such Option or UAR in an amount equal to the excess, if any, of the Fair Market Value (as of a date specified by the General Partner) of the Units subject to such Option or UAR over the aggregate Exercise Price of such Option or UAR and (iii) if deemed appropriate or desirable by the General Partner, in its sole and plenary discretion, by canceling and terminating any Option or UAR having a per Unit Exercise Price equal to, or in excess of, the Fair Market Value of a Unit subject to such Option or UAR without any payment or consideration therefor.

SECTION 8. Change of Control.

Unless otherwise provided in the applicable Award Agreement, in the event of a Change of Control after the date of the adoption of the Plan, unless provision is made in connection with the Change of Control for (a) assumption of Awards previously granted or (b) substitution for such Awards of new awards or similar entitlements covering equity interests in the successor corporation or other entity in the Change of Control with appropriate adjustments as to the number and kinds of equity interests, performance goals and the Exercise Prices, as applicable, (i) any outstanding Options or UARs then held by Participants that are unexercisable or otherwise unvested shall automatically be deemed exercisable or otherwise vested, as the case may be, as of immediately prior to such Change of Control, (ii) all Performance Units and Cash Incentive Awards shall be paid out as if the date of the Change of Control were the last day of the applicable performance period and "target" performance levels had been attained and (iii) all other outstanding Awards (i.e., other than Options, UARs, Performance Units and Cash Incentive Awards) then held by Participants that are unexercisable, unvested or still subject to restrictions or forfeiture, shall automatically be deemed exercisable and vested and all restrictions and forfeiture provisions related thereto shall lapse as of immediately prior to such Change of Control.

SECTION 9. General Provisions.

(a) Non transferability. Except as otherwise specified in the applicable Award Agreement, during the Participant's lifetime each Award (and any rights and obligations thereunder) shall be exercisable only by the Participant, or, if permissible under applicable law, by the Participant's legal guardian or representative, and no Award (or any rights and obligations thereunder) may be assigned, alienated, pledged, attached, sold or otherwise transferred or encumbered by a Participant otherwise than by will or by the laws of descent and distribution, and any such purported assignment, alienation, pledge, attachment, sale, transfer or encumbrance shall be void and unenforceable against the Partnership or any Affiliate; provided that (i) the designation of a beneficiary shall not constitute an assignment, alienation, pledge, attachment, sale, transfer or encumbrance and (ii) the Determining Party may permit further transferability, on a general or specific basis, and may impose conditions and limitations on any permitted transferability. All terms and conditions of the Plan and all Award Agreements shall be binding upon any permitted successors and assigns.

(b) No Rights to Awards. No Participant or other Person shall have any claim to be granted any Award, and there is no obligation for uniformity of treatment of Participants or holders or beneficiaries of Awards. The terms and conditions of Awards and the Determining Party's determinations and interpretations with respect thereto need not be the same with respect to each Participant and may be made selectively among Participants, whether or not such Participants are similarly situated.

(c) Unit Certificates. All certificates for Units or other securities of the Partnership or any Affiliate delivered under the Plan pursuant to any Award or the exercise thereof shall be subject to such stop transfer orders and other restrictions as the Determining Party may deem advisable under the Plan, the applicable Award Agreement or the rules, regulations and other requirements of the SEC, the NASDAQ or any other stock exchange or quotation system upon which such Units or other securities are then listed or reported and any applicable laws, and the Determining Party may cause a legend or legends to be put on any such certificates to make appropriate reference to such restrictions.

(d) Withholding. A Participant may be required to pay to the Partnership or any Affiliate, and the Partnership or any Affiliate shall have the right and is hereby authorized to withhold from any Award, from any payment due or transfer made under any Award or under the Plan or from any compensation or other amount owing to a Participant, the amount (in cash, Units, other securities, other Awards or other property) of any applicable withholding taxes in respect of an Award, its exercise or any payment or transfer under an Award or under the Plan and to take such other action as may be necessary in the opinion of the General Partner to satisfy all obligations for the payment of such taxes.

(e) Award Agreements. Each Award hereunder shall be evidenced by an Award Agreement, which shall be delivered to the Participant and shall specify the terms and conditions of the Award and any rules applicable thereto, including, but not limited to, the effect on such Award of the death, disability or termination of employment or service of a Participant and the effect, if any, of such other events as may be determined by the Determining Party.

(f) No Limit on Other Compensation Arrangements. Nothing contained in the Plan shall prevent the Partnership or any Affiliate from adopting or continuing in effect other compensation arrangements, which may, but need not, provide for the grant of options, restricted units, units and other types of equity-based awards, and such arrangements may be either generally applicable or applicable only in specific cases.

(g) No Right to Employment. The grant of an Award shall not be construed as giving a Participant the right to be retained as a director, officer, employee, service provider or consultant of or to the Partnership, the General Partner, the Organizational Limited Partner, Capital Ship Management, C-Executive, Capital Gas or one of their respective Affiliates, nor shall it be construed as giving a Participant any rights to continued service on the Board. Further, the Partnership, the General Partner, the Organizational Limited Partner, Capital Ship Management, C-Executive, Capital Gas or one of their respective Affiliates may at any time dismiss a Participant from employment or discontinue any consulting relationship, free from any liability or any claim under the Plan, unless otherwise expressly provided in the Plan or in any Award Agreement.

(h) No Rights as Unitholder. No Participant or holder or beneficiary of any Award shall have any rights as a unitholder with respect to any Units to be distributed under the Plan until he or she has become the holder of such Units. In connection with each grant of Restricted Units, except as provided in the applicable Award Agreement, the Participant shall not be entitled to the rights of a unitholder in respect of such Restricted Units. Except as otherwise provided in Section 4(d), Section 7(c) or the applicable Award Agreement, no adjustments shall be made for dividends or distributions on (whether ordinary or extraordinary, and whether in cash, Units, other securities or other property), or other events relating to, Units subject to an Award for which the record date is prior to the date such Units are delivered.

(i) Governing Law. The validity, construction and effect of the Plan and any rules and regulations relating to the Plan and any Award Agreement shall be determined in accordance with the laws of the State of New York, without giving effect to the conflict of laws provisions thereof.

(j) Severability. If any provision of the Plan or any Award is or becomes or is deemed to be invalid, illegal or unenforceable in any jurisdiction or as to any Person or Award, or would disqualify the Plan or any Award under any law deemed applicable by the General Partner, such provision shall be construed or deemed amended to conform to the applicable laws, or if it cannot be construed or deemed amended without, in the determination of the General Partner, materially altering the intent of the Plan or the Award, such provision shall be construed or deemed stricken as to such jurisdiction, Person or Award and the remainder of the Plan and any such Award shall remain in full force and effect.

(k) Other Laws. The General Partner may refuse to issue or transfer any Units or other consideration under an Award if, acting in its sole and plenary discretion, it determines that the issuance or transfer of such Units or such other consideration might violate any applicable law or regulation, and any payment tendered to the Partnership by a Participant, other holder or beneficiary in connection with the exercise of such Award shall be promptly refunded to the relevant Participant, holder or beneficiary. Without limiting the generality of the foregoing, no Award granted hereunder shall be construed as an offer to sell securities of the Partnership, and no such offer shall be outstanding, unless and until the General Partner in its sole and plenary discretion has determined that any such offer, if made, would be in compliance with all applicable requirements of any applicable securities laws.

(l) No Trust or Fund Created. Neither the Plan nor any Award shall create or be construed to create a trust or separate fund of any kind or a fiduciary relationship between the Partnership or any Affiliate, on one hand, and a Participant or any other Person, on the other hand. To the extent that any Person acquires a right to receive payments from the Partnership or any Affiliate pursuant to an Award, such right shall be no greater than the right of any unsecured general creditor of the Partnership or such Affiliate.

(m) No Fractional Units. No fractional Units shall be issued or delivered pursuant to the Plan or any Award, and the General Partner shall determine whether cash, other securities or other property shall be paid or transferred in lieu of any fractional Units or whether such fractional Units or any rights thereto shall be canceled, terminated or otherwise eliminated.

(n) Requirement of Consent and Notification of Election Under Section 83(b) of the Code or Similar Provision. No election under Section 83(b) of the Code (to include in gross income in the year of transfer the amounts specified in Section 83(b) of the Code) or under a similar provision of law may be made unless expressly permitted by the terms of the applicable Award Agreement or by action of the Determining Party in writing prior to the making of such election. If an Award recipient, in connection with the acquisition of Units under the Plan or otherwise, is expressly permitted under the terms of the applicable Award Agreement or by such Determining Party action to make such an election and the Participant makes the election, the Participant shall notify the Partnership of such election within ten days of filing notice of the election with the IRS or other governmental authority, in addition to any filing and notification required pursuant to regulations issued under Section 83(b) of the Code or other applicable provision.

(o) Interpretation.

(i) Headings are given to the Sections and subsections of the Plan solely as a convenience to facilitate reference. Such headings shall not be deemed in any way material or relevant to the construction or interpretation of the Plan or any provision thereof.

(ii) The words “include”, “includes” and “including” shall be deemed to be followed by the phrase “without limitation”.

SECTION 10. Term of the Plan.

(a) Effective Date. The Plan shall be effective as of the date of its adoption by the General Partner, with the approval of the Board.

(b) Expiration Date. No Award shall be granted under the Plan after the tenth anniversary of the date the Plan is approved under Section 10(a). Unless otherwise expressly provided in the Plan or in an applicable Award Agreement, any Award granted hereunder may, and the authority of the Determining Party to amend, alter, adjust, suspend, discontinue or terminate any such Award or to waive any conditions or rights under any such Award shall, nevertheless continue thereafter.

SUBSIDIARIES OF CAPITAL PRODUCT PARTNERS L.P.

The following companies are subsidiaries of Capital Product Partners L.P.:

Name of Subsidiary	Jurisdiction of Incorporation	Proportion of Ownership Interest
Capital Product Operating L.L.C.	Marshall Islands	100%
CPLP Shipping Holdings PLC	Cyprus	100%
CPLP Gas Operating Corp.	Marshall Islands	100%
Patroklos Marine Corp.	Marshall Islands	100%
Archimidis Container Carrier Corp.	Liberia	100%
Agamemnon Container Carrier Corp.	Liberia	100%
Anax Container Carrier S.A.	Liberia	100%
Hercules Container Carrier S.A.	Liberia	100%
Iason Container Carrier S.A.	Liberia	100%
Theseas Container Carrier S.A.	Liberia	100%
Cronus Container Carrier S.A.	Liberia	100%
Dias Container Carrier S.A.	Marshall Islands	100%
Poseidon Container Carrier S.A.	Marshall Islands	100%
Atrotos Container Carrier S.A.	Liberia	100%
Deka Container Carrier S.A.	Liberia	100%
Jupiter Container Carrier S.A.	Liberia	100%
Nikitis Container Carrier S.A.	Liberia	100%
Neos Container Carriers Corp.	Marshall Islands	100%
Maistros Container Carriers Corp.	Marshall Islands	100%
Filos Container Carriers Corp.	Marshall Islands	100%
Panormos Container Carrier S.A.	Marshall Islands	100%
Ektoros Container Carrier S.A.	Marshall Islands	100%
Assos Gas Carrier Corp.	Marshall Islands	100%
Dias Gas Carrier Corp.	Marshall Islands	100%
Atrotos Gas Carrier Corp.	Marshall Islands	100%
Poseidon Gas Carrier Corp.	Marshall Islands	100%
Maximus Gas Carrier Corp.	Marshall Islands	100%
Kronos Gas Carrier Corp.	Marshall Islands	100%
Hermes Gas Carrier Corp.	Marshall Islands	100%
Beta Gas Carriers Corp.	Marshall Islands	100%
Monos Container Carrier S.A.	Marshall Islands	100%
Omega Gas Carriers Corp.	Marshall Islands	100%
Aqua Gas Carrier Corp.	Marshall Islands	100%
Mare Gas Carrier Corp.	Marshall Islands	100%
Polis Gas Carrier Corp.	Marshall Islands	100%
Elpis Gas Carrier Corp.	Marshall Islands	100%

CERTIFICATION OF CHIEF EXECUTIVE OFFICER

I, Gerasimos (Jerry) Kalogiratos, certify that:

1. I have reviewed this annual report on Form 20-F of Capital Product Partners L.P.;
2. 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;
3. 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;
4. 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:
 - a. 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;
 - b. 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;
 - c. 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
 - d. 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
5. 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):
 - a. 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
 - b. 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 23, 2024

By: /s/ Gerasimos (Jerry) Kalogiratos
Name: Gerasimos (Jerry) Kalogiratos
Title: Chief Executive Officer

CERTIFICATION OF CHIEF FINANCIAL OFFICER

I, Nikolaos Kalapotharakos, certify that:

1. I have reviewed this annual report on Form 20-F of Capital Product Partners L.P.;
2. 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;
3. 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;
4. 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:
 - a. 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;
 - b. 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;
 - c. 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
 - d. 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
5. 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):
 - a. 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
 - b. 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 23, 2024

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 ended December 31, 2023 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, to his knowledge:

- (a) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (b) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: April 23, 2024

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 ended December 31, 2023 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, to his knowledge:

- (a) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (b) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: April 23, 2024

By: /s/Nikolaos Kalapotharakos
Name: Nikolaos Kalapotharakos
Title: Chief Financial Officer

CAPITAL PRODUCT PARTNERS L.P.
CLAWBACK POLICY

I. BACKGROUND

Capital Product Partners L.P. (the "Partnership") has adopted this Policy Regarding the Recovery of Erroneously Awarded Incentive-Based Compensation (this "Policy") to provide for the recovery or "clawback" of excess Incentive-Based Compensation earned by current or former Executive Officers of the Partnership in the event of a required Restatement (each, as defined under the section entitled "VIII. Definitions" herein).

This Policy is intended to comply with the requirements of the Nasdaq Stock Market ("Nasdaq") Listing Rule 5608 (the "Listing Standard"). To the extent that any provision in this Policy is ambiguous as to its compliance with the Listing Standard or to the extent any provision in this Policy must be modified to comply with the Listing Standard, such provision will be read, or will be modified, as the case may be, in such a manner so that all applicable provisions under this Policy comply with the Listing Standard.

II. STATEMENT OF POLICY

The Partnership shall recover reasonably promptly the amount of erroneously awarded Incentive-Based Compensation in the event that the Partnership is required to prepare an accounting restatement due to the material noncompliance of the Partnership with any financial reporting requirement under the securities laws, including any required accounting restatement to correct an error in previously issued financial statements that is material to the previously issued financial statements, or that would result in a material misstatement if the error were corrected in the current period or left uncorrected in the current period (a "Restatement").

The Partnership shall recover erroneously awarded Incentive-Based Compensation in compliance with this Policy except to the extent provided under the section entitled "V. Exceptions" herein.

III. SCOPE OF POLICY

A. *Persons Covered and Recovery Period.* This Policy applies to all Incentive-Based Compensation received by an Executive Officer:

- after beginning service as an Executive Officer,
- who served as an Executive Officer at any time during the performance period for that Incentive-Based Compensation,
- while the Partnership has a class of securities listed on Nasdaq, and
- during the three completed fiscal years immediately preceding the date that the Partnership is required to prepare a Restatement (the "Recovery Period").

Notwithstanding this look-back requirement, the Partnership is only required to apply this Policy to Incentive-Based Compensation received on or after October 2, 2023.

For purposes of this Policy, Incentive-Based Compensation shall be deemed "received" in the Partnership's fiscal period during which the Financial Reporting Measure (as defined herein) specified in the Incentive-Based Compensation award is attained, even if the payment or grant of the Incentive-Based Compensation occurs after the end of that period.

B. Transition Period. In addition to the Recovery Period, this Policy applies to any transition period (that results from a change in the Partnership's fiscal year) within or immediately following the Recovery Period (a "Transition Period"), provided that a Transition Period between the last day of the Partnership's previous fiscal year end and the first day of the Partnership's new fiscal year that comprises a period of nine to 12 months will be deemed a completed fiscal year. For clarity, the Partnership's obligation to recover erroneously awarded Incentive-Based Compensation under this Policy is not dependent on if or when a Restatement is filed.

C. Determining Recovery Period. For purposes of determining the relevant Recovery Period, the date that the Partnership is required to prepare the Restatement is the earlier to occur of:

- the date the board of directors of the Partnership (the "Board"), a committee of the Board, or the officer or officers of the general partner of the Partnership (the "General Partner") authorized to take such action if Board action is not required, concludes, or reasonably should have concluded, that the Partnership is required to prepare a Restatement, and
- the date a court, regulator, or other legally authorized body directs the Partnership to prepare a Restatement.

IV. AMOUNT SUBJECT TO RECOVERY

A. Recoverable Amount. The amount of Incentive-Based Compensation subject to this Policy is the amount of Incentive-Based Compensation received that exceeds the amount of Incentive-Based Compensation that otherwise would have been received had it been determined based on the restated amounts, computed without regard to any taxes paid.

B. Covered Compensation Based on Unit Price or TSR. For Incentive-Based Compensation based on unit price or total unitholder return ("TSR"), where the amount of erroneously awarded Incentive-Based Compensation is not subject to mathematical recalculation directly from the information in a Restatement, the recoverable amount shall be based on a reasonable estimate of the effect of the Restatement on the unit price or TSR upon which the Incentive-Based Compensation was received. In such event, the Partnership shall maintain documentation of the determination of that reasonable estimate and provide such documentation to Nasdaq.

V. EXCEPTIONS

The Partnership shall recover erroneously awarded Incentive-Based Compensation in compliance with this Policy except to the extent that one or more of the conditions set out below are met and a compensation committee of the Partnership with authority to make the relevant determination, or in the absence of such a committee, a majority of the independent directors serving on the Board, has made a determination that recovery would be impracticable:

A. Direct Expense Exceeds Recoverable Amount. The direct expense paid to a third party to assist in enforcing this Policy would exceed the amount to be recovered; provided, however, that before concluding it would be impracticable to recover any amount of erroneously awarded Incentive-Based Compensation based on expense of enforcement, the Partnership shall make a reasonable attempt to recover such erroneously awarded Incentive-Based Compensation, document such reasonable attempt(s) to recover, and provide that documentation to Nasdaq.

B. Violation of Home Country Law. Recovery would violate Marshall Islands law where that law was adopted prior to November 28, 2022; provided, however, that before concluding it would be impracticable to recover any amount of erroneously awarded Incentive-Based Compensation based on violation of Marshall Islands law, the Partnership shall obtain an opinion of Marshall Islands counsel, acceptable to Nasdaq, that recovery would result in such a violation, and shall provide such opinion to Nasdaq.

C. Recovery from Certain Tax-Qualified Retirement Plans. Recovery would likely cause an otherwise tax-qualified retirement plan, under which benefits are broadly available to employees of the Partnership, to fail to meet the requirements of 26 U.S.C. 401(a)(13) or 26 U.S.C. 411(a) and regulations thereunder.

VI. PROHIBITION AGAINST INDEMNIFICATION

The Partnership shall not indemnify any Executive Officer or former Executive Officer against the loss of erroneously awarded Incentive-Based Compensation.

VII. DISCLOSURE

The Partnership shall file all disclosures with respect to recoveries under this Policy in accordance with the requirements of the U.S. Federal securities laws, including the disclosure required by the applicable Securities and Exchange Commission ("SEC") filings.

VIII. DEFINITIONS

Unless the context otherwise requires, the following definitions apply for purposes of this Policy:

"Executive Officer" means the General Partner's president, principal financial officer, principal accounting officer (or if there is no such accounting officer, the controller), any vice-president of the General Partner in charge of a principal business unit, division, or function (such as sales, administration, or finance), any other officer who performs a policy-making function, or any other person who performs similar policymaking functions for the Partnership. Policy-making function is not intended to include policymaking functions that are not significant. Identification of an Executive Officer for purposes of this Policy would include at a minimum executive officers identified pursuant to 17 CFR 229.401(b).

"Financial Reporting Measures" means any of the following: (i) measures that are determined and presented in accordance with the accounting principles used in preparing the Partnership's financial statements, and any measures that are derived wholly or in part from such measures, (ii) unit price and (iii) TSR. A Financial Reporting Measure need not be presented within the Partnership's financial statements or included in a filing with the SEC.

"Incentive-Based Compensation" means any compensation that is granted, earned, or vested based wholly or in part upon the attainment of a Financial Reporting Measure.

IX. EFFECTIVENESS

This Policy shall be effective as of December 1, 2023. This Policy supersedes any previous policy of the Partnership concerning the recovery of excess Incentive-Based Compensation earned by current or former Executive Officers in the event of a required Restatement.

