

Capital Product Partners L.P.
Form 20-F
February 26, 2015
Table of Contents

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, 2014

OR

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

For the transition period from _____ to _____

OR

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

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Date of event requiring this shell company report: _____

Commission file number: 1-33373

CAPITAL PRODUCT PARTNERS L.P.

(Exact name of Registrant as specified in its charter)

Republic of the Marshall Islands

(Jurisdiction of incorporation or organization)

3 Iassonos Street, Piraeus, 18537 Greece

+30 210 458 4950

(Address and telephone number of principal executive offices and company contact person)

Petros Christodoulou, p.christodoulou@capitalplp.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 Common units representing limited partnership interests	Name of each exchange on which registered 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.

104,079,960 Common Units

2,124,081 General Partner Units

14,223,737 Class B Convertible Preferred 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 and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted 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 and post such files.)

YES **NO**

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

Large accelerated filer **Accelerated filer** **Non-accelerated filer**

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** **Other**

by the International Accounting Standards Board

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

ITEM 17 **ITEM 18**

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

YES **NO**

Table of Contents**CAPITAL PRODUCT PARTNERS L.P.****TABLE OF CONTENTS**

	Page
<u>Forward-Looking Statements</u>	3
PART I	
<u>Item 1. Identity of Directors, Senior Management and Advisors.</u>	6
<u>Item 2. Offer Statistics and Expected Timetable.</u>	6
<u>Item 3. Key Information.</u>	6
<u>Item 4. Information on the Partnership.</u>	52
<u>Item 4A. Unresolved Staff Comments.</u>	80
<u>Item 5. Operating and Financial Review and Prospects.</u>	80
<u>Item 6. Directors, Senior Management and Employees.</u>	101
<u>Item 7. Major Unitholders and Related-Party Transactions.</u>	108
<u>Item 8. Financial Information.</u>	113
<u>Item 9. The Offer and Listing.</u>	117
<u>Item 10. Additional Information.</u>	117
<u>Item 11. Quantitative and Qualitative Disclosures About Market Risk.</u>	127
<u>Item 12. Description of Securities Other than Equity Securities.</u>	128
PART II	
<u>Item 13. Defaults, Dividend, Arrearages and Delinquencies.</u>	129
<u>Item 14. Material Modifications to the Rights of Security Holders and Use of Proceeds.</u>	129
<u>Item 15. Controls and Procedures.</u>	129
<u>Item 16A. Audit Committee Financial Expert.</u>	131
<u>Item 16B. Code of Ethics.</u>	131
<u>Item 16C. Principal Accountant Fees and Services.</u>	132
<u>Item 16D. Exemptions from the Listing Standards for Audit Committees.</u>	132
<u>Item 16E. Purchases of Equity Securities by the Issuer and Affiliated Purchasers.</u>	132
<u>Item 16F. Change in Registrant's Certifying Accountant.</u>	133
<u>Item 16G. Corporate Governance.</u>	133
PART III	
<u>Item 17. Financial Statements</u>	134
<u>Item 18. Financial Statements</u>	134
<u>Item 19. Exhibits</u>	134
<u>Signatures</u>	

Table of Contents

FORWARD-LOOKING STATEMENTS

This annual report on Form 20-F (the Annual Report) should be read in conjunction with our audited consolidated financial statements and accompanying notes included herein.

Our disclosure and analysis in this Annual Report concerning our business, operations, cash flows, and financial position, including, in particular, the likelihood of our success in developing and expanding our business, include forward-looking statements. In addition, we and our representatives may from time to time make other oral or written statements which are also forward-looking statements. Such statements include, in particular, statements about our plans, strategies, business prospects, changes and trends in our business, financial condition and the markets in which we operate, and involve risks and uncertainties. In some cases, you can identify the forward-looking statements by the use of words such as may , might , could , should , would , expect , plan , anticipate , likely , intend , forecast , believe , estimate , project , predict , propose , potential , continue , seek or the negative of these terms or other comparable terminology. Although these statements are based upon assumptions we believe to be reasonable based upon available information, including projections of revenues, operating margins, earnings, cash flow, working capital and capital expenditures, they are subject to risks and uncertainties that are described more fully in this Annual Report in Item 3D: 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 and our Class B Convertible Preferred Units (the Class B Units), which rank senior to our common units and receive distributions prior to any distributions on our common units;

our ability to increase our distributions over time;

global economic outlook and growth;

shipping conditions and fundamentals, including the balance of supply and demand in the tanker, drybulk and container markets in which we operate, as well as trends and conditions in the newbuilding markets and scrapping of older vessels;

increases or decreases in domestic or worldwide oil consumption;

future supply of, and demand for, refined products and crude oil;

future refined product and crude oil prices and production;

our ability to operate in various new markets, including the tanker, drybulk and container carrier markets;

tanker, drybulk and container carrier industry trends, including charter rates and factors affecting the chartering of vessels;

our future financial condition or results of operations and our future revenues and expenses, including revenues from any profit sharing arrangements, and required levels of reserves;

future levels of operating surplus and levels of distributions, as well as our future cash distribution policy;

future charter hire rates and vessel values;

anticipated future acquisitions of vessels from Capital Maritime & Trading Corp. (Capital Maritime or CMTC) and from third parties, including the acquisition of three newbuild Daewoo 9,160 TEU eco-flex containerships (collectively, the Dropdown Containerships) and two newbuild Samsung eco medium range product tankers (collectively, the Dropdown Tankers and, together with the Dropdown Containerships, the Dropdown Vessels) and in respect of our rights of first refusal over six newbuild Samsung eco medium range product tankers being purchased by Capital Maritime;

anticipated future chartering arrangements with Capital Maritime and third parties;

our ability to leverage to our advantage Capital Maritime s relationships and reputation in the shipping industry;

our ability to compete successfully for future chartering and newbuilding opportunities;

our current and future business and growth strategies and other plans and objectives for future operations;

our ability to access debt, credit and equity markets;

changes in the availability and costs of funding due to conditions in the bank market, capital markets and other factors;

Table of Contents

our ability to refinance our debt and/or achieve further postponement of any amortization of our debt if necessary under the current terms of our credit facilities;

the ability of our customers to meet their obligations under the terms of our charter agreements, including the timely payment of the rates under the agreements;

the financial viability and sustainability of our customers;

changes in interest rates and any interest rate hedging practices in which we may engage;

the debt amortization payments and repayment of debt and settling of interest rate swaps we may make, if any;

the effectiveness of our risk management policies and procedures and the ability of counterparties to our derivative contracts to fulfill their contractual obligations;

planned capital expenditures and availability of capital resources to fund capital expenditures;

our ability to maintain long-term relationships with major refined product importers and exporters, major crude oil companies and major commodity traders, operators and liner companies;

the ability of our manager, Capital Ship Management Corp., a subsidiary of Capital Maritime (Capital Ship Management or the Manager), to qualify for short- and long-term charter business with oil major charterers and oil traders, and drybulk operators and liner companies;

our ability to maximize the use of our vessels, including the redeployment or disposition of vessels no longer under long-term time charter;

our continued ability to enter into long-term, fixed-rate time charters with our charterers and to recharter our vessels as their existing charters expire at attractive rates;

the changes to the regulatory requirements applicable to the oil transportation industry, including, without limitation, stricter requirements adopted by international organizations, such as the International Maritime Organization and the European Union, or by individual countries or charterers and actions taken by regulatory authorities and governing such areas as safety and environmental compliance;

the expected cost of, and our ability to comply with, governmental regulations and maritime self-regulatory organization standards, including with new environmental regulations and standards being introduced, as well as with standard regulations imposed by our charterers applicable to our business;

the impact of heightened regulations and the actions of regulators and other government authorities, including anti-corruption laws and regulations, as well as sanctions and other governmental actions;

our anticipated general and administrative expenses and our costs and expenses under the management agreements and the administrative services agreement with our Manager, and for reimbursement for fees and costs of Capital GP L.L.C., our general partner;

increases in costs and expenses, including but not limited to: crew wages, insurance, provisions, port expenses, lube oil, bunkers, repairs, maintenance and general and administrative expenses;

the adequacy of our insurance arrangements and our ability to obtain insurance and required certifications;

the impact on operating expenses of the floating fee structure under which an increasing number of our vessels are managed;

potential increases in costs and expenses under our management agreements following expiration and/or renewal of such agreements in connection with certain of our vessels;

the impact of heightened environmental and quality concerns of insurance underwriters and charterers;

the anticipated taxation of our partnership and distributions to our common and Class B unitholders;

estimated future maintenance and replacement capital expenditures;

expected demand in the shipping sectors in which we operate in general and the demand for our crude oil and product tankers, container and drybulk vessels in particular;

the expected lifespan and condition of our vessels;

our ability to employ and retain key employees;

our track record, and past and future performance, in safety, environmental and regulatory matters;

potential liability and costs due to environmental, safety and other incidents involving our vessels;

the effects of increasing emphasis on environmental and safety concerns by customers, governments and others, as well as changes in maritime regulations and standards;

expected financial flexibility to pursue acquisitions and other expansion opportunities;

anticipated funds for liquidity needs and the sufficiency of cash flows;

Table of Contents

our transition in leadership following Mr. Petros Christodoulou's appointment as Chief Executive Officer and Chief Financial Officer;

Capital Maritime's willingness and ability to fulfill its payment obligations in respect of the Dropdown Vessels to the respective shipyards;

the ability of each Dropdown Vessel's respective shipyard to deliver on time and on specification the respective Dropdown Vessel;

the performance and expected cost savings of the Dropdown Vessels and any new technologies incorporated into their construction, at least some of which may not have yet been tested; and

future sales of our units in the public market.

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 3D: Risk Factors below. The risks, uncertainties and assumptions involve known and unknown risks and are inherently subject to significant uncertainties and contingencies, many of which are beyond our control. We caution that forward-looking statements are not guarantees and that actual results could differ materially from those expressed or implied in the forward-looking statements.

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

Table of Contents**PART I****Item 1. Identity of Directors, Senior Management and Advisors.**

Not Applicable.

Item 2. Offer Statistics and Expected Timetable.

Not Applicable.

Item 3. Key Information.**A. Selected Financial Data**

We have derived the following selected historical financial data for the three years ended December 31, 2014, and as of December 31, 2014 and 2013, from our audited consolidated financial statements (the Financial Statements) respectively, appearing elsewhere in this Annual Report. The historical financial data presented as of December 31, 2012, 2011 and 2010 and for the years ended December 31, 2011 and 2010 have been derived from audited financial statements not included in this Annual Report and are provided for comparison purposes only. Our historical results are not necessarily indicative of the results that may be expected in the future. Different factors affect our results of operations, including among others, the number of vessels in our fleet, prevailing charter rates, management and administrative services fees, as well as financing and interest swap arrangements we enter into. Consequently, the below table should be read together with, and is qualified in its entirety by reference to, the Financial Statements and the accompanying notes included elsewhere in this Annual Report. The table should also be read together with Item 5A: Management's Discussion and Analysis of Financial Condition and Results of Operations .

Our Financial Statements are prepared in accordance with United States generally accepted accounting principles (U.S. GAAP) as described in Note 1 (Basis of Presentation and General Information) to the Financial Statements included herein. All numbers are in thousands of U.S. Dollars, except numbers of units and earnings per unit.

	Year ended December 31,				
	2014	2013	2012	2011	2010⁽¹⁾
Income Statement Data:					
Revenues	\$ 119,907	\$ 116,520	\$ 84,012	\$ 98,517	\$ 113,562
Revenues related party	72,870	54,974	69,938	31,799	11,030
Total revenues	192,777	171,494	153,950	130,316	124,592
Expenses:					
Voyage expenses ⁽²⁾	5,907	5,776	5,114	11,565	7,009
Voyage expenses related party ⁽²⁾	338	314	554	165	
Vessel operating expenses ⁽³⁾	48,714	38,284	22,126	4,949	1,034
Vessel operating expenses related party ⁽³⁾	13,315	17,039	23,634	30,516	30,261

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General and administrative expenses	6,316	9,477	9,159	10,609	3,506
Loss / (gain) on sale of vessels to third parties		7,073	(1,296)		
Depreciation and amortization	57,476	52,208	48,235	37,214	31,464
Vessels impairment charge ⁽⁹⁾			43,178		
Total operating expenses	132,066	130,171	150,704	95,018	73,274
Operating income	60,711	41,323	3,246	35,298	51,318
Gain from bargain purchase		42,256		82,453	
Gain on sale of claim		31,356			
Interest expense and finance costs	(19,225)	(15,991)	(26,658)	(33,820)	(33,259)
Gain on interest rate swap agreement		4	1,448	2,310	

Table of Contents

	Year ended December 31,				
	2014	2013	2012	2011	2010 ⁽¹⁾
Other income	2,526	533	775	879	860
Partnership's net income / (loss)	\$ 44,012	\$ 99,481	\$ (21,189)	\$ 87,120	\$ 18,919
Class B unit holders' interest in our net income	14,042	18,805	10,809		
General partner's interest in our net income / (loss)	593	1,598	(640)	1,742	359
Limited and subordinated unit holders interest in our net income / (loss)	29,377	79,078	(31,358)	85,378	17,577
Net income / (loss) allocable to limited partner per:					
Common unit basic	0.31	1.04	(0.46)	1.78	0.54
Common unit diluted	0.31	1.01	(0.46)	1.78	0.54
Weighted average units outstanding basic					
Common units	93,353,168	75,645,207	68,256,072	47,138,336	32,437,314
Weighted average units outstanding diluted					
Common units	93,353,168	97,369,136	68,256,072	47,138,336	32,437,314
Balance Sheet Data (at end of period):					
Fixed assets ⁽⁸⁾⁽⁹⁾⁽¹⁴⁾	\$ 1,186,711	\$ 1,176,819	\$ 959,550	\$ 1,073,986	\$ 707,339
Total assets	1,493,095	1,401,772	1,070,128	1,196,289	758,252
Total partners' capital / stockholders equity ⁽⁴⁾⁽⁵⁾⁽⁶⁾⁽⁷⁾⁽¹⁰⁾⁽¹¹⁾⁽¹²⁾⁽¹³⁾⁽¹⁵⁾⁽¹⁶⁾⁽¹⁷⁾⁽¹⁸⁾	872,561	781,426	573,828	517,326	239,760
Number of units	120,427,778	109,128,388	86,343,388	70,787,834	38,720,594
Common units	104,079,960	88,440,710	69,372,077	69,372,077	37,946,183
Class B units	14,223,737	18,922,221	15,555,554		
General Partner units	2,124,081	1,765,457	1,415,757	1,415,757	774,411
Dividends declared per common unit	\$ 0.93	\$ 0.93	\$ 0.93	\$ 0.93	\$ 1.09
Dividends declared per class B unit	0.86	0.86	0.48		
Cash Flow Data:					
Net cash provided by operating activities	125,277	129,576	84,798	56,539	50,051
Net cash (used in) / provided by investing activities	(30,327)	(335,346)	15,935	(16,656)	(79,202)
Net cash provided by / (used in) financing activities	5,277	226,191	(110,552)	(18,984)	58,070

- (1) The results of operations for the vessels set out below are included in our income statements for the periods prior to their acquisitions by us, as described below, as these vessels were acquired from an entity under common control. However, such earnings for the periods prior to their acquisitions were not allocated to our unitholders and were not included in the cash available for distribution calculation. Specifically, we refer to the amount of historical earnings per unit for:

- a) the period from January 1, 2010 to June 29, 2010 for the M/T Alkiviadis; and

 - b) the period from January 1, 2010 to February 28, 2010 for the M/T Atrotos.
-
- (2) Vessel voyage expenses primarily consist of commissions, port expenses, canal dues and bunkers.
 - (3) Our vessel operating expenses consist of management fees payable to our Manager pursuant to the terms of our three separate management agreements and actual operating expenses such as crewing, repairs and maintenance, insurance, stores, spares, lubricants and other operating expenses incurred by our vessels.
 - (4) In February and August 2010, we completed two equity offerings of 6,281,578 and 6,052,254 common units, which include the partial exercise of the underwriters' overallotment option of 481,578 and 552,254 common units, respectively. During the same periods we issued, in exchange for cash, 128,195 and 123,515 general partner units, respectively, to our general partner in order for it to maintain its 2% interest in us.
 - (5) On August 31, 2010, we issued, either directly or through our general partner, 795,200 restricted units to the members of our board of directors, to all employees of our general partner, our Manager, Capital Maritime and certain key affiliates and other eligible persons. Please read Item 6E: Share Ownership Omnibus Incentive Compensation Plan and Note 13 (Omnibus Incentive Compensation Plan) to our Financial Statements included herein for additional information.
 - (6) On June 9, 2011, we completed the acquisition of Patroklos Marine Corp., the vessel owning company of the M/V Cape Agamemnon, from Capital Maritime. The acquisition was funded through \$1.5 million from available cash and the

Table of Contents

incurrence of \$25.0 million of debt under a new credit facility entered into in 2011 (as amended, the 2011 credit facility) and the remainder through the issuance of 6,958,000 common units to Capital Maritime. In connection with this transaction, we issued an additional 142,000 common units, which were converted into general partner units and delivered to our general partner in order for it to maintain its 2% interest in us. On September 30, 2011 we completed a merger with Crude Carriers Corp., a corporation incorporated in 2009 under the laws of the Marshall Islands (Crude Carriers or Crude), in a unit-for-share transaction. The exchange ratio was 1.56 of our common units for each Crude Carriers share.

- (7) In accordance with certain subscription agreements entered into on May 11 and June 6, 2012, we issued a total of 15,555,554 Class B units to a group of investors, including Capital Maritime, and received net proceeds of \$136.4 million, which, together with an amount of \$13.2 million from our available cash, were used to prepay bank debt of \$149.6 million.
- (8) During the first half of 2012, we sold the M/T Attikos and the M/T Aristofanis, the two small tankers in our fleet, to unrelated third parties. The proceeds from these sales plus cash were used to repay bank debt of \$20.5 million.
- (9) On December 22, 2012, we acquired all of Capital Maritime's interest in its wholly owned subsidiaries that owned the two 7,943 twenty foot equivalent (TEU) container carrier vessels M/V Archimidis and M/V Agamemnon, in exchange for all of our interest in our wholly owned subsidiaries that owned the two Very Large Crude Carriers (VLCC) M/T Alexander the Great and M/T Achilleas. Capital Maritime paid a total net consideration of \$0.3 million in connection with this transaction and has waived any compensation for the early termination of the charters of the two VLCCs. In view of this transaction we repaid \$5.2 million in debt. As a consequence of this exchange we recognized an impairment charge of \$43.2 million in our consolidated statements of comprehensive income / (loss) which was the result of the difference between the carrying and the fair market value of the M/T Alexander the Great and M/T Achilleas on the date of the exchange.
- (10) In accordance with a subscription agreement entered into on March 15, 2013, we issued a total of 9,100,000 Class B units to a group of investors, including Capital Maritime, and received net proceeds of \$72.6 million, which, together with a \$54.0 million draw down from our existing \$350.0 million credit facility entered into in 2008 (as amended, the 2008 credit facility) and an amount of \$3.4 million from our available cash, were used to acquire the shares of two separate vessel owning companies, each of which owns a 5,000 TEU high specification container vessel, built in 2013, from Capital Maritime at a price of \$65.0 million each.
- (11) In August 2013, we completed an equity offering of 13,685,000 common units, which included the full exercise of the underwriters' over-allotment option of 1,785,000 common units, receiving net proceeds of \$119.8 million after deducting expenses related to the offering. The net proceeds together with a draw down of \$75.0 million from our term loan facility of up to \$225.0 million we entered into during 2013 (as amended, the 2013 credit facility), and together with \$0.2 million from our available cash were used to fund the acquisition cost of three separate vessel owning companies each of which owned a 5,000 TEU high specification container vessel, built in 2013, from Capital Maritime at a price of \$65.0 million each.
- (12) In August 2013, our sponsor converted 349,700 common units into general partner units and delivered such units to our general partner in order for it to maintain its 2% interest in us.
- (13) During 2013, certain holders of our Class B Units converted an aggregate of 5,733,333 Class B Units into common units in accordance with the terms of the partnership agreement.
- (14) In November 2013, we sold the M/T Agamemnon II (51,238 dwt IMO II/III Chemical Product Tanker built 2008, STX Shipbuilding & Offshore, S. Korea) at a price of \$33.5 million to unaffiliated third parties. In November 2013, we acquired an eco-type MR product tanker the M/T Aristotelis (51,604 dwt IMO II/III Chemical Product Tanker built 2013, Hyundai Mipo Dockyard Ltd, S. Korea). The acquisition price of \$38.0 million was funded from the sale proceeds of the M/T Agamemnon II and from Capital Product Partners L.P.'s (the Partnership or CPLP) available cash. The M/T Aristotelis replaced the M/T Agamemnon II as a security under the Partnership's credit facility entered into in 2007 of \$370.0 million (as amended, the 2007 credit facility).

- (15) In September 2014, we completed an equity offering of 17,250,000 common units, which included the full exercise of the underwriters' overallotment option of 2,250,000 common units, receiving net proceeds of \$173.5 million after deducting expenses related to the offering. The net proceeds were used to repurchase from Capital Maritime 5,950,610 common units at an aggregate price of \$60.0 million and to cancel such common units. Furthermore, the Partnership used the amount of \$30.2 million of the net proceeds of the offering as an advance payment to Capital Maritime in connection with the acquisition of the Dropdown Vessels, which have delivery dates between March 2015 and November 2015. The total acquisition cost for these five vessels is \$311.5 million. The remaining proceeds of this offering will be used for general partnership purposes.
- (16) In September 2014, our sponsor converted 358,624 common units into general partner units and delivered such units to our general partner in order for it to maintain its 2% interest in us.
- (17) During 2014, certain holders of our Class B Units, including Capital Maritime, converted an aggregate of 4,698,484 Class B Units into common units in accordance with the terms of the partnership agreement.

Please read Item 4A: History and Development of the Partnership and Note 3 (Acquisitions), Note 5 (Vessels), Note 7 (Long Term Debt), and Note 12 (Partners' Capital) to our Financial Statements included herein for additional information.

Table of Contents

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 following risks relate principally to the countries and the industry in which we operate and the nature of our business in general. Although many of our business risks 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. In particular, if any of the following risks actually occurs, our business, financial condition or operating results could be materially adversely affected. In that case, we might not be able to pay distributions on our common units or Class B Units, the trading price of our common units could decline and you could lose all or part of your investment. The risks described below also include forward-looking statements and our actual results may differ substantially from those discussed in such forward-looking statements. For more information, please read *Forward-Looking Statements* above.*

RISKS RELATING TO THE TANKER INDUSTRY

Global economic conditions may have a material adverse effect on our ability to pay distributions as well as on our business, financial position, distributions and results of operations, and, along with changes in the oil markets, could result in decreased demand for our vessels and services, and could materially affect our ability to recharter our vessels at favorable rates.

Oil has been one of the world's primary energy sources for a number of decades. The global economic growth of previous years had a significant impact on the demand for oil and subsequently on the oil trade and shipping demand. However, the past several years were marked by a major economic slowdown which has had, and continues to have, a significant impact on world trade, including the oil trade. Global economic conditions remain fragile with significant uncertainty remaining with respect to recovery prospects, levels of recovery and long-term economic growth effects. In particular, the uncertainty surrounding the future of the Euro zone, the economic prospects of the United States and the future economic growth of China, Brazil, Russia, India and other emerging markets are all expected to affect demand for product and crude tankers going forward. Demand for oil and refined petroleum products remains weak as a result of the weak global economic environment and a general global trend towards energy efficient technologies, which in combination with the diminished availability of trade credit and deteriorating international liquidity conditions, led to decreased demand for tanker vessels, creating downward pressure on charter rates. This economic downturn has also affected vessel values overall. Despite global oil demand growth remaining marginally positive for 2014, during the last half of calendar year 2014, energy prices sharply declined and average spot and period charter rates for product and crude tankers remained, and continue to be, at below historically average rates. If oil demand grows in the future, it is expected to come primarily from emerging markets which have been historically volatile, such as China and India, and a slowdown in these countries' economies may severely affect global oil demand growth, and may result in protracted, reduced consumption of oil products and a decreased demand for our vessels and lower charter rates, which could have a material adverse effect on our business, results of operations, cash flows, financial condition and ability to make cash distributions.

If these global economic conditions persist we may not be able to operate our vessels profitably or employ our vessels at favorable charter rates as they come up for rechartering. In the long term, oil demand may also be reduced by an increased reliance on alternative energy sources and/or a drive for increased efficiency in the use of oil as a result of environmental concerns or high oil prices. Furthermore, a significant decrease in the market value of our vessels may cause us to recognize losses if any of our vessels are sold or if their values are impaired, and may affect our ability to comply with our loan covenants. A deterioration of the current economic and market conditions or a negative change in global economic conditions or the product or crude tanker markets would be expected to have a material adverse effect on our business, financial position, results of operations and ability to make cash distributions and comply with our loan covenants, as well as our future prospects and ability to grow our fleet.

Table of Contents

Charter rates for tanker vessels are highly volatile and are currently below historically average rates and may further decrease in the future, which may adversely affect our earnings and our ability to make cash distributions, as we may not be able to recharter our vessels or we may not be able to recharter them at competitive rates.

The shipping industry is cyclical, which may result in volatility in charter hire rates and vessel values. We may not be able to successfully charter our vessels in the future or renew existing charters at the same or similar rates. Charter hires are currently below historically average rates and may further decrease in the future, which may adversely affect our earnings as we may not be able to recharter our vessels for period charters at competitive rates or at all. We are particularly exposed to the fundamentals of the product and crude tanker markets as the majority of the vessels in our fleet are tankers and the majority of period charters scheduled to expire over the next 12 month period relate to tanker vessels. We may only be able to recharter these vessels at reduced or unprofitable rates as their current charters expire, or we may not be able to recharter these vessels at all. In the event the current low rate environment continues and charterers do not display an increased interest in chartering vessels for longer periods at improved rates, we may not be able to obtain competitive rates for our vessels and our earnings and distributions may be adversely affected. Even if we manage to successfully charter our vessels in the future, our charterers may go bankrupt or fail to perform their obligations under the charter agreements, they may delay payments or suspend payments altogether, they may terminate the charter agreements prior to the agreed-upon expiration date or they may attempt to renegotiate the terms of the charters. If we are required to enter into a charter when charter hire rates are low, our results of operations and our ability to make cash distributions to our unitholders could be adversely affected.

Alternatively, we may have to deploy these vessels in the spot market, which, although common in the tanker industry, is cyclical and highly volatile, with rates fluctuating significantly based upon demand for oil and oil products and tanker supply, among others. In the past, the spot market has also experienced periods when spot rates have declined below the operating cost of vessels. The successful operation of our vessels in the spot market depends upon, among other things, obtaining profitable spot charters and minimizing, to the extent possible, time spent waiting for charters and time spent traveling unladen to pick up cargo. Furthermore, as charter rates for spot charters are fixed for a single voyage of up to several weeks, during periods in which spot charter rates are rising, we will generally experience delays in realizing the benefits from such increases.

The demand for period charters may not increase and the tanker charter market may not significantly recover over the next several months or may decline further. The occurrence of any of these events could have a material adverse effect on our business, results of operations, cash flows, financial condition and ability to meet our obligations and to make cash distributions.

In addition, the market value and charter hire rates of product and crude oil tankers can fluctuate substantially over time due to a number of different factors outside of our control, including:

the supply for oil and oil products which is influenced by, among others:

international economic activity;

geographic changes in oil production, processing and consumption;

oil price levels;

inventory policies of the major oil and oil trading companies;

competition from alternative sources of energy; and

strategic inventory policies of countries such as the United States, China and India;

the demand for oil and oil products;

regional availability of refining capacity;

prevailing economic conditions in the market in which the vessel trades;

availability of credit to charterers and traders in order to finance expenses associated with the relevant trades;

Table of Contents

regulatory change;

lower levels of demand for the seaborne transportation of refined products and crude oil;

increases in the supply of vessel capacity; and

the cost of retrofitting or modifying existing ships, as a result of technological advances in vessel design or equipment, changes in applicable environmental or other regulations or standards, or otherwise.

The market value of vessels is influenced by the ability of buyers to access bank finance and equity capital and any disruptions to the market and the possible lack of adequate available finance may negatively affect such market values. If we sell a vessel at a time when the market value of our vessels has fallen, the sale may be at less than the vessel's carrying amount, resulting in a loss. In addition, a decrease in the future charter rate and/or market value of our vessels could potentially result in an impairment charge. A decline in the market value of our vessels could also lead to a default under any prospective credit facility to which we become a party, affect our ability to refinance our existing credit facilities and/or limit our ability to obtain additional financing.

Increasing self-sufficiency in energy by the United States could lead to a decrease in imports of oil to that country, which to date has been one of the largest importers of oil worldwide.

The United States is expected to overtake Saudi Arabia as the world's top oil producer by 2017, according to an annual long-term report by the International Energy Agency (IEA). The steep rise in shale oil and gas production is expected to push the country toward self-sufficiency in energy. In recent years the share of total U.S. consumption met by total liquid fuel net imports, including both crude oil and products, has been decreasing since peaking at over 60% in 2005 and it is estimated that it fell at around 33% in 2013 as a result of lower consumption and the substantial increase in domestic crude oil production. The IEA expects the net import share to decline to 21% in 2015, which would be the lowest level since 1969. A slowdown in oil imports to the United States, one of the most important oil trading nations worldwide, may result in decreased demand for our vessels and lower charter rates, which could have a material adverse effect on our business, results of operations, cash flows, financial condition and ability to make cash distributions.

An oversupply of tanker vessel capacity may lead to reductions in charter hire rates, vessel values and profitability.

The market supply of tankers is affected by a number of factors such as demand for energy resources and primarily oil and petroleum products, level of charter hire rates, asset and newbuilding prices, availability of financing as well as overall economic growth in parts of the world economy, including Asia, and has been increasing as a result of the delivery of substantial newbuilding orders over the last few years. Newbuildings, especially for crude vessels, were delivered in significant numbers starting at the beginning of 2006 and continued to be delivered in significant numbers through to 2014. In addition, it is estimated by Clarkson Research Services Limited that the newbuilding order book, which extends to 2018, equals approximately 14.4% of the existing world tanker fleet and the order book may increase further in proportion to the existing fleet. If the capacity of new ships delivered exceeds the capacity of tankers being scrapped and lost, tanker capacity will increase. If the supply of tanker capacity increases and if the demand for tanker capacity does not increase correspondingly, charter rates and vessel values could materially decline. If such a reduction occurs, we may only be able to recharter our vessels at reduced or unprofitable rates as their current charters expire, or we may not be able to charter these vessels at all. A reduction in charter rates and the

value of our vessels may have a material adverse effect on our business, results of operations, cash flows, financial condition and ability to make cash distributions.

A number of third party owners have ordered so-called eco-type vessel designs, which offer substantial bunker savings as compared to older designs. Increased demand for and supply of eco-type vessels could reduce demand for our vessels that are not classified as such and expose us to lower vessel utilization and/or decreased charter rates.

The product tanker newbuilding order book as of December 2014 is estimated at 389 vessels or 15.0% of the current product tanker fleet according to Clarksons Research Services Limited. The majority of these orders are based on new vessel designs, which purport to offer material bunker savings compared to older designs, which

Table of Contents

include certain of our vessels. Such savings could result in a substantial reduction of bunker cost for charterers compared to such vessels of ours. As the supply of such eco-type vessel increases and if charterers prefer such vessels over our vessels that are not classified as such, this may reduce demand for our non-eco-type vessels, impair our ability to recharter such vessels at competitive rates and have a material adverse effect on our cash flows and operations.

RISKS RELATED TO THE DRYBULK INDUSTRY

We are exposed to various risks in the international drybulk shipping industry, which is cyclical and volatile.

Since our acquisition of the M/V Cape Agamemnon from Capital Maritime in June 2011, we have been subject to various risks of the drybulk shipping industry. The drybulk shipping industry is cyclical with attendant volatility in charter rates, vessel values and profitability. In addition, the degree of charter hire rate volatility among different types of drybulk carriers has varied widely. After reaching historical highs in mid-2008, charter hire rates for Capesize drybulk carriers such as the M/V Cape Agamemnon have been decreasing and are currently at or near historical low levels. The M/V Cape Agamemnon is currently deployed on a period time charter. In the future we may have to charter it pursuant to short-term time charters, and may be exposed to changes in spot market and short-term charter rates for drybulk carriers, and such changes may affect our earnings and the value of the M/V Cape Agamemnon at any given time.

Moreover, the factors affecting the supply and demand for drybulk vessels are outside of our control and are difficult to predict with confidence. As a result, the nature, timing, direction and degree of changes in industry conditions are also unpredictable.

Factors that influence demand for vessel capacity include, among others:

supply and demand for drybulk products;

changes in global production of products transported by drybulk vessels;

seaborne and other transportation patterns, including the distances over which drybulk cargoes are transported and changes in such patterns and distances;

the globalization of manufacturing;

global and regional economic and political conditions;

developments in international trade;

environmental and other regulatory developments;

currency exchange rates; and

weather.

Factors that influence the supply of vessel capacity include, among others:

the number of newbuild deliveries, which among other factors relates to the ability of shipyards to deliver newbuilds by contracted delivery dates and the ability of purchasers to finance such newbuilds;

the scrapping rate of older vessels;

the number of vessels that are in or out of service, including due to vessel casualties;

changes in environmental and other regulations and standards that may limit the profitability or useful lives of vessels; and

port and canal congestion and closures.

We currently anticipate that the future demand for the M/V Cape Agamemnon following completion of its charter and, in turn, drybulk charter rates, will be dependent, among other things, upon economic growth in the global economy including the world's developing economies such as China, India, Brazil and Russia, seasonal and regional changes in demand, changes in the capacity of the global drybulk vessel fleet and the sources and supply of drybulk cargo to be transported by sea. A decline in demand for commodities transported in drybulk vessels or an increase in supply of drybulk vessels could cause a significant decline in charter rates, which could materially adversely affect our business, financial condition and results of operations.

Table of Contents

The M/V Cape Agamemnon is currently chartered at rates that are at a substantial premium to the spot and period market, and the loss of this charter could result in a significant loss of expected future revenues and cash flows.

The M/V Cape Agamemnon is currently under a 10 year time charter to Cosco Bulk Carrier Co. Ltd. (Cosco), an affiliate of the China Ocean Shipping (Group) Company (COSCO Group) and one of the largest drybulk charterers globally, which commenced in July 2010 and was amended in November 2011. The earliest expiry under the charter is June 2020. Since the charter amendment in November 2011, the gross charter rate is a flat rate of \$42,200 per day.

Cosco has faced financial difficulties and has incurred losses in recent years. The loss of this customer could result in a significant loss of revenues, cash flow and our ability to maintain or improve distributions in the long term. We could lose this customer or the benefits of the charter entered into with it if, among other things:

the customer is unable or unwilling to perform its obligations under the charter, including the payment of the agreed rates in a timely manner;

the customer continues to face financial difficulties forcing it to declare bankruptcy or to default under the charter;

the customer fails to make charter payments because of its financial inability, disagreements with us or otherwise;

the customer seeks to re-negotiate the terms of the charter agreement due to prevailing economic and market conditions or due to continued poor performance by the charterer;

the customer exercises certain rights to terminate the charter;

the customer terminates the charter because we fail to comply with the terms of the charter, the vessel is lost or damaged beyond repair, there are serious deficiencies in the vessel or prolonged periods of off-hire, or we default under the charter;

a prolonged force majeure event affecting the customer, including war or political unrest prevents us from performing services for that customer; or

the customer terminates the charter 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 charter with Cosco prior to its expiration date, we would have to recharter the vessel at the then prevailing charter rates. In such event, we may not be able to obtain competitive, or profitable, rates for this vessel and our earnings and ability to make cash distributions may be adversely affected.

A negative change in the economic conditions in the United States, the European Union or the Asian region, especially in China, Japan or India, could reduce drybulk trade and demand, which could reduce charter rates and have a material adverse effect on our business, financial condition and results of operations.

A significant number of the port calls made by capesize bulk carriers involve the loading or discharging of raw materials in ports in the Asian region, particularly China, Japan and India. As a result, a negative change in economic conditions in any Asian country, particularly China, Japan or India, could have a material adverse effect on our business, financial position and results of operations, as well as our future prospects, by reducing demand and, as a result, charter rates and affecting our ability to recharter the M/V Cape Agamemnon at a profitable rate. In past years, China and India have had two of the world's fastest growing economies in terms of gross domestic product and have been the main driving force behind increases in marine drybulk trade and the demand for drybulk vessels. If economic growth declines in China, Japan, India and other countries in the Asian region, we may face decreases in such drybulk trade and demand. Moreover, a slowdown in the United States and Japanese economies, or the economies of the European Union, as has occurred recently, or certain Asian countries will likely adversely affect economic growth in China, India and elsewhere. Such an economic downturn in any of these countries could have a material adverse effect on our business, financial condition and results of operations.

Table of Contents

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

The market supply of drybulk vessels has been increasing, and the number of drybulk vessels on order as of December 2014, was estimated by market sources to be approximately 22.6% of the then-existing global drybulk fleet in terms of dwt, with deliveries expected mainly during the succeeding 24 months, although available data with regard to cancellations of existing newbuild orders or delays of newbuild deliveries are not always accurate or may not be readily available.

Despite increased demolition of older drybulk vessels between 2011–2014, the drybulk fleet continues to grow at a rapid pace. An oversupply of drybulk vessel capacity will likely result in a reduction of charter hire rates. Upon the expiration of its current period time charter in June 2020, if we cannot enter into a new period time charter for the M/V Cape Agamemnon on acceptable terms, we may have to secure charters in the spot market, where charter rates are more volatile and revenues are, therefore, less predictable, or we may not be able to charter the vessel at all.

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

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

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

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

RISKS RELATED TO THE CONTAINER CARRIER INDUSTRY

We are exposed to various risks in the ocean-going container shipping industry, which is cyclical and volatile in terms of charter rates and profitability.

With the exception of the M/V Cape Agamemnon, we have historically owned tanker vessels and have been active in the tanker market only. Since December 2012, we have acquired seven container vessels from Capital Maritime and have become subject to various risks of the container shipping industry. We employ the seven container vessels we currently own in the container shipping market in which we had limited experience prior to 2012. The ocean-going container shipping industry is both cyclical and volatile in terms of charter rates and profitability and demand for our vessels depends on demand for the shipment of cargoes in containers and, in turn, containerships. Containership charter rates peaked in 2005 but have declined sharply and have remained low throughout 2014, as the impact of the European sovereign debt crisis and economic slowdown across the globe have

Table of Contents

affected international trade, including exports from China to Europe and the United States, and have been subject to downward fluctuations, which in many cases have resulted in historical lows. Liner companies have experienced a substantial drop-off in container shipping activity, resulting in decreased average freight rates since the second half of 2011, and the continuation of such decreased freight rates or any further declines in freight rates would negatively affect the liner companies to which we charter our containerships. Variations in containership charter rates result from changes in the supply and demand for ship capacity and changes in the supply and demand for the major products transported by containerships. The economics of the container business have also been affected negatively by the large number of containership newbuild vessels ordered prior to the onset of the general economic downturn in 2008-2009. Accordingly, weak conditions in the containership sector may affect our business, results of operations, financial condition and ability to make cash distributions.

The decline in the containership market has affected the major liner companies and the value of container vessels, which follow the trends of freight rates and containership charter rates, and can affect the earnings on our charters, and similarly, our cash flows and liquidity. The decline in the containership charter market has had and may continue to have additional adverse consequences for the container industry including a less active secondhand market for the sale of vessels and charterers not performing under, or requesting modifications of, existing time charters. A further downturn in the container shipping industry could adversely affect our business, results of operations, financial condition and ability to make cash distributions.

Our ability to recharter our containerships upon the expiration or termination of their current time charters and the charter rates payable under any renewal options or replacement time charters will depend upon, among other things, the prevailing state of the containership charter market, which can be affected by consumer demand for products shipped in containers. If the charter market is depressed when our containerships' time charters expire, we may be forced to recharter our containerships at reduced or even unprofitable rates, or we may not be able to recharter them at all, which may reduce or eliminate our earnings or make our earnings volatile. The same issues will be faced if we acquire additional vessels and attempt to obtain multi-year time charters as part of our acquisition and financing plan.

Consumer confidence and consumer spending recently have been relatively weak and remain uncertain. Consumer purchases of discretionary items, many of which are transported by sea in containers, generally decline during periods where disposable income is adversely affected or there is economic uncertainty and, as a result, liner company customers may ship fewer containers or may ship containers only at reduced rates. Any such decrease in shipping volume could adversely impact liner companies and increase the counterparty risk associated with the charters for our vessels and, in turn, affect overall demand for containerships.

The factors affecting the supply and demand for containerships and supply and demand for products shipped in containers are outside of our control and are difficult to predict with confidence. As a result, the nature, timing, direction and degree of changes in industry conditions are unpredictable.

Factors that influence demand for containership capacity include, among others:

supply and demand for products suitable for shipping in containers;

changes in global production of products transported by containerships;

seaborne and other transportation patterns, including the distances over which container cargoes are transported and changes in such patterns and distances;

the globalization of manufacturing;

global and regional economic and political conditions;

developments in international trade;

environmental and other regulatory developments;

currency exchange rates;

weather; and

cost of bunkers.

Table of Contents

Factors that influence the supply of containership capacity include, among others:

the number of newbuilding orders and deliveries;

the extent of newbuilding vessel deferrals;

the scrapping rate of containerships;

newbuilding prices and containership owner access to capital to finance the construction of newbuildings;

charter rates and the price of steel and other raw materials;

changes in environmental and other regulations and standards that may limit the useful life of containerships;

the number of containerships that are slow-steaming or extra slow-steaming to conserve fuel;

the number of containerships that are off-charter;

port and canal congestion and closures; and

demand for fleet renewal.

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

From 2005 through the first quarter of 2010, the size of the containership order-book was at historically high levels. Although order-book volume dropped during 2011 to relatively low levels compared to previous years, as of December 31, 2014 the order-book is still at almost 18.3% of the existing fleet and deliveries of vessels ordered will significantly increase the size of the container fleet over the next year. Additionally, a substantial number of container vessels are currently idle and the potential reactivation of the idle fleet may result in a prolonged period of lower charter rates or in a reduction of charter rates. An oversupply of newbuilding vessels and/or rechartered or idle containership capacity entering the market, combined with any future decline in the demand for containerships, may result in a reduction of charter rates and may decrease our ability to recharter our containerships other than for reduced rates or unprofitable rates, or we may not be able to recharter our containerships at all.

We are dependent on our container carrier vessel charterers fulfilling their obligations under their agreements with us, and their inability or unwillingness to honor these obligations could reduce our revenues and cash flow.

The seven container carrier vessels we presently own and the three Dropdown Containerships we have agreed to acquire from Capital Maritime are currently under charters with Hyundai Merchant Marine Co. Ltd. (HMM), A.P. Moller-Maersk A.S (Maersk Line) and CMA CGM Group (CMA CGM). We expect that these containerships will continue to be chartered to customers mainly under multi-year fixed rate time charters. Many liner companies, including our charterers, finance their activities through cash from operations, the incurrence of debt or the issuance of equity and other shipping operations including tanker and drybulk. Moreover, since 2008, there has been a significant decline in the credit markets and the availability of credit, and the equity markets have been volatile. In addition, the tanker and drybulk markets have been or are currently at historically low levels, which has negatively affected the profitability and balance sheet of such liner companies. The combination of a reduction of cash flow resulting from declines in world trade, a reduction in borrowing bases under reserve-based credit facilities and the lack of availability of debt or equity financing and losses from other operations may result in a significant reduction in the ability of our charterers to make charter payments to us. If we lose a time charter because the charterer is unable to pay us or for any other reason, we may be unable to redeploy the related vessel on similarly favorable terms or at all. Also, we will not receive any revenues from such a vessel while it is unchartered, but we will be required to pay expenses necessary to maintain and insure the vessel and service any indebtedness on it. The combination of any surplus of containership capacity and the expected increase in the size of the world containership fleet over the next few years may make it difficult to secure substitute employment for any of our containerships if our counterparties fail to perform their obligations under the currently arranged time charters, and any new charter arrangements we are able to secure may be at lower rates. Furthermore, the surplus of containerships available at lower charter rates and lack of demand for our customers' liner services could negatively affect our charterers' willingness to perform their obligations under our time charters, which in many cases provide for charter rates significantly above current market rates. A failure of HMM, Maersk Line or CMA CGM to comply with the terms of its respective charters, and our inability to replace such charters in a certain manner may, under certain circumstances, result in an event of default under our credit facilities.

Table of Contents

The loss of our charterers or a decline in payments under our time charters could have a material adverse effect on our business, results of operations and financial condition, revenues and cash flow and our ability to pay cash distributions to our unitholders.

Several of our container vessels are under charters at rates that are at a substantial premium to the spot and period market, and the loss of these charters could result in a significant loss of expected future revenues and cash flows.

The M/V Hyundai Premium, M/V Hyundai Paramount, M/V Hyundai Privilege, M/V Hyundai Platinum and M/V CCNI Angol are each currently under 12 year time charters to HMM, at a gross charter rate of \$29,350 per day, that all commenced in the first half of 2013. The M/V Anaxagoras (to be renamed CMA CGM Magdalena), M/V Adonis (to be renamed CMA CGM Uruguay) and M/V Akadimos (to be renamed CMA CGM Amazon) are each under time charters for a minimum of five years to CMA CGM, at a gross charter rate of \$39,250 per day, that all were entered into in December 2013.

HMM and CMA CGM have each faced financial difficulties and incurred losses recently. The loss of these customers could result in a significant loss of revenues, cash flow and our ability to maintain or improve distributions over the long term. We could lose these customers or the benefits of the charters entered into with them if, among other things:

the customer is unable or unwilling to perform its obligations under the charters, including the payment of the agreed rates in a timely manner;

the customer continues to face financial difficulties forcing it to declare bankruptcy or to default under the charters;

the customer fails to make charter payments because of its financial inability, disagreements with us or otherwise;

the customer seeks to renegotiate the terms of the charter agreements due to prevailing economic and market conditions or due to continued poor performance by the charterer;

the customer exercises certain rights to terminate the charters;

the customer 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 customer, including war or political unrest prevents us from performing services for that customer; or

the customer terminates the charters because we fail to comply with the safety and regulatory criteria of the charterer or the rules and regulations of various maritime organizations and bodies.

In the event we lose the benefit of the charters with HMM, CMA CGM or both prior to their respective expiration date, we would have to recharter the vessels at the then prevailing charter rates. In such event, we may not be able to obtain competitive, or profitable, rates for these vessels and our earnings and ability to make cash distributions may be adversely affected.

Currently, we have two older container vessels, the M/V Archimidis and the M/V Agamemnon, fixed under charters at rates at a substantial premium to the market. The M/V Archimidis and the M/V Agamemnon are each employed on time charters by Maersk Line, which has the option to extend each charter for an additional four years at a net day rate of \$30,712 and \$29,737 per day, respectively, for the fourth and fifth year and \$31,200 per day for the final two years. If all options were to be exercised, the employment of the vessels would extend to December 2019 for the M/V Archimidis and July 2019 for the M/V Agamemnon. However, because the vessels are of older design Maersk Line may not exercise its options and we may not be able to procure contracts for these vessels at favorable rates or at all going forward.

Table of Contents

A decrease in the level of China's export of goods or an increase in trade protectionism could have a material adverse impact on our charterers' business and, in turn, could cause a material adverse impact on our results of operations, financial condition and cash flows.

China exports considerably more goods than it imports. 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 the Asia Pacific region to various overseas export markets including the United States and Europe. Any reduction in or hindrance to the output of China-based exporters could have a material adverse effect on the growth rate of China's exports and on our charterers' business. For instance, the government of China has implemented economic policies aimed at increasing domestic consumption of Chinese-made goods. This may have the effect of reducing the supply of goods available for export and may, in turn, result in a decrease of demand for container shipping. Additionally, though in China there is an increasing level of autonomy and a gradual shift in emphasis to a market economy and enterprise reform, many of the reforms, particularly some limited price reforms that result in the prices for certain commodities being principally determined by market forces, are unprecedented or experimental and may be subject to revision, change or abolition. The level of imports to and exports from China could be adversely affected by changes to these economic reforms by the Chinese government, as well as by changes in political, economic and social conditions or other relevant policies of the Chinese government.

For instance, China recently enacted a new tax for non-resident international transportation enterprises engaged in the provision of services of passengers or cargo, among other items, in and out of China using their own, chartered or leased vessels, including any stevedore, warehousing and other services connected with the transportation. The new regulation broadens the range of international transportation companies who may find themselves liable for Chinese enterprise income tax on profits generated from international transportation services passing through Chinese ports. This tax or similar regulations by China may result in an increase in the cost of goods exported from China and the risks associated with exporting goods from China, as well as a decrease in the quantity of goods to be shipped from our through China, which 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.

Our operations expose us to the risk that increased trade protectionism will adversely affect our business. If the global recovery is undermined by downside risks and the recent economic downturn returns, governments may turn to trade barriers to protect their domestic industries against foreign imports, thereby depressing the demand for shipping. Specifically, increasing trade protectionism in the markets that our charterers serve may cause an increase in (i) the cost of goods exported from China, (ii) the length of time required to deliver goods from China and (iii) the risks associated with exporting goods from China, as well as a decrease in the quantity of goods to be shipped. Any increased trade barriers or restrictions on trade, especially trade with China, 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. This could have a material adverse effect on our business, results of operations and financial condition and our ability to pay cash distributions to our unitholders.

Containership values decreased significantly in 2008 and 2009 and have remained at depressed levels through 2014. Containership values may decrease further and over time may fluctuate substantially. If these values are low at a time when we are attempting to dispose of a vessel, we could incur a loss.

Containership values can fluctuate substantially over time due to a number of different factors, including:

prevailing economic conditions in the markets in which containerships operate;

reduced demand for containerships, including as a result of a substantial or extended decline in world trade;

increases in the supply of containership capacity;

prevailing charter rates and the cost of retrofitting or modifying existing ships to respond to technological advances in vessel design or equipment; or

changes in applicable environmental or other regulations or standards, or otherwise.

Table of Contents

If the market values of our vessels deteriorate significantly, we may be required to record an impairment charge in our financial statements, which could adversely affect our financial condition and results of operations. If a charter expires or is terminated, we may be unable to recharter the vessel at an acceptable rate and, rather than continue to incur costs to maintain the vessel, may seek to dispose of it. Our inability to dispose of one or more of the containerships at a reasonable price could result in a loss on its sale and adversely affect our results of operations and financial condition.

Our growth and our ability to recharter our containerships depends on our ability to expand relationships with existing customers and develop relationships with new customers, for which we will face substantial competition.

We will look to recharter our containerships following the expiration of their current charters and we will seek charters for any additional containerships that we subsequently acquire. The process of obtaining new long-term time charters on containerships is highly competitive and generally involves an intensive screening process and competitive bids, and often extends for several months. Containership charters are awarded based upon a variety of factors relating to the vessel operator, including, among others:

shipping industry relationships and reputation for customer service and safety;

container shipping experience and quality of ship operations, including cost effectiveness;

quality and experience of seafaring crew;

the ability to finance containerships at competitive rates and the ship 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 ships according to customer specifications;

willingness to accept operational risks pursuant to 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 new containerships for chartering purposes comes from a number of experienced shipping companies, including direct competition from other independent charter owners and indirect competition from state-sponsored and other major entities with their own fleets. Some of our competitors have significantly greater financial resources than we do and can operate larger fleets and may be able to offer better charter rates. An increasing number of marine transportation companies have entered the containership sector, including many with strong reputations and extensive resources and experience in the marine transportation industry. This increased competition

may cause greater price competition for time charters. As a result of these factors, we may be unable to expand our relationships with existing customers or to develop relationships with new customers on a profitable basis, if at all, which could harm our business, results of operations, financial condition and ability to make cash distributions.

RISKS RELATED TO OUR BUSINESS AND OPERATIONS

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

Our future growth will depend upon a number of factors, some of which we cannot control. These factors include our ability to:

capitalize on opportunities in the container, crude and product tanker markets by fixing period charters for our vessels at attractive rates;

identify businesses engaged in managing, operating or owning vessels for acquisitions or joint ventures;

identify vessels and/or shipping companies for acquisitions;

access financing and obtain required financing for existing and new operations, including refinancing of existing indebtedness;

Table of Contents

integrate any acquired businesses or vessels successfully with existing operations;

hire, train and retain qualified personnel to manage, maintain and operate our business and fleet;

identify additional new markets;

improve operating and financial systems and controls;

complete accretive transactions in the future; and

maintain our commercial and technical management agreements with Capital Maritime or other competent managers.

Our ability to grow is in part dependent on our ability to expand our fleet through acquisitions of suitable vessels. We may not be able to acquire newbuildings 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 newbuildings 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.

The failure to effectively identify, purchase, develop, employ and integrate any vessels or businesses could adversely affect our business, financial condition and results of operations and our ability to make cash distributions.

Fees and cost reimbursements paid by us to Capital Maritime for services provided to us and certain of our subsidiaries are substantial, fluctuate, cannot be easily predicted and may reduce our cash available for distribution to our unitholders.

We have entered into three separate technical and commercial management agreements with Capital Ship Management for the management of our fleet: the fixed fee management agreement, the floating fee management agreement and, with respect to the vessels acquired as part of the merger with Crude Carriers, the Crude Carriers management agreement. Each vessel in our fleet is managed under the terms of one of these three agreements. Please read Item 4B: Business Overview Our Management Agreements for a detailed description of the main terms of our three management agreements.

The expenses incurred under our three management agreements depend upon a variety of factors, many of which are beyond our or our Manager's control. Some of these costs, primarily relating to crewing, insurance and enhanced security measures have been increasing and may increase in the future. Increases in any of these costs would decrease our earnings, cash flows and the amount of cash available for distribution to our unitholders.

We expect that as the fixed fee management agreement expires for vessels currently managed under it, such vessels, and any additional acquisitions we make in the future, will be managed under floating fee management agreements, on similar terms to the ones currently in place. It is possible that the level of our operating costs may materially change following any such renewal. Any increase in the costs and expenses associated with the provision of these services by our Manager in the future, such as the condition and age of our vessels, or costs of crews for our time chartered vessels and insurance, will lead to an increase in the fees we would have to pay to Capital Ship Management or

another third party under any new agreements.

The payment of fees to Capital Ship Management and compensation for expenses and liabilities incurred on our behalf, as well as the costs associated with future drydockings and/or intermediate surveys on our vessels, which are expected to be significant, could adversely affect our business, financial condition and results of operations, including our ability to make cash distributions.

We cannot assure you that we will pay any distributions.

We currently observe a cash dividend and cash distribution policy implemented by our board of directors. The actual declaration of future cash distributions, and the establishment of record and payment dates, is subject to the terms of the partnership agreement and final determination by our board of directors each quarter after its review of financial performance. Our ability to pay distributions in any period will depend upon factors, including, but not limited to, our financial condition, results of operations, prospects and applicable provisions of Marshall Islands law. Further, holders of our common units are subject to the prior distribution rights of any holders of our preferred units then outstanding. As of the date of this Annual Report, there were 14,223,737 Class B Units issued and outstanding.

Table of Contents

Under the terms of our partnership agreement, we are prohibited from declaring and paying distributions on our common units until we declare and pay (or set aside for payment) full distributions on the Class B Units. We may not have sufficient cash available each quarter to pay the declared quarterly distribution per Class B or per common unit following establishment of cash reserves and payment of fees and expenses.

The timing and amount of distributions, if any, could be affected by factors affecting cash flows, results of operations, required capital expenditures, compliance with our loan covenants, or reserves. Maintaining the distribution policy will depend on shipping market developments and the charter rates we earn when we recharter our vessels, our cash earnings, financial condition and cash requirements, and could be affected by factors, including the loss of a vessel, required capital expenditures, reserves established by our board of directors, increased or unanticipated expenses, additional borrowings and compliance with our loan covenants, as well as our ability to refinance existing indebtedness, asset valuations or future issuances of securities, which may be beyond our control.

Under Marshall Islands law, a limited partnership shall not make a 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 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 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 of this and the other factors mentioned above, we may make cash distributions during periods when we record losses and may not make cash distributions during periods when we record net income.

Subject to limited exceptions, our distribution policy may be changed at any time, and from time to time, by our board of directors.

Our common units are equity securities and are subordinated to our existing and future indebtedness and our Class B Units.

Our common units are equity interests in us and do not constitute indebtedness. The common units rank junior to all indebtedness and other non-equity claims on us with respect to the assets available to satisfy claims, including a liquidation of the Partnership. Additionally, holders of the common units are subject to the prior distribution and liquidation rights of any holders of the Class B Units and any other preferred units we may issue in the future.

As long as our outstanding Class B Units remain outstanding, distribution payments relating to our common units are prohibited under our partnership agreement, until all accrued and unpaid distributions are paid on the Class B Units.

Our board of directors is authorized to issue additional classes or series of preferred units without the approval or consent of the holders of our common units. In addition, holders of the Class B Units have the right to convert all or a portion of their Class B Units at any time into common units. As of the date of this Annual Report, there were 14,223,737 Class B Units issued and outstanding. Any such actions as described above could adversely affect the market price of our common units.

Since 2011 our board of directors has elected not to deduct any replacement capital expenditures from our operating surplus. If this practice does not continue in the future, our growth and the future income generating

capacity of our fleet may be significantly affected.

Our partnership agreement requires our board of directors to deduct from operating surplus cash reserves that it determines are necessary to fund our future operating expenditures. In the past, we have made substantial capital expenditures to expand and renew our fleet, which also reduced the amount of cash available for distribution

Table of Contents

to our unitholders. Replacement capital expenditures include capital expenditures associated with an estimation for future acquisitions of new vessels or a replacement of a vessel in our fleet in order to maintain and grow the income generating capacity of our fleet. These expenditures could increase as a result of 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;

increases in the size of our fleet;

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.

The amount of estimated 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 the conflicts committee of our board of directors. In years when estimated capital expenditures are higher than actual capital expenditures, the amount of cash available for distribution to unitholders will be lower than if actual capital expenditures were deducted from operating surplus. If our board of directors underestimates the appropriate level of estimated replacement capital expenditures, we may have less cash available for distribution in future periods when actual capital expenditures exceed our previous estimates.

Our board of directors has elected not to deduct any replacement capital expenditures from our operating surplus since 2011. If this practice does not continue in the future, it will likely affect our ability to acquire new vessels or replace a vessel in our fleet, as well as our future income generating capacity.

We separately account for the maintenance capital expenditures required to maintain the operating quality of our vessels as we incur maintenance expenses as part of our operating expenses, including any costs associated with scheduled drydockings. We may have to separately provide for estimated capital expenditures associated with drydocking and, in addition to estimated replacement capital expenditures, also deduct these from our operating surplus.

As our vessels come up for their scheduled drydockings the number of off-hire days of our fleet and operating expenses will increase and our cash available for distribution to our unitholders may decrease.

During 2015, a vessel managed under our floating fee management agreement is scheduled for its next special survey and associated drydocking. Once any of our vessels is put into drydock, it is automatically considered to be off-hire in connection with such special or intermediate survey and associated drydocking, which means that for such period of time any such vessel will not be earning any revenues. In addition, during the drydocking of our vessels, we may incur certain costs, including but not limited to the installation of the ballast water treatment system for vessels if or when applicable legislation comes into effect, the levels of which are not possible to predict, are not covered under this management agreement and which we will have to reimburse to our Manager. Consequently, as our vessels' scheduled drydocking approaches, the number of off-hire days of our fleet and operating expenses will increase, which may materially affect our cash available for distribution to our unitholders.

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

Our vessels and their cargoes are at risk of being damaged or lost because of events such as marine disasters, bad weather, business interruptions caused by mechanical failures, grounding, fire, explosions and collisions, human error, war, terrorism, piracy and other circumstances or events. In addition, the operation of tankers has unique operational risks associated with the transportation of oil. Compared to other types of vessels, tankers are exposed to a higher risk of damage and loss by fire, whether ignited by a terrorist attack, collision or other cause, due to the high flammability and high volume of the oil transported in tankers.

Table of Contents

If our vessels suffer damage, they may need to be repaired at a drydocking facility. The costs of drydock repairs are unpredictable and may be substantial. We may have to pay drydocking costs that our insurance does not cover in full. The loss of earnings while these vessels are being repaired and repositioned, as well as the actual cost of these repairs, may adversely affect our business and financial condition. In addition, space at drydocking facilities is sometimes limited and not all drydocking facilities are conveniently located. We may be unable to find space at a suitable drydocking facility or our vessels may be forced to travel to a drydocking facility that is not conveniently located to our vessels' positions. The loss of earnings while these vessels are forced to wait for space or to travel to more distant drydocking facilities may adversely affect our business and financial condition. Further, 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 that could negatively impact our business, financial condition, results of operations, cash flows and ability to pay cash distributions.

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. The arrest or attachment of one or more of our vessels could result in a significant loss of earnings for the related off-hire period. 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.

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

A 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 pay cash distributions.

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

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

If these piracy attacks result in regions in which our vessels are deployed being characterized by insurers as war risk zones or Joint War Committee war and strikes 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. We may not be adequately insured to cover losses from these incidents, which could have a material adverse effect on us. In addition,

detention hijacking as a result of an act of piracy against our vessels, or an increase in cost or unavailability of insurance for our vessels, could have a material adverse impact on our business, results of operations, cash flows, financial condition and ability to make cash distributions, as well as result in increased costs and decreased cash flows to our customers impairing their ability to make payments to us under our charters.

Table of Contents

Increases in fuel prices could adversely affect our profits.

We are responsible for the cost of fuel in the form of bunkers, which is a significant vessel expense, at any time our vessels are trading in the spot market, are off-hire or during the drydocking of any of our vessels. In addition, spot charter arrangements generally provide that the vessel owner, or pool operator where relevant, bear the cost of fuel. Because we 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. The price and supply of fuel is unpredictable and fluctuates as a result of events outside our control, including geo-political developments, supply and demand for oil and gas, actions by members of the Organization of the Petroleum Exporting Countries (also known as OPEC) and other oil and gas producers, war and unrest in oil producing countries and regions, regional production patterns and environmental concerns and regulations. Changes in the actual price of fuel at the time the charter is to be performed could result in the charter being performed at a significantly greater or lesser cost than originally anticipated and may result in losses or diminished profits.

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

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

Matters Related to Investigations of Greek Professional Football (Soccer).

Our former Chairman, Evangelos M. Marinakis, has been the principal owner of the Greek professional football team Olympiacos since January 2011 and has served as President of Olympiacos since December 2010. Mr. Marinakis also was President of the Superleague Greece in which Olympiacos participates and Vice-President of the Hellenic Football Federation from August 2010 for a year. Since 2011, Greek authorities have investigated allegations of match-fixing and other improprieties related to professional football in Greece. Various individuals, including Mr. Marinakis, have been identified as subjects of these investigations. Mr. Marinakis has cooperated with the investigations and has denied any wrongdoing.

While it is not possible to predict the outcome of these matters with certainty, CPLP does not expect that the outcome of these matters will be materially adverse to us or Mr. Marinakis's relationship to CPLP.

Transition of our senior management may cause certain disruptions that could have a material adverse effect on our business, financial condition, results of operations and ability to retain key officers and employees.

As we announced on September 8, 2014, Mr. Petros Christodoulou was appointed as Chief Executive Officer and Chief Financial Officer, succeeding Mr. Ioannis Lazaridis, who served as the Chief Executive Officer and Chief Financial Officer of the Partnership's general partner since its formation in January 2007. Mr. Lazaridis has been a key contributor to our recent performance. Although Mr. Christodoulou's appointment was unanimously approved by our

board of directors and Mr. Lazaridis remains a member of our board of directors, our business, results of operations, cash flows, financial condition, ability to make distributions and ability to retain key officers and employees could be adversely affected if we cannot effectively transition Mr. Lazaridis' s management responsibilities to Mr. Christodoulou. Furthermore, leadership transitions can be inherently difficult to manage and may cause uncertainty or a disruption to our business or may increase the likelihood of turnover in key officers and employees. There can be no assurance that we will not experience disruptions arising from this leadership transition.

Table of Contents***The proposed acquisition of the Dropdown Vessels exposes us to risks relating to the construction of such vessels.***

The Dropdown Vessels are scheduled to be delivered between March 2015 and November 2015. Newbuilding construction projects, such as those relating to the Dropdown Vessels, are generally subject to risks of delay or cost overruns that are inherent in any large construction project, which may be caused by numerous factors, including shortages of equipment, materials or skilled labor, unscheduled delays in the delivery of ordered materials and equipment or shipyard construction, failure of equipment to meet quality and/or performance standards, financial or operating difficulties experienced by equipment vendors or the shipyard, unanticipated actual or purported change orders, inability to obtain required permits or approvals, unanticipated cost increases between order and delivery, design or engineering changes, work stoppages and other labor disputes, adverse weather conditions, bankruptcy or other financial crisis of the shipyard, a backlog of orders at the shipyard or similar such events affecting construction. A shipyard's failure to complete a project on time may result in the delay of revenue from the vessel. Any such failure or delay could have a material adverse effect on our business, results of operations, cash flows, financial condition and ability to make distributions.

The Dropdown Vessels may not meet our design or cost savings expectations.

We expect the Dropdown Vessels to incorporate many technological and design features, such as new hull and propulsion designs, energy saving devices, de-rated electronic engines and other equipment not previously tested on our other vessels. Certain of the Dropdown Vessels are also being constructed at shipyards and by vessel construction firms with which we have not previously worked. While we expect the construction of the Dropdown Vessels with such features will generate increased cost savings and, in turn, increase demand for our charters, there is no assurance that they will do so. For example, if the current trend of decreased costs for oil and bunkers were to continue, it could substantially reduce the cost savings these vessels are expected to deliver to our charterers. If they do not generate the cost reduction benefits that we anticipate, competition from vessels without these features, but with lower charter rates, could adversely affect the amount of charter hire payments we receive for the Dropdown Vessels and, in turn, our return on investment on such vessels. As a result, our business, results of operations, cash flows, financial condition and ability to make distributions could be adversely affected.

RISKS RELATING TO FINANCING ACTIVITIES

If global credit markets contract and result in volatility in financial markets and limited availability of funding, these forces may have a material adverse impact on our results of operations and on our ability to obtain bank financing or refinancing and/or to access the capital markets for future debt or equity offerings. The restrictions imposed by our credit facilities may also limit our ability to access such financing, even if it is available. If we are unable to obtain financing or access the capital markets, we may be unable to complete any future purchases of vessels from Capital Maritime or from third parties, or pursue other potential growth opportunities.

A number of major financial institutions have experienced serious financial difficulties in recent years and, in some cases, have entered into bankruptcy proceedings or are or have been involved in regulatory enforcement actions. These difficulties resulted, in part, from declining markets for assets held by such institutions, particularly the reduction in the value of their mortgage and asset-backed securities portfolios. These difficulties were compounded by financial turmoil affecting the world's debt, credit and capital markets, and the general decline in the willingness by banks and other financial institutions to extend credit, particularly to the shipping industry due to the historically low vessel earnings and values, and, in part, due to changes in overall banking regulations (for example, Basel III). As a result, the ability of banks and credit institutions to finance new projects, including the acquisition of new vessels in the future, were for a time uncertain. Following the stress tests run by the European Central Bank (the "ECB"), revised capital ratios have been communicated to European banks. This has reduced the uncertainty following the difficulties

of the past several years, but it has also led to changes in each bank's lending policies and ability to provide financing or refinancing. A recurrence of global economic weakness may adversely affect the financial institutions that provide our credit facilities and may impair their ability to continue to perform under their financing obligations to us, which could have an impact on our ability to fund current and future obligations.

Table of Contents

Furthermore, our ability to obtain bank financing or to access the capital markets for future equity or debt offerings may be limited by our financial condition at the time of any such financing or offering, as well as by adverse market conditions, including weakened demand for, and increased supply of, product tankers, drybulk or container vessels, resulting from, among other things, general economic conditions, weakness in the financial markets and contingencies and uncertainties that are beyond our control. The restrictions imposed by our credit facilities, including the obligation to comply with certain collateral maintenance and other requirements, may further restrict our ability to access available financing. Continued access to the capital markets is not assured. If we are unable to obtain additional credit or draw down upon borrowing capacity, it may negatively impact our ability to fund current and future obligations. In addition, the recent severe deterioration in the banking and credit markets resulted in potentially higher interest costs and overall limited availability of liquidity, which, if such conditions were to occur again, may further affect our ability to complete any future purchases of vessels from Capital Maritime or from third parties or to refinance our debt. Furthermore, banks and financial institutions have been faced in the recent past with financial difficulties and increased scrutiny by credit rating agencies, which has meant that available funding from banks has been, and may continue to be, relatively limited such that we may not be able to easily refinance our debt. Our failure to obtain the funds for necessary future capital expenditures and for the refinancing of our debt could also have a material adverse impact on our business, results of operations and financial condition, our ability to grow and make cash distributions and could cause the market price of our common units to decline.

Disruptions in world financial markets and further governmental action in the United States and in other parts of the world could have a material adverse impact on our results of operations, financial condition and cash flows, and could cause the market price of our common units decline.

In recent years, global financial markets have experienced extraordinary disruption and volatility following dislocation in the global credit markets. The credit markets in the United States experienced significant contraction, deleveraging and reduced liquidity, and governments around the world took highly significant measures in response to such events, including the enactment of the Emergency Economic Stabilization Act of 2008 in the United States, and may implement other significant responses in the future. Securities and futures markets, and the credit markets, are subject to comprehensive statutes, regulations and other requirements. The SEC, other regulators, self-regulatory organizations and exchanges have enacted temporary emergency regulations in the past and may take other extraordinary actions in the event of market emergencies and may affect permanent changes in law or interpretations of existing laws. Any changes to securities, tax, environmental, or other laws or regulations, could have a material adverse effect on our results of operations, financial condition or cash flows, and could cause the market price of our common units to decline.

A limited number of financial institutions hold our cash including, from time to time, financial institutions located in Greece.

We maintain our cash with a limited number of financial institutions, occasionally including institutions located in Greece. Of these financial institutions located in Greece, some are subsidiaries of international banks and others are Greek financial institutions. These balances may not be covered by insurance in the event of default by these financial institutions. The ongoing fiscal situation and political uncertainty in Greece may result in an event of default by some or all of these financial institutions. The occurrence of such a default could have a material adverse effect on our business, financial condition, results of operations and cash flows.

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

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As of December 31, 2014, our total debt is \$577.9 million consisting of: (i) \$250.9 million outstanding under a credit facility entered into in 2007 (2007 credit facility); (ii) \$233.0 million outstanding under a credit facility entered into in 2008 (2008 credit facility); (iii) \$19.0 million outstanding under a credit facility entered

Table of Contents

into in 2011 (2011 credit facility) and (iv) \$75.0 million outstanding under a credit facility entered into in 2013 (2013 credit facility). With the exception of part of the 2008 credit facility, which has a quarterly amortization schedule of \$1.4 million, the remaining facilities are non-amortizing until March 2016.

As of December 31, 2014, the principal repayment schedule under our existing credit facilities, on an aggregated basis, is as follows:

(Expressed in millions of United States Dollars)

Year	2015	2016	2017	2018	2019	2020
Aggregate Principal Amount Due	\$ 5.4	\$ 98.5	\$ 245.5	\$ 170.8	\$ 5.8	\$ 51.9

Our leverage and debt service obligations could have significant additional consequences, including the following:

If future cash flows are insufficient, we may need to incur further indebtedness in order to make the capital expenditures and other expenses or investments we have planned.

If future cash flows are insufficient and we are not able to service our debt or, when the non-amortizing period of our existing credit facilities expires in March 2016, we are not able to refinance our existing indebtedness with non-amortizing debt with similar terms to our existing facilities, our obligation to make principal payments under our credit facilities may force us to take actions such as reducing or eliminating distributions, reducing or delaying business activities, acquisitions, investments or capital expenditures, selling assets, restructuring or refinancing our debt, or seeking additional equity capital or bankruptcy protection.

Our indebtedness will have the general effect of reducing our flexibility to react to changing business and economic conditions insofar as they affect our financial condition and, therefore, may pose substantial risk to our unitholders.

In the event that we are liquidated, any of our senior or subordinated creditors and any senior or subordinated creditors of our subsidiaries will be entitled to payment in full prior to any distributions to the holders of our common units.

Our 2007, 2008, 2011 and 2013 credit facilities mature in 2017, 2018, 2018 and 2020, respectively. Our ability to secure additional financing, or to refinance such facilities, prior to or after that time, if needed, may be substantially restricted by the existing level of our indebtedness and the restrictions contained in our debt instruments. Upon maturity, we will be required to dedicate a substantial portion of our cash flow to the payment of such debt, which will reduce the amount of funds available for operations, capital expenditures and future business opportunities.

The occurrence of any one of these events could have a material adverse effect on our business, financial condition, results of operations, prospects and ability to make cash distributions and to satisfy our obligations under our credit

facilities or any debt securities.

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

The operating and financial restrictions and covenants in our credit facilities and in any new or amended credit facility we 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 credit facilities require the consent of our lenders to, or limit our ability to, among other items:

incur or guarantee indebtedness;

Table of Contents

charge, pledge or encumber our vessels;

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 the fixed daily fee payable under the management agreement.

Our credit facilities 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. In addition our amended credit facilities require us to comply with certain financial covenants:

maintain minimum free consolidated liquidity of at least \$500,000 per collateralized vessel;

maintain a ratio of EBITDA (as defined in each credit facility) to net interest expense of at least 2.00 to 1.00 on a trailing four-quarter basis; and

maintain a ratio of net Total Indebtedness to the aggregate Fair Market Value (as each term is defined in each credit facility) of our total fleet, current or future, of no more than 0.725.

In addition, our credit facilities require that we maintain an aggregate fair market value of the vessels in our fleet of at least 125% of the aggregate amount outstanding under each credit facility. The interest margin of our credit facilities was amended to 2.0% for our 2007 credit facility and 3.0% for our 2008 credit facility in connection with our issuance and sale of Class B Units in 2012. The interest margin for our 2011 and 2013 credit facilities is 3.25% and 3.5%, respectively. Our ability to comply with the covenants and restrictions contained in our credit facilities 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 banks 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 credit facilities, or if we trigger a cross-default currently contained in our credit facilities, 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 may terminate. We may not have, or be able to obtain, sufficient funds to make these accelerated payments. In addition, obligations under our credit facilities are secured by our vessels, and if we are unable to repay debt under the credit facilities, the lenders could seek to foreclose on those assets.

Furthermore, any contemplated vessel acquisitions will have to be at levels that do not impair the required ratios set out above. The global economic downturn that occurred within the past several years had an adverse effect on vessel values, which may occur again if an economic slowdown arises in the future. If the estimated asset values of the vessels in our fleet decrease, such decreases may limit the amounts we can draw down under our credit facilities to

purchase additional vessels and our ability to expand our fleet. In addition, we may be obligated to prepay part of our outstanding debt in order to remain in compliance with the relevant covenants in our credit facilities. If funds under our credit facilities become unavailable as a result of a breach of our covenants or otherwise, we may not be able to perform our business strategy which could have a material adverse effect on our business, results of operations and financial condition and our ability to make cash distributions.

If we default under our credit facilities, our ability to make cash distributions may be impaired and we could forfeit our rights in certain of our vessels and their charters.

We have pledged all of our vessels as security to the lenders under our credit facilities. Default under these credit facilities, if not waived or modified, would permit the lenders to foreclose on the mortgages over the vessels and the related collateral, and we could lose our rights in the vessels and their charters.

When final payment is due under our loan agreements, we must repay any borrowings outstanding, including balloon payments. To the extent that cash flows are insufficient to repay any of these borrowings or asset cover is inadequate due to a deterioration in vessel values, we will need to refinance some or all of our loan agreements, replace them with alternate credit arrangements or provide additional security. We may not be able to refinance or replace our loan agreements or provide additional security at the time they become due.

Table of Contents

In the event we default under our credit facilities or we are not able to refinance our existing debt obligations with new debt facilities with similar terms to the existing facilities, or if our operating results are not sufficient to service current or future indebtedness, or to make relevant principal 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, or seeking additional equity capital or bankruptcy protection. In addition, the terms of any refinancing or alternate credit arrangement may restrict our financial and operating flexibility and our ability to make cash distributions.

If we are in breach of any of the terms of our credit facilities a significant portion of our obligations may become immediately due and payable and our lenders' commitments to make further loans to us may terminate. We may also be unable to execute our business strategy or make cash distributions.

Our ability to comply with the covenants and restrictions contained in our credit facilities and any other debt instruments we may enter into in the future may be affected by events beyond our control, including prevailing economic, financial and industry conditions. If vessel earnings and valuations, or 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 credit facilities, or if we trigger a cross-default currently contained in our credit facilities or any interest rate swap agreements, or in any such facility or agreement we may enter into, pursuant to their terms, a significant portion of our obligations may become immediately due and payable, and our lenders' commitment to make further loans to us may terminate. We may not be able to reach agreement with our lenders to amend the terms of the loan agreements or waive any breaches and we may not have, or be able to obtain, sufficient funds to make any accelerated payments. In addition, obligations under our credit facilities are secured by our vessels, and if we are unable to repay debt under the credit facilities, the lenders could seek to foreclose on those assets. Furthermore, if funds under our credit facilities become unavailable as a result of a breach of our covenants or otherwise, we may not be able to execute our business strategy, which could have a material adverse effect on our business, results of operations and financial condition and our ability to make cash distributions.

Restrictions in our debt agreements may prevent us from paying distributions.

Our payment of interest and, following the end of the relevant non-amortizing periods, principal on our debt will reduce cash available for distribution on our units. In addition, our credit facilities prohibit the payment of distributions if we are not in compliance with certain financial covenants or upon the occurrence of an event of default or if the fair market value of the vessels in our fleet is less than 125% of the aggregate amount outstanding under each of our credit facilities.

Events of default under our credit facilities include:

failure to pay principal or interest when due;

breach of certain undertakings, negative covenants and financial covenants contained in the credit facility, any related security document or guarantee or the interest rate swap agreements, including failure to maintain unencumbered title to any of the vessel owning subsidiaries or any of the assets of the vessel owning subsidiaries and failure to maintain proper insurance;

any breach of the credit facility, any related security document or guarantee or the interest rate swap agreements (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 for 20 days after written notice of the lenders;

any representation, warranty or statement made by us in the credit facility or any drawdown notice thereunder or related security document or guarantee or the interest rate swap agreements is untrue or misleading when made;

a cross-default of our other indebtedness of \$5.0 million or greater, or of the indebtedness of our subsidiaries of \$750,000 or greater;

we become, in the reasonable opinion of the lenders, unable to pay our debts when due;

any of our or our subsidiaries' assets are subject to any form of execution, attachment, arrest, sequestration or distress in respect of a sum of \$1.0 million or more that is not discharged within 10 business days;

Table of Contents

an event of insolvency or bankruptcy;

cessation or suspension of our business or of a material part thereof;

unlawfulness, non-effectiveness or repudiation of any material provision of our credit facility, of any of the related finance and guarantee documents or of our interest rate swap agreements;

failure of effectiveness of security documents or guarantee;

our common units cease to be listed on the Nasdaq Global Select Market or on any other recognized securities exchange;

any breach under any provisions contained in our interest rate swap agreements;

termination of any interest rate swap agreements or an event of default thereunder that is not timely remedied;

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, BP Shipping Limited, Maersk Line or CMA CGM, to comply with the terms of their charters and we are unable to replace the charter in a manner that meets our obligations under the facilities; or

any other event that occurs or circumstance that arises in light of which the lenders reasonably consider that there is a significant risk that we will be unable to discharge our liabilities under the credit facility, related security and guarantee documents or interest rate swap agreements.

We anticipate that any subsequent refinancing of our current debt or any new debt could have similar or more onerous restrictions. For more information regarding our financing arrangements, please read **Item 5A: Management's Discussion and Analysis of Financial Condition and Results of Operations** below.

Risks arising from the political situation in Greece.

Following the national elections in Greece in January 2015, a new government was formed by a coalition led by Greek political parties from the left and right wings. While the new government announced its commitment to the use of the Euro in Greece, it has also publicly announced its intention to end the current Memorandum of Understanding between Greece and the Troika, comprised of the European Union, the ECB and the International Monetary Fund, and to negotiate a new Greek Program with different deliverables and time frames, combined with a reduction in the outstanding Greek debt owed to such institutions. These and related developments may have various effects on the

Greek economy as well as the political and regulatory environment in Greece. While we believe that any resulting effects on managing its business and operations would be temporary and limited, it is possible that these developments could adversely affect the management of our operations through a Greek based manager.

RISKS INHERENT IN OUR OPERATIONS

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

We have derived, and believe that we will continue to derive, all of our revenues and cash flow from a limited number of customers. For the year ended December 31, 2014, Capital Maritime, HMM and Maersk Line accounted for 38%, 24% and 12% of our revenues, respectively. For the year ended December 31, 2013, Capital Maritime, BP Shipping Limited, Maersk Line and HMM accounted for 32%, 17%, 14% and 13% of our revenues, respectively. For the year ended December 31, 2012, Capital Maritime and BP Shipping Limited accounted for 45% and 23% of our revenues, respectively. We could lose a customer, including Capital Maritime, or the benefits of some or all of a charter if:

the customer faces financial difficulties forcing it to declare bankruptcy or making it impossible for it to perform its obligations under the charter, including the payment of the agreed rates in a timely manner;

the customer 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;

Table of Contents

the customer fails to make charter payments due to disagreements with us or otherwise;

the customer tries to renegotiate the terms of the charter agreement due to prevailing economic and market conditions;

the customer exercises certain rights to terminate the charter or purchase the vessel;

the customer terminates the charter because we fail to deliver the vessel within a fixed period of time, the vessel is lost or damaged beyond repair, there are serious deficiencies in the vessel or prolonged periods of off-hire, or we default under the charter; or

a prolonged force majeure event affecting the customer, including damage to or destruction of relevant production facilities, war or political unrest prevents us from performing services for that customer.

A number of our charterers, including Capital Maritime, are private companies and we may have limited access to their financial affairs, which may result in us having limited information on their financial strength and ability to meet their financial obligations. Please read Item 4B: Business Overview Our Customers and Our Charters below for further information on our customers.

If we lose a key charter, we may be unable to redeploy the related vessel on terms as favorable to us due to the long-term nature of most charters. If we are unable to redeploy a vessel for which the charter has been terminated, we will not receive any revenues from that vessel, but we may be required to pay expenses necessary to maintain the vessel in proper operating condition and may also have to enter into costly and lengthy legal proceedings in order to reserve our rights. Until such time as the vessel is rechartered, we may have to operate it in the spot market at charter rates which may not be as favorable to us as our current charter rates. In addition, if a customer exercises its right to purchase a vessel, we would not receive any further revenue from the vessel and may be unable to obtain a substitute vessel and charter. This may cause us to receive decreased revenue and cash flows from having fewer vessels operating in our fleet. Any replacement newbuilding would not generate revenues during its construction, and we may be unable to charter any replacement vessel on terms as favorable to us as those of the terminated charter. Any compensation under our charters for a purchase of the vessels may not adequately compensate us for the loss of the vessel and related time charter. The loss of any of our customers, time or bareboat charters or vessels, or a decline in payments under our charters, could have a material adverse effect on our business, results of operations and financial condition and our ability to make cash distributions.

One of our largest customers, BP Shipping Limited, was adversely affected by the oil leak in the Gulf of Mexico in 2010. This spill or future spills by other companies may result in additional or changes to existing regulation that could result in additional costs to us or expose us to additional liabilities.

One of our largest customers, BP Shipping Limited, is an affiliate of BP p.l.c. (BP). BP and its affiliates were materially adversely affected by the explosion onboard the semisubmersible drilling rig Deepwater Horizon in the Gulf of Mexico in April 2010 and the resulting oil leak from a well being operated by an affiliate of BP and in which such affiliate had a majority working interest. As of December 31, 2014, three of our vessels were chartered to BP or its affiliates. BP Shipping Limited accounted for 8%, 17% and 23% of our revenues for the years ended December 31, 2014, 2013 and 2012, respectively.

Future costs associated with the Gulf of Mexico oil spill, or future oil spills, could adversely affect BP or our other customers or potential customers, and could, in turn, have a material adverse effect on our business, results of operations, cash flows, financial condition and ability to meet our obligations and to make cash distributions. Future significant spills that capture public or regulatory attention also could result in stricter regulation.

The United States Oil Pollution Act of 1990 (OPA 90) regulations or implementation may become more stringent in application in the future. Our operations may be subject to more rigorous preparedness requirements and practice demonstrations, more unannounced exercises and increased penalties for any failure to demonstrate preparedness and additional disaster response planning. Increased requirements under the OPA 90 or state laws could subject us to increased liabilities in the event of a disaster and increased operating costs.

We depend on Capital Maritime and its affiliates to assist us in operating and expanding our business. If Capital Maritime is materially adversely affected by market fluctuations, and risks or suffers material damage to its reputation, it may affect its ability to comply with the terms of its charters with us or provide us with the necessary level of services to support and expand our business.

Table of Contents

As of December 31, 2014, 13 of our 30 vessels were under charter with Capital Maritime. In the future we may enter into additional contracts with Capital Maritime to charter our vessels as they become available for rechartering, such as those with respect to the Dropdown Tankers. Capital Maritime is subject to the same risks and market fluctuations as all other charterers. In the event Capital Maritime is affected by a market downturn and limited availability of financing, it may default under its charters with us, which would materially adversely affect our operations and ability to make cash distributions.

In addition, pursuant to our management and administrative services agreements between us and Capital Ship Management, Capital Ship Management provides significant commercial and technical management services (including the commercial and technical management of our vessels, class certifications, vessel maintenance and crewing, purchasing and insurance and shipyard supervision), as well as administrative, financial and other support services to us. Please read Item 4B: Business Overview Our Management Agreements below for a description of all our management agreements. Our operational success and ability to execute our growth strategy will depend significantly upon Capital Ship Management's satisfactory performance of these services. In the event Capital Maritime is materially affected by a market downturn and cannot support Capital Ship Management, and Capital Ship Management fails to perform these services satisfactorily or cancels or materially amends either of these agreements, or if Capital Ship Management stops providing these services to us, our business will be materially harmed.

Our ability to enter into new charters and expand our customer relationships will depend largely on our ability to leverage our relationship with Capital Maritime and its reputation and relationships in the shipping industry, including its ability to qualify for long term business with certain oil majors. If Capital Maritime suffers material damage to its reputation, justifiably or not, or relationships, it may harm 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; or

maintain satisfactory relationships with suppliers and other third parties.

Finally, we may also contract with Capital Maritime for it to have newbuildings constructed on our behalf and to incur the construction-related financing, and we would purchase the vessels on or after delivery based on an agreed-upon price. If Capital Maritime is unable to meet the payments under any such contract we enter into, it could have a material adverse effect on our business, results of operations and financial condition and our ability to make cash distributions.

If our ability to do any of the things described above is impaired, it could have a material adverse effect on our business, results of operations and financial condition and our ability to make cash distributions.

Our growth depends on general trends in the shipping industry that may affect the product tanker, container carrier and drybulk trade, as well as on growth in demand for refined products and crude oil and the demand for their seaborne transportation.

Our growth strategy depends on developments in the refined product tanker, crude oil, drybulk and container shipping sectors. In particular, our growth depends on growth in world and regional demand for refined products and crude oil, and the transportation of refined products and crude oil by sea, as well as drybulk products, commodities and other materials that are transported by container or drybulk vessels, all of which could be negatively affected by a number of factors, including:

the economic and financial developments globally, including actual and projected global economic growth;

Table of Contents

fluctuations in the actual or projected price of refined products and crude oil;

refining capacity and its geographical location;

increases in the production of oil in areas linked by pipelines to consuming areas, the extension of existing, or the development of new, pipeline systems in markets we may serve, or the conversion of existing non-oil pipelines to oil pipelines in those markets;

decreases in the consumption of oil due to increases in its price relative to other energy sources, other factors making consumption of oil less attractive or energy conservation measures; and

availability of new, alternative energy sources.

Additionally, our growth depends on growth in world and regional demand for the transportation of containerized and drybulk goods, which could be negatively affected by a number of factors, including:

our ability to operate in new markets, including the container carrier market;

drybulk and container carrier industry trends;

the supply and demand of containerized goods;

developments in the market for exports of containerized goods from emerging markets, including China;

trends in the market for imports of raw materials to emerging markets, such as India and China;

the relocation of regional and global manufacturing facilities from Asian and emerging markets to developed economies in Europe and the United States;

negative or deteriorating global or regional economic or political conditions, particularly in oil consuming regions, which could reduce energy consumption or its growth;

the location of consuming regions for containerized and drybulk goods;

the globalization of production and manufacturing;

the price of steel and other raw materials;

seaborne and other transportation patterns, including the distances over which container cargoes are transported and changes in such patterns and distances;

the globalization of manufacturing;

the number of vessels being laid up or scrapped in a particular sector compared to the number of newbuild deliveries; and

environmental and other regulatory developments.

Reduced demand for refined products, crude oil, containerized and dry cargo goods, and the shipping of these, would have a material adverse effect on our future growth and could harm our business, results of operations, cash flows and financial condition.

Our tanker vessels present and future employment could be adversely affected by an inability to clear the oil majors risk assessment process.

Shipping, and especially crude oil, refined product and chemical tankers have been, and will remain, heavily regulated. The so called oil majors companies, together with a number of commodities traders, represent a significant percentage of the production, trading and shipping logistics (terminals) of crude oil and refined products worldwide. Concerns for the environment have led the oil majors 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, additional factors are considered when awarding such contracts, including:

office assessments and audits of the vessel operator;

the operator's environmental, health and safety record;

compliance with the standards of the International Maritime Organization (the IMO), a United Nations agency that issues international trade standards for shipping;

Table of Contents

compliance with heightened industry standards that have been set by several oil companies;

shipping industry relationships, reputation for customer service, technical and operating expertise;

compliance with oil majors codes of conduct, policies and guidelines, including transparency, anti-bribery and ethical conduct requirements and relationships with third parties;

shipping experience and quality of ship operations, including cost-effectiveness;

quality, experience and technical capability of crews;

the ability to finance vessels at competitive rates and overall financial stability;

relationships with shipyards and the ability to obtain suitable berths;

construction management experience, including the ability to procure on-time delivery of new vessels according to customer specifications;

willingness to accept operational risks pursuant to the charter, such as allowing termination of the charter for force majeure events; and

competitiveness of the bid in terms of overall price.

Should either Capital Maritime or Capital Ship Management not continue to successfully clear the oil majors' 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 the oil majors' terminating existing charters and refusing to use our vessels in the future which would adversely affect our results of operations and cash flows. Please read Item 4B: Business Overview - Major Oil Company Vetting Process for more information regarding this process.

If we purchase and operate secondhand vessels, we will be exposed to increased operating costs which could adversely affect our earnings and, as our fleet ages, the risks associated with older vessels could adversely affect our ability to obtain profitable charters.

Our current business strategy includes additional growth through the acquisition of new and secondhand vessels. While we typically inspect secondhand vessels prior to purchase, this does not provide us with the same knowledge about their condition that we would have had if these vessels had been built for and operated solely by us. Generally, we do not receive the benefit of warranties from the builders for the secondhand vessels that we acquire. Our fleet had an average age of approximately 6.8 years as of December 31, 2014. In general the costs to maintain 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. Cargo insurance rates also increase with the age of a vessel making older vessels less desirable to charterers.

We may not be able to expand the size of our fleet or replace aging vessels in the future which may affect our ability to pay distributions.

Our ability to expand the size of our fleet or replace aging vessels in the future will be affected by our ability to acquire new vessels on favorable terms. From time to time, we expect to enter into agreements with Capital Maritime or other third parties to purchase additional newbuildings or other modern vessels (or interests in vessel owning companies). If Capital Maritime or any third party seller we may contract with in the future for the purchase of newbuildings, such as the Dropdown Vessels, fails to make construction payments for such vessels, including the Dropdown Vessels, the shipyard may rescind the purchase contract and we may lose access to such vessels or need to finance such vessels before they begin operating and generating voyage revenues, which could harm our business and our ability to make cash distributions. In addition, the market value of modern vessels or newbuildings is influenced by the ability of buyers to access debt and bank financing and equity capital and any disruptions to the market and the possible lack of adequate available financing may negatively affect such market values. The failure to effectively identify, purchase, develop, employ and integrate any vessels or businesses could adversely affect our business, financial condition and results of operations and our ability to make cash distributions.

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 cash distributions may be diminished, our financial leverage could increase or our unitholders could be diluted. In addition, if we expand the size of our fleet by directly contracting newbuildings in the future, we generally will be required to make significant installment payments for such acquisitions prior to their delivery and generation of any revenue.

Table of Contents

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 delivered cost of a vessel will be higher and include financing, construction supervision, vessel start-up and other costs.

As of December 31, 2014, our fleet consisted of 30 vessels, only eight of which had been part of our initial fleet at the time of our initial public offering (IPO). We have financed the purchase of the additional vessels with debt, or partly with debt, cash and/or by issuing additional equity securities. We also acquired additional vessels through the acquisition of Crude Carriers in 2011. If we issue additional common units, Class B Units or other equity securities to finance the acquisition of a vessel or business, your ownership interest in us may be diluted. Please read Item 3D: Risk Factors Risks Inherent in an Investment in Us We may issue additional equity securities without your approval, which would dilute your ownership interests. below.

If we elect to expand our fleet in the future by entering into contracts for newbuildings directly with shipyards, we generally will be required to make installment payments prior to their delivery. We typically must pay between 5% to 25% of the purchase price of a vessel upon signing the purchase contract, even though delivery of the completed vessel will not occur until much later (approximately 18 36 months later for current orders) which could reduce cash available for distributions to unitholders. If we finance these acquisitions by issuing debt or equity securities, we will increase the aggregate amount of interest payments or quarterly distributions we must make prior to generating cash from the operation of the newbuilding.

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

Political and government instability, terrorist or other attacks, war or international hostilities 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. In particular, we derive a portion of our revenues from shipping oil and oil products from politically unstable regions and our business, results of operations, cash flows, financial condition and ability to make cash distributions may be adversely affected by the effects of political instability, terrorist or other attacks, war or international hostilities. Terrorist attacks such as the attacks on the United States on September 11, 2001 and in Paris on January 7, 2015, the bombings in Spain on March 11, 2004 and in London on July 7, 2005, the recent conflicts in Iraq, Afghanistan, Syria, Ukraine and other current and future conflicts, and the continuing response of the United States to these attacks, as well as the threat of future terrorist attacks, continue to contribute to world economic instability and uncertainty in global financial markets. Future terrorist attacks 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. In addition, oil facilities, shipyards, vessels, pipelines and oil and gas fields could be targets of future terrorist attacks. Any such attacks could lead to, among other things, bodily injury or loss of life, vessel or other property damage, increased vessel operational costs, including insurance

Table of Contents

costs, and the inability to transport oil and other refined products to or from certain locations. Any of these occurrences or other events beyond our control that adversely affect the distribution, production or transportation of oil and other refined products to be shipped by us could entitle our customers to terminate our charter contracts and could have a material adverse impact on our business, financial condition, results of operations, cash flows and ability to make cash distributions.

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. Any disruption caused by these factors may interfere with the operation of our vessels, which could harm our business, financial condition and results of operations. 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.

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

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

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

Certain countries and persons are targeted by sanctions and embargoes imposed by the United States, the European Union and other jurisdictions, and Cuba, Iran, Sudan and Syria are identified as state sponsors of terrorism by the U.S. Department of State. Such sanctions and embargo laws and regulations vary in their application. They do not apply to the same covered persons or proscribe the same activities, and such sanctions and embargo laws and regulations may be strengthened or otherwise amended over time. We generally do not do business in the targeted jurisdictions and have not entered into agreements or other arrangements with the governments or any governmental entities of Cuba, Iran, Sudan or Syria and have entertained no direct business contacts with officials or representatives of any such governments or entities. However, although we have various policies and controls designed to help ensure our compliance with these sanctions and embargo laws, it is possible that the charterers of our vessels, or their subcharterer, may arrange for vessels in our fleet to call on ports located in one or more of these countries.

In recent years, one focus of these sanctions, especially with respect to Iran, has been on shipping concerns. For example, in 2010, the United States enacted the Comprehensive Iran Sanctions Accountability and Divestment Act (CISADA), which amended and expanded the scope of the Iran Sanctions Act of 1996 (as amended, the ISA). Among other things, after CISADA, the ISA provides that sanctions may be imposed on any person who

Table of Contents

provides ships or shipping services to deliver refined petroleum products to Iran, subject to certain conditions. The Iran Threat Reduction and Syria Human Rights Act of 2012 (the ITRA) further adds to and strengthens U.S. sanctions regarding Iran. In particular, with regard to shipping concerns, the ITRA adds new categories of sanctionable commercial activities, including ownership, operation or control of a vessel that was used to transport crude oil from Iran to another country, subject to certain conditions and exceptions. The ITRA also amended the U.S. Securities Exchange Act of 1934, as amended (the Exchange Act), to require that issuers required to file with the SEC an annual or quarterly report under Section 13(a) of the Exchange Act include in the applicable report disclosure as to whether such issuer or its affiliates have knowingly engaged in certain activities described in the ISA and CISADA, or in transactions or dealings with certain persons identified in Section 13(r) of the Exchange Act. In December 2012, the United States enacted the Iran Freedom and Counter-Proliferation Act of 2012, as a subtitle of the National Defense Authorization Act for Fiscal Year 2012 (the IFCPA), which, among other things, further targets Iran's ports, shipping, and ship-building sectors as entities of proliferation concern and authorizes the designation of persons and entities operating a port in Iran, or who knowingly provide significant financial, material, technological or other support to, or goods and services in support of any activity or transaction on behalf of or for the benefit of such a port operator, as a Specially Designated Nationals and Blocked Person (SDN) to be listed on the U.S. Office of Foreign Assets Control's (OFAC) list of Specially Designated Nationals and Blocked Persons (SDN List). The IFCPA also allows for sanctions to be imposed on any person who knowingly sells, supplies or transfers, directly or indirectly, materials to be used in connection with the energy, shipping, or shipbuilding sectors of Iran, subject to certain conditions and exceptions.

If it is determined that a person has engaged in sanctionable conduct under the ISA, the President of the United States (acting through the U.S. State Department and/or the U.S. Treasury Department) is required to impose at least five of 12 available sanctions. Sanctions include denial of export licenses, restrictions or prohibition on extensions of loans or credit, loss of eligibility to be awarded government contracts, a prohibition on transactions in foreign exchange by the sanctioned company, a prohibition of any transfers of credit or payments between, by, through or to any financial institution to the extent the interest of a sanctioned company is involved, a ban on investment in the debt or equity securities of the sanctioned party, exclusion of the sanctioned entity's corporate officers from the United States, sanctions imposed directly on the principal executive officers of the sanctioned entity and a requirement to block or freeze any property of the sanctioned company that is subject to the jurisdiction of the United States.

In addition to these United States sanctions, the European Union has a variety of restrictive measures in force against Iran and Syria. Those measures include restrictions on the transportation of goods which could be used for nuclear enrichment related activities. Measures are also in place restricting the import, purchase and transport of Iranian or Syrian crude oil and the transportation of equipment used in the production of petroleum. In the case of Iran, those measures extend also to the import, purchase and transport of petrochemical products.

We are mindful of the restrictions discussed above and contained in the other applicable sanctions and embargo laws of the United States, the European Union and other jurisdictions that limit the ability of companies and persons from doing business or trading with targeted countries and persons. We believe that we are currently in compliance with all applicable sanctions and embargo laws and regulations.

In order to maintain compliance, among other things, we monitor and review the movement of our vessels, as well as the cargo being transported by our vessels, on a continuing basis. During 2014, our vessels under time charter contracts made approximately 1,018 total calls on worldwide ports. None of the vessels in our fleet made any port calls in Cuba or Syria. Of the vessels in our fleet, two vessels made one port call each to Iran and one vessel made two port calls to Sudan, which in the aggregate represented approximately 0.4% of our total calls in 2014. In addition, a vessel owned by our affiliate, Capital Maritime, made two port calls to Iran. As part of the voyage charter arrangements between our affiliate Capital Maritime and third party charterers, Capital Maritime or its manager may pay fees and expenses related to the port calls made in Iran through a private third party agent in Iran appointed by the

third party charterer, which in 2014 did not include any payments for refueling or bunkers for the vessels making such port calls. The four port calls made by CPLP vessels and two port calls made by a Capital Maritime vessel all occurred while the respective vessels were sublet by their charterer under voyage charters to third parties. To the best of our knowledge, the vessels making these port calls were transporting vegetable oils or

Table of Contents

palm oil, not crude oil, petroleum, refined petroleum, petrochemical products, uranium or weapons, or other goods that are specially targeted by various sanctions and embargo laws of the United States, such as the ISA, or the European Union. We believe all such port calls were made in full compliance with applicable regulations, including those of the United States, the European Union and other relevant jurisdictions.

Our charter agreements include provisions that, on the one hand, restrict trades of our vessels to countries under sanctions or embargoes and, on the other, allow any transportation activities involving sanctioned countries to the extent permitted under the applicable sanction or embargo requirements. Our ordinary chartering policy is to try to include similar provisions in all of our period charters. Prior to agreeing to waive existing charter party restrictions on carrying cargoes to or from Iranian ports, we ensure that the charterers have proof of compliance with international and U.S. sanction exemptions. More specifically, our current charters proscribe trades of our vessels to Cuba and contain provisions to also exclude Iran and Syria in certain situations, including in the event that a boycott or further sanctions are imposed by a relevant jurisdiction regarding trade with Iran and Syria. Our charters at this time do not impose a blanket prohibition on port calls in the Sudan.

Should one of our charterers engage in actions that involve us or our vessels and that may, if completed, represent material violations of sanctions and embargo laws or regulations, we would rely on our monitoring and control systems, including documentation, such as bills of lading, regular check-ins with the crews of our vessels and electronic tracking systems on our vessels to detect such actions on a prompt basis and seek to prevent them from occurring.

Notwithstanding the above, it is possible that new sanctions-related legislation that could impact our business may be enacted in the future. 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. Although we do not believe that current sanctions and embargoes prevent our vessels from making all calls to ports in these countries, potential investors could view such port calls negatively, which could adversely affect our reputation and the market for our common units. Moreover, although we believe that we are in compliance with all applicable sanctions and embargo laws and regulations, and intend to maintain such compliance, we may not be in strict and absolute compliance in the future, particularly as the scope of certain laws may be unclear, may be subject to changing interpretations or may be strengthened or otherwise amended. Any such violation could result in fines or other penalties and could result in some investors deciding, or being required, to divest their interest, or not to invest, in our common units. Additionally, some investors, including U.S. state pension funds, may decide, or be required, to divest their interest, or not to invest, in our common units simply because we may do business with charterers that do business in sanctioned countries, or because of port calls of our vessels to ports of sanctioned countries, which could have a negative effect on the price of our common units or our ability to make distributions on our common units. Moreover, our charterers may violate applicable sanctions and embargo laws and regulations as a result of actions that do not involve us or our vessels, and those violations could in turn negatively affect our reputation. Investor perception of the value of our common units may also be adversely affected by the consequences of war, the effects of terrorism, civil unrest and governmental actions in these and surrounding countries. Finally, future expansion of sanctions against these or other countries could prevent our tankers from making any calls at certain ports, which potentially could have a negative impact on our business and results of operations.

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

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

marine disasters;

bad weather;

mechanical failures;

grounding, fire, explosions and collisions;

piracy;

human error; and

war and terrorism.

Table of Contents

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

environmental damage, including liabilities and costs to recover any spilled oil or other petroleum products, and to pay for environmental damage and ecosystem restoration where the spill occurred;

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 and operating results.

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 be drydocked every two to three years for inspection of its underwater parts.

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

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, even though a unique cover has been negotiated to mitigate such off-hire losses to a certain extent, any extended vessel off-hire due to an accident or otherwise, could have a materially adverse effect on our business and our ability to pay distributions to our unitholders. 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. Certain of our insurance coverage is maintained through mutual protection and indemnity associations, and as a member of such associations we may be required to make additional payments over and above budgeted premiums if member claims exceed association reserves. Please read Item 3D: Risk Factors Risks Inherent in Our Operations We will be subject to funding calls by our protection and indemnity associations, and our associations may not have enough resources to cover claims made against them, resulting in potential unbudgeted supplementary liability to fund claims made upon us below.

We may be unable to procure adequate insurance coverage at commercially reasonable rates in the future. For example, more stringent environmental regulations have led in the past to increased costs for, and in the future may result in the lack of availability of, insurance against risks of environmental damage or pollution. A catastrophic

Table of Contents

oil spill or marine disaster could exceed our insurance coverage, which could harm our business, results of operations, cash flows, financial condition and ability to make cash distributions. In addition, certain of our vessels are under bareboat charters with BP Shipping Limited and subsidiaries of Overseas Shipholding Group Inc. (OSG). Under the terms of these charters, the charterer provides for the insurance of the vessel and as a result these vessels may not be adequately insured and/or in some cases may be self-insured. Any uninsured or underinsured loss could harm our business, results of operations, cash flows, financial condition and ability to make cash distributions. In addition, our insurance may be voidable by the insurers as a result of certain of our actions, such as our ships failing to maintain certification with applicable maritime self-regulatory organizations.

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

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

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

The maritime transportation industry is subject to substantial environmental and other regulations and international standards, which may significantly limit our operations or increase our expenses.

Our operations are affected by extensive and changing 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, air emissions and other pollution, and to reduce potential negative environmental effects associated with the maritime industry in general.

These requirements can affect the resale value or useful lives of our vessels, increase operational costs, require a reduction in cargo capacity, ship modifications or operational changes or restrictions, decrease profitability, lead to decreased availability of insurance coverage for environmental matters or result in the denial of access to certain jurisdictional waters or ports, or detention in certain ports. Under local, national and foreign laws, as well as international treaties and conventions, we could incur material liabilities, including cleanup 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.

Under MARRPOL annex VI requirements, all ships trading in designated emission control areas (ECA) will have to use fuel oil on board with a sulfur content of no more than 0.10% after January 1, 2015, as opposed to the limit of 1.00% in effect up until December 31, 2014. Outside the emission control areas, the current limit for sulfur content of

fuel oil is 3.50%, falling to 0.50% m/m on and after January 1, 2020. The 2020 date is subject to a review, to be completed by 2018, as to the availability of the required fuel oil. Depending on the outcome of the review, this date could be deferred to January 1, 2025.

Table of Contents

Similarly MARPOL Annex VI requires Tier III standards for NOX emissions to be applied to ships constructed from January 1, 2016.

The IMO ballast water management convention requires vessels to install expensive ballast water treatment at the first MARPOL renewal survey after the January 1, 2016. This convention will enter into force twelve months after the date on which no less than thirty states, and the combined merchant fleets of which constitute no less than thirty-five percent of the gross tonnage of the world's merchant shipping, have either signed it without reservation as to ratification, acceptance or approval, or have deposited the requisite instruments of ratification, acceptance, approval or accession. So far 43 states representing 32.54% of the gross tonnage of the world's merchant fleet have ratified this convention.

Irrespective of IMO requirements, however, installation of expensive ballast water treatment systems may be required earlier as the US Coast Guard requires installation of ballast water treatment systems at the first bottom survey after January 1, 2016.

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.

We could incur significant costs, including cleanup costs, fines, penalties, third-party claims and natural resource damages, as the result of an oil spill or other liabilities under environmental laws. OPA 90 affects all vessel owners shipping oil or petroleum products to, from or within United States territorial waters. OPA 90 allows for potentially unlimited cleanup liability without regard to fault of owners, operators and bareboat charterers of vessels for oil pollution in U.S. waters. Similarly, the International Convention on Civil Liability for Oil Pollution Damage, 1969, as amended, which has been adopted by most countries outside of the United States, imposes liability for oil pollution in international waters. OPA 90 expressly permits individual states to impose their own stricter liability regimes with regard to hazardous materials and oil pollution incidents occurring within their boundaries. Certain coastal states in the United States, especially on the Pacific coast, have enacted pollution prevention liability and response laws, many providing for strict or unlimited liability.

In addition to complying with existing laws and regulations and those that may be adopted, shipowners 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.

Further legislation, or amendments to existing legislation, applicable to international and national maritime trade is expected over the coming years relating to environmental matters, such as ship recycling, sewage systems, emission control (including emissions of greenhouse gases), cold-ironing while docked and ballast treatment and handling.

In addition, the U.S. Environmental Protection Agency has also adopted a rule which requires commercial vessels to obtain a Vessel General Permit from the U.S. Coast Guard in compliance with the Federal Water Pollution Control Act (the Clean Water Act) regulating, among other things, the discharge of ballast water and other discharges into U.S. waters. Permit holders must comply with U.S. Coast Guard regulations that phase in new ballast water management system standards and requirements for new built and existing ships beginning in 2013 and through 2017.

Other requirements may also come into force regarding the protection of endangered species, which could lead to changes in the routes our vessels follow or in trading patterns generally, and thus to additional operating expenditures.

Additionally, new environmental regulations with respect to greenhouse gas emissions and preservation of biodiversity among others, may arise out of commitments made at international conferences such as periodic G8 and G20 summits through international environmental agreements and United Nations Climate Change Conferences or through other multilateral or bilateral agreements.

Table of Contents

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. In recent years, the IMO and EU have both accelerated their existing non-double-hull phase-out schedules in response to highly publicized oil spills and other shipping incidents involving companies unrelated to us. Future incidents may result in the adoption of even stricter laws and regulations, which could limit our operations or our ability to do business and which could have a material adverse effect on our business and financial results.

Please read Item 4B: Business Overview Regulation below for a more detailed discussion of the regulations applicable to our vessels.

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

The collective bargaining agreement between our Manager and the Pan-Hellenic Seamen's Federation, effective January 1, 2015, expires on July 31, 2015. 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, results of operations, cash flows and financial condition.

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, results of operations, cash flows, financial condition and ability to pay cash distributions.

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

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

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 customers 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, results of operations, cash flows, financial condition and ability to make cash distributions.

Table of Contents

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, results of operations, cash flows, financial condition and ability to make distributions.

Because the Public Company Accounting Oversight Board is not currently permitted to inspect our independent accounting firm, you may not benefit from such inspections.

Auditors of U.S. public companies are required by law to undergo periodic Public Company Accounting Oversight Board (PCAOB), inspections that assess their compliance with U.S. law and professional standards in connection with performance of audits of financial statements filed with the SEC. Certain European Union countries, including Greece, do not currently permit the PCAOB to conduct inspections of accounting firms established and operating in such European Union countries, even if they are part of major international firms. The PCAOB did conduct inspections in Greece in 2008 and evaluated our auditor s performance of audits of SEC registrants and our auditor s quality controls. The PCAOB issued its report which can be found on the PCAOB website. Currently however the PCAOB is unable to conduct inspections in Greece until such time as a cooperation agreement between the PCAOB and the Greek Accounting & Auditing Standards Oversight Board (AAOB) is reached. Accordingly, unlike for most U.S. public companies, should the PCAOB again wish to conduct an inspection it is currently prevented from evaluating our auditor s performance of audits and its quality control procedures, and, unlike shareholders of most U.S. public companies, our shareholders would be deprived of the possible benefits of such inspections.

RISKS INHERENT IN AN INVESTMENT IN US

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

Pursuant to the omnibus agreement that we and Capital Maritime have entered into, as amended and restated, Capital Maritime and its controlled affiliates (other than us, our general partner and our subsidiaries) have agreed not to acquire, own or operate product or crude oil tankers with carrying capacity over 30,000 dwt under time or bareboat charters with a remaining duration, excluding any extension options, of at least 12 months at the earliest of the following dates: (a) the date the tanker to which such time or bareboat charter is attached is first acquired by Capital Maritime and its controlled affiliates and (b) the date on which a tanker owned by Capital Maritime or its controlled affiliates is put under such time or bareboat charter without the consent of our general partner or first offering such tanker vessel to us. Similarly, we may not acquire, own or operate product or crude oil tankers with carrying capacity under 30,000 dwt, other than vessels we had owned prior to the date of such restatement without first offering such tanker vessel first to Capital Maritime. In addition, both we and Capital Maritime have granted the other party a right of first offer on the transfer or rechartering of any vessels with carrying capacity over 30,000 dwt. The omnibus agreement, however, contains significant exceptions that may allow Capital Maritime or any of its controlled affiliates to compete with us, which could harm our business. Please read Item 4A: History and Development of the Partnership .

Capital Maritime is a privately held company and there is little publicly available information about it.

Capital Maritime is our largest customer, with 13 of our 30 vessels chartered to it as of December 31, 2014. In addition, our Manager is a subsidiary of Capital Maritime. The ability of Capital Maritime to continue providing services for our benefit will depend in part on its own financial strength and reputation in the industry.

Circumstances beyond our control could impair its financial strength and also affect its relationships and reputations within the industry, and because it is a privately held company, little or no information about its financial strength is publicly available. As a result, an investor in our common units might have little advance warning of problems Capital Maritime may experience, even though these problems could have a material adverse effect on us.

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

Holders of common 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. The partnership agreement also contains provisions limiting the ability of common 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 66 ²/₃% of the outstanding units, including any units owned by our general partner and its affiliates, voting together as a single class and a majority vote of our board of directors. Currently, 85,031,569 common units are owned by non-affiliated public unitholders, representing 81.7% of our common units and a 70.6% common unitholder interest in us overall.

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 holding less than 4.9% of the voting power of all classes of units entitled to vote. As affiliates of our general partner, Capital Maritime and Crude Carriers Investments Corp. (Crude Carriers Investments) are not subject to this limitation.

As of December 31, 2014, the Marinakis family, including Evangelos M. Marinakis, our former chairman, may be deemed to beneficially own on a fully converted basis a 17.6% and on a non-fully converted basis a 19.9% interest in us through its beneficial ownership of common units through, among others, Capital Maritime, which may be deemed to beneficially own a 14.9% interest in us, including 15,764,181 common units and a 2% interest in us (1.8% on a fully converted basis) through its ownership of our general partner, and Crude Carriers Investments, which may be deemed to beneficially own a 2.7% interest in us.

Our general partner and its other affiliates own a significant interest in us and have conflicts of interest and limited fiduciary and contractual duties, which may permit them to favor their own interests to your detriment.

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 its affiliates and our directors have a fiduciary duty to manage us in a manner beneficial to us and our unitholders. The common units owned by affiliates of our general partner have the same rights as our other outstanding common units. However, the officers of our general partner have a fiduciary duty to manage our general partner in a manner beneficial to Capital Maritime. Furthermore, all of the officers of our general partner and certain of our directors are directors or officers of Capital Maritime and its affiliates, and as such they have fiduciary duties to Capital Maritime that may cause them to pursue business strategies that disproportionately benefit Capital Maritime or which otherwise are not in the best interests of us or our unitholders. Conflicts of interest may arise between Capital Maritime and its affiliates, including our general partner and its officers, on the one hand, and us and our unitholders, on the other hand. As a result of these conflicts, our general partner and its affiliates may favor their own interests over the interests of our unitholders. Please read Item

3D: 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 below. These conflicts include, among others, the following situations:

neither our partnership agreement nor any other agreement requires our general partner or Capital Maritime or its affiliates to pursue a business strategy that favors us or utilizes our assets, and Capital Maritime s officers and directors have a fiduciary duty to make decisions in the best interests of the unitholders of Capital Maritime, which may be contrary to our interests;

Table of Contents

the executive officers of our general partner and three of our directors also serve as executive officers and/or directors of Capital Maritime;

our general partner and our board of directors are allowed to take into account the interests of parties other than us, such as Capital Maritime, in resolving conflicts of interest, which has the effect of limiting their fiduciary duties to our unitholders;

our general partner and our directors have limited their liabilities and reduced 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 a distribution on any subordinated units or to make incentive distributions;

our general partner is entitled to reimbursement of all reasonable costs incurred by it and its affiliates for our benefit;

our partnership agreement does not restrict us from paying our general partner or its affiliates for any services rendered to us on terms that are fair and reasonable or entering into additional contractual arrangements with any of these entities on our behalf; and

our general partner may exercise its right to call and purchase our outstanding units if it and its affiliates own more than 90% of our common units.

Although a majority of our directors are elected by common unitholders, our general partner has a substantial influence on decisions made by our board of directors. Please read Item 7B: Related-Party Transactions below.

The vote of a majority of our common unitholders generally is required to amend the terms of our partnership agreement, including votes cast by affiliates of our general partner. As of the date hereof, an 18.3% interest in us may be deemed to be beneficially owned by affiliates of our general partner which can significantly impact any vote under the terms of our partnership agreement and may significantly affect your rights under our partnership agreement. In addition, affiliates of our general partner are not subject to the limitations on voting rights imposed on our other limited partners and may favor their own interests in any vote by our unitholders.

Under the terms of our partnership agreement, the affirmative vote of a majority of common units (including, in certain circumstances described in the partnership agreement, the votes of holders of Class B Units voting on an as-converted basis, or in certain other cases a higher percentage), is required in order to reach certain decisions or actions, including:

amendments to the definition of available cash, operating surplus and adjusted operating surplus;

changes in our cash distribution policy;

elimination of the obligation to pay the minimum quarterly distribution;

elimination of the obligation to hold an annual general meeting;

removal of any appointed director for cause;

Table of Contents

transfer of the general partner interest;

transfer of our incentive distribution rights (IDRs);

the ability of the board of directors to sell, exchange or otherwise dispose of all or substantially all of our assets;

resolution of conflicts of interest;

withdrawal of the general partner;

removal of the general partner;

dissolution of the partnership;

change to the quorum requirements;

approval of merger or consolidation; and

any other amendment to the partnership agreement, except for certain amendments related to the day-to-day management of the Partnership and amendments necessary or appropriate to carrying on our business consistent with historical practice, including any change that our board of directors determines to be necessary or appropriate to qualify or continue our qualification as a limited partnership, or any amendment that our board of directors, and, if required, our general partner, determines to be necessary or appropriate in connection with the authorization and issuance of any class or series of our securities.

Capital Maritime, our largest unitholder, may propose amendments to the partnership agreement that may favor its interests over yours and which may change or limit your rights under the partnership agreement. Furthermore, our partnership agreement provides that any changes to the rights of the Class B unitholders, whose rights rank senior to those of our common unitholders in many respects, must be approved by at least 75% of the holders of such units, excluding units held by Capital Maritime and its affiliates.

As of December 31, 2014, the Marinakis family may be deemed to beneficially own on a fully converted basis a 17.6% and on a non-fully converted basis a 19.9% interest in us through its beneficial ownership of common units through, among others, Capital Maritime, which may be deemed to beneficially own a 14.9% interest in us, including 15,764,181 common units and a 2% interest in us (1.8% on a fully converted basis) through its ownership of our general partner, and Crude Carriers Investments, which may be deemed to beneficially own a 2.7% interest in us. These considerations may significantly impact any vote under the terms of our partnership agreement and may significantly affect your rights under our partnership agreement.

Please also read Item 3D: Risk Factors Risks Inherent in an Investment in Us Unitholders have limited voting rights and our partnership agreement restricts the voting rights of unitholders owning 5% or more of our units. above for more information on additional restrictions imposed by our partnership agreement.

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

Our board of directors has not exercised its power to appoint officers of CPLP 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 affiliates of our general partner, including Capital Maritime. For example, our general partner's Chief Executive Officer and Chief Financial Officer is also an executive officer of Capital Maritime. The affiliates of our general partner 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 our general partner's affiliates, which could have a material adverse effect on our business, results of operations and financial condition.

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.

Table of Contents

Our partnership agreement contains provisions that reduce the standards to which our general partner and directors would otherwise be held by 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. Decisions made by our general partner in its individual capacity will be made by its sole owner, Capital Maritime. Specifically, pursuant to our partnership agreement, our general partner will be considered to be acting in its individual capacity if it exercises its call right, preemptive rights or registration rights, consents or withholds consent to any merger or consolidation of the partnership, appoints any directors or votes for the election of any director, votes or refrains from voting on amendments to our partnership agreement that require a vote of the outstanding units, voluntarily withdraws from the partnership, transfers (to the extent permitted under our partnership agreement) or refrains from transferring its units, general partner interest or IDRs, or votes upon the dissolution of the partnership;

provides that our general partner and our directors are entitled to make other decisions in good faith if they reasonably believe that the decision is in our best interests;

generally provides that affiliated transactions and resolutions of conflicts of interest not approved by the conflicts committee of our board of directors and not involving a vote of unitholders must be on terms no less favorable to us than those generally being provided to or available from unrelated third parties or be fair and reasonable to us and that, in determining whether a transaction or resolution is fair and reasonable, our board of directors may consider the totality of the relationships between the parties involved, including other transactions that may be particularly advantageous or beneficial to us; and

provides that neither our general partner and its officers nor our directors will be liable for monetary damages to us, our limited partners or assignees for any acts or omissions unless there has been a final and non-appealable judgment entered by a court of competent jurisdiction determining that our general partner or directors or its officers or directors or those other persons engaged in actual fraud or willful misconduct.

In order to become a limited partner of our partnership, a unitholder is required to agree to be bound by the provisions in the partnership agreement, including the provisions discussed above.

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, and even if public unitholders are dissatisfied, they will be unable to remove our general partner without Capital Maritime's consent unless Capital Maritime's ownership share in us is below a specified threshold, all of which could diminish the trading price of our units.

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 own sufficient units to be able to prevent such removal. The vote of the holders of at least $66\frac{2}{3}\%$ 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 December 31, 2014, the Marinakis family, including Evangelos M. Marinakis, our former chairman, may be deemed to beneficially own on a fully converted basis a 17.6% and on a non-fully converted basis a 19.9% interest in us through its beneficial ownership of common units through, among others, Capital Maritime.

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.

Table of Contents

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' voting rights are further restricted by the partnership agreement provision 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, 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, unless required by law. 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.

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.

The control of our general partner may be transferred to a third party without unitholder consent.

Our general partner may transfer its general partner interest to a third party in a merger or in a sale of all or substantially all of its assets without the consent of the unitholders. In addition, our partnership agreement does not restrict the ability of the members of our general partner from transferring their respective membership interests in our general partner to a third party. 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, results of operations or financial condition and our ability to make cash distributions.

Future sales of our common units, or the issuance of additional 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 common units.

In addition, pursuant to the terms of our partnership agreement, holders of our Class B Units may convert all or a portion of their Class B Units into common units at any time, and from time to time, at a ratio of one-for-one, such conversion ratio to be adjusted in the event that, among other certain anti-dilution protection provisions, the distribution rate on our common units is increased. As of December 31, 2014, certain Class B unitholders, including Capital Maritime, have converted an aggregate of 10,431,817 Class B Units into 10,431,817 common units. As of December 31, 2014, there were 14,223,737 Class B Units outstanding. During 2014, our sponsor converted 358,624 common units into general partner units and delivered such units to our general partner in order for it to maintain its 2% interest in us. For a more thorough description of the rights and privileges of our Class B unitholders under our partnership agreement, including voting rights, please refer to our partnership agreement, as amended, filed as Exhibit I to our Current Report on Form 6-K dated February 22, 2010, as Exhibit I to our Current Report on Form 6-K dated September 30, 2011, as Exhibit II to our Current Report on Form 6-K/A dated May 23, 2012, as Exhibit II to our

Current Report on Form 6-K dated March 21, 2013 and as Exhibit A to Exhibit I to our Current Report on Form 6-K dated August 26, 2014.

We may issue additional equity securities without your approval, which would dilute your ownership interests.

We may, without the approval of our unitholders, issue an unlimited number of additional units or other equity securities, including securities to Capital Maritime. To date, we have issued and outstanding 14,223,737 Class B Units to certain investors, which are convertible on a one-for-one basis into common units under certain circumstances, and have also issued 24,967,240 common units to holders of Crude Carriers shares, in a unit-for-share transaction consummated in September 2011 whereby Crude Carriers became a wholly owned subsidiary of

Table of Contents

ours. We have also issued common units in connection with the acquisition of certain of our vessels, either directly to Capital Maritime or through public offerings, including an issuance of 279,286 common units in August 2013 in connection with the purchase of the Hyundai Prestige, Hyundai Privilege and Hyundai Platinum. In addition, on August 21, 2014, following approval obtained from our limited partners at our 2014 annual meeting, we amended and restated our Omnibus Incentive Compensation Plan, adopted in April 2008, as amended (the Plan), to increase the maximum number of restricted units authorized for issuance thereunder from 800,000 to 1,650,000, of which 795,200 have been previously issued and have vested. We also issued an aggregate of 17,250,000 common units in a public offering in September 2014, which included the full exercise of the underwriters' overallotment option of 2,250,000 common units. In accordance with the terms of such offering, we used part of the proceeds from such offering to acquire from Capital Maritime 5,950,610 common units, which were canceled immediately after their acquisition. We may make additional such issuances in the future. The issuance by us of additional units or other equity securities of equal or senior rank may have the following effects:

our unitholders' proportionate ownership interest in us will decrease;

the amount of cash available for distribution on each unit may decrease;

the relative voting strength of each previously outstanding unit may be diminished; and

the market price of the units may decline.

Our general partner has a limited call right that may require you 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 common units, 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 common units or subordinated units held by unaffiliated persons at a price not less than their then-current market price. As a result, you may be required to sell your common units or subordinated units at an undesirable time or price and may not receive any return on your investment. You may also incur a tax liability upon a sale of your units.

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 you participate 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 our Registration Statement on Form F-1 filed with the SEC on March 19, 2007, for a more detailed discussion of the implications of the limitations on liability to a unitholder.

We can borrow money to pay distributions, 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 5B: Liquidity and Capital Resources Borrowings .

Increases in interest rates may cause the market price of our common 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 common units. Any such increase in interest rates or reduction in demand for our common units resulting from other relatively more attractive investment opportunities may cause the trading price of our common units to decline.

Table of Contents***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.

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 completed our IPO on the Nasdaq Global Select Market on April 3, 2007. 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. Our sponsor, Capital Maritime, 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.

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 it is to be applied and construed to make the laws of the Marshall Islands,

Table of Contents

with respect to the subject matter of the MILPA, uniform with the laws of the State of Delaware and, so long as it does not conflict with the MILPA or decisions of the High and Supreme Courts of the Republic of the Marshall Islands, the non-statutory law (or case law) of the State of Delaware is adopted as the law of the Marshall Islands. However, there have been few, if any, judicial cases in the Republic of the Marshall Islands interpreting the MILPA. For example, the rights and fiduciary responsibilities of directors under the laws of the Republic of the Marshall Islands are not as clearly established as the rights and fiduciary responsibilities of directors under statutes or judicial precedent in existence in certain U.S. jurisdictions. Although the MILPA does specifically incorporate the non-statutory law, or judicial case law, of the State of Delaware, our public unitholders may have more difficulty in protecting their interests in the face of actions by management, directors or controlling unitholders than would shareholders of a limited partnership organized in a U.S. jurisdiction.

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

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

TAX RISKS

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

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

A foreign entity taxed as a corporation for U.S. federal income tax purposes will be treated as a passive foreign investment company (a PFIC) for U.S. federal income tax purposes if (x) at least 75% of its gross income for any taxable year consists of certain types of passive income, or (y) at least 50% of the average value of the entity's assets produce or are held for the production of those types of passive income. For purposes of these tests, passive income includes dividends, interest, gains from the sale or exchange of investment property, and rents and royalties other than rents and royalties that are received from unrelated parties in connection with the active conduct of a trade or business. For purposes of these tests, income derived from the performance of services does not constitute passive income. U.S. persons who own shares of a PFIC are subject to a disadvantageous U.S. federal income tax regime with respect to the income derived by the PFIC, the distributions they receive from the PFIC, and the gain, if any, they derive from the sale or other disposition of their shares in the PFIC.

Based on our current and projected method of operation, we believe that we are not currently a PFIC and we do not expect to become a PFIC in the future. We intend to treat our income from spot and time chartering activities as non-passive income, and the vessels engaged in those activities as non-passive assets, for PFIC purposes. However, no assurance can be given that the Internal Revenue Service (the IRS) or a United States court will accept this position, and there is accordingly a risk that the IRS or a United States court could determine that we are a PFIC. Moreover, no

assurance can be given that we would not constitute a PFIC for any future taxable year if there were to be changes in our assets, income or operations. See Item 10E: Taxation Material U.S. Federal Income Tax Considerations U.S. Federal Income Taxation of U.S. Holders PFIC Status and Significant Tax Consequences .

Table of Contents***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 10E: 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 Capital Ship Management, and the way we conduct business or operations, all of which may change over time. The laws of Greece or any other foreign country may also change, which could cause the country's taxing authorities to determine that we are carrying on business in such country and are subject to its taxation laws. Any foreign taxes imposed on us or any subsidiaries will reduce our cash available for distribution.

Item 4. Information on the Partnership.

A. History and Development of the Partnership

We are a master limited partnership organized as Capital Product Partners L.P. under the laws of the Marshall Islands on January 16, 2007. We completed our IPO in April 2007 at which time our fleet consisted of

Table of Contents

eight vessels as compared to the thirty currently in our fleet. 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.

On February 23, 2010, we announced the issuance of 5,800,000 common units at a public offering price of \$8.85 per common unit under our Registration Statement on Form F-3 dated August 29, 2008, as amended (the 2008 Form F-3). An additional 481,578 common units were subsequently sold on the same terms following the partial exercise of the overallotment option granted to the underwriters for the offering. Capital GP L.L.C., our general partner, participated in both the offering and the exercise of the overallotment option and purchased an additional 128,195 units at the public offering price, thereby maintaining its 2% interest in us. Aggregate proceeds, net of commissions but before expenses relating to the offering, were approximately \$54.0 million. The net proceeds from the offering were used to acquire one MR tanker at an acquisition price of \$43.0 million and for general partnership purposes.

On July 22, 2010, we held our annual general meeting of unitholders, at which time the two initial directors appointed by Capital Maritime and designated as Class III elected directors were reelected by a majority of our common unitholders (excluding common units held by Capital Maritime). As of this annual meeting, a majority of our board has been elected by our common unitholders, rather than appointed by our general partner.

On August 9, 2010, we announced the issuance of 5,500,000 common units at a public offering price of \$8.63 per common unit under our 2008 Form F-3. An additional 552,254 common units were subsequently sold on the same terms following the partial exercise of the overallotment option granted to the underwriters. Capital GP L.L.C., our general partner, participated in both the offering and the exercise of the overallotment option and purchased an additional 123,515 units at the public offering price, thereby maintaining its 2% interest in us. Aggregate proceeds, net of commissions but before expenses relating to the offering, were approximately \$50.8 million. The net proceeds from the offering were used to acquire one MR tanker at an acquisition price of \$43.5 million and for general partnership purposes.

On May 5, 2011, we entered into a definitive agreement to merge with Crude Carriers in a unit-for-share transaction whereby Crude Carriers would become a wholly owned subsidiary of ours. The exchange ratio was 1.56 of our units for each Crude Carriers share. In September 2011, we completed the merger with Crude Carriers, which was approved by 60.3% of Crude Carriers unaffiliated shareholders voting as a separate class, representing approximately 97.9% of the total votes cast, at a special shareholders meeting. In connection with the merger, we issued an additional 24,967,240 common units to holders of Crude Carriers shares, which include 3,284,210 common units resulting from the conversion of Crude Carriers Class B Shares owned by Crude Carriers Investments and 623,064 common units resulting from the conversion of common shares issued under the Crude Carriers Equity Incentive Plan (the Crude Plan). We also approved the election of Dimitris Christacopoulos, an independent member of the Crude Carriers board, to our board of directors. Concurrently with the completion of the merger, and in order for our general partner to maintain its 2% interest in us, 499,346 common units owned by Capital Maritime were converted into general partner units. For additional information regarding the merger with Crude Carriers please see our Registration Statement on Form F-4 filed with the SEC and declared effective on August 12, 2011 (our Form F-4).

In June 2011, we completed the acquisition of the vessel owning company of the M/V Cape Agamemnon and the attached charter from Capital Maritime. The vessel is under a charter to Cosco, which was amended in November 2011, for a ten-year period which commenced in July 2010. The acquisition was funded through \$1.5 million from available cash and the incurrence of \$25.0 million of debt under our 2011 credit facility and the remainder through the issuance of 6,958,000 common units to Capital Maritime. The acquisition was approved by our board of directors following approval by the conflicts committee.

In June 2011, we entered into a new \$25.0 million credit facility with Credit Agricole Emporiki Bank which, as subsequently amended, is non-amortizing until March 2016 and is priced at LIBOR plus 3.25%. We used the full amount available under this facility in connection with the acquisition of the M/V Cape Agamemnon. Following certain prepayments, as of the date of this Annual Report \$19.0 million was outstanding under the 2011 credit facility.

Table of Contents

In September 2011, we completed the refinancing of Crude Carriers' outstanding debt of \$134.6 million using our 2008 credit facility. The refinanced amount is non-amortizing until March 2016.

In September 2011, pursuant to the terms of our merger agreement with Crude Carriers, we amended and restated the omnibus agreement we had entered into at the time of our IPO with Capital Maritime. Under the terms of the amended and restated omnibus agreement Capital Maritime and its controlled affiliates (other than us, our general partner and our subsidiaries) have agreed not to acquire, own or operate product or crude oil tankers with carrying capacity over 30,000 dwt under time or bareboat charters with a remaining duration, excluding any extension options, of at least 12 months at the earliest of the following dates: (a) the date the tanker to which such time or bareboat charter is attached is first acquired by Capital Maritime and its controlled affiliates and (b) the date on which a tanker owned by Capital Maritime or its controlled affiliates is put under such time or bareboat charter without the consent of our general partner or first offering such tanker vessel to us. Similarly, we may not acquire, own or operate product or crude oil tankers with carrying capacity under 30,000 dwt, other than vessels we had owned prior to the date of such restatement without first offering such tanker vessel first to Capital Maritime. In addition, both we and Capital Maritime have granted the other party a right of first offer on the transfer or rechartering of any vessels with carrying capacity over 30,000 dwt.

In May 2012 we announced an agreement to issue \$140.0 million of Class B Units to a group of investors including among others Kayne Anderson Capital Advisors, L.P., Swank Capital LLC, Salient Partners, Spring Creek Capital LLC, Mason Street Advisors LLC and our sponsor Capital Maritime (the 2012 Class B Unit Purchasers). As of June 6, 2012, we had completed the issuance and sale of 15,555,554 Class B Units to the 2012 Class B Unit Purchasers pursuant to the Class B Convertible Preferred Unit Subscription Agreements dated May 11, 2012 and June 6, 2012, respectively (the 2012 Class B Unit Subscription Agreements), entered into with the 2012 Class B Unit Purchasers. The Class B Units were priced at \$9.00 per unit and are convertible at any time into common units of the Partnership on a one-for-one basis. The Class B Units pay fixed quarterly cash distribution of \$0.21375 per unit representing an annualized distribution yield of 9.5%. The net proceeds of the transaction, together with part of our cash balances, were used to prepay debt of \$149.6 million across our three credit facilities. The transaction was unanimously approved by our board of directors.

In connection with the issuance and sale of the Class B Units, we adopted the Second Amendment, dated as of May 22, 2012 (the Second Amendment to the Partnership Agreement), to our partnership agreement, which established and set forth the rights, preferences, privileges, duties and obligations of the Class B Units. The issued Class B Units have certain rights that are senior to the rights of the holders of common units, such as the right to distributions and rights upon liquidation of the Partnership. Furthermore, we entered into the certain Registration Rights Agreements, dated as of May 22, 2012 and June 6, 2012, respectively (Registration Rights Agreements), with certain 2012 Class B Unit Purchasers, relating to the registered resale of common units issuable upon the conversion of the Class B Units purchased pursuant to the Class B Unit Subscription Agreements. The Class B Units have not been registered under the Securities Act of 1933, as amended, and may not be offered or sold in the United States absent a registration statement or exemption from registration.

In addition, we also entered into amendments to our three credit facilities which provide for a deferral of scheduled amortization payments under each of our three credit facilities until March 31, 2016, the conversion of the 2007 credit facility to a term loan and cancellation of the undrawn tranche of \$52.5 million of our 2008 facility. In addition, the interest margin of our 2007 and 2008 facilities was increased to 2.0% and 3.0%, respectively. All other terms in these credit facilities remained unchanged.

For additional information regarding the issuance and sale of the Class B Units, the Registration Rights Agreements, the Class B Unit Subscription Agreements and the Second Amendment to the Partnership Agreement, please see our

Current Reports on Form 6-K furnished to the SEC on May 23, 2012 and June 6, 2012 and Note 12 (Partners' Capital) to our Financial Statements included herein.

Table of Contents

In March 2013, we announced an agreement to issue 9,100,000 Class B Units to funds managed by Kayne Anderson Capital Advisors, L.P. and Oaktree Capital Management, L.P. as well as to our sponsor Capital Maritime (the 2013 Class B Unit Purchasers) and completed the issuance and sale of such 9,100,000 Class B Units to the 2013 Class B Unit Purchasers pursuant to the Class B Convertible Preferred Unit Subscription Agreement dated March 15, 2013 (the 2013 Class B Unit Subscription Agreement) entered into with the 2013 Class B Unit Purchasers. The Class B Units were priced at \$8.25 per unit. In connection with the issuance and sale of the Class B Units, we adopted the Third Amendment, dated as of March 19, 2013 (the Third Amendment to the Partnership Agreement), to our partnership agreement, which amends some of the rights, preferences and privileges of the Class B Units. As described above and in further detail in the Second Amendment to the Partnership Agreement, filed as Exhibit II to our Current Report on Form 6-K/A dated May 23, 2012, the Class B Units have certain rights that are senior to the rights of the holders of our common units, such as the right to distributions and rights upon liquidation of the Partnership. The Third Amendment to the Partnership Agreement amends certain terms of the Class B Units, including an adjustment to the distribution rate for the Class B Units in the event the distribution rate on our common units is increased, and providing for the payment of distributions to holders of Class B Units in common units in the event distributions are not paid in cash. The Class B Units remain convertible at any time into common units of the Partnership on a one-for-one basis and continue to pay a fixed quarterly cash distribution of \$0.21375 per unit representing an annualized distribution yield of 9.5%.

The net proceeds of the transaction, together with approximately \$54.0 million from our existing 2008 credit facility and part of our cash balances, were used for the acquisition of two 5,023 TEU container vessels, the M/V Hyundai Premium and M/V Hyundai Paramount , for a total consideration of \$130.0 million. Both the M/V Hyundai Premium and M/V Hyundai Paramount were 2013 built at Hyundai Heavy Industries Co. Ltd.. The vessels were originally ordered by Capital Maritime and secured a 12 year time charter employment (+/- 60 days) to HMM at a gross rate of \$29,350 per day.

As in our 2012 issuance of Class B Units, we entered into the a Registration Rights Agreement, dated as of March 19, 2013 (2013 Registration Rights Agreement), with certain 2013 Class B Unit Purchasers, relating to the registered resale of common units issuable upon the conversion of the Class B Units purchased pursuant to the 2013 Class B Unit Subscription Agreement. The Class B Units remain unregistered under the Securities Act of 1933, as amended, and may not be offered or sold in the United States absent a registration statement or exemption from registration.

For additional information regarding the issuance and sale of our Class B Units in 2013, the 2013 Registration Rights Agreements, the 2013 Class B Unit Subscription Agreements and the Third Amendment to the Partnership Agreement, please see our Current Reports on Form 6-K furnished to the SEC on March 21, 2013 and Note 12 (Partners Capital) to our Financial Statements included herein.

On November 14, 2012, OSG and certain of its subsidiaries made a voluntary filing for relief under Chapter 11 of the U.S. Bankruptcy Code in the U.S. Bankruptcy Court for the District of Delaware (the Bankruptcy Court). As of December 31, 2013, we had three IMO II/III Chemical/Product tankers (M/T Alexandros II, M/T Aristotelis II and M/T Aris II, all built in 2008 by STX Offshore & Shipbuilding Co. Ltd.) on long term bareboat charter to subsidiaries of OSG. These charters were scheduled to terminate, approximately, in November 2017, April and June of 2018, respectively, and were at rates that were substantially above then current market rates. OSG requested that we reduce the charter rates for their remaining terms to substantially lower rates.

After discussions with OSG, we agreed to enter into new charters with OSG on substantially the same terms as the prior charters, but at a bareboat rate of \$6,250 per day. The new charters were approved by the Bankruptcy Court on March 21, 2013, and were effective as of March 1, 2013. On the same date, the Bankruptcy Court also rejected the prior charters as of March 1, 2013. Rejection of each prior charter constitutes a material breach of such charter.

On May 24, 2013, we filed six claims (the Claims) for a total of \$54.1 million against each of the three charterers and their respective three guarantors for damages resulting from the rejection of each of the prior charters, including, among other things, for the difference between the bareboat rate of the new charters and the bareboat rate under each of the rejected prior charters.

Table of Contents

We transferred to Deutsche Bank Securities Inc. (Deutsche Bank) all of our rights, title, interest, claims and causes of action in and to, or arising under or in connection with, the Claims pursuant to three separate Assignment of Claim Agreements, dated as of June 24, 2013, and effective as of June 26, 2013 (collectively, as may be amended or supplemented from time to time, the Assignment Agreements). In connection with the Assignment Agreements, on July 2, 2013, Deutsche Bank filed with the Bankruptcy Court six separate Evidences of Transfer of Claim in connection with each of the six Claims. The total proceeds received by the Partnership from the sale of claims to Deutsche Bank were dependent on the actual claim amount allowed by the Bankruptcy Court we may have been required to refund a portion of the purchase price (up to a maximum of \$9 million) or may have received an additional payment from Deutsche Bank. On December 18, 2013, we entered into a Settlement Notice and Refund Modification with Deutsche Bank pursuant to which, among other things, we agreed that if the Claims are allowed in an aggregate amount less than \$43.25 million, the maximum aggregate amount that we are obligated to refund to Deutsche Bank is \$0.6 million.

On January 6, 2014, OSG and certain of its affiliates filed a motion (the Settlement Motion) with the Bankruptcy Court seeking approval of a settlement (the Settlement) with Deutsche Bank in connection with the Claims. Among other things, the Settlement provides that the Claims were allowed as general unsecured non-priority claims in the aggregate reduced amount of \$43 million. The Bankruptcy Court approved the Settlement Motion on February 3, 2014. Pursuant to the terms of the Assignment Agreements, because the Claims are allowed in an aggregate amount of \$43 million, we were obligated to refund \$0.6 million to Deutsche Bank. In February 2014, we paid the amount of \$0.6 million to Deutsche Bank.

On August 5, 2013, we announced the issuance of 11,900,000 common units at a public offering price of \$9.25 per common unit under our 2011 Form F-3. An additional 1,785,000 common units were subsequently sold on the same terms following the full exercise of the over-allotment option granted to the underwriters. Capital GP L.L.C., our general partner, participated in both the offering and the exercise of the over-allotment option and purchased 279,286 units at the public offering price. Subsequent to the completion of the equity issuance, our sponsor converted 349,700 common units into general partner units and delivered such units to our general partner in order for our general partner to maintain its 2% interest in us. Net proceeds, before expenses, relating to the offering were \$120.7 million. The net proceeds from the offering, together with \$75.0 million from our 2013 credit facility and part of our cash balances, were used to acquire three 5,023 TEU container vessels, the M/V Hyundai Prestige, the M/V Hyundai Privilege and the M/V Hyundai Platinum, from our sponsor Capital Maritime for an aggregate purchase price of \$195.0 million. Each of these vessels was built in 2013 at Hyundai Heavy Industries. Co. Ltd. and each such vessel is employed under a 12 year time charter employment (+/- 60 days) to HMM at a gross rate of \$29,350 per day. The charters commenced shortly after the delivery of the vessels to Capital Maritime during the first half of 2013.

On September 6, 2013, and as amended on December 27, 2013, we entered into the 2013 credit facility. The 2013 credit facility is non-amortizing until March 2016, with a final maturity date in December 2020, and is priced at LIBOR plus 3.50% and a commitment fee of 1.00%. The facility is available for the funding of up to 50% of the charter free value of modern product tankers and post-panamax container vessels.

During 2013, certain holders of our Class B Units, including Capital Maritime, converted an aggregate of 5,733,333 Class B Units into common units in accordance with the terms of the partnership agreement.

2014 Developments

Master Vessel Acquisition Agreement and Reset of Incentive Distribution Right Thresholds

On July 24, 2014, we entered into a Master Vessel Acquisition Agreement with our sponsor, Capital Maritime (the Master Vessel Acquisition Agreement), pursuant to which we expect to acquire, subject to the satisfaction of various conditions precedent, the Dropdown Vessels for an aggregate purchase price of

Table of Contents

approximately \$311.5 million. The Dropdown Containerships are expected to be purchased for approximately \$81.5 million per vessel and the Dropdown Tankers are expected to be purchased for approximately \$33.5 million per vessel. The Master Vessel Acquisition Agreement also provides that Capital Maritime will, subject to the terms of that agreement, grant us a right of first refusal over six additional newbuild Samsung eco medium range product tankers. The Dropdown Containerships to be acquired are chartered to CMA CGM for a minimum charter term of 60 months (+ 90 days/- 30 days) at a gross daily charter rate of \$39,250, all of which were entered into as of December 19, 2013. The Dropdown Tankers to be acquired will be chartered to Capital Maritime (or (i) a wholly-owned subsidiary thereof if supported by an irrevocable and unconditional guarantee by Capital Maritime or (ii) other counterparty with at least the financial wherewithal and creditworthiness of Capital Maritime) for a minimum charter term of 24 months (+/- 30 days) at a gross daily charter rate of \$17,000 plus 50/50 profit share on actual earnings settled every six months unless an alternative arrangement between Capital Maritime and the Partnership is entered into.

As consideration for these vessel acquisitions at prices below current market value, we agreed, subject to, among other things, the approval of our unitholders, to amend the partnership agreement to revise the target distributions to holders of our IDRs. Prior to this amendment to the partnership agreement, our general partner had the right to receive, subject to the rights of holders of the Class B Units and assuming our general partner maintained a 2% general partner interest in us and had not transferred the IDRs:

2% of all quarterly distributions until the holders of our common units had received \$0.3750 per unit (the Minimum Quarterly Distribution);

2% of all quarterly distributions until the holders of our common units had received \$0.4313 per unit (the First Target Distribution);

15% of all quarterly distributions until the holders of our common units had received \$0.4688 per unit (the Second Target Distribution);

25% of all quarterly distributions until the holders of our common units had received \$0.5625 per unit (the Third Target Distribution); and

50% of all quarterly distributions in excess of \$0.5625 per unit.

Under the amendment to the partnership agreement proposed for unitholder approval, each of the Minimum Quarterly Distribution, the First Target Distribution, the Second Target Distribution and the Third Target Distribution would be reduced to \$0.2325, \$0.2425, \$0.2675 and \$0.2925, respectively, while our general partner's right to receive 50% of quarterly cash distributions in excess of the Third Target Distribution would be reduced to a right to receive 35% of such cash distributions. As a result, our general partner would receive:

2% of all quarterly distributions until the holders of our common units had received \$0.2325 per unit;

2% of all quarterly distributions until the holders of our common units had received \$0.2425 per unit;

15% of all quarterly distributions until the holders of our common units had received \$0.2675 per unit;

25% of all quarterly distributions until the holders of our common units had received \$0.2925 per unit;
and

35% of all quarterly distributions in excess of \$0.2925 per unit.

On August 21, 2014, our unitholders approved, among other things, the amendment to the partnership agreement outlined above. As a result, we adopted the Fourth Amendment to the partnership agreement, dated as of August 25, 2014 (the Fourth Amendment to the Partnership Agreement), to reflect the approval of such amendment.

Thereafter, Capital Maritime, after discussion with, and with the unanimous support of, the conflicts committee of our board of directors, unilaterally notified us that it decided to waive its rights to receive quarterly incentive distributions between \$0.2425 and \$0.25. This waiver effectively has increased the First Target Distribution from \$0.2425 to \$0.25.

Table of Contents

Management Transition

As announced on September 8, 2014, Mr. Petros Christodoulou was appointed as Chief Executive Officer and Chief Financial Officer, succeeding Mr. Ioannis Lazaridis, who served as Chief Executive Officer and Chief Financial Officer since January 2007. Mr. Christodoulou's appointment was unanimously approved by our board of directors and Mr. Lazaridis remains a member of our board of directors. In September 2014, Mr. Nikolaos Syntychakis resigned as a director of our board of directors. Mr. Syntychakis was a director appointed by our general partner, which appointed Mr. Christodoulou as a director to replace Mr. Syntychakis. The initial term of Mr. Christodoulou's appointment to our board of directors will expire at our 2016 annual general meeting of unitholders. Effective December 19, 2014, Mr. Evangelos M. Marinakis stepped down as Chairman of our board of directors, and resigned as a director of our board of directors. Mr. Lazaridis was appointed as non-executive Chairman of our board of directors as of such date. Mr. Marinakis was a director appointed by our general partner, which appointed Mr. Gerasimos Kalogiratos as a director to replace Mr. Marinakis effective as of such date. The initial term of Mr. Kalogiratos's appointment to our board of directors will expire at our 2016 annual general meeting of unitholders.

Issuance and Sale of Common Units

In September 2014, we completed the issuance of 15,000,000 common units at a public offering price of \$10.53 per common unit under our 2011 Form F-3. An additional 2,250,000 common units were subsequently sold on the same terms following the full exercise of the overallotment option granted to the underwriters. Also in September 2014, our sponsor converted an aggregate of 358,624 common units into general partner units and delivered such units to our general partner in order for it to maintain its 2% interest in us. Net proceeds, after the deduction of the underwriters commission but before expenses, relating to the offering were approximately \$173.9 million. The net proceeds from the offering were used to repurchase from Capital Maritime 5,950,610 common units at an aggregate price of \$60.0 million, and to cancel such common units. We expect the remaining proceeds will be used to partially fund the approximately \$311.5 million aggregate purchase price for the Dropdown Vessels and for general partnership purposes.

Other Developments

At our annual general meeting of unitholders held on August 21, 2014 (i) the Fourth Amendment to the Partnership Agreement was approved, as described in Item 4A: History and Development of the Partnership 2014 Developments Master Vessel Acquisition Agreement and Reset of Incentive Distribution Right Thresholds above, (ii) Pierre de Demandolx-Dedons was reelected to act as a Class I Director until our 2017 annual general meeting and (iii) the Plan was amended and restated to increase the maximum number of restricted units authorized for issuance thereunder from 800,000 to 1,650,000, of which 795,200 have been previously issued and have vested. No other actions were taken at the meeting.

During 2014, certain holders of our Class B Units, including Capital Maritime, converted an aggregate of 4,698,484 Class B Units into common units in accordance with the terms of the partnership agreement.

Our fleet consists of 30 high specification vessels. Other than as described in Item 4A: History and Development of the Partnership 2014 Developments Master Vessel Acquisition Agreement and Reset of Incentive Distribution Right Thresholds above, we currently have no capital commitments to purchase or build additional vessels. We intend to continue to evaluate potential acquisitions of vessels or businesses and to take advantage of our relationship with Capital Maritime in a prudent manner that is accretive to our unitholders and to long-term distribution growth.

Please see Item 4B: Business Overview Our Fleet below for more information regarding our vessels, their charters, charter rates and expirations, operating expenses and other information, Item 5A: Management's Discussion and Analysis of Financial Condition and Results of Operations Overview Accounting for Acquisition and Disposal of Vessels and Merger with Crude Carriers and Item 5B: Liquidity and Capital Resources Net Cash Provided by/(Used in) Investing Activities for more information regarding any acquisitions and Item 7B: Related-Party Transactions for a description of the terms of certain transactions.

Table of Contents**B. Business Overview**

We are an international owner of modern tanker, container and drybulk vessels. Our fleet of 30 modern high specification vessels (2.1 million dwt) with an average age of approximately 6.8 years as of December 31, 2014, consists of four Suezmax crude oil tankers, eighteen modern MR tankers, all of which are classed as IMO II/III vessels, seven post-panamax container carrier vessels and one Capesize bulk carrier. Our vessels are capable of carrying a wide range of cargoes, including crude oil, refined oil products such as gasoline, diesel, fuel oil and jet fuel, edible oils and certain chemicals, such as ethanol, as well as dry cargo and containerized goods. As of December 31, 2014, all our vessels were chartered under medium- to long-term time and bareboat charters (with a revenue weighted average remaining term of approximately 8.3 years) to large charterers such as BP Shipping Limited, subsidiaries of OSG, Maersk Line, HMM, CSSA S.A. (Total S.A.), Subtec S.A. de C.V. (Subtec), Cosco, Engen Petroleum Ltd., Repsol Trading S.A. (Repsol) and Capital Maritime. All our time and bareboat charters provide for the receipt of a fixed base rate for the life of the charter, and in the case of 7 of our 24 time charters, also provide for profit sharing arrangements in excess of the base rate. Please see Item 4B: Business Overview Our Charters Profit Sharing Arrangements below for a detailed description of how profit sharing is calculated. As of December 31, 2014, the Marinakis family, including Evangelos M. Marinakis, our former chairman, may be deemed to beneficially own on a fully converted basis a 17.6% and on a non-fully converted basis a 19.9% interest in us through its beneficial ownership of common units through, among others, Capital Maritime.

Business Strategies

Our primary business objective is to pay a sustainable quarterly distribution on our common units and Class B Units and to increase our distributions on our common units over time by executing the following business strategies:

Maintain medium- to long-term fixed charters. We believe that the medium to long-term, fixed-rate nature of our charters and our cost efficient ship management operations under our agreements with Capital Ship Management provide visibility of revenues and cash flows in the medium to long-term. As of December 31, 2014, all of our vessels were chartered under medium to long-term time and bareboat charters with a revenue weighted average remaining term of approximately 8.3 years. As our vessels come up for rechartering, we will seek to redeploy them under period contracts that reflect our expectations of prevailing market conditions. We will continue to evaluate growth opportunities across all shipping sectors, with a focus on chartering our vessels to third parties. We believe that the young age and diversified profile of our fleet, the high specifications of our vessels and our Manager's ability to meet the rigorous vetting requirements of some of the world's most selective major international oil companies and major charterers in the tanker, drybulk and container sectors will position us favorably to continue to secure medium to long-term charters for our vessels.

Expand our relationships with both current and new charterers and capitalize on our relationship with Capital Maritime. We aim to increase the number of vessels we charter to our current third-party charterers in order to expand our relationships with them and take advantage of their diverse shipping requirements. We also believe that we can leverage our relationship with Capital Maritime and its ability to meet the rigorous vetting and selection processes of leading oil companies, as well as other charterers in the tanker, drybulk and container sectors, in order to attract new charterers for our fleet and increase the product, customer, geography and maturity diversity of our portfolio. We also believe that Capital Maritime will remain a strong chartering option.

Expand our fleet through opportunistic acquisitions. Our fleet currently consists of 30 vessels with 2.1 million deadweight capacity, as compared to eight vessels with 0.3 million deadweight capacity at the time of our IPO in 2007. We intend to continue to evaluate potential acquisitions of both newbuilds and second-hand vessels from Capital Maritime and third parties in order to make opportunistic acquisitions for our fleet while maintaining a strong balance sheet. We also intend to take advantage of opportunities afforded to us by our relationship with our sponsor Capital Maritime. On July 24, 2014, we entered into a Master Vessel Acquisition Agreement with Capital Maritime to acquire the

Table of Contents

Dropdown Vessels, with a right of first refusal to acquire six additional product tanker vessels, as further described in Item 4A: History and Development of the Partnership 2014 Developments Master Vessel Acquisition Agreement and Reset of Incentive Distribution Right Thresholds above. For additional information, please also see our Current Report on Form 6-K, and the exhibits thereto, furnished to the SEC on July 29, 2014. Based on our completed equity offerings in 2013 and 2014, our existing secured credit facilities and our current cash balances, we believe that we have fully funded our anticipated acquisition of the Dropdown Vessels from Capital Maritime in 2015. For future acquisitions, we may consider moderate increases in our overall leverage, either through debt or equity financing, provided that we are able to maintain low breakeven rates and deliver steady distributions to our unitholders. In addition, we may pursue opportunities for acquisitions of, or combinations with, other shipping businesses.

Maintain a strong balance sheet through moderate use of leverage. While we anticipate that we will finance our vessels and future vessel acquisitions through a mix of debt and equity financing, we intend to maintain a moderate level of leverage over time. By maintaining moderate levels of leverage, we expect to retain greater flexibility than our more leveraged competitors, maintain low breakeven rates and deliver steady distributions to our unitholders. In addition, charterers have increasingly favored financially solid vessel owners, and we believe that our anticipated balance sheet strength will enable us to access more favorable chartering opportunities, as well as give us a competitive advantage in pursuing vessel acquisitions.

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 will need to maintain our vessel safety record and build on our high level of customer service and support. Our Manager, Capital Ship Management, has a strong record of vessel safety and compliance with rigorous health, safety and environmental protection standards, and is also committed to providing our customers with a high level of customer service and support.

Competitive Strengths

We believe that we are well-positioned to execute our business strategies and our future prospects for success are enhanced because of the following competitive strengths:

Well-established relationships with our counterparties and with Capital Maritime. We believe our strong relationships with our counterparties, many of which have chartered vessels from us since our IPO in 2007, provide a platform for the growth of our business and operating cash flow. We have established longstanding relationships with large well-known charterers, such as BP, Total S.A., Maersk Line and Repsol S.A. Because of our existing relationships, we believe that we are well situated to further develop our medium to long-term charter relationships with leading charterers in the shipping industry. Our business also benefits from our unique relationship with Capital Maritime, our sponsor, which has a well-established reputation and safety and environmental track record within the shipping industry, a substantial newbuilding orderbook and strong relationships with many of the world's leading oil companies, commodity traders, container operators and shipping companies. We also benefit from Capital Maritime's expertise in technical fleet management and its ability to meet the rigorous vetting requirements of some of the world's most selective major international oil companies

and other charterers in the drybulk and container sectors.

Modern, high specification diversified fleet. Since our IPO in 2007, our fleet has grown from eight to 30 modern high specification vessels, with a value of approximately \$1.1 billion on a charter free basis and \$1.3 billion on a charter attached basis as of December 31, 2014. Our vessels were primarily constructed at reputable shipyards in Japan and South Korea, and have an average age of 6.8 years, as of December 31, 2014. In 2015, we expect to purchase the Dropdown Vessels. The wide range of sizes and geographic flexibility of our fleet and our compliance with existing regulatory standards and the excellent operational track record of our sponsor and its

Table of Contents

ability to meet the rigorous vetting requirements of some of the world's most selective major international oil companies and other charterers in the drybulk and container sectors are attractive to charterers, providing them with a high degree of flexibility with respect to cargoes and trade routes. As a result, we have been able to expand our chartering relationships with both existing and new counterparties.

Revenue and cash flow visibility and stability. Because a number of our vessels are chartered under medium and long-term contracts, we benefit from revenue and cash flow visibility. We have also developed a diversified revenue stream due to our exposure to the product, crude, container and bulk shipping sectors, which provides us with revenue and cash flow stability. As of December 31, 2014, our average remaining charter duration was 8.3 years. In addition, we have 83% charter coverage for 2015 and 65% charter coverage for 2016. Our remaining staggered charter expirations are primarily in the product and crude segments, and we believe we are well positioned to take advantage of the positive demand fundamentals in the product tanker business as our vessels become available for rechartering.

Modern, high specification product tanker and containership fleet. The 18 medium range tankers that form part of our fleet are all classed as IMO II/III vessels, which, in addition to the Ice Class 1A classification notation of many of our vessels, the wide range in size and geographic flexibility of our fleet and compliance with existing regulatory standards, are attractive to our charterers, providing them with a high degree of flexibility in the types of cargoes and variety in the trade routes they may choose as they employ our fleet. We believe that these characteristics of our product tankers position us to take advantage of the positive demand fundamentals in the product tanker business as our vessels become available for rechartering.

Strong asset coverage, cost efficient operations and acquisition funding. We believe that we have a strong balance sheet and that our financial strength positions us to continue to make opportunistic acquisitions and grow our business with charterers as they seek financially sound counterparties for long-term contracts. We also believe that we have a long history of cost efficient ship management with consistent cost performance below industry benchmarks due to our outsourcing of vessel management and operations to our Manager. Based on our completed net equity offerings of \$309.7 million in 2013 and 2014, including the \$60.0 million paid to Capital Maritime in order to acquire and immediately cancel 5,950,610 of our common units, our existing secured credit facilities and our current cash balances, we have fully funded our anticipated acquisition of the Dropdown Vessels from Capital Maritime in 2015.

Our Customers

We provide marine transportation services under medium to long-term time charters or bareboat charters with counterparties that we believe are creditworthy:

Maersk Line, the global containerized division of A.P. Møller-Mærsk – Maersk Group, which is presently the world's largest liner company with a fleet of more than 600 owned and operated vessels.

Hyundai Merchant Marine Co. Ltd., an integrated logistics company, operating around 160 state-of-the-art vessels. HMM boasts worldwide global service networks, diverse logistics facilities, leading IT shipping related systems, a professional highly trained staff and a continual effort to provide premiere transportation services.

BP Shipping Limited, the shipping affiliate of BP, one of the world's largest producers of crude oil and natural gas. BP has exploration and production interests in over 20 countries. BP Shipping Limited provides all logistics for the marketing of BP's oil and gas cargoes.

Overseas Shipholding Group Inc., one of the largest independent shipping companies in the world operating crude and product tankers with a fleet of over 100 owned and operated vessels.

Table of Contents

CSSA S.A. (Total S.A.), the shipping affiliate of Total S.A., the fifth largest publicly-traded integrated international oil and gas company in the world. Total S.A. is a multinational energy company with more than 97,000 employees, and operations in more than 130 countries.

Cosco Bulk Carrier Co. Ltd., an affiliate of the COSCO Group which is one of the largest drybulk charterers globally. The COSCO Group, listed on the Hong Kong Stock Exchange is believed to be China's largest group specializing in global shipping, modern logistics and ship building and repairing. COSCO Group currently owns and controls over 800 modern merchant vessels with a total tonnage of 56 million dwt and an annual carrying capacity of 400 million tons.

Engen Petroleum Ltd., a South Africa-based energy company focusing on the downstream refined petroleum products market and related businesses.

Repsol Trading S.A., a subsidiary of Repsol S.A., an oil and gas conglomerate that operates in 30 countries, produces more than 1 million barrels a day from its oil fields, has a total installed capacity of 1.2 million barrels a day in its 10 refineries and sells its products through 7,250 service stations around the world.

SUBTEC S.A. de C.V., a Mexican company specializing in the supply and operation of vessels for the offshore oil and gas industry.

Capital Maritime & Trading Corp., an established, diversified shipping company with activities in the sea transportation of wet (crude oil, oil products, chemicals), container and dry cargoes worldwide with a long history of operating and investing in the shipping markets.

For the year ended December 31, 2014, Capital Maritime, HMM and Maersk Line accounted for 38%, 24% and 12% of our revenues, respectively. For the year ended December 31, 2013, Capital Maritime, BP Shipping Limited, Maersk Line and HMM accounted for 32%, 17%, 14% and 13% of our revenues, respectively. For the year ended December 31, 2012, Capital Maritime and BP Shipping Limited accounted for 45% and 23% of our revenues, respectively.

The loss of any significant customer or a substantial decline in the amount of services requested by a significant customer could harm our business, financial condition and results of operations.

Our Management Agreements

We have entered into three separate technical and commercial management agreements with Capital Ship Management, a subsidiary of Capital Maritime, for the management of our fleet. Each vessel in our fleet is managed under the terms of one of the following three agreements:

Fixed fee management agreement: At the time of our IPO we entered into an agreement with our Manager, according to which our Manager provides us with certain commercial and technical

management services for a fixed daily fee per managed vessel which covers the commercial and technical management services, the respective vessel's operating costs such as crewing, repairs and maintenance, insurance, stores, spares, and lubricants, as well as the cost of the first special survey or next scheduled drydocking, of each vessel. In addition to the fixed daily fees payable under the management agreement, Capital Ship Management is entitled to supplementary compensation for Extraordinary Fees and Costs (as defined in the agreement) of any additional direct and indirect expenses it reasonably incurs in providing these services, which may vary from time to time. We also pay a fixed daily fee per bareboat chartered vessel in our fleet, mainly to cover compliance and commercial costs, which include those costs incurred by our Manager to remain in compliance with the oil majors' requirements, including vetting requirements.

Floating fee management agreement: In June 2011, we entered into an agreement with our Manager based on actual expenses with an initial term of five years per managed vessel. Under the terms of this agreement we compensate our Manager for expenses and liabilities incurred on our behalf while providing the agreed services to us, including, but not limited to, crew, repairs and maintenance, insurance, stores, spares, lubricants and other operating costs. Costs and expenses associated with a

Table of Contents

managed vessel's next scheduled drydocking are borne by us and not by our Manager. We also pay our Manager a daily technical management fee per managed vessel that is revised annually based on the United States Consumer Price Index.

Crude Carriers management agreement: In September 2011, we completed our merger with Crude Carriers. The five crude tanker vessels we acquired as part of the merger continue to be managed under a management agreement entered into in March 2010, as amended, with Capital Ship Management whose initial term expires on December 31, 2020. Under the terms of this agreement we compensate our Manager for all of its expenses and liabilities incurred on our behalf while providing the agreed services to us, including, but not limited to, crew, repairs and maintenance, insurance, stores, spares, lubricants and other operating and administrative costs. We also pay our Manager the following fees: (a) a daily technical management fee per managed vessel that is revised annually based on the United States Consumer Price Index; (b) a sale and purchase fee equal to 1% of the gross purchase or sale price upon the consummation of any purchase or sale of a vessel acquired by Crude Carriers and (c) a commercial services fee equal to 1.25% of all gross charter revenues generated by each vessel for commercial services rendered. The manager has the right to terminate the Crude Carriers management agreement and, under certain circumstances, could receive substantial sums in connection with such termination; however, even if our board of directors or our unitholders are dissatisfied with the manager, there are limited circumstances under which we can terminate this management agreement. This termination fee was initially set at \$9.0 million in March 2010 and increases on each one-year anniversary during which the management agreement remains in effect (on a compounding basis) in accordance with the total percentage increase, if any, in the United States Consumer Price Index over the immediately preceding 12 months. As of March 2014, this termination fee had been adjusted to \$9.8 million.

We expect that as the fixed fee management agreement expires for certain of our vessels, such vessels, and any additional acquisitions we make in the future, shall be managed under the floating fee management agreement. Under the terms of all three agreements, Capital Ship Management may provide these services to us directly or it may subcontract for certain of these services with other entities, including other Capital Maritime subsidiaries.

The table below sets out, as of December 31, 2014 the management agreement under which each vessel in our fleet is managed.

Vessel Name	Fixed fee management agreement	Floating fee management agreement	Crude management agreement
M/T Atlantas (M/T British Ensign)	X		
M/T Assos (M/T Insurgentes)	until Apr 22, 2014	as of Apr 23, 2014	
M/T Aktoras (M/T British Envoy)	X		
M/T Agisilaos		X	
M/T Arionas		X	
M/T Avax	until Apr 17, 2012	as of Apr 18, 2012	
M/T Aiolos (M/T British Emissary)	X		
M/T Axios	until Jun 12, 2012	as of Jun 13, 2012	

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M/T Atrotos (M/T El Pipila)	until Apr 26, 2014	as of Apr 27, 2014
M/T Akeraios	until Aug 25, 2012	as of Aug 26, 2012
M/T Apostolos	until Sept 14, 2012	as of Sep 15, 2012
M/T Anemos I	until Dec 23, 2012	as of Dec 24, 2012
M/T Alexandros II (M/T Overseas Serifos)	until Jan 21, 2013	from Jan 22, 2013
	& since May 9, 2013	up to May 8, 2013
M/T Amore Mio II	until May 18, 2014	As of May 19, 2014

Table of Contents

Vessel Name	Fixed fee management agreement	Floating fee management agreement	Crude management agreement
M/T Aristotelis II (M/T Overseas Sifnos)	X		
M/T Aris II (M/T Overseas Kimolos)	X		
M/T Ayrton II	until Mar 31, 2014	As of Apr 1, 2014	
M/T Alkiviadis	X		
M/V Cape Agamemnon		X	
M/T Miltiadis M II			X
M/T Amoureux			X
M/T Aias			X
M/V Agamemnon		as of Dec 22, 2012	
M/V Archimidis		as of Dec 22, 2012	
M/V Hyundai Prestige		as of Sep 11, 2013	
M/V Hyundai Premium		as of March 20, 2013	
M/V Hyundai Paramount		as of March 27, 2013	
M/V Hyundai Privilege		as of Sep 11, 2013	
M/V Hyundai Platinum		as of Sep 11, 2013	
M/T Aristotelis		as of Nov 28, 2013	

Our Fleet

At the time of our IPO on April 3, 2007, our fleet consisted of eight vessels. Since that date, the size of our fleet has greatly increased in terms of both number of vessels and carrying capacity and currently consists of 30 vessels of various sizes with an average age of approximately 6.8 years and average remaining term under our charters of approximately 8.3 years (each, as of December 31, 2014).

We intend to continue to take advantage of our unique relationship with Capital Maritime, including through the expected acquisition of the Dropdown Vessels, and, subject to prevailing shipping, charter and financial market conditions and the approval of our board of directors, make strategic acquisitions in the medium to long term in a prudent manner that is accretive to our unitholders and to long-term distribution growth. Please read Item 4A: History and Development of the Partnership 2014 Developments Master Vessel Acquisition Agreement and Reset of Incentive Distribution Right Thresholds for a more detailed description of our expected acquisition of the Dropdown Vessels, as well as the right of first refusal Capital Maritime granted to us with respect to the acquisition of six additional product tanker vessels. In addition, we may pursue opportunities for acquisitions of, or combinations with, other shipping businesses. Pursuant to the amended and restated omnibus agreement we have entered into with Capital Maritime pursuant to our merger with Crude Carriers, Capital Maritime has granted us a right of first offer for any product tanker in its fleet with carrying capacity over 30,000 dwt under time or bareboat charter with a remaining duration of at least twelve months. Capital Maritime is, however, under no obligation to fix any of these vessels under charters of longer than twelve months. Please read Item 7B: Related-Party Transactions for a detailed description of our amended and restated omnibus agreement with Capital Maritime.

The table below provides summary information as of December 31, 2014 about the vessels in our 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. The table also includes the daily management fee and approximate expected termination date of the respective management agreement with Capital Ship Management with respect to each vessel. 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 sister vessels provide a number of efficiency advantages in the management of our fleet.

Table of Contents

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

VESSELS IN OUR FLEET AS OF DECEMBER 31, 2014

Sister Vessels ¹	Year built	DWT - TEU	OPEX (per day) ²	Management Agreement Expiration	Charter Duration/ Type ³	Expiry of Charter ⁴	Daily Charter Rate (Net)	Profit Share ⁵	Charterer ⁶	Design
A	2006	36,760	\$ 500	Mar 2016	10-yr BC	Apr 2016	\$ 6,750		BP	Ice Class II/III C
A	2006	36,759	\$ 500	Mar 2016	9.5-yr BC	Jan 2016	\$ 7,000		BP	Ice Class IM
A	2007	36,725	\$ 500	Jan 2017	10-yr BC	Mar 2017	\$ 13,433		BP	Ice Class IM
A	2006	36,760	Floating	Dec 2016	1-yr TC	Aug 2015	\$ 14,072		CMTC	Ice Class IM
A	2006	36,725	Floating	Aug 2016	1.2-yr TC	Jan 2016	\$ 14,813		CMTC	Ice Class IM
B	2007	47,872	Floating	Jun 2017	1-yr TC	Jun 2015	\$ 14,566	ü	CMTC	Ice Class IM
B	2007	47,834	Floating	Apr 2017	1-yr TC	Aug 2015	\$ 14,566		CMTC	Ice Class IM
B	2007	47,781	Floating	Aug 2017	1.5-yr TC	Feb 2015	\$ 14,763	ü	CMTC	Ice Class IM
B	2007	47,782	Floating	Dec 2017	1.2-yr TC	Feb 2015	\$ 14,664	ü	CMTC	Ice Class IM
B	2007	47,782	Floating	Sep 2017	1.5-yr TC	Apr 2015	\$ 14,664	ü	CMTC	Ice Class IM
C	2008	51,258	\$ 250	Dec 2017 Mar 2018	10-yr BC	Nov 2017	\$ 6,250		OSG	Ice Class IM
C	2008	51,226	\$ 250	Mar 2018	10-yr BC	Apr 2018	\$ 6,250		OSG	Ice Class IM
C	2008	51,218	\$ 250	May-Aug 2018	10-yr BC	Jun 2018	\$ 6,250		OSG	Ice Class IM

	C	2009	51,260		Floating	Apr 2019	1.5-yr TC	Sep 2015	\$ 14,774		EP	Che IM
	B	2007	47,786		Floating	Apr 2019	1-yr TC	Apr 2015	\$ 14,566		CMTC	Che Ice IM
	A	2006	36,721	\$ 7,000		Jun 2015	1 -yr TC	Aug 2015	\$ 13,948		CSSA	Che Ice IM
	B	2006	47,872		Floating	Apr 2019	1-yr TC	May 2015	\$ 14,566		CMTC	Che Ice IM
	B	2013	51,604		Floating	Nov 2018	1.5-yr TC	June 2015	\$ 16,787	ü	CMTC	Eco Che
1, 18	D	2008	149,993		Crude	Dec 2020	1-yr TC	Jan 2015	\$ 23,700 ¹¹	ü	CMTC	Cr Su
	D	2008	150,393		Crude	Dec 2020	1-yr TC	Feb 2015	\$ 23,700	ü	CMTC	Cr Su
II ¹⁹	E	2001	159,982		Floating	May 2019	1-yr TC	Jan 2015	\$ 16,788		CMTC	Cr Su
II ¹²	F	2006	162,397		Crude	Dec 2020	2.5-yr TC	Apr 2015	\$ 22,895 ¹²		SUBT	Ice Cr Sue
n	G	2010	179,221		Floating	Jun 2016	10-yr TC	Jun 2020	\$ 40,090		COSCO	Cap C
ER												
¹³	H	2006	103,773	7,943 TEU	Floating	Dec 2017	3-yr TC	Oct 2015	\$ 33,150		MAERSK	Conta
n ¹³	H	2007	103,773	7,943 TEU	Floating	Dec 2017	3.2-yr TC	Jul 2015	\$ 33,150		MAERSK	Conta Eco V
	I	2013	63,010	5,023 TEU	Floating	Sep 2018	12-yr TC	Dec 2024	\$ 28,616		HMM	Conta

Table of Contents**VESSELS IN OUR FLEET AS OF DECEMBER 31, 2014**

Vessel Name	Sister Vessels ¹	Year built	DWT - TEU		OPEX (per day) ²	Management Agreement Expiration	Charter Duration/ Type ³	Expiry of Charter ⁴	Daily Charter Rate (Net)	Profit Share ⁵	Charterer ⁶	Description
			DWT	TEU								
I		2013	63,010	5,023 TEU	Floating	Apr 2018	12-yr TC	Jan 2025	\$ 28,616		HMM	Eco W Contain
I		2013	63,010	5,023 TEU	Floating	Apr 2018	12-yr TC	Feb 2025	\$ 28,616		HMM	Eco W Contain
I		2013	63,010	5,023 TEU	Floating	Sep 2018	12-yr TC	Mar 2025	\$ 28,616		HMM	Eco W Contain
I		2013	63,010	5,023 TEU	Floating	Sep 2018	12-yr TC	Apr 2025	\$ 28,616		HMM	Eco W Contain
			2,136,307	41,001 TEU								

- Sister vessels are denoted in the tables by the same letter as follows: (A), (B): these vessels were built by Hyundai MIPO Dockyard Co., Ltd., South Korea, (C): these vessels were built by STX Shipbuilding Co., Ltd., South Korea, (D): these vessels were built by Universal Shipbuilding Corp., Ariake, Japan (E),(F), (H): these vessels were built by Daewoo Shipbuilding and Marine Engineering Co., Ltd., South Korea. (G) this vessel was built by Sungdong Shipbuilding & Marine Engineering Co., Ltd., South Korea. (I): these vessels were built by Hyundai Heavy Industries Co. Ltd, South Korea.
- Floating: These vessels are managed under the floating fee management agreement entered into with our Manager. Crude: These vessels managed under the Crude management agreement entered into between Crude and our Manager. The remaining vessels are managed under the fixed fee management agreement entered into with our Manager. For additional details regarding our management agreements please see Item 4B: Business Overview Our Management Agreements above.
- TC: Time Charter, BC: Bareboat Charter
- Earliest possible redelivery date. For product tankers the redelivery date is +/-30 days at the charterer's option. For container carrier vessels under charter with Maersk Line, the expiry of the charter assumes the exercise by Maersk Line of its option to extend the charter (+/- 30 days) at revised rates (See Footnote 13 below for additional information).
- Product Tankers: 50/50 profit share element for all vessels applies only to voyages that breach Institute Warranty Limits (IWL). The amounts received under these profit-sharing arrangements are subject to the same commissions payable on the gross charter rates, if any. Crude Tankers 50/50 profit share on actual earnings settled every 6 months for the first 12 months of the TC.
- BP: BP Shipping Ltd. OSG: certain subsidiaries of OSG. CMTC: Capital Maritime & Trading Corp. (our Sponsor). SUBT: Subtec S.A. de C.V. COSCO: Cosco Bulk Carrier Co. Ltd., an affiliate of the COSCO Group. MAERSK: A.P. Moller-Maersk A.S. HMM: Hyundai Merchant Marine Co. Ltd. EP: Engen Petroleum Ltd. CSSA: CSSA S.A. (Total S.A.).
- For the duration of the BC these vessels have been renamed British Ensign, British Envoy and British Emissary, respectively.

The M/T British Ensign is continuing its bareboat charter with BP Shipping after the completion of its previous bareboat charter with BP Shipping in April, 2014 for an additional 24 months at a bareboat rate of \$6,750 per day. BP

Shipping has the option to extend the duration of the charter for up to a further 12 months as either bareboat charter at a bareboat rate of \$7,250 per day for the optional periods if declared or as on time charter basis during the optional periods at a time charter rate of \$14,250 per day, if declared.

The M/T British Envoy is continuing its bareboat charter with BP Shipping after the completion of the current charter in July 2014 for an additional 18 months at a bareboat rate of \$7,000 per day. BP Shipping has the option to extend the charter duration for up to a further 12 months either as a bareboat charter at a bareboat rate \$7,250 per day for the optional periods, if declared or as a time charter at a time charter rate of \$14,250 per day, if declared.

The M/T British Emissary will continue its bareboat charter with BP Shipping after the completion of its current bareboat charter with BP Shipping in March 2015 for an additional 24 months at a bareboat rate of \$7,000 per day. BP Shipping has the option to extend the duration of the charter for up to a further 12 months either as bareboat charter at a bareboat rate of \$7,250 per day for the optional periods if declared or on a time charter basis during all optional periods at a time charter rate of \$14,250 per day if declared.

- 8 For the duration of the BC these vessels have been renamed: Overseas Serifos, Overseas Sifnos and Overseas Kimolos. OSG has the option of extending the employment of each vessel following the completion of the bareboat charters for an additional two years on on a time chartered basis at a rate of \$16,500 per day. OSG has an option to purchase each vessel at the end of the eighth, ninth or tenth year of its charter for \$38.0 million, \$35.5 million and \$33.0 million, respectively, which option is exercisable six months before the date of completion of the relevant year of the charter. The expiration date above may therefore change depending on whether the charterer exercises its purchase option.
- 9 For the M/T Agisilaos, the M/T Avax, the M/T Atrotos and the M/T Assos, Capital Maritime has the option to extend the respective charters for one additional year at a net daily rate of \$14,319, \$15,059, \$15,059 and \$15,059 respectively.

Table of Contents

- 10 CSSA has the option to extend the charter for one additional year at a net daily rate of \$14,936.
- 11 The vessel owning company of the M/T Amoureux has entered into a one year time charter with Capital Maritime at a net rate of \$23,700 per day, with profit share on actual earnings settled every six months. The charter commenced in January 2014. Also,
- 12 SUBT has subsequently delivered this vessel to PEMEX. In September 2014, after a two years time charter at a net daily rate of \$22,895, the charterer extended the charter for an additional six months at a net daily charter rate of \$27,650.
- 13 Maersk Line has the option to extend the charter for an additional four years at a net daily rate of \$30,712 and \$29,737, respectively, for the fourth and fifth year and \$31,200 per day for the final two years. If all options were to be exercised, the employment of the vessels would extend to October 2019 for the M/V Archimidis and July 2019 for the M/V Agamemnon.
- 14 Repsol S.A. has chartered the M/T Aias under a three year time charter at a net daily rate of \$25,506. The charter commenced in February 2015.
- 15 During 2015, Petroleo Brasileiro S.A. has chartered the M/T Axios and the M/T Assos under a three year time charter at a net daily rate of \$15,015 each. The charters are expected to commence in February 2015. Under the agreed terms of the respective charters, we have the right to nominate any other sister vessel.
- 16 During 2015, Capital Maritime has chartered the M/T Akeraios and the M/T Apostolos under a two year time charter at a net daily rate of \$15,405 each. The charters are expected to commence in February 2015 and April 2015, respectively.
- 17 Capital Maritime has the option to extend the time charter period for an additional six months with the same daily time charter date.
- 18 Stena Bulk A/S has chartered the M/T Amoureux under a two year time charter at a net daily rate of \$28,638. The charter is expected to commence in April 2015.
- 19 We have received an offer from Capital Maritime to charter the M/T Amore Mio II under a 12-14 months charter at a net daily rate of \$26,663. Subject to approval from the conflicts committee of our board of directors, the charter is expected to commence in April 2015.

Comparison of Possible Excess of Carrying Value Over Estimated Charter-Free Market Value of Certain Vessels

In Critical Accounting Policies Vessel Lives and Impairment in Item 5 below, we discuss our policy for impairing the carrying values of our vessels. During the past few years, the market values of vessels have experienced particular volatility, with substantial declines in many vessel classes. As a result, the charter-free market value, or basic market value, of certain of our vessels may have declined below those vessels' carrying value, even though we would not impair those vessels' carrying value under our accounting impairment policy, due to our belief that future undiscounted cash flows expected to be earned by such vessels over their operating lives would exceed such vessels' carrying amounts.

The table set forth below indicates (i) the carrying value of each of our vessels as of December 31, 2014 and 2013; (ii) which of our vessels we believe has a basic market value below its carrying value and (iii) the aggregate difference between carrying value and market value represented by such vessels. 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, and to a willing buyer 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 our 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 our vessels received from third party independent shipbrokers approved by our banks. In addition, vessel values are highly volatile; as such, our estimates may not be indicative of the current or future basic market value of our vessels or prices that we could achieve if we were to sell them.

Vessels	Date acquired by us	Carrying value as at	
		December 31, 2014	December 31, 2013
		(in millions of United States dollars)	
M/T Atlantias	04/04/2007	\$ 21.8*	\$ 23.1
M/T Assos	04/04/2007 & 08/16/2010	\$ 27.6*	\$ 29.2*
M/T Aktoras	04/04/2007	\$ 22.2*	\$ 23.4
M/T Agisilaos	04/04/2007	\$ 22.7*	\$ 24.0
M/T Arionas	04/04/2007	\$ 23.0*	\$ 24.2
M/T Avax	04/04/2007	\$ 25.7*	\$ 27.1

Table of Contents

Vessels	Date acquired by us	Carrying value as at	
		December 31, 2014 (in millions of United States dollars)	December 31, 2013 (in millions of United States dollars)
M/T Aiolos	04/04/2007	\$ 23.0*	\$ 24.2
M/T Axios	04/04/2007	\$ 26.0*	\$ 27.4
M/T Atrotos	05/08/2007 & 03/01/2010	\$ 26.6*	\$ 28.0
M/T Akeraios	07/13/2007	\$ 26.6*	\$ 28.0
M/T Apostolos	09/20/2007	\$ 29.6*	\$ 31.2*
M/T Anemos I	09/28/2007	\$ 29.6*	\$ 31.1*
M/T Alexandros II	01/29/2008	\$ 34.5*	\$ 36.3*
M/T Amore Mio II	03/27/2008	\$ 55.7*	\$ 60.0*
M/T Aristotelis II	06/17/2008	\$ 35.0*	\$ 36.8*
M/T Aris II	08/20/2008	\$ 35.2*	\$ 37.0*
M/T Ayrton II	04/13/2009	\$ 36.6*	\$ 38.3*
M/T Alkiviadis	06/30/2010	\$ 24.3*	\$ 25.8*
M/V Cape Agamemnon	06/09/2011	\$ 44.6*	\$ 46.5
M/T Miltiadis M II	09/30/2011	\$ 45.2	\$ 47.7*
M/T Amoureux	09/30/2011	\$ 46.7	\$ 49.0*
M/T Aias	09/30/2011	\$ 46.7	\$ 49.0*
M/V Archimidis	12/22/2012	\$ 58.5	\$ 61.7
M/V Agamemnon	12/22/2012	\$ 61.5*	\$ 64.7
M/V Hyundai Prestige	09/11/2013	\$ 51.3*	\$ 53.4*
M/V Hyundai Premium	03/20/2013	\$ 50.4*	\$ 52.4
M/V Hyundai Paramount	03/27/2013	\$ 50.4*	\$ 52.5
M/V Hyundai Privilege	09/11/2013	\$ 51.3*	\$ 53.4*
M/V Hyundai Platinum	09/11/2013	\$ 51.3*	\$ 53.4*
M/T Aristotelis	11/28/2013	\$ 36.5*	\$ 38.0
Total		\$ 1,120.1	\$ 1,176.8

* Indicates vessels, for which we believe, as of December 31, 2014 and 2013, the basic charter-free market value is lower than the vessel's carrying value as of December 31, 2014 and 2013. We believe that the aggregate carrying value of these vessels, assessed separately, exceeds their aggregate basic charter-free market value by approximately \$100.7 and \$77.5 million as of December 31, 2014 and 2013, respectively. This increase of \$23.2 million in 2014 as compared to 2013 is due to the decrease of asset values in container, bulk carriers and tankers as a consequence of slowdown in tankers; container and bulk carriers market that negatively effect market values of the respective type of vessels. As discussed in Critical Accounting Policies Vessel lives and impairment below, we believe that the carrying values of our vessels as of December 31, 2014 and 2013 were recoverable as the undiscounted projected net operating cash flows of these vessels exceeded their carrying value by a significant amount.

Our Charters

As of December 31, 2014, all the vessels in our fleet were under medium to long-term time or bareboat charters with an average remaining term under our charters of approximately 8.3 years. Under certain circumstances, we may operate our vessels in the spot market until they are fixed under appropriate medium to long-term charters. As our vessels come up for rechartering, depending on the prevailing market rates, we may not be able to recharter them at levels similar to their current charters which may affect our future cash flows from operations. Please read **Item 4B: Business Overview Our Fleet** above, including the chart and accompanying notes, for more information on our time and bareboat charters, including counterparties, expected expiration dates of the charters and daily charter rates.

Table of Contents***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 rate 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. We currently have 24 vessels under time charter agreements of which seven contain profit-sharing provisions that allow us to realize at a predetermined percentage additional revenues when spot rates or actual charter rates are higher than the base rates incorporated in our charters or, in some instances, through greater utilization of our vessels by our charterers.

Profit Sharing Arrangements

The profit sharing arrangements for our product tanker vessels under time charter with Capital Maritime are based on the calculation of the time charter equivalent (TCE) according to the last to next principle and are only applicable to voyages during which Institute Warranty Limits (IWL) have been breached. In such event, we receive the basic net hire rate plus 50% of the excess over the gross hire rate. This means that actual voyage revenues earned and received, actual expenses incurred and actual time taken to perform the voyage are used for the purpose of the calculation. The charterer is obliged to provide us with a copy of each fixture note and all reasonable documentation with respect to items of cost and earnings referring to each voyage during which IWL have been breached. If the average daily TCE is less than or equal to the basic gross hire rate, then we receive the basic net hire rate only. If the average daily TCE for any voyage where IWL have been breached exceeds the basic gross hire rate, then we receive the basic net hire rate plus 50% of the excess over the gross hire rate. The profit share with Capital Maritime, if any, is calculated and settled the next calendar month following the completion of the voyage.

The profit sharing arrangements for our crude tanker vessels under time charter with Capital Maritime are based on the calculation of the vessels' actual earnings and are settled every 6 months. In the event actual TCE over that period is higher than the agreed daily charter rate of the vessel, we receive the basic net hire rate plus 50% of the excess over the gross daily charter rate. This means that actual voyage revenues earned and received, actual expenses incurred and actual time taken to perform the voyages during that period are used for the purpose of the calculation. The charterer is obliged to provide us with a copy of each fixture note and all reasonable documentation with respect to items of cost and earnings.

The amounts received under these profit-sharing arrangements are subject to the same commissions payable on the gross charter rates. Please read Item 4B: Business Overview Our Fleet above, including the chart and accompanying notes, for additional information.

TCE rate is a shipping industry performance measure used primarily to compare daily earnings generated by vessels on time charters with daily earnings generated by vessels on voyage charters, because charter hire rates for vessels on voyage charters are generally not expressed in per day amounts while charter hire rates for vessels on time charters generally are expressed in such amounts. TCE is expressed as per ship per day rate and is calculated as voyage and time charter revenues less voyage expenses during a period divided by the number of operating days during the period, which is consistent with industry standards.

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. In the case of the vessels under bareboat charter to BP Shipping Limited, we are responsible for the payment of any commissions. The customer undertakes to maintain the vessel in a good state of repair and efficient operating condition and drydock the vessel during this period at its cost and as per the classification society requirements. The basic rate hire is payable to us monthly in advance in U.S. Dollars.

Table of Contents

As of December 31, 2014 we had six vessels under bareboat charter, three with BP Shipping Limited and three with subsidiaries of OSG. The charters entered into with subsidiaries of OSG are fully and unconditionally guaranteed by OSG and include options for the charterer to purchase each vessel for \$38.0 million, \$35.5 million or \$33.0 million at the end of the eighth, ninth or tenth year of the charter, respectively. In each case, the option to purchase the vessel must be exercised six months prior to the end of the charter year.

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 for bunkers and other voyage expenses, while the shipowner is responsible for paying vessel operating expenses.

Seasonality

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

Management of Ship Operations, Administration and Safety

Capital Maritime, through its subsidiary Capital Ship Management, provides expertise in various functions critical to our operations. This enables a safe, efficient and cost-effective operation and, pursuant to the management and administrative services agreements we have entered into with Capital Ship Management, grants us access to human resources, financial and other administrative services, including bookkeeping, audit and accounting services, administrative and clerical services, banking and financial services, client, investor relations, information technology and technical management services, including commercial management of the vessels, vessel maintenance and crewing (not required for vessels subject to bareboat charters), purchasing, insurance and shipyard supervision.

We have entered into three separate technical and commercial management agreements with Capital Ship Management for the management of our fleet: the fixed fee management agreement, the floating fee management agreement and, with respect to the vessels acquired as part of the merger with Crude Carriers, the Crude Carriers management agreement. Each vessel in our fleet is managed under the terms of one of these three agreements. The aggregate management fees paid to Capital Ship Management for the year ended December 31, 2014, were \$13.3 million as compared to \$17.0 million for the year ended December 31, 2013.

For a more detailed description of the three management agreements and administrative services agreements we have entered into with Capital Ship Management please read [Item 4B: Business Overview](#) Our Management Agreements above, and [Item 7B: Related-Party Transactions](#) Transactions entered into during the year ended December 31, 2012 below.

Capital Ship Management operates under a safety management system in compliance with the IMO's ISM Code and certified by Lloyd's Register. Capital Ship Management's management systems also comply with the Quality Standard ISO 9001, the Environmental Management Standard ISO 14001, the Occupational Health & Safety Management System (OHSAS) 18001 and the Energy Management Standard 50001, all of which are certified by Lloyd's Register of Shipping. Capital Ship Management has furthermore implemented an Integrated Management System Approach verified by the Lloyd's Register Group. Capital Ship Management also adopted Business Continuity Management principles in cooperation with Lloyd's Register Group.

Table of Contents

Capital Ship Management, recognizing sustainable transport as one of the biggest challenges of the 21st century, has adopted and implemented the key strategies for a regime of responsible, safe and clean shipping. As a result, our vessels' operations are conducted in a manner intended to protect the safety and health of Capital Ship Management's employees, the general public and the environment. Capital Ship Management's senior management team actively manages the risks inherent in our business and is committed to eliminating incidents that threaten safety, such as groundings, fires, collisions and petroleum spills, as well as reducing emissions and waste generation.

Recently, Capital Ship Management was successfully assessed by Lloyd's Register against the IMO Strategic Concept of a Sustainable Shipping Industry. It is the first shipping company worldwide to receive such certification, in line with Capital Ship Management strategy to be inspired by and apply the key principles and goals of the International Maritime Organization's (IMO's) Strategy for Sustainable Maritime Transport Systems. In particular, Capital Ship Management has established a task force to implement specific actions, plans, processes, and to develop systems addressing sustainability. Priority has been given to the promotion of a safety culture and environmental stewardship, as well as to the education, training and support of seafarers, technical co-operation, energy efficiency and ship-port interface, new technology and innovation, energy supply for ships, finance, liability and insurance mechanisms, maritime traffic support and advisory systems, ocean governance.

Major Oil Company Vetting Process

Shipping in general, and crude oil, refined product and chemical tankers, in particular, have been, and will remain, heavily regulated. Many international and national rules, regulations and other requirements whether imposed by the classification societies, international statutes (IMO, SOLAS (defined below), MARPOL, etc.), national and local administrations or industry must be complied with in order to enable a shipping company to operate and a vessel to trade.

Traditionally there have been relatively few large players in the oil trading business and the industry is continuously consolidating. The so-called oil majors companies, such as BP, Chevron Corporation, Philips66 Inc., ExxonMobil Corporation, Royal Dutch Shell plc, Statoil ASA, and Total S.A., together with a few smaller companies, represent a significant percentage of the production, trading and, especially, shipping logistics (terminals) of crude and refined products worldwide. Concerns for the environment, health and safety have led the oil majors to develop and implement a strict 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.

While a plethora of parameters are considered and evaluated prior to a commercial decision, the oil majors, through their association, the Oil Companies International Marine Forum (OCIMF), have developed and are implementing two basic tools: (i) a Ship Inspection Report Programme (SIRE) and (ii) the Tanker Management & Self Assessment (TMSA) Program. The former is a physical ship inspection based upon a thorough Vessel Inspection Questionnaire (VIQ), and performed by accredited OCIMF inspectors, resulting in a report being logged on SIRE, while the latter is a recent addition to the risk assessment tools used by the oil majors.

Based upon commercial needs, there are three levels of risk assessment used by the oil majors: (i) terminal use, which will clear a vessel to call at one of the oil major's terminals; (ii) voyage charter, which will clear the vessel for a single voyage and (iii) term charter, which will clear the vessel for use for an extended period of time. The depth, complexity and difficulty of each of these levels of assessment vary. While for the terminal use and voyage charter relationships a ship inspection and the operator's TMSA will be sufficient for the assessment to be undertaken, a term charter relationship also requires a thorough office assessment. In addition to the commercial interest on the part of the oil major, an excellent safety and environmental protection record is necessary to ensure an office assessment is undertaken.

Table of Contents

We believe Capital Maritime and Capital Ship Management are among a small number of ship management companies to have undergone and successfully completed audits by seven major international oil companies in the last few years (i.e., BP, Chevron Corporation, Philips66 Inc., ExxonMobil Corporation, Royal Dutch Shell plc, Statoil ASA and Total S.A.).

Crewing and Staff

Capital Ship Management, an affiliate of Capital Maritime, through a subsidiary in Romania and crewing offices in Romania, Russia and the Philippines recruits senior officers and crews for our vessels. Capital Ship Management has entered into an agreement for the training of officers under ice conditions at a specialized training center in St. Petersburg, Russia. Capital Maritime's vessels are currently manned primarily by Romanian, Russian and Filipino crew members. Having employed these crew configurations for Capital Maritime for a number of years, Capital Ship Management has considerable experience in operating vessels in this configuration and has a pool of certified and experienced crew members which we can access to recruit crew members for our vessels.

Classification, Inspection and Maintenance

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

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

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

Annual Surveys, which are conducted for the hull and the machinery at intervals of 12 months from the date of commencement of the class period indicated on the certificate.

Intermediate Surveys, which are extended annual surveys and are typically conducted two and one-half years after commissioning and after each class renewal survey. In the case of newbuildings, the requirements of the intermediate survey can be met through an underwater inspection in lieu of drydocking the vessel. Intermediate surveys may be carried out on the occasion of the second or third annual survey.

Class Renewal Surveys (also known as *special surveys*), which are carried out at the intervals indicated by the classification for the hull (usually at five-year intervals). During the special survey, the vessel is thoroughly examined, including Non-Destructive Inspections (NDIs) 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 one-year grace period for completion of the special survey. 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, depending on whether a grace period is granted, a ship-owner or manager has the option 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. This process is referred to as ESP (Enhanced Survey Program) and CSM (Continuous Machinery Survey).

Table of Contents

Occasional Surveys, which 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. The period between two subsequent surveys of each area must not exceed five years.

Most vessels are also drydocked every 30 to 36 months for inspection of the underwater parts and for repairs related to inspections. If any defects are found, the classification surveyor will issue a recommendation which must be rectified by the ship-owner within prescribed time limits. Most insurance underwriters make it a condition for insurance coverage that a vessel be certified as in class by a classification society which is a member of the International Association of Classification Societies. All of our vessels are certified as being in class by Lloyd's, ABS, BV and DNV. All new and secondhand vessels that we may purchase must be certified prior to their delivery under our standard agreements. If any vessel we contract to purchase is not certified as in class on the date of closing, under our standard purchase agreements, we will have no obligation to take delivery of such vessel.

Risk Management and Insurance

The operation of any ocean-going vessel carries an inherent risk of catastrophic marine disasters, death or personal injury and property losses caused by adverse weather conditions, mechanical failures, human error, war, terrorism, piracy and other circumstances or events. The occurrence of any of these events may result in loss of revenues or increased costs or, in the case of marine disasters, catastrophic liabilities. Although we believe our current insurance program is comprehensive, 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 at times in the past have resulted in increased costs for, and may result in the lack of availability of, insurance against the risks of environmental damage or pollution. Moreover, under the terms of our bareboat charters, the charterer provides for the insurance of the vessel, and as a result, these vessels may not be adequately insured and/or in some cases may be self-insured. 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 covers loss of or damage to a vessel due to marine perils such as collisions, grounding and weather and the 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 augments hull and machinery insurance cover by providing a low-cost means of increasing the insured value of the vessels in the event of a total loss casualty.

Protection and indemnity insurance 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 covers such items as piracy and terrorism.

Freight, Demurrage & Defense cover is a form of legal costs insurance which responds as appropriate to the costs of prosecuting or defending commercial (usually uninsured operating) claims.

Table of Contents

Not all risks are insured and not all risks are insurable. The principal insurable risks which nevertheless remain uninsured across the fleet are loss of hire and strikes. We do not insure these risks because the costs are regarded as disproportionate to the benefit.

The following table sets forth certain information regarding our insurance coverage as of December 31, 2014:

Type	Aggregate Sum Insured For All Vessels in our Existing Fleet*
Hull and Machinery	\$1.59 billion
Increased Value (including Excess Liabilities)	\$449 million additional total loss coverage
Hull & Machinery (War Risks)	\$2.044 billion
Protection and Indemnity (P&I) Pollution liability claims	Limited to \$1.0 billion per vessel per incident

* Certain of our bareboat charterers are responsible for the insurance on the vessels. The values attributed to those vessels are in line with the values agreed in the relevant charters.

The International Shipping Industry

The seaborne transportation industry is a vital link in international trade, with ocean-going vessels representing the most efficient and often the only method of transporting large volumes of basic commodities and finished products. Demand for oil tankers is dictated by world oil demand and trade, which is influenced by many factors, including international economic activity; geographic changes in oil production, processing, and consumption; oil price levels; inventory policies of the major oil and oil trading companies; and strategic inventory policies of countries such as the United States, China and India. The drybulk trade is influenced by the underlying demand for the drybulk commodities, which, in turn, is influenced by the level of worldwide economic activity. Generally, growth in gross domestic product, or GDP, and industrial production correlate with peaks in demand for marine drybulk transportation services. A wide range of cargoes are transported by container but most notably container transportation is responsible for the shipment of a diverse selection of manufactured and consumer goods in unitized form. These cargoes are transported by container to end users in all regions of the world, and in particular from key producing and manufacturing regions to end users in the world's largest consumer economies. Growth in global container trade is being driven by growth in world merchandise trade, and the growing share in the containerized part thereof, along with the expansion in containerization of new commodities and the trend towards globalization.

Shipping demand, measured in tonne-miles, is a product of (a) the amount of cargo transported in ocean-going vessels, multiplied by (b) the distance over which this cargo is transported. The distance is the more variable element of the tonne-mile demand equation and is determined by seaborne trading patterns, which are principally influenced by the locations of production and consumption. Seaborne trading patterns are also periodically influenced by geo-political events that divert vessels from normal trading patterns, as well as by inter-regional trading activity created by commodity supply and demand imbalances. Tonnage of oil shipped is primarily a function of global oil consumption, which is driven by economic activity as well as the long-term impact of oil prices on the location and related volume of oil production. Tonnage of oil shipped is also influenced by transportation alternatives (such as pipelines) and the output of refineries.

Demand for tankers and tonnage of oil shipped is primarily a function of global oil consumption, which is driven by economic activity as well as the long-term impact of oil prices on the location and related volume of oil production.

Global oil demand returned to limited growth in 2010 and has since been expanding at a modest pace, as a steady rise in Asia has outweighed decreasing demand in Europe and in the United States. According to the IEA, global oil demand for 2014 has been revised as of December 2014 to 92.4 mb/day compared to 91.8 mb/day during 2013.

Tonnage of oil shipped is also influenced by transportation alternatives (such as pipelines) and the output of refineries. Between 2012 and 2014, it is estimated that 17 refineries, predominantly in OECD countries, with

Table of Contents

combined throughput of approximately 2.3 mb/day ceased operations as a result of weak margins. Europe has been hit the hardest as the region's aging refineries have struggled to adjust to the lower demand and weaker profit margins that accompanied the economic slowdown. European refineries have also been hit by increased competition from newer refineries in the Middle East and Asia, which benefit from lower operating costs. It is estimated that refinery capacity in the Middle East and Asia combined increased by 1.7 mb/day in 2014, accounting for half of the global refinery capacity expansion last year. In 2015, a notable number of additional refineries are expected to start operations in the two regions. These new so-called super-refineries are expected to offset the lost refining capacity in the OECD countries, which could potentially have a positive impact on tonne-mile demand for product tankers as cargoes will be transported across longer distances.

Growth in global container trade has been driven by growth in world merchandise trade, and the growing share in the containerized part thereof, along with the expansion in containerization of new commodities and the trend towards globalization. Both world merchandise trade, and global container trade itself, have generally grown at a multiple of global GDP, with the expansion of the kinds of goods being transported in containers amongst the fastest growing parts of world trade overall. In general, although it has been relatively volatile from year to year, the multiple of global container trade growth over world economic growth appears to be gradually reducing, as some of the trends driving it begin to mature. Demand for containerships is expected to grow at rate of 6.7% for 2015 mainly due to increased demand in the Far East to Europe and Transpacific trades, as well as in most non-mainline trades and especially in the intra-Asia trade.

Competition

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

Competition for charters in all the trades our vessels trade in, tankers, drybulk and container, can be intense and 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 and is frequently tied to having an available vessel which has met the strict operational and financial standards established by the oil major companies to pre-qualify or vet tanker operators prior to entering into charters with them. Although we believe that at the present time no single company has a dominant position in the markets in which we compete, 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 recharter our vessels, especially as a large number of our vessels will come off charter during 2015. However, Capital Maritime is among a small number of ship management companies in the tanker sector that has undergone and successfully completed office assessments by seven major international oil companies in the last few years, including audits with BP, Chevron Corporation, Phillips66 Inc., ExxonMobil Corporation, Royal Dutch Shell plc, Statoil ASA and Total S.A. We believe our ability to comply with the rigorous standards of major oil companies, relative to less qualified or experienced operators, allows us to effectively compete for new charters.

Regulation

General

Our operations and our status as an operator and manager of ships are extensively regulated by international conventions, Class requirements, U.S. federal, state and local as well as non-U.S. health, safety and environmental protection laws and regulations, including OPA 90, the Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA), the U.S. Port and Tanker Safety Act, the Act to Prevent Pollution from Ships, the U.S.

Clean Air Act (Clean Air Act), The Clean Water Act, as well as regulations adopted by the IMO and the European Union, various volatile organic compound and other air emission requirements, IMO/U.S. Coast Guard / EPA pollution regulations and various Safety of Life at Sea (SOLAS) amendments, as well as other regulations described below. In addition, various jurisdictions either have or are adopting ballast water management conventions to prevent the introduction of non-indigenous species considered to be invasive. Compliance with these laws, regulations and other requirements could entail additional expense, including vessel modifications and implementation of additional operating procedures.

Table of Contents

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 operations of one or more of our vessels.

We believe that the heightened environmental and quality concerns of insurance underwriters, regulators and charterers will in the future 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 U.S. Coast Guard, harbor master or equivalent), classification societies, flag state administration P&I Clubs, charterers, and particularly terminal operators and major oil companies 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 and because such laws and regulations frequently change and may impose increasingly strict requirements, we cannot predict the ultimate cost of complying with these and any future requirements or their impact on the resale value or useful life of our vessels.

United States Requirements

The United States regulates the tanker industry with an extensive regulatory and liability regime for environmental protection and the cleanup of oil spills, primarily through OPA 90, CERCLA and certain coastal state laws.

OPA 90 affects all vessel owners and operators transporting crude oil or petroleum products to, from, or within U.S. waters. The law phases out the use of tankers having single-hulls and can effectively impose unlimited liability on vessel owners and operators in the event of an oil spill. Under OPA 90, vessel owners, operators and bareboat charterers are liable, without regard to fault, for all containment and clean-up costs and other damages, including natural resource damages, and for certain economic losses, arising from oil spills and pollution from their vessels. U.S. Coast Guard regulations limit OPA liability for environmental damages for double-hull vessels to the greater of \$2,000 per gross ton or \$17,088,000 million per tanker that is over 3,000 gross tons (subject to possible adjustment for inflation), unless the incident is caused by gross negligence, willful misconduct, or a violation of certain regulations, in which case liability is unlimited. On August 18, 2014, U.S. Coast Guard proposed to raise these limits to the greater of \$2,200/gross ton or \$18.5 million. In addition, OPA 90 does not preempt state law and permits individual states to impose their own stricter liability regimes with regard to oil pollution incidents occurring within their boundaries. Coastal states have enacted pollution prevention, liability and response laws, many providing for unlimited liability. Bills are introduced periodically in the U.S. Congress to increase the limits of OPA liability for all vessels, including tanker vessels.

CERCLA applies to the discharges of hazardous substances (other than oil) whether on land or at sea, and contains a liability regime that provides for cleanup, removal and natural resource damages. Liability under CERCLA is limited to the greater of \$300 per gross ton or \$5.0 million for vessels carrying any hazardous substances as cargo, or \$0.5 million for any other vessel, per release of or incident involving hazardous substances. These limits of liability do not apply if the incident is caused by gross negligence, willful misconduct, or a violation of certain regulations, in which case liability is unlimited.

The financial responsibility regulations for tankers issued under OPA 90 also require owners and operators of vessels entering U.S. waters to obtain, and maintain with the U.S. Coast Guard, Certificates of Financial Responsibility, or

COFRs, in the amount sufficient to meet the maximum aggregate liability under OPA 90 and CERCLA. All of our vessels that need COFRs have them.

Table of Contents

We insure each of our tankers with pollution liability insurance in the maximum commercially available amount of \$1.0 billion per incident. A catastrophic spill could exceed the insurance coverage available, in which event there could be a material adverse effect on our business. OPA 90 requires that tankers over 5,000 gross ton calling at U.S. ports have double hulls. All of the vessels in our fleet have double hulls.

We believe that we are in material compliance with OPA 90, CERCLA and all applicable state regulations in U.S. ports where our vessels call.

OPA 90 also amended the Clean Water Act to require 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 U.S. Coast Guard (USCG). The Clean Water Act prohibits the discharge of oil or hazardous substances in U.S. navigable waters and imposes strict liability in the form of penalties for unauthorized discharges. The Clean Water Act also imposes substantial liability for the costs of removal, remediation and damages and complements the remedies available under OPA 90 and CERCLA, discussed herein.

U.S. Environmental Protection Agency (EPA) regulations govern the discharge into U.S. waters of ballast water and other substances incidental to the normal operation of vessels. Under EPA regulations, commercial vessels greater than 79 feet in length are required to obtain coverage under the Vessel General Permit, or VGP, by submitting a Notice of Intent. The VGP incorporates current U.S. Coast Guard 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. U.S. Coast Guard regulations phase in stricter VGP ballast management requirements in the future. Administrative obligations, such as monitoring, recordkeeping and reporting requirements also apply. Implementation of the water treatment standards adopted by the USCG / EPA are required earlier than the implementations of equivalent standards agreed by the IMO. For trading in the US waters vessels are to be installed with ballast water treatment systems (BWT) approved by the USCG at the 1st bottom survey after January 1, 2016. A number of BWT technologies have already received AMS approval but, to date none of the systems available in the market have received a USCG type approval certificate. We have currently applied to the USCG for exemptions for all our vessels with a bottom survey within 2016. Even if the USCG approves our application for exemption, compliance with this requirement at a later date may impose substantial costs for retrofitting our vessels with BWT or otherwise restrict our vessels from entering U.S. waters.

The Clean Air Act requires the EPA to promulgate standards applicable to emissions of volatile organic compounds, hazardous air pollutants and other air contaminants. The Clean Air Act also requires states to draft State Implementation Plans (SIPs) designed to attain national health-based air quality standards, which have significant regulatory impacts in major metropolitan and/or industrial areas. Several SIPs regulate emissions resulting from vessel loading and unloading operations by requiring the installation of vapor control equipment. Individual states, including California, also regulate vessel emissions within state waters. California also has adopted fuel content regulations that will apply to all vessels sailing within 24 miles of the California coastline or whose itineraries call for them to enter any California ports, terminal facilities, or internal or estuarine waters. In addition, on March 26, 2010, IMO designated the area 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 Emission Control Areas under recent amendments to the Annex VI of MARPOL (discussed below). In addition, regulatory initiatives to require cold-ironing (shore-based power while docked) are under consideration in a number of jurisdictions to reduce air emissions from docked ships. Compliance with these regulations entail significant capital expenditures or otherwise increase the costs of our operations.

International Requirements

The IMO has negotiated international conventions that impose liability for oil pollution in international waters and a signatory's territorial waters. In September 1997, the IMO adopted Annex VI to the International

Table of Contents

Convention for the Prevention of Pollution from Ships to address air pollution from ships. Annex VI sets limits on sulfur 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 sulfur content of fuel oil and allows for special areas to be established with more stringent controls on sulfur emissions (SECA areas). Amendments to Annex VI to the MARPOL address particulate matter, nitrogen oxide and sulfur oxide emissions. The revised Annex VI reduces air pollution from vessels by, among other things (i) implementing a progressive reduction of sulfur oxide emissions from ships, with the global sulfur cap reduced initially to 3.50% (from the current cap of 4.50%), effective from January 1, 2012, then progressively to 0.50%, effective January 1, 2020 (subject to a feasibility review to be completed no later than 2018) and (ii) establishing new tiers of stringent nitrogen oxide emissions standards for new marine engines, depending on their date of installation. Additionally, more stringent emission standards could apply in coastal areas designated as Emission Control Areas. We may 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 and that our undelivered product tankers will be fitted with these emission control systems prior to their delivery. Nevertheless as existing vessels are not mostly designed to operate on ultra-low sulfur 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.

SOLAS new requirements necessitate installation of ECDIS equipment (electronic charts) for some type of vessels at the 1st radio survey carried out after July 1, 2015. For containers vessels this requirement comes in force at the first radio survey after July 1, 2016. While some of our vessels are already fitted with ECDIS equipment requiring only minimal upgrades, a number of our vessels are not fitted with such equipment and additional expenditure might be incurred to comply with this regulation.

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.

Noncompliance with the ISM Code and other IMO regulations may subject the shipowner or bareboat charterer to increased liability, may lead to 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 required under the plan adopted by the IMO.

Table of Contents

In 2001, the IMO adopted the International Convention on Civil Liability for Bunker Oil Pollution Damage, or 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.

IMO regulations also require owners and operators of vessels to adopt Shipboard Marine Pollution Emergency Plans (SMPEPs). Periodic training and drills for response personnel and for vessels and their crews are required. The SMPEPs required for our vessels are in place.

In addition, our operations are subject to compliance with the International Bulk Chemical (IBC) Code, as required by MARPOL and SOLAS for chemical tankers built after July 1, 1986, which provides ship design, construction and equipment requirements and other standards for the bulk transport of certain liquid chemicals. Under October 2004 amendments to the IBC Code (implemented to meet recent revisions to SOLAS and Annex II to MARPOL), some previously unrestricted vegetable oils, including animal fats and marine oils, must be transported in chemical tankers meeting certain double-hull construction requirements. Our vessels may transport such cargoes but are restricted as to the volume they are able to transport per cargo tank. This restriction does not apply to edible oils. In addition, those amendments require re-evaluation of the categorization of certain products with respect to their properties as marine pollutants, as well as related ship type carriage requirements etc.

The International Convention on the Control of Harmful Anti-fouling Systems on Ships (the Anti-fouling Convention) prohibits the use of organotin compound coatings to prevent the attachment of mollusks and other sea life to the hulls of vessels. The Anti-fouling Convention applies to vessels constructed prior to January 1, 2003 that have not been in drydock since September 17, 2008. Vessels of over 400 gross tons engaged in international voyages must obtain an International Anti-fouling System Certificate and must undergo a survey before the vessel is put into service or when the anti-fouling systems are altered or replaced. We have obtained Anti-Fouling System Certificates for all of our vessels that are subject to the Anti-Fouling Convention and do not believe that maintaining such certificates will have a material adverse financial impact on the operation of our vessels.

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, a new treaty may be adopted in the future that includes restrictions on shipping emissions. The European Union also has indicated that it intends to propose an expansion of the existing European Union emissions trading scheme to include emissions of greenhouse gases from vessels. In the United States, the EPA is considering a petition from the California Attorney General to regulate greenhouse gas emissions from ocean-going vessels. In addition, the EPA has begun regulating greenhouse gas emissions under the Clean Air Act and climate change initiatives are being considered in the U.S. Congress. Any passage of climate control legislation or other regulatory initiatives by the IMO, European Union, the U.S. or other countries where we operate that restrict emissions of greenhouse gases could have a financial impact on our operations that we cannot predict with certainty at this time. In addition, scientific studies have indicated that increasing concentrations of greenhouse gases in the atmosphere can produce climate changes with significant physical effects, such as increased frequency and severity of

storms, floods and other severe weather events that could affect our operations.

Table of Contents

C. Organizational Structure

Please also see Note 1 (Basis of Presentation and General Information) to our Financial Statements included herein and Exhibit 8.1 to this Annual Report for a list of our significant subsidiaries as of December 31, 2014.

D. Property, Plants and Equipment

Other than our vessels, we do not have any material property. Our obligations under our credit facilities are secured by all our vessels. For further details regarding our credit facilities, please read Item 5B: Liquidity and Capital Resources Borrowings Our Credit Facilities .

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 audited consolidated Financial Statements for the years ended December 31, 2014, 2013 and 2012 and related notes included elsewhere in this Annual Report. 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.

Table of Contents**A. Management's Discussion and Analysis of Financial Condition and Results of Operations****Overview**

We are an international owner of modern tanker, container and drybulk vessels organized in January 2007 by Capital Maritime, an international shipping company with a long history of operating and investing in the shipping market. Our fleet currently consists of 30 modern high specification vessels with an average age of approximately 6.8 years as of December 31, 2014.

During 2014, we entered into the Master Vessel Acquisition Agreement, pursuant to which we expect to acquire, subject to the satisfaction of various conditions precedent, the Dropdown Vessels for an aggregate purchase price of approximately \$311.5 million. The Dropdown Containerships are expected to be purchased for approximately \$81.5 million per vessel, and the Dropdown Tankers are expected to be purchased for \$33.5 million per vessel. The Master Vessel Acquisition Agreement also provides that Capital Maritime will, subject to the terms of that agreement, grant us a right of first refusal over six additional newbuild Samsung eco medium range product tankers. As consideration for these vessel acquisitions at prices below current market value, we agreed, subject to, among other things, the approval of our unitholders, to amend the partnership agreement to revise the target distributions to holders of our IDRs as follows:

	Total Quarterly Distribution Target Amount per Unit	Unitholders	General Partner
Minimum Quarterly Distribution	\$0.2325	98%	2%
First Target Distribution	up to \$0.2425	98%	2%
Second Target Distribution	above \$0.2425 up to \$0.2675	85%	15%
Third Target Distribution	above \$0.2675 up to \$0.2925	75%	25%
Thereafter	above \$0.2925	65%	35%

On August 21, 2014, our unitholders approved, among other things, the amendment to the partnership agreement outlined above. As a result, we adopted the Fourth Amendment to the Partnership Agreement to reflect the approval of such amendment. Thereafter, Capital Maritime, after discussion with, and with the unanimous support of, the conflicts committee of our board of directors, unilaterally notified us that it decided to waive its rights to receive quarterly incentive distributions between \$0.2425 and \$0.25. This waiver effectively has increased the First Target Distribution and the lower bound of the Second Target Distribution (as referenced in the table above) from \$0.2425 to \$0.25. Please read Item 4A: History and Development of the Partnership 2014 Developments Master Vessel Acquisition Agreement and Reset of Incentive Distribution Right Thresholds for more information.

As announced on September 8, 2014, Mr. Petros Christodoulou was appointed as Chief Executive Officer and Chief Financial Officer, succeeding Mr. Ioannis Lazaridis, who served as Chief Executive Officer and Chief Financial Officer since January 2007. Mr. Christodoulou's appointment was unanimously approved by our board of directors and Mr. Lazaridis remains a member of our board of directors. In September 2014, Mr. Nikolaos Syntychakis resigned as a director of our board of directors. Mr. Syntychakis was a director appointed by our

Table of Contents

general partner, which appointed Mr. Christodoulou as a director to replace Mr. Sytychakis. The initial term of Mr. Christodoulou's appointment to our board of directors will expire at our 2016 annual general meeting of unitholders. Effective December 19, 2014, Mr. Evangelos M. Marinakis stepped down as Chairman of our board of directors, and resigned as a director of our board of directors. Mr. Lazaridis was appointed as non-executive Chairman of our board of directors as of such date. Mr. Marinakis was a director appointed by our general partner, which appointed Mr. Gerasimos Kalogiratos as a director to replace Mr. Marinakis effective as of such date. The initial term of Mr. Kalogiratos's appointment to our board of directors will expire at our 2016 annual general meeting of unitholders.

On August 21, 2014, following approval obtained from our limited partners at our 2014 annual meeting, we amended and restated the Plan, to increase the maximum number of restricted units authorized for issuance thereunder from 800,000 to 1,650,000, of which 795,200 have been previously issued and have vested.

During 2014, certain holders of our Class B Units, including Capital Maritime, converted an aggregate of 4,698,484 Class B Units into common units in accordance with the terms of the partnership agreement.

We also completed the issuance and sale of 17,250,000 common units representing limited partnership interests at a public offering price of \$10.53 per unit, which included 2,250,000 common units sold as a result of the full exercise of the overallotment option granted to the underwriters of the public offering. In accordance with the terms of such offering, we used part of the proceeds from such offering to acquire from Capital Maritime 5,950,610 common units, which were canceled immediately after their acquisition. Our sponsor subsequently converted an aggregate of 358,624 common units into general partner units and delivered such units to our general partner in order for it to maintain its 2% interest in us.

During 2013, we completed the issuance and sale of 9.1 million Class B Units, including 615,151 to Capital Maritime, which are convertible into common units on a one-for-one basis. The Class B Units pay a fixed quarterly cash distribution of \$0.21375 per unit representing an annualized distribution yield of 9.5%. The issued Class B Units have certain rights that are senior to the rights of the holders of common units, such as the right to distributions and rights upon liquidation of the Partnership reflected in the Second Amendment to the Partnership Agreement and the Third Amendment to the Partnership Agreement. Furthermore, pursuant to the terms of the Third Amendment to the Partnership Agreement, an upward adjustment to the distribution rate for the Class B Units occurs in the event the distribution rate on our common units is increased. In connection with this issuance and sale of the Class B Units, and together with \$54.0 million from our existing credit facilities and part of our cash balances, we paid for the acquisition of two 5,023 TEU Container Vessels for a total consideration of \$130.0 million. Please see Exhibit I to our Current Report on Form 6-K furnished to the SEC on March 18, 2013 and Exhibits I, II, III and IV to our Current Report on Form 6-K furnished to the SEC on March 21, 2013, and Note 13 (Partners' Capital) to our Financial Statements included herein for more information.

During 2013, certain holders of our Class B Units converted an aggregate of 5,733,333 Class B Units into common units in accordance with the terms of the partnership agreement.

Additionally, following the filing for protection under Chapter 11 of the U.S. Bankruptcy Code by one of our charterers, OSG, we agreed to enter into three new charters with OSG on substantially the same terms as the prior three charters, but at a bareboat rate of \$6,250 per day. The new charters were approved by the Bankruptcy Court on March 21, 2013, and were effective as of March 1, 2013. On the same date, the Bankruptcy Court also rejected the prior charters as of March 1, 2013. We filed claims for a total of \$54.1 million against each of the charterers and their respective guarantors for damages resulting from the rejection of each of the prior charters, including, among other things, for the difference between the bareboat rate of the new charters and the bareboat rate under each of the rejected

prior charters. We transferred to Deutsche Bank all of our rights, title, interest, claims and causes of action in and to, or arising under or in connection with, the Claims and, as a result, we received \$31.4 million (subject to increase or decrease depending on the actual allowed amount of the Claims). On December 18, 2013 the Partnership and Deutsche Bank entered into a Settlement Notice and Refund Modification pursuant to which, among other things, we agreed that if the Claims were allowed in an aggregate amount less than \$43.25 million, the maximum aggregate amount that we would be obligated to refund to Deutsche Bank was \$0.6 million. The Claims have been settled with OSG and were allowed as general unsecured claims in the aggregate amount of \$43 million. In February, 2014 as a result of this allowance, we paid to Deutsche Bank the amount of \$0.6 million.

Table of Contents

We also completed the issuance and sale of 13,685,000 common units representing limited partnership interests at a public offering price of \$9.25 per unit, which included 1,785,000 common units sold as a result of the full exercise of the over-allotment option granted to the underwriters of the public offering. Capital GP L.L.C., our general partner, participated in both the offering and the exercise of the over-allotment option and purchased 279,286 units at the public offering price, subsequently converting 349,700 common units into general partner units to maintain its 2% interest in us.

Further, we entered into a new senior secured credit facility of up to \$200.0 million, which was amended on December 27, 2013 to increase its size to up to \$225.0 million, led by ING Bank N.V. We used the net proceeds from the issuance of the 13,685,000 common units together with approximately \$75.0 million from our 2013 credit facility and part of our cash balances to acquire the three 5,023 TEU container vessels from our sponsor Capital Maritime for an aggregate purchase price of \$195.0 million.

We sold the M/T Agamemnon II (51,238 dwt IMO II/III Chemical Product Tanker built 2008, STX Shipbuilding & Offshore, S. Korea) to unaffiliated third parties and acquired an eco-type MR product tanker to be renamed M/T Aristotelis (51,604 dwt IMO II/III Chemical Product Tanker built 2013, Hyundai Mipo Dockyard Ltd, S. Korea). The acquisition of M/T Aristotelis was funded with proceeds from the sale of M/T Agamemnon II and \$6.2 million from our cash balances.

During 2012, we completed the issuance and sale of 15,555,554 Class B Units, including 3,433,333 Class B Units to Capital Maritime, which are convertible at any time into common units on a one-for-one basis. With the exception of the first quarterly distribution which was set at \$0.26736 per unit, the Class B Units pay a fixed quarterly cash distribution of \$0.21375 per unit representing an annualized distribution yield of 9.5%. In connection with this issuance and sale of the Class B Units, we also entered into amendments to our three credit facilities, providing among others for the deferral of scheduled amortization payments under each of our three credit facilities until March 2016, with the exception of part of our 2008 credit facility which has a quarterly amortization of \$1.4 million and prepaid debt of \$149.6 million. Please see our Current Reports on Form 6-K furnished to the SEC on May 23, 2012 and June 6, 2012 and Note 7 (Long Term Debt) and Note 12 (Partners' Capital) to our Financial Statements included herein for more information. In addition, during 2012 we sold two small tankers in our fleet to unrelated third parties and acquired all of Capital Maritime's interest in its wholly owned subsidiaries that owned the two 7,943 TEU container carrier vessels M/V Archimidis and M/V Agamemnon, both built at Daewoo Shipbuilding in South Korea and under medium-term time charters with Maersk Line in exchange for all of our interest in our wholly owned subsidiaries that owned the two VLCCs M/T Alexander the Great and M/T Achilleas (the 2012 Vessel Sale). We received a total net consideration of \$0.3 million in connection with this transaction and Capital Maritime has waived any compensation for the early termination of the charters of the M/T Alexander the Great and M/T Achilleas. In view of this transaction, we repaid \$5.2 million in debt.

Please see Item 4B: Business Overview Our Management Agreements above for a detailed description of the management agreements we have entered into with Capital Ship Management.

Please see Item 4B: Business Overview Our Fleet and Our Charters above for a detailed description of the vessels in our fleet, and their employment, including earliest possible redelivery dates of the vessels and relevant charter rates and operating expenses.

As of December 31, 2014, the Marinakis family, including Evangelos M. Marinakis, our former chairman, may be deemed to beneficially own on a fully converted basis a 17.6%, and on a non-fully converted basis a 19.9%, interest in us through its beneficial ownership of common units through, among others, Capital Maritime.

Notwithstanding the ongoing challenges to the global economy and historically low period rates, our primary business objective is to pay a sustainable quarterly distribution per unit and to increase our distributions over time, subject to shipping, charter and financial market developments and our financing requirements. Our strategy focuses on maintaining and growing our cash flows while maintaining and building on our ability to meet rigorous industry and regulatory safety standards.

Table of Contents

We believe that the medium- to long-term, fixed-rate nature of our charters and our cost-efficient ship management operations under our agreements with Capital Ship Management and the fact that we currently have no capital commitments to purchase or build further vessels, other than the Dropdown Vessels, provide visibility of revenues, earnings and distributions in the medium- to long-term. As our vessels come up for rechartering we will seek to redeploy them at contracts that reflect our expectations of the market conditions prevailing at the time. We intend to continue to evaluate potential opportunities to acquire both newbuildings and second-hand vessels from Capital Maritime and from third parties (including, potentially, through the acquisition of, or combination with, other shipping businesses) and leverage the expertise and reputation of Capital Maritime in a prudent manner that is accretive to our unitholders and to long-term distribution growth, subject to approval of our board of directors and overall market conditions. In connection with evaluating and pursuing these opportunities, and as we seek to optimize our capital structure, we may also seek to evaluate and pursue financing opportunities from external financing sources, including bank borrowings and the issuance of debt and equity securities.

Please see [Item 5A: Management's Discussion and Analysis of Financial Condition and Results of Operations - Factors Affecting our Future Results of Operations](#) below.

Please also see [Item 4B: Business Overview](#) above, for a description of the historical development of our company and a description of the significant acquisitions and financial events to date, including a more detailed description of the 2012 and 2013 issuance and sale of the Class B Units, [Item 5A: Management's Discussion and Analysis of Financial Condition and Results of Operations - Overview - Accounting for Acquisition and Disposal of Vessels and Merger with Crude Carriers](#) and [Item 5B: Liquidity and Capital Resources - Net Cash Provided by/\(Used in\) Investing Activities](#) and [Item 7B: Related-Party Transactions](#) for a description of the terms of certain transactions.

Our Charters

We generate revenues by charging our customers for the use of our vessels to transport their products. Historically, we have provided services to our customers under time or bareboat charter agreements. As of December 31, 2014, all of the 30 vessels in our fleet were trading in the period market.

Our vessels are currently under contracts with BP Shipping Limited, OSG, Maersk Line, HMM, CSSA S.A. (Total S.A.), Subtec, Cosco, Engen Petroleum Ltd. and Capital Maritime. For the year ended December 31, 2014, Capital Maritime, HMM and Maersk Line accounted for 38%, 24% and 12% of our revenues, respectively. For the year ended December 31, 2013, Capital Maritime, BP Shipping Limited, Maersk Line and HMM accounted for 32%, 17%, 14% and 13% of our revenues, respectively. For the year ended December 31, 2012, Capital Maritime and BP Shipping Limited accounted for 45% and 23% of our revenues, respectively. The loss of any significant customer or a substantial decline in the amount of services requested by a significant customer could harm our business, financial condition and results of operations. In the future, as our fleet expands, we also expect to enter into charters with new charterers in order to maintain a portfolio that is diverse from a customer, geographic and maturity perspective.

Please read [Item 4B: Business Overview - Our Fleet](#), [Our Charters](#) and [Profit Sharing Arrangements](#) for additional details regarding these types of contractual relationships as well as a detailed description of the length and daily charter rate of our charters and information regarding the calculation of our profit share arrangements.

Accounting for Acquisition and Disposal of Vessels and Cancellation of Common Units

On July 24, 2014, we entered into a Master Vessel Acquisition Agreement with Capital Maritime, pursuant to which we expect to acquire, subject to the satisfaction of various conditions precedent, the Dropdown Vessels for an aggregate purchase price of \$311.5 million. As consideration for these vessel acquisitions at prices

Table of Contents

below current market value, we agreed to amend the partnership agreement to revise the target distributions to holders of our incentive distribution rights. At our annual general meeting of unitholders held on August 21, 2014 the Master Vessel Acquisition Agreement and Reset of Incentive Distribution Right Thresholds were approved. In September 2014 we paid to Capital Maritime the amount of \$30.2 million as an advance payment in connection with the acquisition of the Dropdown Vessels as described in the Master Vessel Acquisition Agreement. For more information please read Notes 5 and 12 (Fixed assets and Partners Capital) in our Financial Statements included herein.

In September 2014 we paid to Capital Maritime the amount of \$60.0 million from the net proceeds of the follow on offering of 17,250,000 common units in order to acquire 5,950,610 of our common units from Capital Maritime at a price per unit equal to the offering price (net of underwriting discount). These common units were cancelled immediately after their acquisition by us in accordance with the terms of the offering. Based on ASC 505-10-25-2 and ASC 505-30-30-7, the units repurchased and cancelled were accounted for as a reduction in partners capital and did not affect our net income / (loss).

During 2013, we acquired all of the interest in five of Capital Maritime's wholly owned subsidiaries that each owned a container carrier vessel, the M/V Hyundai Prestige, the M/V Hyundai Premium, the M/V Hyundai Paramount, the M/V Hyundai Privilege and the M/V Hyundai Platinum, each of which was under a long term time charter, at an aggregate price of \$325.0 million. According to the Accounting Standard Codification (ASC) 805 Business Combinations , and the three elements that are defined in ASC 805-10-55-4 through 805-10-55-9 we have determined that the acquisition of each of the five above mentioned vessels constitutes an acquisition of a business. In our case, the fair value of net assets acquired of \$367.3 million exceeded the purchase consideration of \$325.0 million and therefore a gain from bargain purchase of \$42.3 million was recognized in our consolidated statements of comprehensive income / (loss).

M/T Aristotelis, which was acquired during 2013 by an unaffiliated third party, has been treated as an acquisition of an asset. The results of operations, cash flows and financial position of the M/T Agamemnon II that was disposed during of 2013 are included in our Financial Statements up to the date of her disposal.

Our partnership agreement provides that our board of directors has the power to oversee, direct the operation, and determine our strategies and policies. It also sets out the extent of the power that the general partner has regarding our management, operations and affairs. Following our annual general meeting of common unitholders on July 22, 2010, and the elections of two Class III directors, the majority of our board has been elected by non-Capital Maritime controlled unitholders. As a result, we are not considered to be under common control with Capital Maritime. Starting with July 22, 2010, we consequently no longer account for vessel acquisitions from Capital Maritime as transfer of equity interest between entities under common control.

Prior to July 22, 2010, when we and Capital Maritime were under common control, all the vessel owning companies we acquired from Capital Maritime were recorded by us at net book value reflected by Capital Maritime and accounted for as a combination of entities under common control or a transfer of equity interest between entities under common control. For a combination between entities under common control, the purchase cost provisions (as they relate to purchase business combinations involving unrelated entities) explicitly do not apply; instead the method of accounting prescribed by accounting standards for such transfers is similar to pooling-of-interests method of accounting. Under this method, the carrying amount of assets and liabilities recognized in the balance sheets of each combining entity are carried forward to the balance sheet of the combined entity, and no other assets or liabilities are recognized as a result of the combination. Purchase premium or discount representing the difference between the cash consideration paid and the book value of the net assets acquired was recorded as increase or decrease to the Partners capital.

Vessel owning companies that had an operating history as part of Capital Maritime's fleet, prior to their acquisition by us have been treated as acquisitions of business as such vessels were acquired from an entity under common control with existing time charters, strategic management and operational resource management processes. As a result, transfers of equity interests between entities under common control were accounted for as if the transfer occurred at the beginning of the period, and prior years were retroactively adjusted to furnish comparative

Table of Contents

information similar to the pooling-of-interest method. Vessels that had no operating history and were delivered to us from the shipyards through Capital Maritime have been treated as an acquisition of assets from an entity under common control.

Factors Affecting Our Future Results of Operations

We are primarily exposed to the tanker market as (a) the majority of vessels in our fleet are either crude or product tankers and (b) most of the charters that have expired over the previous 12 months or are expected to expire in the coming 12 months are for our product or crude tanker vessels. We believe the principal factors that will affect our future results of operations are the economic, regulatory, financial, credit, political and governmental conditions that affect the shipping industry generally and that affect conditions in countries and markets in which our vessels engage in business. The world economy has experienced significant economic and political challenges in recent history, as well as a severe deterioration in the banking and credit markets, which have had, and to a certain extent continue to have, a negative impact on world trade and which may affect our ability to obtain financing as well as further impact the values of our vessels and the charters we are able to obtain for our vessels. The pace of growth of the world economy and demand for the seaborne transportation of goods, including oil and oil products and for dry and containerized goods, and the deliveries of newbuilding vessels will affect the shipping industry in general and our future results. Other key factors that will be fundamental to our business, future financial condition and results of operations include:

the demand for seaborne transportation services;

levels of oil product demand and inventories;

demand for raw materials, dry cargo and containerized goods;

charter hire levels and our ability to recharter our vessels as their current charters expire;

our ability to service our debt and, when the non-amortizing period expires in March 2016, to refinance our existing indebtedness with similar terms to our existing loans or, in the event such indebtedness is not refinanced, our obligation to make principal payments under our credit facilities;

supply of vessels, and specifically the number of newbuildings entering the world tanker, container and dry cargo fleets each year;

the ability to increase the size of our fleet and make additional acquisitions that are accretive to our unitholders;

the ability of Capital Maritime's commercial and chartering operations to successfully employ our vessels at economically attractive rates, particularly as our fleet expands and our charters expire;

the continuing demand for goods from China, India, Brazil and Russia and other emerging markets;

our ability to comply and the increased costs associated with new maritime regulations and the more restrictive regulations for the transport of certain products and cargoes;

our ability to comply with the covenants in our credit facilities, including covenants relating to the maintenance of vessel value ratios;

the increased costs associated with the renewal of our technical management agreement and transition to a floating fee based on actual expenses for certain of our vessels;

the effective and efficient technical management of our vessels;

the costs associated with upcoming drydocking of our vessels which are not covered by our management agreements;

Capital Maritime's ability to obtain and maintain major international oil company approvals and to satisfy their technical, health, safety and compliance standards; and

the strength of and growth in the number of our customer relationships, especially with major international oil companies and major commodity traders.

In addition to the factors discussed above, we believe certain specific factors have impacted, and will continue to impact, our results of operations. These factors include:

the charter hire earned by our vessels under time charters and bareboat charters;

our ability to recharter our vessels on medium- to long-term charters at competitive rates;

Table of Contents

our ability to comply with the covenants in our credit facilities, including covenants relating to the maintenance of vessel value ratios, as any decline in vessel values and charter rates may limit our ability to pursue our business strategy;

the prevailing spot market rates and the number of our vessels which we may operate on the spot market;

our access to debt and equity, and the cost of such capital, required to acquire additional vessels and/or to implement our business strategy;

our ability to acquire and sell vessels at prices we deem satisfactory;

our level of debt and the related interest expense and amortization of principal; and

the level of any distribution on our common units.

Please read Item 3D: Risk Factors above 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 following factors when evaluating our results of operations:

Financial Statements. Our Financial Statements include the results of operations of different numbers of vessels in each year. Please read Item 5A: Management's Discussion and Analysis of Financial Condition and Results of Operations Overview Accounting for Acquisition and Disposal of Vessels and Merger with Crude Carriers above for a description of the financial treatment of vessel acquisitions and dispositions.

Vessel Acquisitions and Disposals. Results of operations, cash flows and financial position of vessels that have been disposed of are included in our Financial Statements up to the date of their disposal. As a result of this accounting treatment, our Financial Statements may include results of operations of more vessels than actually comprised our fleet during the relevant year. Please read Item 5A: Management's Discussion and Analysis of Financial Condition and Results of Operations Overview Accounting for Acquisition and Disposal of Vessels and cancellation of common units above for a description of the financial treatment of vessel acquisitions. The table below shows the periods for which the results of operations and cash flows for each vessel owning company are included in our Financial Statements.

VESSELS INCLUDED IN OUR FINANCIAL STATEMENTS AND ACQUISITION DATA

**Vessel included in Consolidated
Financial Statements for the years
ended December 31,**

Vessel	Incorporation date of VOC*	Date acquired by Capital Maritime	Date acquired by us	2014	2013	2012
M/T Atlantias ⁽¹⁾	09/16/2003	04/26/2006	04/04/2007	X	X	X
M/T Assos ^{(1) (2)}	03/18/2004	05/17/2006	04/04/2007 & 08/16/2010	X	X	X
M/T Aktoras ⁽¹⁾	08/27/2003	07/12/2006	04/04/2007	X	X	X
M/T Agisilaos ⁽¹⁾	10/10/2003	08/16/2006	04/04/2007	X	X	X
M/T Arionas ⁽¹⁾	11/10/2003	11/02/2006	04/04/2007	X	X	X
M/T Avax ⁽¹⁾	02/10/2004	01/12/2007	04/04/2007	X	X	X
M/T Aiolos ⁽¹⁾	09/12/2003	03/02/2007	04/04/2007	X	X	X
M/T Axios ⁽¹⁾	02/10/2004	02/28/2007	04/04/2007	X	X	X

Table of Contents**VESSELS INCLUDED IN OUR FINANCIAL STATEMENTS AND ACQUISITION DATA**

Vessel	Incorporation date of VOC*	Date acquired by Capital Maritime	Date acquired by us	Vessel included in Consolidated Financial Statements for the years ended December 31,		
				2014	2013	2012
M/T Atrotos ⁽³⁾ ⁽⁴⁾	02/11/2004	05/08/2007	05/08/2007 & 03/01/2010	X	X	X
M/T Akeraios ⁽³⁾	02/03/2004	07/13/2007	07/13/2007	X	X	X
M/T Apostolos ⁽³⁾	05/26/2004	09/20/2007	09/20/2007	X	X	X
M/T Anemos I ⁽³⁾	07/08/2004	09/28/2007	09/28/2007	X	X	X
M/T Attikos ⁽⁵⁾ ⁽⁹⁾	12/29/2003	01/20/2005	09/24/2007			Up to Feb 14
M/T Alexandros II ⁽³⁾	02/07/2006	01/29/2008	01/29/2008	X	X	X
M/T Amore Mio II ⁽⁵⁾	05/29/2007	07/31/2007	03/27/2008	X	X	X
M/T Aristofanis ⁽⁵⁾ ⁽⁹⁾	02/03/2004	06/02/2005	04/30/2008			Up to Apr 4
M/T Aristotelis II ⁽³⁾	02/07/2006	06/17/2008	06/17/2008	X	X	X
M/T Aris II ⁽³⁾	01/24/2006	08/20/2008	08/20/2008	X	X	X
M/T Agamemnon II ⁽²⁾ ⁽⁵⁾ ⁽¹¹⁾	07/14/2006	11/24/2008	04/07/2009		Up to Nov 4	X
M/T Ayrton II ⁽⁴⁾ ⁽⁵⁾	07/14/2006	04/10/2009	04/13/2009	X	X	X
M/T Alkiviadis ⁽⁵⁾	06/22/2004	03/29/2006	06/30/2010	X	X	X
M/V Cape Agamemnon ⁽⁶⁾	06/17/2008	01/25/2011	06/09/2011	X	X	X
M/T Alexander the Great ⁽⁷⁾ ⁽⁸⁾	01/26/2010		09/30/2011			Up to Dec 21
M/T Achilleas ⁽⁷⁾ ⁽⁸⁾	01/26/2010		09/30/2011			Up to Dec 21
M/T Miltiadis M II ⁽⁷⁾	04/06/2006	04/26/2006	09/30/2011	X	X	X
M/T Amoureux ⁽⁷⁾	04/14/2010		09/30/2011	X	X	X
M/T Aias ⁽⁷⁾	04/14/2010		09/30/2011	X	X	X
M/V Agamemnon ⁽⁸⁾	04/19/2012	6/28/2012	12/22/2012	X	X	Since Dec 22
M/V Archimidis ⁽⁸⁾	04/19/2012	6/22/2012	12/22/2012	X	X	Since Dec 22
M/V Hyundai Prestige ⁽¹⁰⁾	04/08/2011	02/19/2013	09/11/2013	X	Since Sep 11	
M/V Hyundai Premium ⁽¹⁰⁾	04/08/2011	03/11/2013	03/20/2013	X	Since Mar 20	
M/V Hyundai Paramount ⁽¹⁰⁾	04/08/2011	03/27/2013	03/27/2013	X	Since Mar 27	
M/V Hyundai Privilege ⁽¹⁰⁾	04/08/2011	05/31/2013	09/11/2013	X	Since Sep 11	
M/V Hyundai Platinum ⁽¹⁰⁾	07/19/2011	06/14/2013	09/11/2013	X	Since Sep 11	
M/T Aristotelis ⁽¹²⁾	10/16/2013		11/28/2013	X	Since Nov 28	

* VOC: Vessel Owning Company

(1) Initial Vessels. The Financial Statements have been retroactively adjusted to reflect their results of operations as of the incorporation date of the respective vessel owning companies.

Table of Contents

- (2) On April 7, 2009, the M/T Assos (which was part of our fleet at the time of the IPO) was exchanged for the M/T Agamemnon II. We subsequently re-acquired the M/T Assos from Capital Maritime on August 16, 2010.
- (3) Committed Vessels. These vessels were newbuildings which were delivered directly to us from Capital Maritime on their delivery dates from the shipyards and had no prior operating history. As such, there is no information to retroactively restate that should be considered and the results of operations are presented in the Financial Statements since their delivery dates.
- (4) On April 13, 2009, the M/T Atrotos (which was acquired from Capital Maritime in May 2007) was exchanged for the M/T Ayrton II. We subsequently re-acquired the M/T Atrotos from Capital Maritime on March 1, 2010.
- (5) Non-Contracted Vessels. The Financial Statements have been retroactively adjusted to reflect their results of operations as of the incorporation date of the respective vessel owning companies (with the exception of M/T Assos for the period from April 17, 2009 to August 15, 2010).
- (6) Our Financial Statements include the results of operations of the vessel owning of the M/V Cape Agamemnon and cash flows since the date of its acquisition by us on June 9, 2011.
- (7) Our Financial Statements include:

Results of operations and cash flows of Crude Carriers and its subsidiaries since the completion of the merger on September 30, 2011 in a unit-for-share transaction following which Crude Carriers became a wholly owned subsidiary of ours; and

The statement of financial position of Crude Carriers and its subsidiaries as of the date of the completion of the merger after giving effect to ASC 805-30 Business Combination where all assets acquired and liabilities assumed (of Crude Carriers and its subsidiaries) were recorded at fair value.

- (8) On December 22, 2012, we acquired the vessel owning companies of the M/V Archimidis and the M/V Agamemnon from Capital Maritime in exchange for the vessel owning companies of the M/T Alexander the Great and the M/T Achilleas, respectively.
- (9) During the first half of 2012, we sold the M/T Attikos and the M/T Aristofanis, the two small tankers in our fleet, to unrelated third parties.
- (10) During 2013, we acquired from Capital Maritime the vessel owning companies of five post-panamax container carrier vessels: the M/V CCNI Angol, the M/V Hyundai Premium, the M/V Hyundai Paramount, the M/V Hyundai Privilege and the M/V Hyundai Platinum.
- (11) In November 2013, we sold the M/T Agamemnon II to unaffiliated third parties.
- (12) In November 2013, we acquired the M/T Aristotelis from an unrelated third party.

Different Structure of Operating Expenses. We have entered into three separate technical and commercial management agreements with Capital Ship Management for the management of our fleets and each vessel in our fleet is managed under the terms of one of these three agreements. Each agreement has a different structure of operating expenses. We expect that as the fixed fee management agreement expires for certain of our vessels, such vessels, and any additional acquisitions we make in the future, will be managed under the floating fee management agreements. For a detailed description of the management agreements and the fees we pay our Manager please read Item 4: Business Overview Our Management Agreements above.

The Size of our Fleet Continues to Change. As of the date of this Annual Report, our fleet consisted of 30 vessels. At the time of our IPO in 2007, our fleet consisted of eight vessels and in January 2011 it had increased to 21 vessels. During 2013 we acquired five post-panamax container carrier vessels owned by Capital Maritime. During 2013 we also acquired one 2013 built medium range product tanker and sold one 2008 built medium range product tanker, both to unaffiliated third parties. We intend to continue to evaluate potential acquisitions of vessels or other shipping businesses in a prudent manner that is accretive to our distributable cash flow per unit.

Results of Operations

Year Ended December 31, 2014 Compared to Year Ended December 31, 2013

Results of operations for the years ended December 31, 2014 and December 31, 2013 differ primarily due to the increased average number of vessels in 2014 as compared with 2013, gains from bargain purchases in the acquisition of a number of container vessels from Capital Maritime during 2013, gains from the sale of the claim against OSG in 2013, losses related to the sale of one vessel to third parties in 2013 and the larger number of vessels managed under our floating fee management agreement in 2014 as compared to 2013.

Table of Contents

Total Revenues

Time, voyage and bareboat charter revenues amounted to \$192.8 million for the year ended December 31, 2014, as compared to \$171.5 million for the year ended December 31, 2013. The increase of \$21.3 million is primarily attributable to increased operating days due to an increase in average fleet size by 2.6 vessels (chartered to HMM). For the year ended December 31, 2014, \$72.9 million of total revenues represented charter hire received from Capital Maritime as compared to \$55.0 million of total revenues for the year ended December 31, 2013. The increase of \$17.9 million in charter hire received from Capital Maritime is mainly attributable to the increased operating days due to the increased average fleet size and corresponding increase in chartering to Capital Maritime during 2014 compared to 2013.

Time, voyage and bareboat charter revenues are mainly comprised of the charter hire received from unaffiliated third-party customers and Capital Maritime and are affected by the number of days our vessels operate, the average number of vessels in our fleet and the charter rates. Please read [Item 4B: Business Overview Our Fleet and Our Charters](#) for information about the charters on our vessels, including daily charter rates.

Voyage Expenses

Voyage expenses amounted to \$6.2 million for the year ended December 31, 2014, as compared to \$6.1 million for the year ended December 31, 2013.

Voyage expenses are direct expenses to voyage revenues and primarily consist of commissions, port expenses, canal dues and bunkers. Voyage costs, except for commissions, are paid for by the charterer under time and bareboat charters. Voyage costs under voyage charters are paid for by the owner.

Vessel Operating Expenses

For the year ended December 31, 2014, our vessel operating expenses amounted to \$62.0 million, of which \$13.3 million was incurred under our management agreements with our Manager and include \$0.8 million in additional fees and costs relating to certain costs associated with the vetting of our vessels, repairs related to unforeseen extraordinary events (as defined in our fixed fee management agreement) and insurance deductibles.

For the year ended December 31, 2013, our vessel operating expenses amounted to \$55.3 million, of which \$17.0 million was incurred under our management agreements with our Manager and include \$0.6 million in additional fees and costs relating to certain costs associated with the vetting of our vessels, repairs related to unforeseen extraordinary events (as defined in our fixed fee management agreement) and insurance deductibles.

Increases to vessel operating expenses are primarily attributable to the increased operating days due to the increase in average fleet size by 2.6 vessels and the increased number of vessels managed under our floating fee management agreement.

General and Administrative Expenses

General and administrative expenses amounted to \$6.3 million for the year ended December 31, 2014, compared to \$9.5 million for the year ended December 31, 2013. The decrease of \$3.2 million was mainly due to the vesting of our Omnibus Incentive Compensation Plan, in August 2013. As of December 31, 2014, there were no incentive awards outstanding under the Plan. General and administrative expenses include board of directors fees and expenses, audit fees, and other fees related to the expenses of the publicly traded partnership.

Loss on sale of vessels to third parties

During the year ended December 31, 2014, we did not dispose of any of our vessels, as compared to 2013 where we disposed of the M/T Agamemnon II to an unaffiliated third party recognizing a loss on sale of vessel of \$7.1 million.

Table of Contents

Loss on sale of vessels to third parties reflects the difference between the carrying value of the vessels and the net selling proceeds at the time of the sale.

Depreciation and amortization

Depreciation and amortization of fixed assets amounted to \$57.5 million for the year ended December 31, 2014, as compared to \$52.2 million for the year ended December 31, 2013. This increase is in line with the increased average number of vessels during 2014.

Depreciation is expected to increase if the number of vessels in our fleet increases.

Gain on sale of claim

For the year ended December 31, 2013, gain on sale of claim amounted to \$31.4 million, attributable to the sale of our claim with OSG. Please read Item 4A: History and Development of the Partnership and Note 15 (Gain on sale of claim) to our Financial Statements included herein for additional information.

Gain from Bargain Purchase

For the year ended December 31, 2013, gain from bargain purchase is attributable to the acquisition during 2013 of the M/V Hyundai Premium, the M/V Hyundai Paramount, the M/V Hyundai Prestige, the M/V Hyundai Privilege and the M/V Hyundai Platinum, as the net identifiable assets acquired exceeded the purchase consideration paid by \$42.3 million.

Total Other Expense, Net

Total other expense, net for the year ended December 31, 2014 was \$16.7 million, as compared to \$15.5 million for the year ended December 31, 2013.

The 2014 amount includes interest expense, amortization of financing charges, commitment fees and bank charges of \$19.2 million, as compared to \$16.0 million for the year ended December 31, 2013. The increase of \$3.2 million in 2014 was the result of increased interest due to a higher outstanding average debt balance in 2014 and due to commitment fees we paid under the 2013 facility. Other income amounted to \$2.5 million, as compared to \$0.5 million for the year ended December 31, 2013.

Net Income / (Loss)

Net income for the year ended December 31, 2014 amounted to \$44.0 million as compared to \$99.5 million for the year ended December 31, 2013. For a list of factors which we believe are important to consider when evaluating our results, please refer to the discussion under Item 5A: Management's Discussion and Analysis of Financial Condition and Results of Operations Factors to Consider When Evaluating Our Results and Results of Operations above.

Year Ended December 31, 2013 Compared to Year Ended December 31, 2012

Results of operations for the years ended December 31, 2013 and December 31, 2012 differ primarily due to the increased size of our fleet following the acquisition of a number of container vessels, gains from bargain purchases in the acquisition of a number of container vessels from Capital Maritime, gains from the sale of the claim in OSG, losses related to the sale of one vessel to third parties, the increased indebtedness to partially finance the acquisition of

a number of vessels, the close out of certain interest rate swap agreements and the larger number of vessels managed under our floating fee management agreement.

Table of Contents

Total Revenues

Time, voyage and bareboat charter revenues amounted to \$171.5 million for the year ended December 31, 2013, as compared to \$154.0 million for the year ended December 31, 2012. The increase of \$17.5 million is primarily attributable to the increased number of vessels in our fleet. For the year ended December 31, 2013, \$55.0 million of total revenues represented charter hire received from Capital Maritime as compared to \$69.9 million of total revenues for the year ended December 31, 2012. The decrease of \$14.9 million in charter hire received from Capital Maritime is mainly attributable to the 2012 Vessel Sale, as two VLCCs that were sold to Capital Maritime had been under time charter with Capital Maritime from January 1, 2012 until their sale on December 21, 2012.

Time, voyage and bareboat charter revenues are mainly comprised of the charter hire received from unaffiliated third-party customers and Capital Maritime and are affected by the number of days our vessels operate, the average number of vessels in our fleet and the charter rates. Please read [Item 4B: Business Overview Our Fleet](#) and [Our Charters](#) for information about the charters on our vessels, including daily charter rates.

Voyage Expenses

Voyage expenses amounted to \$6.1 million for the year ended December 31, 2013, as compared to \$5.7 million for the year ended December 31, 2012, primarily due to the greater number of vessels in our fleet

Voyage expenses are direct expenses to voyage revenues and primarily consist of commissions, port expenses, canal dues and bunkers. Voyage costs, except for commissions, are paid for by the charterer under time and bareboat charters. Voyage costs under voyage charters are paid for by the owner.

Vessel Operating Expenses

For the year ended December 31, 2013, our vessel operating expenses amounted to \$55.3 million, of which \$17.0 million was incurred under our management agreements with our Manager and include \$0.6 million in additional fees and costs relating to certain costs associated with the vetting of our vessels, repairs related to unforeseen extraordinary events (as defined in our fixed fee management agreement) and insurance deductibles.

For the year ended December 31, 2012, our vessel operating expenses amounted to \$45.8 million, of which \$23.6 million was incurred under our management agreements with our Manager and include \$1.9 million in additional fees and costs relating to certain costs associated with the vetting of our vessels, repairs related to unforeseen extraordinary events (as defined in our fixed fee management agreement) and insurance deductibles.

Increases to vessel operating expenses are primarily attributable to increased costs due to the greater number of vessels in our fleet and the increased number of vessels managed under our floating fee management agreement.

General and Administrative Expenses

General and administrative expenses amounted to \$9.5 million for the year ended December 31, 2013, as compared to \$9.2 million for the year ended December 31, 2012. General and administrative expenses, which includes a non-cash item related to our Omnibus Incentive Compensation Plan amounted to \$3.5 million for the year ended December 31, 2013, as compared to \$3.8 million for the year ended December 31, 2012, resulting from our Omnibus Incentive Compensation Plan becoming fully vested in August 2013. As of December 31, 2013, there were no incentive awards outstanding under the Plan.

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

Table of Contents

Gain on sale of vessels to third parties

During the year ended December 31, 2013, we sold the M/T Agamemnon II to unaffiliated third parties recognizing a loss on sale of vessel of \$7.1 million.

Gain on sale of vessels to third parties reflects the difference between the carrying value of the vessels and the net selling proceeds at the time of the sale.

Depreciation and amortization

Depreciation and amortization of fixed assets amounted to \$52.2 million for the year ended December 31, 2013, as compared to \$48.2 million for the year ended December 31, 2012, primarily due to the larger number of vessels in our fleet as a result of the acquisition of the five post-panamax container vessels. Depreciation is expected to increase if the number of vessels in our fleet increases.

Vessels impairment charge

Vessels impairment charge amounted to \$0.0 million for the year ended December 31, 2013, as compared to \$43.2 million for the year ended December 31, 2012, primarily due to the difference between the carrying and the fair market value of the M/T Alexander the Great and the M/T Achilles on the date they were exchanged for the M/V Archimidis and the M/V Agamemnon, respectively.

Gain on Sale of Claim

For the year ended December 31, 2013, gain on sale of claim amounted to \$31.4 million, attributable to the sale of our claim with OSG. Please read Item 4A: History and Development of the Partnership and Note 15 (Gain on sale of claim) to our Financial Statements included herein for additional information.

Gain from Bargain Purchase

For the year ended December 31, 2013, gain from bargain purchase is attributable to the acquisition of the M/V Hyundai Premium, the M/V Hyundai Paramount, the M/V Hyundai Prestige (renamed to CCNI Angol), the M/V Hyundai Privilege and the M/V Hyundai Platinum, as the net identifiable assets acquired exceeded the purchase consideration paid by \$42.3 million.

Total Other Expense, Net

Total other expense, net for the year ended December 31, 2013, was \$15.5 million as compared to \$24.4 million for the year ended December 31, 2012.

The 2013 amount includes interest expense, amortization of financing charges, commitment fees and bank charges of \$16.0 million, which was lower by \$10.7 million than the 2012 amount mainly due to the expiration and close out of our remaining interest rate swap agreements. In addition the year ended December 31, 2012 reflects a gain of of \$1.5 million due to the net result of the accumulated other comprehensive loss amortization and the change of the fair value of certain interest rate swap agreements. Interest and other income amounted to \$0.5 million as compared to \$0.8 million for the year ended December 31, 2012.

Net Income / (Loss)

Net income for the year ended December 31, 2013 amounted to \$99.5 million as compared to net loss of \$21.2 million for the year ended December 31, 2012. For a list of factors which we believe are important to consider when evaluating our results, please refer to the discussion under Item 5A: Management's Discussion and Analysis of Financial Condition and Results of Operations Factors to Consider When Evaluating Our Results and Results of Operations above.

Table of Contents**B. Liquidity and Capital Resources**

As at December 31, 2014, total cash and cash equivalents were \$164.2 million, restricted cash was \$15.0 million, and total liquidity including cash and undrawn long-term borrowings was \$329.2 million. As at December 31, 2013, total cash and cash equivalents were \$64.0 million, restricted cash was \$15.0 million, and total liquidity including cash and undrawn long-term borrowings was \$229.0 million.

We anticipate that our primary sources of funds for our liquidity needs will be cash flows from operations. As our vessels come up for rechartering, depending on the prevailing market rates, we may not be able to recharter them at levels similar to their current charters which may affect our future cash flows from operations. Generally, our long-term sources of funds will be from cash from operations, long-term bank borrowings and other debt or equity financings. Because we distribute all of our available cash, we expect that we will rely upon external financing sources, including bank borrowings and the issuance of debt and equity securities, to fund acquisitions and expansion and investment capital expenditures, including opportunities we may pursue under the amended and restated omnibus agreement with Capital Maritime or acquisitions from third parties. Other than with respect to the commitments relating to purchase of the Dropdown Vessels, totaling \$281.3 million in the aggregate, which will be financed through the use of \$150.0 million from our 2013 facility and the remaining balance of \$131.3 million through our available cash, we currently have no capital commitments to purchase or build additional vessels. However, as discussed above, we expect to continue to evaluate opportunities to acquire vessels and businesses and expect that the size and composition of our fleet will change over time. In connection with evaluating and pursuing these opportunities and as we seek to optimize our capital structure, we may also evaluate and pursue financing opportunities.

As at December 31, 2014 and 2013, we had \$150.0 million in undrawn amounts under our 2013 credit facility.

Total Partners' Capital as of December 31, 2014 amounted to \$872.6 million, which reflects an increase of \$91.2 million from the year ended December 31, 2013. This change consisted of:

an increase of \$173.5 million from the net proceeds from the issuance of the 17,250,000 common units;

an increase of \$36.4 million representing the excess between the acquisition cost of the Dropdown Vessels and their respective fair values;

a decrease of \$60.0 million attributable to the acquisition by us of 5,950,610 of the Partnership's common units from Capital Maritime that were subsequently cancelled;

a decrease of \$102.9 million attributable to our distributions to our unit holders; and

an increase of \$44.0 million reflecting our net income for the year ended December 31, 2014.

Notwithstanding the global economic downturn that occurred in the last several years and subject to shipping, charter and financial market developments, we believe that our working capital will be sufficient to meet our existing liquidity needs for at least the next 12 months.

Cash Flows

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

	2014	2013	2012
Net Cash Provided by Operating Activities	\$ 125.3	\$ 129.6	\$ 84.8
Net Cash (Used in) / Provided by Investing Activities	\$ (30.3)	\$ (335.3)	\$ 15.9
Net Cash Provided by / (Used in) Financing Activities	\$ 5.3	\$ 226.2	\$ (110.6)

Table of Contents

Net Cash Provided by Operating Activities

Net cash provided by operating activities decreased to \$125.3 million for the year ended December 31, 2014 from \$129.6 million for the year ended December 31, 2013, mainly due to the one-time proceeds of \$32.0 million we received from the sale of the OSG claim in 2013 which was partially offset by the increase of our net operating inflows in 2014. Net cash provided by operating activities increased to \$129.6 million for the year ended December 31, 2013 from \$84.8 million for the year ended December 31, 2012, mainly due to the proceeds of \$32.0 million we received from the one-time sale of the OSG claim, the increased size of our fleet and reduced interest costs due to the expiration of our remaining interest rate swap contracts. For an explanation of why our historical net cash provided by operating activities is not indicative of net cash provided by operating activities to be expected in future periods, please read Item 5A: Management's Discussion and Analysis of Financial Condition and Results of Operations Factors to Consider when Evaluating our Results and Results of Operations above.

Net Cash (Used in) / Provided by Investing Activities

Cash is used primarily for vessel acquisitions, and changes in net cash used in investing activities are primarily due to the number of vessels acquired in the relevant period. We expect to rely primarily upon external financing sources, including bank borrowings and the issuance of debt and equity securities as well as cash in order to fund any future vessels acquisitions or expansion and investment capital expenditures.

For the year ended December 31, 2014, net cash used in investing activities was \$30.3 million and was comprised of:

\$30.2 million representing the advance payment we made to Capital Maritime in connection with the Dropdown Vessels and

\$0.1 million, representing the amounts paid for the improvements made to the M/T Aristotelis.

For the year ended December 31, 2013, net cash used in investing activities was \$335.3 million and was comprised of:

\$363.0 million for the acquisition of the M/V Hyundai Premium, the M/V Hyundai Paramount, the M/V Hyundai Prestige (renamed to CCNI Angol), the M/V Hyundai Privilege, the M/V Hyundai Platinum and the M/T Aristotelis;

\$4.5 million, representing the increase to our restricted cash following the conversion of the 2008 credit facility to a term loan and the acquisition of five vessels. Restricted cash is the minimum amount of free cash we were required to maintain under our credit facilities for the period; and

\$32.2 million, representing the net proceeds from the sale of the M/T Agamemnon II.

For the year ended December 31, 2012, net cash provided by investing activities was \$15.9 million and was comprised of:

\$21.3 million, of which \$19.7 million represent the net proceeds from the sale of the M/T Attikos and the M/T Aristofanis to unrelated third parties and \$1.6 million represent proceeds received in connection with the exchange of the M/T Alexander the Great for the M/V Archimidis;

\$3.8 million, representing the increase to our restricted cash following the conversion of the 2007 credit facility to a term loan. Restricted cash is the minimum amount of free cash we were required to maintain under our credit facilities for the period;

\$1.4 million, representing the cash consideration in connection with the exchange of the M/T Achilleas for the M/V Agamemnon; and

\$0.2 million, representing the amounts paid for upgrading certain vessels.

Table of Contents**Net Cash Provided by / (Used in) Financing Activities**

Net cash provided by financing activities amounted to \$5.3 million for the year ended December 31, 2014, as compared to \$226.2 million for the year ended December 31, 2013. For the year ended December 31, 2012, net cash used in financing activities amounted to \$110.6 million.

For the year ended December 31, 2014, we received net proceeds of \$173.5 million from the sale of 17,250,000 common units. From the offering net proceeds we used \$60.0 million to repurchase from Capital Maritime 5,950,610 common units, which were immediately cancelled. We expect the remaining proceeds will be used to partially fund the approximately \$311.5 million aggregate purchase price for the Dropdown Vessels and for general partnership purposes.

For the year ended December 31, 2012, proceeds from the sale and issuance of our Class B Units amounted to \$140.0 million. Total expenses paid in connection with the sale and issuance of Class B Units were \$1.7 million.

For the year ended December 31, 2013, we used net proceeds of \$72.5 million from the sale and issuance of 9,100,000 Class B Units, combined with a drawdown of \$54.0 million from our 2008 credit facility and part of our cash balances to finance the acquisition of the two 5,023 TEU container vessels from Capital Maritime for a total consideration of \$130.0 million. We also used net proceeds of \$119.9 million from the sale and issuance of 13,685,000 common units, together with \$75.0 million from our 2013 credit facility, as amended, and part of our cash balances, to acquire three additional 5,023 TEU container vessels from Capital Maritime for an aggregate purchase price of \$195.0 million.

For the year ended December 31, 2014, there were no proceeds from the issuance of long term debt, and we repaid debt from our 2008 facility of \$5.4 million. For the year ended December 31, 2013, total proceeds of long term debt amounted to \$129.0 million, and we repaid debt from our 2008 credit facility of \$4.1 million. For the year ended December 31, 2012, there were no proceeds from the issuance of long term debt. During 2012 we pre-paid \$175.2 million in debt in connection with the issuance and sale of the Class B Units, the sale of the M/T Attikos and the M/T Aristofanis, and the 2012 Vessel Sale.

For each of the years ended December 31, 2014, 2013 and 2012, loan issuance costs amounted to \$0.0, \$2.9 and \$0.3 million, respectively.

During the year ended December 31, 2014, 2013 and 2012, we made distributions, including to our Class B unitholders and to Capital Maritime, of \$102.8 million, \$88.2 million and \$73.3 million, respectively.

Borrowings

Our long-term third party borrowings are reflected in our balance sheet as Long-term debt and as current liabilities in Current portion of long-term debt. As of December 31, 2014, total borrowings were \$577.9 million consisting of: (i) \$250.9 million outstanding under the 2007 credit facility; (ii) \$233.0 million outstanding under the 2008 credit facility; (iii) \$19.0 million outstanding under the 2011 credit facility and (iv) \$75.0 million under the 2013 credit facility. As of December 31, 2013, total borrowings was \$583.3 million consisting of: (i) \$250.9 million outstanding under the 2007 credit facility; (ii) \$238.4 million outstanding under the 2008 credit facility; (iii) \$19.0 million outstanding under the 2011 credit facility and (iv) \$75.0 million under the 2013 credit facility. As of December 31, 2014, long term debt was \$572.5 million, as compared to \$577.9 million as of December 31, 2013. The current portion of long term debt as of December 31, 2014 was \$5.4 million, as compared to the same amount as of December 31, 2013.

Our Credit Facilities

We have entered into four non-amortizing credit facilities.

In March 2007, we entered into a loan agreement with a syndicate of financial institutions including HSH Nordbank AG for a revolving credit facility of up to \$370.0 million for the financing of the acquisition cost, or part thereof, of up to 15 MR product tankers. Following the sale of the M/T Attikos and the M/T Aristofanis during the first half of 2012 we repaid \$20.5 million under this credit facility. In connection with the issuance and sale of our

Table of Contents

Class B Units, we prepaid \$95.2 million and entered into an amendment which provides for the conversion of the 2007 credit facility into a term loan, the deferral of scheduled amortization payments until March 2016 and the repayment of the facility in six equal consecutive quarterly installments commencing in March 2016 plus a balloon payment due in June, 2017. The interest margin of this facility, as amended, is 2.0%.

In March 2008, we entered into a loan agreement with a syndicate of financial institutions including HSH Nordbank AG for a non-amortizing credit facility of up to \$350.0 million for the partial financing of vessel acquisitions by us. In September 2011, following the acquisition of Crude Carriers, we completed the refinancing of Crude Carrier s outstanding debt of \$134.6 million using this facility. In connection with the refinancing, the M/T Alexander the Great, the M/T Achilleas, the M/T Miltiadis M II, and the M/T Aias were added as collateral to the facility. In connection with the issuance and sale of our Class B Units, we prepaid \$48.4 million and entered into an amendment which provides for the deferral of scheduled amortization payments until March 2016 and the repayment of the facility in nine equal consecutive quarterly installments commencing in March 2016 plus a balloon payment due in March 2018. In addition, an undrawn tranche of \$52.5 million under the 2008 facility was cancelled.

Following the 2012 Vessel Sale we prepaid an additional \$5.2 million and the M/V Archimidis and the M/V Agamemnon replaced the M/T Alexander the Great and the M/T Achilleas as collateral under the facility. The interest margin of this facility, as amended, is 3.0%. Loan commitment fees are calculated at 0.325% per annum on any undrawn amount and are paid quarterly.

In March 2013 we drew the amount of \$54.0 million from our 2008 facility in order to partly finance the acquisition of the M/V Hyundai Premium and the M/V Hyundai Paramount. This tranche of the 2008 facility is payable in twenty equal consecutive quarterly installments, beginning in June 2013, plus a balloon payment due in March 2018.

In June 2011, we entered into a loan agreement with Credit Agricole Emporiki Bank for a credit facility of \$25.0 million to partially finance the acquisition of vessel owning company of the M/V Cape Agamemnon from Capital Maritime. In connection with the issuance and sale of our Class B Units, we prepaid \$6.0 million and entered into an amendment which provides for the deferral of scheduled amortization payments until March 2016 and the repayment of the facility in nine equal consecutive quarterly installments commencing in March 2016 and a balloon payment due in March 2018.

On September 6, 2013, we entered into a senior secured credit facility of up to \$200.0 million led by ING Bank N.V. The facility is non-amortizing until March 2016, with a final maturity date in December 2020. The interest margin of this facility is 3.50%, with a commitment fee of 1.00%. The facility is available for the funding of up to 50% of the charter free value of modern product tankers and post-panamax container vessels. Also in September 2013, we drew \$75.0 million from this facility for the partial financing of three post-panamax container vessels. On December 27, 2013, the 2013 credit facility was amended to increase its size to up to \$225.0 million. None of the other material terms of the credit facility were amended.

All our credit facilities contain customary ship finance covenants, including restrictions as to: changes in management and ownership of the mortgaged vessels, the incurrence of additional indebtedness, the mortgaging of vessels, the ratio of EBITDA to net interest expenses, which shall be no less than 2:1, a minimum cash requirement of \$500,000 per vessel, as well as the ratio of net total indebtedness to the aggregate market value of the total fleet, which shall not exceed 0.725:1. Our credit facilities also contain a collateral maintenance requirement according to which the aggregate average fair market value of the collateral vessels must be no less than 125% of the aggregate outstanding amount under these facilities. Furthermore, the vessel owning companies may pay dividends or make distributions 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. The credit facilities have a general assignment of the earnings, insurances and

requisition compensation of the respective vessel or vessels. Each also requires additional security, including: pledge and charge on current account, corporate guarantee from each of the twenty-five vessel owning companies and mortgage interest insurance.

Table of Contents

Our obligations under our credit facilities are secured by first-priority mortgages covering our vessels and are guaranteed by each vessel owning company. Our credit facilities 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. For the years ended December 31, 2014, 2013 and 2012, we incurred an additional interest expense in the amount of \$0.0, \$0.0 and \$0.4 million, respectively, due to the Market Disruption Clause.

As at December 31, 2014, the amounts drawn down under our four credit facilities were as follows

(in thousands of United States dollars):

Vessel / Entity	Date	\$370,000 Credit Facility	\$350,000 Credit Facility	\$25,000 Credit Facility	\$225,000 Credit Facility
M/T Akeraios	07/13/2007	\$ 46,850	\$	\$	\$
M/T Apostolos	09/20/2007	56,000			
M/T Anemos I	09/28/2007	56,000			
M/T Alexandros II	01/29/2008	48,000			
M/T Amore Mio II	03/27/2008		46,000		
M/T Aristofanis	04/30/2008		11,500		
M/T Aristotelis II	06/17/2008	20,000			
M/T Aris II	08/20/2008	24,000	1,584		
M/V Cape Agamemnon	06/09/2011			19,000	
M/V Hyundai Premium	03/20/2013		22,275		
M/V Hyundai Paramount	03/27/2013		22,275		
M/V Hyundai Prestige, M/V Hyundai Privilege, M/V Hyundai Platinum	09/06/2013				75,000
Crude Carriers Corp. and its subsidiaries	09/30/2011		129,431		
Total		\$ 250,850	\$ 233,065	\$ 19,000	\$ 75,000

As at December 31, 2014, we had \$150 million in undrawn amounts under our 2013 credit facility and were in compliance with all financial debt covenants. Our ability to comply with the covenants and restrictions contained in our credit facilities and any other debt instruments we may enter into in the future may be affected by events beyond our control, including prevailing economic, financial and industry conditions, including interest rate developments, changes in the funding costs of our banks and changes in vessel earnings and vessel 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 credit facilities, we are unlikely to be able to make any distributions to our unitholders, a significant portion of our obligations may become immediately due and payable and our lenders' commitment 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 our credit facilities are secured by our vessels, and if we are unable to repay debt under the credit facilities, the lenders could seek to foreclose on those assets.

Furthermore, any contemplated vessel acquisitions will have to be at levels that do not impair the required ratios set out above. The global economic downturn that occurred in the last several years has had an adverse effect on vessel

values, and economic conditions remain fragile with significant uncertainty surrounding levels of recovery and long-term economic growth effects. If the estimated asset values of the vessels in our fleet continue to decrease, such decreases may limit the amounts we can draw down under our credit facilities to purchase additional vessels and our ability to expand our fleet. In addition, we may be obligated to prepay part of our outstanding debt in order to remain in compliance with the relevant covenants in our credit facilities. A decline in the market value of our vessels could also lead to a default under any prospective credit facility to which we become a party, affect our ability to refinance our credit facilities and/or limit our ability to obtain additional financing. An increase/decrease of 10% of the aggregate fair market values of our vessels would not cause any violation of the total indebtedness to aggregate market value covenant contained in our credit facilities.

Table of Contents**C. Off-Balance Sheet Arrangements**

As of the date of this Annual Report, we have not entered into any off-balance sheet arrangements.

D. Contractual Obligations and Contingencies

The following table summarizes our long-term contractual obligations as of December 31, 2014 (in thousands of U.S. Dollars).

	Total	Payment due by period			More than 5 years
		Less than 1 year	1-3 years	3-5 years	
Long-term Debt Obligations	\$ 577,915	\$ 5,400	\$ 344,027	\$ 176,565	\$ 51,923
Interest Obligations ⁽¹⁾	65,506	17,549	36,254	8,718	2,985
Management fee ⁽²⁾	31,162	9,844	14,738	5,489	1,091
Commercial services fee ⁽³⁾	406	161	242	3	
Vessels purchase commitments ⁽⁴⁾	281,276	281,276			
Total:	\$ 956,265	\$ 314,230	\$ 395,261	\$ 190,775	\$ 55,999

- (1) For our 2007, 2008, 2011 and 2013 credit facilities, calculations for interest obligations are based on Bloomberg forward rates plus a margin of 2%, 3%, 3.25% and 3.5%, respectively.
- (2) The fees payable to Capital Ship Management represent fees for the provision of commercial and technical services such as crewing, repairs and maintenance, insurance, stores, spares and lubricants, provided pursuant to our management agreements. Management fees under the floating fee and Crude Carriers management agreements have been increased annually based on the United States Consumer Price Index for November 2013.
- (3) Represents commercial services fee equal to 1.25% on gross time charter revenues to be generated by the vessels managed under the Crude Carriers management agreement which were under long term time charters as of December 31, 2014. For the year ended December 31, 2014 three of our vessels, the M/T Miltiadis M II, the M/T Amoureux and the M/T Aias, were operated under the Crude Carriers management agreement.
- (4) Represents the total cost of \$311.5 million for the acquisition of the Dropdown vessels less the advance payment of \$30.2 million we made to Capital Maritime in September 2014 in connection with these acquisitions.

Critical Accounting Policies

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

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

Vessel Lives and Impairment

The carrying value of each of our vessels represents its original cost (contract price plus initial expenditures) at the time of delivery or purchase less accumulated depreciation or impairment charges. The carrying values of our vessels may not represent their fair market value at any point in time since the market prices of second-hand vessels tend to fluctuate with changes in charter rates and the cost of newbuildings. However, in recent years,

Table of Contents

market conditions have changed significantly as a result of the credit crisis and resulting slowdown in world trade. Charter rates for vessels have decreased and vessel values have been affected. We consider these market developments as indicators of potential impairment of the carrying amount of our assets. We performed undiscounted cash flow tests as of December 31, 2014 and 2013, as an impairment analysis, in which we made estimates and assumptions relating to determining the projected undiscounted net operating cash flows by considering the following:

the charter revenues from existing time charters for the fixed fleet days (our remaining charter agreement rates);

vessel operating expenses;

drydocking expenditures;

an estimated gross daily time charter equivalent for the unfixed days (based on the 10-year average historical one year Time Charter Equivalent) over the remaining economic life of each vessel, excluding days of scheduled off-hires;

residual value of vessels;

fixed commercial and technical management fees, assuming an annual increase of 2%;

a utilization rate of 98.6% 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 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 consider historical trends and our accounting policies are as follows:

in accordance with the prevailing industry standard, depreciation is calculated using an estimated useful life of 25 years for our vessels, commencing at the date the vessel was originally delivered from the shipyard;

estimated useful life of vessels takes into account design life, commercial considerations and regulatory restrictions based on our fleet's historical performance;

estimated charter rates are based on rates under existing vessel contracts and thereafter at market rates at which we expect we can recharter our vessels based on market trends;

estimates of vessel utilization, including estimated off-hire time and the estimated amount of time our vessels may spend operating on the spot market, based on the historical experience of our fleet;

estimates of operating expenses and drydocking expenditures are based on historical operating and drydocking costs based on the historical experience of our fleet and our expectations of future inflation and operating requirements;

vessel residual values are a product of a vessel's lightweight tonnage and an estimated scrap rate of \$180 per ton; and

the remaining estimated lives of our vessels used in our estimates of future cash flows are consistent with those used in our depreciation calculations.

The impairment test that we conduct is most sensitive to variances in future time charter rates. Based on the sensitivity analysis performed for December 31, 2014, we would begin recording impairment on the first vessel that will incur impairment by vessel type for time charter declines from their 10 year historical averages as follows:

<u>Vessel</u>	Percentage Decline from which Impairment would be Recorded	
	Year ended December 31, 2014	Year ended December 31, 2013
Product tankers	18.9%	21.2%
Suezmax vessels	26.6%	28.3%
Cape vessel	66.6%	
Container vessels 5,000 TEU	40.9%	37.8%
Container vessels 8,000 TEU	42.9%	

Table of Contents

As of December 31, 2014 and February 24, 2015, our current rates for time charters on average were below their 10 year historical averages as follows:

<u>Vessel</u>	Time Charter Rates as Compared with 10-year Historical Average	
	(as percentage above/(below))	
	As of December 31, 2014	As of February 24, 2015
Product tankers	(17.8)%	(17.8)%
Suezmax vessels	(45.7)%	(45.7)%
Cape vessel	(6.0)%	(6.0)%
Container vessels 5,000 TEU	47.4%	47.4%
Container vessels 8,000 TEU	(2.7)%	(2.7)%

Based on the above assumptions we determined that the undiscounted cash flows support the vessels carrying amounts as of December 31, 2014 and 2013.

Please also read [Item 4B: Business Overview Comparison of Possible Excess of Carrying Value Over Estimated Charter-Free Market Value of Certain Vessels](#) above for additional information.

Recent accounting pronouncements

Please see Note 2(v) (Significant Accounting Policies Recent Accounting Pronouncements) to our Financial Statements included herein.

**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., a Marshall Islands limited liability company wholly owned by Capital Maritime, manages our day-to-day activities consistent with the policies and procedures adopted by our board of directors.

Our board of directors initially consisted of seven persons, three persons who were designated by our general partner in its sole discretion and four who were elected by the common unitholders. Following the completion of our merger with Crude Carriers in September 2011, the size of our board has been increased to eight persons, with five to be elected by our common unitholders going forward. Following completion of the merger, Dimitris P. Christacopoulos was elected to our board of directors. 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. As of the 2010

Table of Contents

annual meeting of unitholders, a majority of our board has been elected by our common unitholders (excluding common units held by Capital Maritime) rather than appointed by Capital Maritime. 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.

Our general partner intends to cause its officers to devote as much time to the management of our business and affairs as is necessary for the proper conduct of our business and affairs. Our general partner's Chief Executive Officer and Chief Financial Officer, Petros Christodoulou, and its Chief Operating Officer, Gerasimos Kalogiratos, allocate their time between managing our business and affairs and the business and affairs of Capital Maritime. The amount of time Mr.Christodoulou allocates between our business and the businesses of Capital Maritime 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 3D: Risk Factors 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 director nominees and our general partner's executive officers as of January 31, 2015.

Name	Age	Position
Ioannis E. Lazaridis ⁽¹⁾	47	Director and Chairman of the Board
Petros Christodoulou ⁽¹⁾	54	Director and Chief Executive Officer and Chief Financial Officer of our general partner
Gerasimos Kalogiratos ⁽¹⁾	37	Director and Chief Operating Officer
Pierre de Demandolx-Dedons ⁽²⁾	74	Director ⁽⁵⁾
Abel Rasterhoff ⁽³⁾	74	Director ⁽⁵⁾
Evangelos G. Bairactaris ⁽⁴⁾	43	Director and Secretary
Keith Forman ⁽⁴⁾	56	Director ⁽⁵⁾
Dimitris P. Christacopoulos ⁽³⁾	44	Director ⁽⁵⁾

(1) Appointed by our general partner (term expires in 2016).

- (2) Class I director (term expires in 2017).
- (3) Class II director (term expires in 2015).
- (4) Class III director (term expires in 2016).
- (5) Member of our audit committee and our conflicts 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.

Table of Contents**Ioannis E. Lazaridis, Director and Chairman of the Board.**

Mr. Lazaridis joined our board of directors on March 13, 2007 and served as the Chief Executive and Chief Financial Officer of our general partner since its formation in January 2007 until Petros Christodoulou's formal appointment as his successor, as announced on September 8, 2014. Mr. Lazaridis was appointed as non-executive Chairman of the Board effective December 19, 2014. Mr. Lazaridis served as President of NYSE-listed Crude Carriers Corp., an affiliate of Capital Maritime, from March 2010 until its merger with us in September 2011, and also served as Capital Maritime's Chief Financial Officer and as a director from its incorporation in March 2005. From 2004 to March 2005, Mr. Lazaridis was employed by our predecessor companies. From 1996 to 2004, Mr. Lazaridis was employed by Credit Agricole Indosuez Cheuvreux in London, Kleinwort Benson Securities and Norwich Union Investment Management in various positions related to equity sales and portfolio management. Mr. Lazaridis holds a B.A. degree in economics from the University of Thessaloniki in Greece and an M.A. in Finance from the University of Reading in the UK. He is also an Associate for the Institute of Investment Management and Research in the UK.

Petros Christodoulou, Director and Chief Executive and Chief Financial Officer.

Mr. Christodoulou's formal appointment as the Chief Executive and Chief Financial Officer of our general partner was announced on September 8, 2014, at which time Mr. Christodoulou also joined our board of directors.

Mr. Christodoulou previously served as Deputy Chief Executive Officer and Member of the Board of the National Bank of Greece S.A (NBG) from June 2012 to July 2014, during which time he also served as a member of the Executive Committees of each of the National Bank of Greece and of the Hellenic Banking Association.

Mr. Christodoulou joined the National Bank of Greece in September 1998 and previously held the positions of Treasurer and General Manager of the bank. In February 2010, Mr. Christodoulou joined the Public Debt Management Agency (PDMA) of the Hellenic Republic as its General Manager at the time that the Sovereign had lost access to the markets. In that capacity, Mr. Christodoulou led the negotiations with private creditors that led to the largest sovereign debt restructuring in history. Upon its completion in May 2012, Mr. Christodoulou rejoined NBG as Deputy CEO and Member of the Board. Mr. Christodoulou maintains his position as a Member of the Board of NBG. Mr. Christodoulou started his career in banking at Credit Suisse First Boston in London from 1985 to 1987, then moved to Goldman Sachs in London as Head of Money Markets Trading from 1987 to 1989, and then served as Vice President, and later as Managing Director of Emerging Markets, at J.P. Morgan in London from 1989 to 1998.

Mr. Christodoulou serves as a Chairman on the Board of Directors of Astir Palace S.A. and as a member on the Board of Directors of NBG. He holds an MBA from Columbia University in New York with a specialization in Finance and Global Markets and a Bachelor of Commerce from the Athens University of Economics and Business.

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

Mr. Kalogiratos 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 10 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.

Pierre de Demandolx-Dedons, Director.

Mr. de Demandolx-Dedons joined our board of directors on November 15, 2011 and served on our conflicts committee and our audit committee. Mr. de Demandolx-Dedons has been involved in the shipping industry in various capacities for over forty years and since 1997 has been primarily a shipping consultant. From 1984 to 1997, Mr. de Demandolx-Dedons was employed by Groupe WORMS & Cie, a French financial, insurance and transportation company, where he held several positions in the organization, including Deputy General Manager of Cie Navale Worms (which became Compagnie Nationale De Navigation in 1986) and General Manager in charge of

Table of Contents

Finance Tankers and Offshore, a position he held from 1991 to 1996. From 1986 to 2004, Mr. de Demandolx-Dedons was a member of the board of directors of UK P&I Clubs. Prior to this involvement, from 1975 to 1984, Mr. de Demandolx-Dedons was active in the French Shipowners Association in Paris, serving as its Deputy General Manager from 1975 to 1977 and as its General Manager from 1977 to 1984. During this time he was active on the boards of ICS and ISF. From 1965 to 1975 he was a civil servant in the French Ports Authorities. He currently sits on a number of boards of directors both in Europe and the United States, including Seacor Holdings Inc., a company listed on the NYSE. Prior to joining our board of directors, Mr. de Demandolx-Dedons served as a director of Crude Carriers and Capital Maritime.

Abel Rasterhoff, Director.

Mr. Rasterhoff joined our board of directors on April 3, 2007. He serves on our conflicts 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 Connexion, 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.

Evangelos G. Bairactaris, Director and Secretary.

Mr. Bairactaris joined our board of directors on March 13, 2007 and has served as our Secretary since our formation in January 2007. Mr. Bairactaris is a Greek attorney at law and a member of the Piraeus Bar Association. Mr. Bairactaris has been a partner in Bairactaris & Partners since 2000 and has acted as managing partner since 2003. He has regularly provided his professional services to our predecessor companies and many Greek and international shipping companies and banks. The law firm of Bairactaris & Partners has provided, and may continue to provide, legal services to us and to Capital Maritime and its affiliates.

Table of Contents**Keith Forman, Director.**

Mr. Forman joined our board of directors on April 3, 2007 and serves on our conflicts committee and our audit committee. Mr. Forman was appointed President and Chief Executive Officer of Rentech, Inc. (NASDAQ: RTK) in December 2014. He was also appointed Chief Executive Officer of Rentech Nitrogen Partners (NYSE: RNF) at the same time. Previously Mr. Forman had served, since November of 2011, as an independent director of RNF. Rentech is the owner of the general partner of RNF, a publicly traded partnership, which produces fertilizer products. RTK also owns subsidiaries engaged in the wood fiber industry in the United States, Canada, South America and the U.K. Mr. Forman was, until March 2010, a Partner and served as Chief Financial Officer of Crestwood Midstream Partners. Crestwood Midstream was a private equity backed investment partnership focused on making investments in the midstream energy market. Prior to his tenure at Crestwood, he was Senior Vice President, Finance for El Paso Corporation, a Vice President, of El Paso Field Services, and from 1992 to 2003 Chief Financial Officer of GulfTerra Energy Partners L.P., a publicly traded master limited partnership. Mr. Forman has served as a Senior Advisor to Industry Funds Management, an Australian based fund manager that invests in infrastructure projects worldwide, since May 2012. Mr. Forman was appointed to the board of directors of Applied Consultants, Inc., a privately owned energy engineering consulting firm based in Longview, Texas in November 2013.

Dimitris P. Christacopoulos, Director.

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

B. Compensation**Reimbursement of Expenses of Our General Partner**

Our general partner does not receive any management fee or other compensation for managing us. Our general partner and its other affiliates are reimbursed for expenses incurred on our behalf. These expenses include all expenses necessary or appropriate for the conduct of our business and allocable to us, as determined by our general partner.

Executive Compensation

We and our general partner were formed in January 2007. Prior to April 3, 2007, neither we nor our general partner paid any compensation to our directors or our general partner's officers, nor accrued any obligations with respect to management incentive or retirement benefits for our directors or our general partner's officers. The compensation of our Chief Executive Officer and Chief Financial Officer, Mr. Christodoulou, and our Chief Operating Officer, Mr. Kalogiratos, are 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 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.

Table of Contents

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. Please read Item 6E: Share Ownership Omnibus Incentive Compensation Plan below for additional information. For the year ended December 31, 2014, our directors, including our chairman, received an aggregate amount of \$549,000. 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 each of our officers, if a change in control occurs, each of our 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 which currently consists of eight members, three of which are appointed by our general partner. 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, 2014, our board of directors held seven meetings. Even if Board members are not able to attend a board meeting, all board members are provided information related to each of the agenda items before each meeting, and can therefore provide counsel outside regularly scheduled meetings. All directors were present at all meetings of the board of directors and all meetings of committees of the board of directors on which such director served.

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

Audit Committee. The audit committee of our board of directors is composed of three or more independent directors, each of whom must meet the independence standards of the Nasdaq Global Select Market, the SEC and any other applicable laws and regulations governing independence from time to time. The audit committee is currently comprised of directors Abel Rasterhoff (chair), Pierre de Demandolx-Dedons, Keith Forman and Dimitris Christacopoulos. All members of the committee are financially literate and our board of directors has determined that Mr. Rasterhoff qualifies as an audit committee financial expert for purposes of the U.S. Sarbanes-Oxley Act of 2002. The audit committee, among other things, reviews our external financial reporting, engages our external auditors and oversees our internal audit activities and procedures and the adequacy of our internal accounting controls. The audit committee met four times during the year ended December 31, 2014, on January 22, 2014, April 23, 2014, July 22, 2014, and October 22, 2014.

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, Pierre de Demandolx-Dedons 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

Table of Contents

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 ten times during the year ended December 31, 2014, on April 10, 2014, May 14, 2014, May 23, 2014, May 29, 2014, June 13, 2014, June 23, 2014, July 8, 2014, July 22, 2014, September 3, 2014 and September 9, 2014.

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. All of the executive officers of our general partner and three of our directors also are executive officers, directors or employees of affiliates of Capital Maritime.

E. Share Ownership

As of December 31, 2014:

795,200 restricted common units had been issued under our Plan (described below);

623,064 common units resulting from the conversion of Crude Carriers common shares had been issued under the Crude Plan at the time of our merger with Crude Carriers, including shares issued under the Crude Plan to our director Dimitris Christacopoulos when he was a member of the board of directors of Crude Carriers;

Our director Keith Forman has owned a small number of common units since the date of our IPO. In addition, restricted common units were also issued in August 2010 to all members then-serving on our board of directors under the terms of our Plan (described below), which such members may be deemed to beneficially own, or to have beneficially owned. The 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. 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; and

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

Omnibus Incentive Compensation Plan

On April 29, 2008, our board of directors adopted the Plan according to which we may issue a limited number of awards, not to exceed 500,000 units initially, to our employees, consultants, officers, directors or affiliates, including the employees, consultants, officers or directors of our general partner, our Manager, Capital Maritime and certain key affiliates and other eligible persons. Awards may be made 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 is administered by our general partner as authorized by our board of directors.

On July 22, 2010, our board of directors amended the Plan to increase the aggregate number of restricted units issuable under the Plan to 800,000 from 500,000.

On August 31, 2010, we, either directly or through our general partner, issued 795,200 (or 2% of our total units outstanding as of December 31, 2010) of the 800,000 units authorized under the Plan. Awards were issued to all members of our board of directors, to officers of our general partner, our Manager, Capital Maritime and to employees of certain key affiliates and other eligible persons, with the majority vesting three years from the date of issuance, except for awards issued to certain members of our board of directors which vest in equal annual installments over a three-year period.

Table of Contents

On March 1, 2010, the board of directors of Crude Carriers adopted the Crude Plan according to which Crude Carriers may issue shares, not to exceed 400,000, to its employees, consultants, officers, directors or affiliates, among others. On August 31, 2010, 399,400 shares were issued. Except for awards issued to certain members of the Crude Carriers board at the time, which vest in equal annual installments over a three-year period, the majority of the shares issued vest three years from the date of issuance.

At the time of the completion of our merger with Crude Carriers, all common shares of Crude Carriers which had been previously issued under the Crude Plan converted to common units in us at an exchange ratio of 1.56, with the exception of common shares issued to the four independent members of the Crude board of directors who did not continue as members of our board of directors, which vested immediately. Concurrently, we adopted the terms of the Crude Plan which governs such converted shares, the terms and conditions of which are substantially similar to the terms and conditions of our Plan and remained unchanged after the completion of the merger.

On August 31, 2013, the units previously issued pursuant to the Plan fully vested and as of December 31, 2013, there were no incentive awards outstanding under the Plan.

Following approval of our unitholders at our 2014 annual meeting, on August 21, 2014, our board of directors amended the Plan to increase the aggregate number of restricted units issuable under the Plan to 1,650,000 from 800,000.

Our board of directors has determined that each of our independent directors will receive 10,000 common units, vesting over a three year period following the award date, under an incentive plan approved by our board on October 22, 2014.

All awards issued under our Plan are conditional upon the grantee's continued service until the applicable vesting date and all awards accrue distributions payable upon vesting. Please read Note 14 (Omnibus Incentive Compensation Plan) to our Financial Statements included herein for more information.

Item 7. Major Unitholders and Related-Party Transactions.

As of December 31, 2014, our partners' capital consisted of 104,079,960 common units, of which 85,031,569 are owned by non-affiliated public unitholders, 14,223,737 Class B Units, no subordinated units and 2,124,081 general partner units. The Marinakis family, including Evangelos M. Marinakis, our former chairman, may be deemed to beneficially own on a fully converted basis a 17.6% and on a non-fully converted basis a 19.9% interest in us through its beneficial ownership of common units through, among others, Capital Maritime, which may be deemed to beneficially own a 14.9% interest in us, including 15,764,181 common units and a 2% interest in us (1.8% on a fully converted basis) through its ownership of our general partner, and Crude Carriers Investments, which may be deemed to beneficially own a 2.7% interest in us.

A. Major Unitholders

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

investment power.

Name of Beneficial Owner	Number of Common Units Owned	Percentage of Total Common Units
Capital Maritime ⁽¹⁾ ⁽²⁾	15,764,181	15.1%
Crude Carriers Investments ⁽²⁾	3,284,210	3.2%
All executive officers and directors as a group (8 persons) ⁽²⁾ ⁽³⁾	*	*
Oaktree Capital Group Holdings GP, LLC and certain affiliated funds ⁽⁴⁾	6,089,646	5.7%
Swank Capital, L.L.C. ⁽⁵⁾	6,942,247	7.5%
Goldman Sachs Asset Management ⁽⁶⁾	5,850,422	5.6%

Table of Contents

- (1) Excludes the 2% general partner interest (1.8% on a fully converted basis) held by our general partner, a wholly owned subsidiary of Capital Maritime.
- (2) The Marinakis family, including Evangelos M. Marinakis, our former chairman, through its ownership of Capital Maritime and Crude Carriers Investments, may be deemed to beneficially own, or to have beneficially owned, all of our units held by Capital Maritime and Crude Carriers Investments.
- (3) Our director Keith Forman has owned a small number of common units since the date of our IPO. In addition, restricted common units were also issued in August 2010 to all members then-serving on our board of directors under the terms of our Plan, which such members may be deemed to beneficially own, or to have beneficially owned. The 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 at the time of our merger with Crude Carriers. No member of our board of directors owns common or restricted units in a number representing more than 1% of our outstanding common units.
- (4) This information is based on the Schedule 13G/A filed on February 6, 2015, by Oaktree Value Opportunities Fund, L.P., Oaktree Value Opportunities Fund Holdings, L.P., Oaktree Value Opportunities Fund GP, L.P., Oaktree Value Opportunities Fund GP Ltd., Oaktree FF Investment Fund, L.P., Oaktree FF Investment Fund GP, L.P., Oaktree FF Investment Fund GP Ltd., Oaktree Fund GP I, L.P., which, in its capacity as the sole shareholder of each of Oaktree Value Opportunities Fund GP Ltd. and Oaktree FF Investment Fund GP Ltd., itself reported beneficially owning 5,505,612 common units, representing 5.2% of our total common units, Oaktree Capital I, L.P., which, in its capacity as the general partner of Oaktree Fund GP I, L.P., itself reported beneficially owning 5,505,612 common units, representing 5.2% of our total common units, OCM Holdings I, LLC, which, in its capacity as the general partner of Oaktree Capital I, L.P., itself reported beneficially owning 5,505,612 common units, representing 5.2% of our total common units, Oaktree Holdings, LLC, which, in its capacity as the managing member of OCM Holdings I, LLC, itself reported beneficially owning 5,505,612 common units, representing 5.2% of our total common units, Oaktree-TCDRS Strategic Credit, LLC, Oaktree Capital Management, L.P., which, in its capacity as the duly appointed manager of Oaktree-TCDRS Strategic Credit, LLC and as the sole director of each of Oaktree Value Opportunities Fund GP Ltd. and Oaktree FF Investment Fund GP Ltd., itself reported beneficially owning 6,089,646 common units, representing 5.7% of our total common units, Oaktree Holdings, Inc., which, in its capacity as the general partner of Oaktree Capital Management, L.P., itself reported beneficially owning 6,089,646 common units, representing 5.7% of our total common units, Oaktree Capital Group, LLC, which, in its capacity as the managing member of Oaktree Holdings, LLC and as the sole shareholder of Oaktree Holdings, Inc., itself reported beneficially owning 6,089,646 common units, representing 5.7% of our total common units, and Oaktree Capital Group Holdings GP, LLC.
- (5) This information is based on the Schedule 13G filed on February 13, 2015, by Swank Capital, L.L.C., Cushing MLP Asset Management, LP and Jerry V. Swank.
- (6) This information is based on the Schedule 13G filed on February 11, 2015, by Goldman Sachs Asset Management.

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, including Capital Maritime, 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 common unitholders holding less than 4.9% of the voting power of all classes of units entitled to vote. 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.

Table of Contents**B. Related-Party Transactions**

Capital Maritime's ability, as sole member of our general partner, to control the appointment of three of the eight members of our board of directors and to approve certain significant actions we may take, as well as its ownership of 15.1% of our common units, which it can vote 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), means that Capital Maritime, together with its affiliates, will have the ability to exercise significant influence regarding our management and may be able to propose amendments to the partnership agreement that are in its best interest.

Transactions entered into following January 1, 2015

1. The M/T Akeraios and the M/T Apostolos entered into new, or extended existing, charter party agreements with Capital Maritime on January 29, 2015. These new charters/extensions were unanimously approved by the conflicts committee of our board of directors.

Transactions entered into during the year ended December 31, 2014

1. *Amendments to Management Agreements.* On February 28, 2014 and December 31, 2014, we amended and restated the fixed fee management agreement with Capital Ship Management in its entirety to reflect, among other things, the vessels covered by such agreements. On April 1, 2014, May 18, 2014, and December 31, 2014, we amended the floating rate management agreement with Capital Ship Management to reflect, among other things, the vessels covered by such agreements. Please read Item 4B: Business Overview Our Management Agreements above for a detailed description of the terms of each management agreement.
2. *Master Vessel Acquisition Agreement.* On July 24, 2014 we entered into the Master Vessel Acquisition Agreement with Capital Maritime, as described in further detail in Item 4A: History and Development of the Partnership 2014 Developments Master Vessel Acquisition Agreement and Reset of Incentive Distribution Right Thresholds above. Pursuant to this agreement, we agreed to acquire the Dropdown Vessels at prices below current market value and have been granted a right of first refusal over six additional newbuild Samsung eco medium range product tankers. As consideration, we agreed, subject to, among other things, the approval of our unitholders, to adopt the Fourth Amendment to the Partnership Agreement. This amendment was adopted on August 25, 2014 following our unitholders approval at our 2014 annual meeting of unitholders, which was held on August 21, 2014.
3. *Purchase Agreement.* On September 3, 2014, we entered into a purchase agreement for 5,950,610 of our common units held by Capital Maritime at an aggregate price of approximately \$60,000,000. The purchase price was funded by the net proceeds we received as a result of a public offering of our common units in September 2014. We subsequently cancelled the common units that were repurchased from Capital Maritime pursuant to this purchase agreement. Please see Item 4A: History and Development of the Partnership 2014 Developments Issuance and Sale of Common Units above for more information. The transaction was approved by our board of directors following approval by the conflicts committee of independent directors of our board of directors.

4. *Charter Party Agreements with Capital Maritime.* During 2014, each of the M/T Axios, M/T Avax, M/T Atrotos, M/T Assos, M/T Agisilaos and M/T Arionas entered into new or extended existing charter party agreements with Capital Maritime. These new charters/extensions were unanimously approved by the conflicts committee of independent directors of our board of directors. Please see Item 4B: Business Overview Our Fleet and Our Charters above for a detailed description of these charters, including earliest possible redelivery dates of the vessels and relevant charter rates.

Table of Contents***Transactions entered into during the year ended December 31, 2013***

1. *Amended and Restated Management Agreements.* On May 9, 2013, and November 30, 2013, we amended and restated the fixed fee management agreement with Capital Ship Management in its entirety to reflect, among other things, the vessels covered by such agreement. Please read **Item 4B: Business Overview Our Management Agreements** above for a detailed description of the terms of this management agreement.
2. *Equity Offering.* On August 5, 2013, we announced the issuance of 11,900,000 common units at a public offering price of \$9.25 per common unit under our 2011 Form F-3. An additional 1,785,000 common units were subsequently sold on the same terms following the full exercise of the overallotment option granted to the underwriters for the offering. Capital GP L.L.C., our general partner, participated in both the offering and the exercise of the overallotment option and purchased 279,286 units at the public offering price, subsequently converting 349,700 common units into general partner units to maintain its 2% interest in us. Net proceeds, before expenses, relating to the offering were \$120.7 million.
3. *Acquisition of the M/V Hyundai Prestige, the M/V Hyundai Privilege and the M/V Hyundai Platinum from Capital Maritime.* The net proceeds from our common units offering in August 2013 were used toward acquiring three 5,023 TEU container vessels, the M/V Hyundai Prestige, the M/V Hyundai Privilege and the M/V Hyundai Platinum, from our sponsor Capital Maritime for an aggregate purchase price of \$195.0 million. Each of these vessels was built in 2013 at Hyundai Heavy Industries. Co. Ltd. and each such vessel is employed under a 12 year time charter employment (+/- 60 days) to HMM at a gross rate of \$29,350 per day. The charters commenced shortly after the delivery of the vessels to Capital Maritime during the first half of 2013. The transaction was approved by our board of directors following approval by the conflicts committee of independent directors.
4. *Share Purchase Agreements for the acquisition of the vessel owning companies of each of the M/V Hyundai Premium and M/V Hyundai Paramount.* On March 20 and March 27, 2013, we entered into two share purchase agreements with Capital Maritime pursuant to which we acquired all of Capital Maritime's interests in the vessel owning companies that own each of the M/V Hyundai Premium and M/V Hyundai Paramount, respectively. The acquisition was funded by the net proceeds received from our issuance of Class B Units together with \$54 million from our existing credit facilities and part of our cash balances. Both the M/V Hyundai Premium and M/V Hyundai Paramount were built in 2013 at Hyundai Heavy Industries Co. Ltd. The vessels were originally ordered by Capital Maritime and are currently employed under a 12 year time charter (+/- 60 days) to HMM at a gross rate of \$29,350 per day. The transaction was approved by our board of directors following approval by the conflicts committee of independent directors. Please see **Item 5B: Liquidity and Capital Resources Net Cash (Used in) / Provided by Investing Activities** and **Note 1 (Basis of Presentation and General Information)** to our Financial Statements included herein for more information regarding this acquisition, including a detailed explanation of how it was accounted for.

5. *Subscription Agreement for Class B Units.* On March 15, 2013, we entered into a subscription agreement for the sale and issuance of 9.1 million of our Class B Units with certain investors, including Capital Maritime. The transaction was approved by our board of directors following approval by the conflicts committee of independent directors of our board of directors. Pursuant to the terms of the subscription agreement, Capital Maritime was issued 615,151 Class B Units, which are convertible at any time into our common units on a one-for-one basis. Please see Item 4A: History and Development of the Partnership above for a detailed description of the issuance and sale of these Class B Units.

6. *Charter Party Agreements with Capital Maritime.* During 2013, each of the M/T Avax, M/T Axios, M/T Alkiviadis, M/T Akeraios, M/T Apostolos, M/T Agisilaos, M/T Anemos I, M/T Aristotelis, M/T Arionas, M/T Amoureux, M/T Aias and M/T Amore Mio entered into new or extended existing charter

Table of Contents

party agreements with Capital Maritime. Each of these charters were subject to 50/50 profit sharing arrangements for breaching Institute Warranty Limits. In the case of the M/T Amoureux and M/T Aias, profit share arrangements are applicable on actual earnings settled every six months. These new charters/extensions were unanimously approved by the conflicts committee of independent directors of our board of directors. Please see Item 4B: Business Overview Our Fleet and Our Charters above for a detailed description of these charters, including earliest possible redelivery dates of the vessels and relevant charter rates.

7. *Investor Relations Services Agreement.* On January 1, 2013, we renewed our Investor Relations Agreement with Capital Ship Management to clarify the provisions under which certain investor relations and corporate support services to assist us in our communications with holders of units representing limited partnership interests in us shall be provided to us further to the provisions of the Administrative Services Agreement entered into with Capital Ship Management and subject to its terms. Under the terms of the agreement we pay Capital Ship Management a fixed monthly fee of \$15,000 plus reimbursement of reasonable expenses. The agreement will be renewed annually on its terms unless we elect not to renew amendments to management agreements.

Transactions entered into during the year ended December 31, 2012

1. *Share Purchase Agreement Exchange of M/T Alexander the Great with M/V Archimidis.* On December 22, 2012, the 2010 built M/T Alexander the Great was exchanged for the M/V Archimidis, a 7,943 TEU container carrier vessel built in 2006 at Daewoo Shipbuilding in South Korea and owned by Capital Maritime. Under the terms of the share purchase agreement all assets and liabilities of the vessel owning company of the M/V Archimidis, except the vessel, necessary permits and time charter agreement, were retained by Capital Maritime. Capital Maritime paid us \$1,625,000, to reflect the value and longer duration of the charter attached to the vessel. Capital Maritime received all the shares of the vessel owning company of the M/T Alexander the Great and waived any compensation for the early termination of the vessel's charter. All assets and liabilities of the vessel owning company of the M/T Alexander the Great, except the vessel and necessary permits were retained by us. The vessel is managed under the floating fee management agreement. The transaction was approved by our board of directors following approval by the conflicts committee of independent directors of our board of directors.
2. *Share Purchase Agreement Exchange of M/T Achilleas with M/V Agamemnon.* On December 22, 2012, the 2010 built M/T Achilleas was exchanged for the M/V Agamemnon, a 7,943 TEU container carrier vessel built in 2007 at Daewoo Shipbuilding in South Korea and owned by Capital Maritime. Under the terms of the share purchase agreement, all assets and liabilities of the vessel owning company of the M/V Agamemnon, except the vessel, necessary permits and time charter agreement, were retained by Capital Maritime. We paid Capital Maritime \$1,375,000, to reflect the value and longer duration of the charter attached to the vessel. Capital Maritime received all the shares of the vessel owning company of the M/T Achilleas and waived any compensation for the early termination of the vessel's charter. All assets and liabilities of the vessel owning company of the M/T Achilleas, except the vessel and necessary permits were retained by us. The vessel is managed under the floating fee management agreement. The transaction was approved by our board of directors following approval by the conflicts committee of independent directors of our board of directors.

3. *Subscription Agreements for Class B Units.* On May 11, 2012 and June 6, 2012, we entered into subscription agreements for the sale and issuance of our Class B Units with certain investors, including Capital Maritime. The transaction was approved by our board of directors following approval by the conflicts committee of independent directors of our board of directors. Pursuant to the terms of the subscription agreements, Capital Maritime was issued 3,433,333 Class B Units, which are convertible at any time into our common units on a one-for-one basis. Please see Item 4A: History and Development of the Partnership above for a detailed description of the issuance and sale of our Class B Units in 2012.

Table of Contents

4. *Charter Party Agreements with Capital Maritime.* During 2012 each of the M/T Arionas, M/T Avax, M/T Axios, M/T Akeraios, M/T Agisilaos, M/T Apostolos, M/T Alkiviadis, M/T Miltiadis MII, M/T Aias and M/T Amoureux entered into new or extended existing charter party agreements with Capital Maritime. With the exception of the charter for the M/T Miltiadis MIII, each of these charters were subject to 50/50 profit sharing arrangements for breaching IWL and were unanimously approved by the conflicts committee of independent directors of our board of directors. Please see Item 4B: Business Overview Our Fleet and Our Charters above for a detailed description of these charters, including earliest possible redelivery dates of the vessels and relevant charter rates.
5. *Amended and Restated Management Agreement.* On January 1, 2012, we amended and restated the fixed fee management agreement with Capital Ship Management in its entirety to reflect, among others, the vessels covered by such agreement. Please read Item 4B: Business Overview Our Management Agreements above for a detailed description of the terms of this management agreement.
6. *Investor Relations Services Agreement.* On January 1, 2012, we entered into an Investor Relations Agreement with Capital Ship Management to clarify the provisions under which certain investor relations and corporate support services to assist us in our communications with holders of units representing limited partnership interests in us shall be provided to us further to the provisions of the Administrative Services Agreement entered into with Capital Ship Management and subject to its terms. Under the terms of the agreement, we pay Capital Ship Management a fixed monthly fee of \$15,000 plus reimbursement of reasonable expenses. The agreement will be renewed annually on its terms unless we elect not to renew.

C. Interests of Experts and Counsel

Not applicable.

Item 8. 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.

Cash Distribution Policy

Rationale for Our Cash Distribution Policy

Our cash distribution policy reflects a basic judgment that our unitholders will be better served by our distributing our cash available (after deducting expenses, including estimated maintenance and replacement capital expenditures and reserves) rather than retaining it. Because we believe we will generally finance any expansionary capital expenditures from external financing sources, we believe that our investors are best served by our distributing all of our available cash. Our cash distribution policy is consistent with the terms of our partnership agreement, which requires that we distribute all of our available cash quarterly (after deducting expenses, including estimated maintenance and replacement capital expenditures and reserves, and subject to the prior distribution rights of any holders of the Class B Units).

Table of Contents

Limitations on Cash Distributions and Our Ability to Change Our Cash Distribution Policy

There is no guarantee that unitholders will receive quarterly distributions from us. In particular you should carefully consider the relevant risks included in Item 3D: Risk Factors included herein. Our distribution policy is subject to certain restrictions and may be changed at any time, including:

Our unitholders have no contractual or other legal right to receive distributions other than the obligation under our partnership agreement to distribute available cash on a quarterly basis, which is subject to the broad discretion of our board of directors to establish reserves and other limitations.

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 (including, in certain circumstances described in the partnership agreement, with the holders of Class B Units voting on an as-converted basis). As of December 31, 2014, the Marinakis family, including Evangelos M. Marinakis, may be deemed to beneficially own on a fully converted basis a 17.6% and on a non-fully converted basis a 19.9% interest in us through its beneficial ownership of common units through, among others, Capital Maritime.

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 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.

Our common units are subject to the prior distribution rights of any holders of its preferred units then outstanding. As of the date of this Annual Report, there were 14,223,737 Class B Units issued and outstanding. Under the terms of our partnership agreement, we are prohibited from declaring and paying distributions on our common units until we declare and pay (or set aside for payment) full distributions on the Class B Units. Furthermore, pursuant to the terms of the Third Amendment to the Partnership Agreement, an upward adjustment to the distribution rate for the Class B Units occurs in the event the distribution rate on our common units is increased.

We may lack sufficient cash to pay distributions on our common units due to 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, anticipated cash needs or the payment of distributions on the Class B Units, which our partnership agreement requires us to pay prior to distributions on our common units.

Our distribution policy will be affected by restrictions on distributions under our revolving 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.

Table of Contents

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.

Quarterly Common Distributions; Historic Distributions

Our common unitholders are entitled under our partnership agreement to receive a quarterly distribution to the extent we have sufficient cash on hand to pay the distribution after we establish cash reserves, pay fees and expenses and make distributions to Class B unitholders, which our partnership agreement requires us to pay prior to distributions on our common units. Although we intend to continue to make strategic acquisitions and to take advantage of our unique relationship with Capital Maritime in a prudent manner that is accretive to our unitholders and to long-term distribution growth, there is no guarantee that we will pay a quarterly distribution on the common units in any quarter. Even if our cash distribution policy is not modified or revoked, the amount of distributions paid under our 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 other factors. We will be prohibited from making any distributions to unitholders if it would cause an event of default, or an event of default is existing, under the terms of our credit facilities.

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. In January 2010, we introduced an annual distribution guidance of \$0.90 per unit per annum, which was revised in July 2010 upwards to \$0.93 per unit per annum, or \$0.2325 per quarter. We made distributions on our common units in accordance with our guidance in November 2010, February 2011, May 2011, August 2011, November 2011, February 2012, May 2012, August 2012, November 2012, February 2013, May 2013, August 2013, November 2013, February 2014, August 2014, November 2014 and February 2015.

Incentive Distribution Rights

IDRs represent the right to receive an increasing percentage of quarterly distributions of available cash from operating surplus (as defined in our partnership agreement) after the minimum quarterly distribution and the target distribution levels have been achieved. Our general partner currently holds the IDRs, but may transfer these rights separately from its general partner interest, subject to restrictions in the partnership agreement. Except for transfers of IDRs to an affiliate or another entity as part of our general partner's merger or consolidation with or into, or sale of substantially all of its assets to such entity, the approval of a majority of our common units and Class B Units, considered together as a single class (excluding common units held by our general partner and its affiliates), is required for a transfer of the IDRs to a third party prior to March 31, 2017. Any transfer by our general partner of the IDRs would not change the percentage allocations of quarterly distributions with respect to such rights. The target amounts for our IDRs were reset pursuant to the Fourth Amendment to the Partnership Agreement to the amounts set forth in the table below.

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 percentage allocations in the table are subject to the distribution rights of the holders of our Class B Units. The amounts set forth under Marginal Percentage Interest in Distributions are the percentage interests of the unitholders and our

Table of Contents

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 an approximately 2% general partner interest and assume our general partner has not transferred the IDRs.

	Total Quarterly Distribution Target Amount	Marginal Percentage Interest in Distributions	
		Unitholders	General Partner
Minimum Quarterly Distribution	\$0.2325	98%	2%
First Target Distribution	up to \$0.2425 ⁽¹⁾	98%	2%
Second Target Distribution	above \$0.2425 ⁽¹⁾ up to \$0.2675	85%	15%
Third Target Distribution	above \$0.2675 up to \$0.2925	75%	25%
Thereafter	above \$0.2925	65%	35%

- ⁽¹⁾ As disclosed on our Current 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 \$0.2425 and \$0.25. Capital Maritime waived these rights after discussion with, and with the unanimous support of, the conflicts committee of our board of directors. This waiver effectively increases the First Target Distribution and the lower bound of the Second Target Distribution (as referenced in the table above) from \$0.2425 to \$0.25.

B. Significant Changes

No significant changes have occurred since the date of our Financial Statements included herein except for those set out below:

On January 22, 2015, we declared a cash distribution of \$0.2325 per common unit for the fourth quarter of 2014, which was paid on February 13, 2015 to unitholders of record on February 6, 2015.

On January 22, 2015, we declared a cash distribution of \$0.21375 per Class B Unit for the fourth quarter of 2014, in line with our partnership agreement. The fourth quarter Class B Unit cash distribution was paid on February 10, 2015, to Class B unitholders of record on February 3, 2015.

Table of Contents**Item 9. The Offer and Listing.****C. Markets**

Our common units started trading on the Nasdaq Global Select Market under the symbol CPLP on March 30, 2007. The following table sets forth the high and low closing sales prices in U.S. Dollars for our common units for each of the periods indicated.

	High	Low
Year Ended: December 31,		
2014	11.56	6.79
2013	10.57	6.81
2012	8.74	6.21
2011	11.32	4.89
2010	10.01	6.88
Quarter Ended:		
December 31, 2014	9.90	6.79
September 30, 2014	11.56	9.79
June 30, 2014	11.56	10.53
March 31, 2014	11.15	9.68
December 31, 2013	10.57	8.24
September 30, 2013	9.97	8.61
June 30, 2013	9.48	8.13
March 31, 2013	8.28	6.81
Month Ended:		
February 28, 2015 ⁽¹⁾	9.54	8.77
January 31, 2015	9.16	7.84
December 31, 2014	8.00	6.79
November 30, 2014	9.19	7.82
October 31, 2014	9.90	7.70
September 30, 2014	10.96	9.79
August 31, 2014	11.08	10.73

⁽¹⁾ Through February 23, 2015.

Item 10. Additional Information.**A. Share Capital**

Not applicable.

B. Memorandum and Articles of Association

The information required to be disclosed under this Item 10B is incorporated by reference to the following sections of the prospectus included in our Registration Statement on Form F-1 filed with the SEC on March 19, 2007: The Partnership Agreement , Description of the Common Units The Units , Conflicts of Interest and Fiduciary Duties and Our Cash Distribution Policy and Restrictions on Distributions and our Current Reports on Form 6-K and relevant Exhibits furnished to the SEC on May 23, 2012, June 6, 2012, March 21, 2013 and August 26, 2014.

C. Material Contracts

The following is a summary of each material contract, other than contracts entered into in the ordinary course of business, to which we or any of our subsidiaries are a party, for the two years immediately preceding the date of this Annual Report, each of which is included in the list of exhibits in Item 19.

Please read Item 7B: Related-Party Transactions above for transactions entered into with related parties as well as further details on certain of the transactions described below.

Purchase Agreement dated September 3, 2014, with Capital Maritime to acquire 5,950,610 of our common units.

Amendment to Partnership Agreement dated August 25, 2014, in connection with our entry into the Master Vessel Acquisition Agreement. This amendment reset the thresholds for our IDRs.

Table of Contents

Amendment to Omnibus Incentive Compensation Plan. On August 21, 2014, following approval of our unitholders at our 2014 annual meeting, our board of directors amended the Plan to increase the aggregate number of restricted units issuable under the Plan to 1,650,000 from 800,000.

Master Vessel Acquisition Agreement dated July 24, 2014, with Capital Maritime to acquire the Dropdown Vessels and a right of first refusal over six additional newbuild Samsung eco medium range product tankers.

Settlement Notice and Refund Modification dated December 18, 2013, with Deutsche Bank to provide, among other things, that if the six claims we filed against OSG and certain of its subsidiaries are allowed in an aggregate amount less than \$43.25 million, the maximum aggregate amount that we are obligated to refund to Deutsche Bank is \$643,750.

Memorandum of Agreement dated October 17, 2013, with Orix Shipping Company Limited to sell the M/T Agamemnon II.

Memorandum of Agreement dated October 16, 2013, with Goldilocks Maritime S.A. to acquire the M/T Aristarchos (renamed to M/T Aristotelis). The acquisition was funded with proceeds from the sale of the M/T Agamemnon II and \$6.2 million from our cash balances. The M/T Aristotelis is employed on a period time charter for \$17,000 gross per day for 18 24 months with Capital Maritime.

Loan Agreement with ING Bank N.V., HSH Nordbank AG, National Bank of Greece S.A. and Skandinaviska Enskilda Banken AB (publ). On September 6, 2013, we entered into a new senior secured credit facility of up to \$200.0 million led by ING Bank N.V., which was amended and restated on December 27, 2013, to increase its size to up to \$225.0 million. None of the other material terms of the credit facility were amended. The facility is non-amortizing until March 2016, with a final maturity date in December 2020, and is priced at LIBOR plus 3.50%, with a commitment fee of 1.00%.

Share Purchase Agreement dated August 9, 2013, with Capital Maritime to acquire all of its interest in the vessel owning company of the M/V CCNI Angol (ex Hyundai Prestige). The acquisition was funded partly through the issuance and sale of 13,685,000 common units. The M/V CCNI Angol (ex Hyundai Prestige) is employed under a 12 year time charter employment (+/- 60 days) to HMM at a gross rate of \$29,350 per day, which commenced shortly after the delivery during the first half of 2013.

Share Purchase Agreement dated August 9, 2013, with Capital Maritime to acquire all of its interest in the vessel owning company of the M/V Hyundai Privilege. The acquisition was funded partly through the issuance and sale of 13,685,000 common units. The M/V Hyundai Privilege is employed under a 12 year time charter employment (+/- 60 days) to HMM at a gross rate of \$29,350 per day, which commenced shortly after the delivery during the first half of 2013.

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Share Purchase Agreement dated August 9, 2013, with Capital Maritime to acquire all of its interest in the vessel owning company of the M/V Hyundai Platinum. The acquisition was funded partly through the issuance and sale of 13,685,000 common units. The M/V Hyundai Platinum is employed under a 12 year time charter employment (+/- 60 days) to HMM at a gross rate of \$29,350 per day, which commenced shortly after the delivery during the first half of 2013.

Assignment of Claim Agreement dated June 24, 2013, with Deutsche Bank to transfer to Deutsche Bank all of our rights, title, interest, claims and causes of action in and to, or arising under or in connection with, our claims against Sifnos Tanker Corporation and OSG.

Table of Contents

Assignment of Claim Agreement dated June 24, 2013, with Deutsche Bank to transfer to Deutsche Bank all of our rights, title, interest, claims and causes of action in and to, or arising under or in connection with, our claims against Kimolos Tanker Corporation and OSG.

Assignment of Claim Agreement dated June 24, 2013, with Deutsche Bank to transfer to Deutsche Bank all of our rights, title, interest, claims and causes of action in and to, or arising under or in connection with, our claims against Serifos Tanker Corporation and OSG.

Share Purchase Agreement dated March 20, 2013, with Capital Maritime to acquire all of its interest in the vessel owning company of the M/V Hyundai Premium. The acquisition was funded partly through the issuance and sale of the Class B units together with \$27.0 million from our existing credit facilities and part of our cash balances. The M/V Hyundai Premium is chartered to HMM under a 12 year time charter employment (+/- 60 days) at a gross rate of \$29,350 per day.

Share Purchase Agreement dated March 27, 2013, with Capital Maritime to acquire all of its interest in the vessel owning company of the M/V Hyundai Paramount. The acquisition was funded partly through the issuance and sale of the Class B units together with \$27.0 million from our existing credit facilities and part of our cash balances. The M/V Hyundai Paramount is chartered to HMM under a 12 year time charter employment (+/- 60 days) at a gross rate of \$29,350 per day.

Amendment to Partnership Agreement dated March 19, 2013, in connection with the issuance and sale of our Class B Units, which amended the rights, preferences, privileges, duties and obligations of the Class B Units.

Registration Rights Agreement dated March 19, 2013, between us and the purchasers named therein in connection with the issuance and sale of the Class B Units.

Subscription Agreement dated March 15, 2013, between us and the purchasers named therein in connection with the issuance and sale of the Class B Units.

Amendment to the 2008 credit facility replacing the M/T Alexander the Great and the M/T Achilleas as collateral under the facility with the M/V Agamemnon and the M/V Archimidis.

D. Exchange Controls and Other Limitations Affecting Unitholders

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

E. Taxation

Marshall Islands Taxation

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

Table of Contents

Taxation of the Partnership

Because we, our operating subsidiary and our controlled affiliates do not, and we do not expect that we, our operating subsidiary and our controlled affiliates will conduct business or operations in the Marshall Islands, under current Marshall Islands law neither we nor our controlled affiliates will be subject to income, capital gains, profits or other taxation. As a result, distributions by our operating subsidiary 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 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 Item 10E: Taxation Material U.S. Federal Income Tax Considerations 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 Internal Revenue Service Form 1099-DIV.

Table of Contents

Taxation of Operating Income

We expect that substantially all of our gross income will continue to be attributable to the transportation of crude oil and related oil products as well as dry cargo and containerized goods. For this purpose, gross income attributable to transportation (or Transportation Income) includes income derived from, or in connection with, the use (or hiring or leasing for use) of a vessel to transport cargo, or the performance of services directly related to the use of any vessel to transport cargo, and thus includes spot charter, time charter and bareboat charter income.

Transportation Income that is attributable to transportation that begins or ends, but that does not both begin and end, in the United States (or U.S. Source International Transportation Income) will be considered to be 50% derived from sources within the United States. Transportation Income attributable to transportation that both begins and ends in the United States (or U.S. Source Domestic Transportation Income) will be considered to be 100% derived from sources within the United States. Transportation Income attributable to transportation exclusively between non-U.S. destinations will be considered to be 100% derived from sources outside the United States. Transportation Income derived from sources outside the United States generally will not be subject to U.S. federal income tax.

Based on our current operations, we do not expect to have U.S. Source Domestic Transportation Income. However, certain of our activities give rise to U.S. Source International Transportation Income, and future expansion of our operations could result in an increase in the amount of U.S. Source International Transportation Income, as well as give rise to U.S. Source Domestic Transportation Income, all of which could be subject to U.S. federal income taxation unless exempt from U.S. taxation under Section 883 of the Code (or the Section 883 Exemption), as discussed below.

The Section 883 Exemption

In general, the Section 883 Exemption provides that if a non-U.S. corporation satisfies the requirements of Section 883 of the Code and the Treasury Regulations thereunder (the Section 883 Regulations), it will not be subject to the net basis and branch profits taxes or the 4% gross basis tax described below on its U.S. Source International Transportation Income. The Section 883 Exemption applies to U.S. Source International Transportation Income and other forms of related income, such as gain from the sale of a vessel. As discussed below, we believe that under our current ownership structure, the Section 883 Exemption will apply and that, accordingly, we will not be taxed on our U.S. Source International Transportation Income. The Section 883 Exemption does not apply to U.S. Source Domestic Transportation Income.

We will qualify for the Section 883 Exemption if, among other matters, we meet the following three requirements:

We are organized in a jurisdiction outside the United States that grants an equivalent exemption from tax to corporations organized in the United States (an Equivalent Exemption);

We satisfy the Publicly Traded Test (as described below); and

We meet certain substantiation, reporting and other requirements.

The Publicly Traded Test requires that the stock of a non-U.S. corporation be primarily and regularly traded on an established securities market either in the United States or in a jurisdiction outside the United States that grants an

Equivalent Exemption. The Section 883 Regulations provide, in pertinent part, that equity interests in a non-U.S. corporation will be considered to be primarily traded on an established securities market in a given country if the number of units of each class of equity relied upon to meet the regularly traded test that are traded during any taxable year on all established securities markets in that country exceeds the number of units in each such class that are traded during that year on established securities markets in any other single country. Equity of a non-U.S. corporation will be considered to be regularly traded on an established securities market under the Section 883 Regulations if one or more classes of equity of the corporation that, in the aggregate, represent more than 50% of the total combined voting power and value of the non-U.S. corporation are listed on such market and certain trading volume requirements are met or deemed met as described below. For this purpose, if one or more

Table of Contents

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.

Table of Contents***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 35%). In addition, a 30% branch profits tax imposed under Section 884 of the Code also would apply to such income, and a branch interest tax could be imposed on certain interest paid or deemed paid by us.

Taxation of Gain on the Sale of a Vessel

Provided we qualify for the Section 883 Exemption, gain from the sale of a vessel should be exempt from tax under Section 883. If, however, we do not qualify for the Section 883 Exemption, then such gain could be treated as effectively connected income (determined under rules different from those discussed above) and subject to the net income and branch profits tax regime described above.

The 4% Gross Basis Tax

If the Section 883 Exemption does not apply and the net basis 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.

Table of Contents

Dividends paid on our common units to a U.S. Holder who is an individual, trust or estate (or a U.S. Individual Holder) will be treated as qualified dividend income that is taxable to such U.S. Individual Holder at preferential rates applicable to long-term capital gain provided that: (i) our common units are readily tradable on an established securities market in the United States (such as the Nasdaq Global Select Market on which our common units are traded); (ii) we are not a PFIC (which we do not believe we are, have been or will be, as discussed below); (iii) the U.S. Individual Holder has owned the common units for more than 60 days in the 121-day period beginning 60 days before the date on which the common units become ex-dividend (and has not entered into certain risk limiting transactions with respect to such units) and (iv) the U.S. Individual Holder is not under an obligation to make related payments with respect to positions in substantially similar or related property. There is no assurance that any dividends paid on our common units will be eligible for these preferential rates in the hands of a U.S. Individual Holder, and any dividends paid on our common units that are not eligible for these preferential rates will be taxed as ordinary income to a U.S. Individual Holder. Special rules may apply to any extraordinary dividend paid by us. An extraordinary dividend is, generally, a dividend with respect to a unit if the amount of the dividend is equal to or in excess of 10 percent of a unitholder's adjusted basis (or fair market value in certain circumstances) in such unit. If we pay an extraordinary dividend on our common units that is treated as qualified dividend income, then any loss derived by a U.S. Individual Holder from the sale or exchange of such units will be treated as long-term capital loss to the extent of the amount of such dividend.

Sale, Exchange or other Disposition of Common Units

Subject to the discussion of PFICs below, a U.S. Holder generally will recognize taxable gain or loss upon a sale, exchange or other disposition of our common units in an amount equal to the difference between the amount realized by the U.S. Holder from such sale, exchange or other disposition and the U.S. Holder's tax basis in such units. Such gain or loss will be treated as long-term capital gain or loss if the U.S. Holder's holding period is greater than one year at the time of the sale, exchange or other disposition. Such capital gain or loss will generally be treated as U.S. source income or loss, as applicable, for U.S. foreign tax credit purposes. A U.S. Holder's ability to deduct capital losses is subject to certain limitations. Long-term capital gain of a U.S. Individual Holder is generally subject to tax at preferential rates.

PFIC Status and Significant Tax Consequences

Special and adverse U.S. federal income tax rules apply to a U.S. Holder that owns an equity interest in a non-U.S. entity taxed as a corporation and classified as a PFIC for U.S. federal income tax purposes. In general, we will be treated as a PFIC with respect to a U.S. Holder if, for any taxable year in which such holder held our common units, either:

at least 75% of our gross income (including the gross income of our vessel owning subsidiaries) for such taxable year consists of passive income (e.g., dividends, interest, capital gains and rents derived other than in the active conduct of a rental business); or

at least 50% of the average value of the assets held by us (including the assets of our vessel owning subsidiaries) during such taxable year produce, or are held for the production of, passive income.

Income earned, or deemed earned, by us in connection with the performance of services would not constitute passive income. By contrast, rental income would generally constitute passive income unless we were treated under specific rules as deriving our rental income in the active conduct of a trade or business. Based on our current and projected

methods of operation, we believe that we are not currently a PFIC, nor do we expect to become a PFIC. Although there is no legal authority directly on point, and we are not obtaining a ruling from the IRS on this issue, we will take the position that, for purposes of determining whether we are a PFIC, the gross income we derive or are deemed to derive from the time and spot chartering activities of our wholly owned subsidiaries constitutes services income, rather than rental income. Correspondingly, such income should not constitute passive income, and the assets that we or our wholly owned subsidiaries own and operate in connection with the production of such income, in particular, the vessels we or our subsidiaries own that are subject to time charters, should not constitute passive assets for purposes of determining whether we were a PFIC.

Table of Contents

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 you that the nature of our operations will not change in the future, or that we can avoid PFIC status in the future.

As discussed more fully below, if we were to be treated as a PFIC for any taxable year, a U.S. Holder would be subject to different taxation rules depending on whether the U.S. Holder makes an election to treat us as a Qualified Electing Fund (a QEF election). As an alternative to making a QEF election, a U.S. Holder should be able to make a mark-to-market election with respect to our common units, as discussed below. In addition, if a U.S. Holder owns our common units during any taxable year that we are a PFIC, such units owned by such holder will be treated as units in a PFIC even if we are not a PFIC in a subsequent year and, if the total value of all PFIC stock that such holder directly or indirectly owns exceeds certain thresholds, such holder must file IRS Form 8621 with the holder's U.S. federal income tax return to report the holder's ownership of our common units.

Taxation of U.S. Holders Making a Timely QEF Election

If a U.S. Holder makes a timely QEF election, (such U.S. Holder, an Electing Holder), the Electing Holder must report each year for U.S. federal income tax purposes his pro rata share of our ordinary earnings and our net capital gain, if any, for our taxable year that ends with or within the taxable year of the Electing Holder, regardless of whether or not distributions were received from us by the Electing Holder. The Electing Holder's adjusted tax basis in the common units will be increased to reflect taxed but undistributed income. Distributions of earnings and profits that had been previously taxed will result in a corresponding reduction in the adjusted tax basis in the common units and will not be taxed again once distributed. An Electing Holder would generally recognize capital gain or loss on the sale, exchange or other disposition of our common units. A U.S. Holder would make a QEF election with respect to any year that we are a PFIC by filing one copy of IRS Form 8621 with his U.S. federal income tax return and a second copy in accordance with the instructions to such form. If contrary to our expectations, we determine that we are treated as a PFIC for any taxable year, we will attempt to provide each U.S. Holder with all necessary information in order to make the QEF election described above.

Taxation of U.S. Holders Making a Mark-to-Market Election

Alternatively, if we were to be treated as a PFIC for any taxable year and, as we anticipate, our common units were treated as marketable stock, a U.S. Holder would be allowed to make a mark-to-market election with respect to our common units, provided the U.S. Holder completes and files IRS Form 8621 in accordance with the relevant instructions and related Treasury Regulations. If that election is made, the U.S. Holder generally would include as ordinary income in each taxable year the excess, if any, of the fair market value of the common units at the end of the taxable year over such holder's adjusted tax basis in the common units. The U.S. Holder would also be permitted an ordinary loss in respect of the excess, if any, of the U.S. Holder's adjusted tax basis in the common units over the fair market value thereof at the end of the taxable year, but only to the extent of the net amount previously included in income as a result of the mark-to-market election. A U.S. Holder's tax basis in his common units would be adjusted to reflect any such income or loss amount. Gain realized on the sale, exchange or other disposition of our common units

would be treated as ordinary income, and any loss realized on the sale, exchange or other disposition of the common units would be treated as ordinary loss to the extent that such loss does not exceed the net mark-to-market gains previously included by the U.S. Holder.

Table of Contents

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 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), 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.

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.

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 proceeds of a disposition of our common units 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;

Table of Contents

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. 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 have filed with the SEC a registration statement on Form F-1, a registration statement on Form F-4 and two effective registration statements on Form F-3 regarding our common units, among other securities. This Annual Report does not contain all of the information found in these registration statements. For further information regarding us and our common units, you may wish to review the full registration statements, including their exhibits. The registration statements, including the exhibits, may be inspected and copied at the public reference facilities maintained by the SEC at 100 F Street, N.E., Washington, D.C. 20549. Copies of this material can also be obtained upon written request from the Public Reference Section of the SEC at 100 F Street, N.E., Washington, D.C. 20549, at prescribed rates or from the SEC's web site on the Internet at <http://www.sec.gov> free of charge. Please call the SEC at 1-800-SEC-0330 for further information on public reference room. Our registration statement can also be inspected and copied at the offices of the Nasdaq Global Select Market, One Liberty Plaza, New York, New York 10006.

I. Subsidiary Information

Please see Exhibit 8.1 to this Annual Report for a list of our significant subsidiaries as of December 31, 2014.

Item 11. Quantitative and Qualitative Disclosures About Market Risk.

Our Risk Management Policy

Our policy is to continuously monitor our exposure to business risks, including the impact of changes in interest rates and currency rates as well as inflation on earnings and cash flows. We intend to assess these risks and, when appropriate, take measures to minimize our exposure to the risks.

Foreign Exchange Risk

We do not have a material currency exposure risk. We generate all of our revenues in U.S. Dollars and incur less than 20% of our expenses in currencies other than U.S. Dollars. For accounting purposes, expenses incurred in currencies other than the U.S. Dollar are translated into U.S. Dollars at the exchange rate prevailing on the date of each transaction. As of December 31, 2014, less than 5% of 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, 2014. We have not hedged currency exchange risks and our operating results could be adversely affected as a result.

Table of Contents

Interest Rate Risk

The international tanker industry is capital intensive, requiring significant amounts of investment, a significant portion of which is provided in the form of long-term debt. Our current debt contains interest rates that fluctuate with LIBOR. Our 2007 credit facility and 2008 credit facility each bear an interest margin of 2% and 3% per annum over US\$ LIBOR, respectively. Our 2011 credit facility bears an interest margin of 3.25% per annum over US\$ LIBOR. Our 2013 credit facility bears an interest margin of 3.50% per annum over US\$ LIBOR. Therefore, we are exposed to the risk that our interest expense may increase if interest rates rise.

Currently we have, and during 2014 we had, no interest rate swap agreements outstanding. As a result of a possible market disruption in determining the cost of funds for our banks, any increases by the lenders to their funding costs under our credit facilities will lead to proportional increases in the relevant interest amounts payable under such credit facilities on a quarterly basis. As an indication of the extent of our sensitivity to interest rate changes based upon our debt level, an increase of 100 basis points in LIBOR would have resulted in an increase in our interest expense by approximately \$5.8 million for the year ended December 31, 2014, 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, and trade accounts receivable. We place our cash and cash equivalents, consisting mostly of deposits, with creditworthy financial institutions as rated by qualified rating agencies. For the years ended December 31, 2014, 2013, and 2012, 62%, 49% and 68% of our revenues, respectively, were derived from two charterers. We do not obtain rights to collateral to reduce our credit risk. Please refer to Item 5B: Liquidity and Capital Resources Borrowings Our Credit Facilities for more information on our interest rate swap agreements.

Inflation

Inflation has had a minimal impact on vessel operating expenses, drydocking expenses and general and administrative expenses to date. Our management does not consider inflation to be a significant risk to direct expenses in the current and foreseeable economic environment. However, in the event that inflation becomes a significant factor in the global economy, inflationary pressures would result in increased operating, voyage and financing costs.

Item 12. Description of Securities Other than Equity Securities.

Not Applicable.

Table of Contents

PART II

Item 13. Defaults, Dividend Arrearages and Delinquencies.

None.

Item 14. Material Modifications to the Rights of Security Holders and Use of Proceeds.

No material modifications to the rights of security holders.

Item 15. Controls and Procedures.

a. Disclosure Controls and Procedures

As of December 31, 2014, 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 (the Exchange Act), of the effectiveness of the design and operation of our disclosure controls and procedures. 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.

However, based on this evaluation, the chief executive officer and chief financial officer of our general partner concluded that, as of December 31, 2014, 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 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 our general 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

Table of Contents

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, 2014.

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 Hadjipavlou, Sofianos & Cambanis 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.

To the Board of Directors and Unitholders of Capital Product Partners L.P., Majuro, Republic of the Marshall Islands

We have audited the internal control over financial reporting of Capital Product Partners L.P. (the Partnership) as of December 31, 2014, based on criteria established in *Internal Control – Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. The Partnership’s management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management’s Annual Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Partnership’s internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company’s internal control over financial reporting is a process designed by, or under the supervision of, the company’s principal executive and principal financial officers, or persons performing similar functions, and effected by the company’s board of directors, management, and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company’s assets that could have a material effect on

the financial statements.

Because of the inherent limitations of internal control over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may not be prevented or detected on a timely basis. Also, projections of any evaluation of the effectiveness of the internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Table of Contents

In our opinion, the Partnership maintained, in all material respects, effective internal control over financial reporting as of December 31, 2014, based on the criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated financial statements as of and for the year ended December 31, 2014 of the Partnership and our report dated February 25, 2015 expressed an unqualified opinion on those financial statements.

/s/ Deloitte Hadjipavlou, Sofianos, & Cambanis S.A.

Athens, Greece

February 25, 2015

d. Changes in Internal Control over Financial Reporting

There have been no changes in our internal controls over financial reporting during the year covered by this Annual Report that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

Item 16A. Audit Committee Financial Expert.

Our board of directors has determined that director Abel Rasterhoff, the chairman of our audit committee, qualifies as an audit committee financial expert for purposes of the U.S. Sarbanes-Oxley Act of 2002 and is independent under applicable Nasdaq Global Select Market and SEC standards.

Item 16B. Code of Ethics.

Our board of directors has adopted a Code of Business Conduct and Ethics that includes a Code of Ethics (the Code) that applies to the Partnership and all of its employees, directors and officers, including its chief executive officer, chief financial officer, chief accounting officer or controller, its agents and persons performing similar functions, including for the avoidance of doubt any employees, officers or directors of Capital Ship Management, wherever located, as well as to all of the Partnership's subsidiaries and other business entities controlled by it worldwide. The Code 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 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 for the benefit of any of our directors and executive officers within five business days of such waiver or amendment.

Table of Contents**Item 16C. Principal Accountant Fees and Services.**

Our principal accountant for 2014 and 2013 was Deloitte. The following table shows the fees we paid or accrued for audit services provided by Deloitte for these periods (in thousands of U.S. Dollars).

Fees	2014	2013
Audit Fees ⁽¹⁾	\$ 449.7	\$ 477.3
Audit-Related Fees		
Tax Fees ⁽²⁾	25.0	25.0
Total	\$ 474.7	\$ 502.3

- (1) Audit fees represent fees for professional services provided in connection with the audit of our Financial Statements included herein, review of our quarterly consolidated financial statements, audit services provided in connection with other regulatory filings, issuance of consents and assistance with and review of documents filed with the SEC.
- (2) Tax fees represent fees for professional services provided in connection with various U.S. income tax compliance and information reporting matters.

The audit committee of our board of directors has the authority to pre-approve permissible audit-related and non-audit services not prohibited by law to be performed by our independent auditors and associated fees. Engagements for proposed services either may be separately pre-approved by the audit committee or entered into pursuant to detailed pre-approval policies and procedures established by the audit committee, as long as the audit committee is informed on a timely basis of any engagement entered into on that basis. The audit committee separately pre-approved all engagements and fees paid to our principal accountant in 2014 and 2013.

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

None.

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

In May 2012 we announced an agreement to issue \$140.0 million of Class B Units and in March 2013 we announced an agreement to issue 9.1 million Class B Units to groups of investors including among others, Capital Maritime. As of March 26, 2013, there were 24,655,554 Class B Units issued and outstanding, of which 4,048,484 were owned by Capital Maritime. In July, August, October and December 2013, certain holders of our Class B Units, not including Capital Maritime, converted an aggregate of 5,733,333 Class B Units into common units in accordance with the terms of the partnership agreement. In April, May, June, July and September 2014, certain holders of our Class B Units, including Capital Maritime, converted an aggregate of 4,698,484 Class B Units into common units in accordance with the terms of the partnership agreement. As a result, there were 14,223,737 Class B Units issued and outstanding, none of which were owned by Capital Maritime as of the date of this Annual Report.

On August 9, 2013, we issued to our sponsor 279,286 common units at a price of \$9.25 per common unit the public offering price (not subject to any underwriting discount), such public offering closing that same day. On August 19, 2013, we issued 349,700 general partner units to Capital GP L.L.C, our general partner, in exchange for a capital

contribution from our sponsor of 349,700 common units, in order for our general partner to maintain its 2% interest in us. In September 2014, our sponsor converted 358,624 common units into general partner units and delivered such units to our general partner in order for it to maintain its 2% interest in us.

On September 3, 2014, we entered into a purchase agreement for 5,950,610 of our common units held by Capital Maritime at an aggregate price of \$60.0 million. The purchase price was funded by the net proceeds we received as a result of a public offering of our common units in September 2014. We subsequently canceled the common units that were repurchased from Capital Maritime.

In December 2014, Capital Maritime purchased 332,040 of our common units in open-market transactions.

Following these transactions, Capital Maritime owned 15,764,181 common units, representing a 14.9% interest in us. As of December 31, 2014, the Marinakis family, including Evangelos M. Marinakis, may be deemed to beneficially own on a fully converted basis a 17.6% and on a non-fully converted basis a 19.9% interest in us through its beneficial ownership of common units through, among others, Capital Maritime.

Table of Contents

Item 16F. Change in Registrant's Certifying Accountant.

Not applicable.

Item 16G. Corporate Governance.

The Nasdaq Global Select Market requires limited partnerships with listed units to comply with its corporate governance standards. As a foreign private issuer, we are not required to comply with all of the rules that apply to listed U.S. limited partnerships. However, we have generally chosen to comply with most of the Nasdaq Global Select Market's corporate governance rules as though we were a U.S. limited partnership. Although we are not required to have a majority of independent directors on our board of directors or to establish a compensation committee or a nominating/corporate governance committee, our board of directors has established an audit committee and a conflicts 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 6C: Board Practices and Item 10B: Memorandum and Articles of Association for more detail regarding our corporate governance practices.

Table of Contents**PART III****Item 17. Financial Statements**

Not Applicable.

Item 18. Financial Statements

	Page
INDEX TO FINANCIAL STATEMENTS	
CAPITAL PRODUCT PARTNERS L.P.	
<u>Report of Independent Registered Public Accounting Firm</u>	F-1
<u>Consolidated Balance Sheets as of December 31, 2014 and 2013</u>	F-2
<u>Consolidated Statements of Comprehensive (Loss)/ Income for the years ended December 31, 2014, 2013 and 2012</u>	F-3
<u>Consolidated Statement of Changes in Partners' Capital for the years ended December 31, 2014, 2013 and 2012</u>	F-4
<u>Consolidated Statements of Cash Flows for the years ended December 31, 2014, 2013 and 2012</u>	F-5
<u>Notes to the Consolidated Financial Statements</u>	F-6

Item 19. Exhibits

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

Exhibit No.	Description
1.1	Certificate of Limited Partnership of Capital Product Partners L.P. ⁽¹⁾
1.2	First Amended and Restated Agreement of Limited Partnership of Capital Product Partners L.P. ⁽²⁾
1.3	Amendment to Capital Product Partners Amended and Restated Agreement of Limited Partnership ⁽⁷⁾
1.4	Second Amended and Restated Agreement of Limited Partnership of Capital Product Partners L.P. dated February 22, 2010 ⁽⁸⁾
1.5	Amendment to Second Amended and Restated Agreement of Limited Partnership of Capital Product Partners L.P. dated September 30, 2011 ⁽⁹⁾
1.6	Second Amendment to Second Amended and Restated Agreement of Limited Partnership of Capital Product Partners L.P. dated March 19, 2013 ⁽¹⁵⁾
1.7	Third Amendment to Second Amended and Restated Agreement of Limited Partnership of Capital Product Partners L.P. dated May 22, 2012 ⁽¹⁶⁾
1.8	Fourth Amendment to Second Amended and Restated Agreement of Limited Partnership of Capital Product Partners L.P. dated August 25, 2014 ⁽¹⁸⁾

- 1.9 Certificate of Formation of Capital GP L.L.C. ⁽¹⁾
- 1.10 Limited Liability Company Agreement of Capital GP L.L.C. ⁽¹⁾
- 1.11 Certificate of Formation of Capital Product Operating GP L.L.C. ⁽¹⁾
- 4.1 Revolving \$370.0 Million Credit Facility dated March 22, 2007 ⁽¹⁾
- 4.2 First Supplemental Agreement to Revolving \$370.0 million Credit Facility dated September 19, 2007 ⁽³⁾
- 4.3 Second Supplemental Agreement to Revolving \$370.0 Million Credit Facility dated June 11, 2008 ⁽⁴⁾
- 4.4 Third Supplemental Agreement to Revolving \$370.0 Million Credit Facility dated April 7, 2009 ⁽⁷⁾
- 4.5 Fourth Supplemental Agreement to Revolving \$370.0 Million Credit Facility dated April 8, 2009 ⁽⁷⁾
- 4.6 Fifth Supplemental Agreement to Revolving \$370.0 Million Credit Facility dated October 2, 2009 ⁽⁷⁾
- 4.7 Sixth Supplemental Agreement to Revolving \$370.0 Million Credit Facility dated June 30, 2010 ⁽¹⁰⁾

Table of Contents**Exhibit**

No.	Description
4.8	Seventh Supplemental Agreement to Revolving \$370.0 Million Credit Facility dated November 30, 2010 ⁽¹⁰⁾
4.9	Eighth Supplemental Agreement to Revolving \$370.0 Million Credit Facility dated December 23, 2011 ⁽¹⁴⁾
4.10	Revolving \$350.0 Million Credit Facility dated March 19, 2008 ⁽³⁾
4.11	First Supplemental Agreement to Revolving \$350.0 million Credit Facility dated October 2, 2009 ⁽⁷⁾
4.12	Second Supplemental Agreement to Revolving \$350.0 million Credit Facility dated June 30, 2010 ⁽¹⁰⁾
4.13	Fourth Supplemental Agreement to Revolving \$350.0 million Credit Facility dated December 21, 2012 ⁽¹⁷⁾
4.14	Loan Agreement with Emporiki Bank Of Greece S.A. dated June 9, 2011 ⁽¹⁴⁾
4.15	Amended and Restated Loan Agreement with ING Bank N.V., HSH Nordbank AG, National Bank of Greece S.A. and Skandinaviska Enskilda Banken AB (publ) dated December 27, 2013 ⁽¹⁹⁾
4.16	Omnibus Agreement ⁽¹⁾
4.17	Amended and Restated Omnibus Agreement dated September 30, 2011 ⁽⁹⁾
4.18	Management Agreement with Capital Ship Management ⁽¹⁾
4.19	Amendment 1 to Management Agreement with Capital Ship Management dated September 24, 2007 ⁽³⁾
4.20	Amendment 2 to Management Agreement with Capital Ship Management dated March 27, 2008 ⁽³⁾
4.21	Amendment 3 to Management Agreement with Capital Ship Management dated April 30, 2008 ⁽⁴⁾
4.22	Amendment 4 to Management Agreement with Capital Ship Management dated April 7, 2009 ⁽⁷⁾
4.23	Amendment 5 to Management Agreement with Capital Ship Management dated April 13, 2009 ⁽⁷⁾
4.24	Amendment 6 to Management Agreement with Capital Ship Management dated April 30, 2009 ⁽⁷⁾
4.25	Amendment 7 to Management Agreement with Capital Ship Management dated March 1, 2010 ⁽¹⁰⁾
4.26	Amendment 8 to Management Agreement with Capital Ship Management dated June 30, 2010 ⁽¹⁰⁾
4.27	Amendment 9 to Management Agreement with Capital Ship Management dated August 13, 2010 ⁽¹⁰⁾
4.28	Amended and Restated Management Agreement with Capital Ship Management dated January 1, 2012 ⁽¹⁴⁾
4.29	Amended and Restated Management Agreement with Capital Ship Management dated May 9, 2013 ⁽¹⁹⁾
4.30	Amended and Restated Management Agreement with Capital Ship Management dated November 30, 2013 ⁽¹⁹⁾
4.31	Amended and Restated Management Agreement with Capital Ship Management dated February 28, 2014
4.32	Amended and Restated Management Agreement with Capital Ship Management dated December 31, 2014
4.33	Floating Rate Management Agreement with Capital Ship Management Corp. dated June 9, 2011 ⁽¹⁴⁾
4.34	Amendment 1 to Floating Rate Management Agreement with Capital Ship Management Corp. dated August 4, 2011 ⁽¹⁴⁾
4.35	Amendment 2 to Floating Rate Management Agreement with Capital Ship Management Corp. dated December 5, 2011 ⁽¹⁴⁾

- 4.36 Amendment 3 to Floating Rate Management Agreement with Capital Ship Management Corp. dated April 18, 2012 ⁽¹⁷⁾
- 4.37 Amendment 4 to Floating Rate Management Agreement with Capital Ship Management Corp. dated June 13, 2011 ⁽¹⁷⁾
- 4.38 Amendment 5 to Floating Rate Management Agreement with Capital Ship Management Corp. dated August 26, 2012 ⁽¹⁷⁾
- 4.39 Amendment 6 to Floating Rate Management Agreement with Capital Ship Management Corp. dated September 15, 2012 ⁽¹⁷⁾
- 4.40 Amendment 7 to Floating Rate Management Agreement with Capital Ship Management Corp. dated December 22, 2012 ⁽¹⁷⁾
- 4.41 Amendment 8 to Floating Rate Management Agreement with Capital Ship Management Corp. dated December 24, 2012 ⁽¹⁷⁾

Table of Contents**Exhibit**

No.	Description
4.42	Amendment 9 to Floating Rate Management Agreement with Capital Ship Management Corp. dated January 22, 2013 ⁽¹⁹⁾
4.43	Amendment 10 to Floating Rate Management Agreement with Capital Ship Management Corp. dated March 20, 2013 ⁽¹⁹⁾
4.44	Amendment 11 to Floating Rate Management Agreement with Capital Ship Management Corp. dated September 11, 2013 ⁽¹⁹⁾
4.45	Amendment 12 to Floating Rate Management Agreement with Capital Ship Management Corp. dated November 28, 2013 ⁽¹⁹⁾
4.46	Amendment 13 to Floating Rate Management Agreement with Capital Ship Management Corp. dated April 1, 2014
4.47	Amendment 14 to Floating Rate Management Agreement with Capital Ship Management Corp. dated May 18, 2014
4.48	Amendment 15 to Floating Rate Management Agreement with Capital Ship Management Corp. dated December 31, 2014
4.49	Administrative Services Agreement with Capital Ship Management ⁽¹⁾
4.50	Amendment 1 to Administrative Services Agreement with Capital Ship Management Corp. dated April 2, 2012 ⁽¹⁷⁾
4.51	Contribution and Conveyance Agreement for Initial Fleet ⁽¹⁾
4.52	Share Purchase Agreement for 2007 and 2008 Vessels ⁽¹⁾
4.53	Share Purchase Agreement for M/T Attikos dated September 24, 2007 ⁽³⁾
4.54	Share Purchase Agreement for M/T Amore Mio II dated March 27, 2008 ⁽³⁾
4.55	Share Purchase Agreement for M/T Aristofanis dated April 30, 2008 ⁽⁴⁾
4.56	Share Purchase Agreement for M/T Agamemnon II dated April 3, 2009 ⁽⁷⁾
4.57	Share Purchase Agreement for M/T Ayrton II dated April 12, 2009 ⁽⁷⁾
4.58	Share Purchase Agreement for M/T Atrotos (El Pipila) dated February 22, 2010 ⁽¹⁰⁾
4.59	Share Purchase Agreement for M/T Alkiviadis dated June 30, 2010 ⁽¹⁰⁾
4.60	Share Purchase Agreement for M/T Assos (Insurgentes) dated August 13, 2010 ⁽¹⁰⁾
4.61	Share Purchase Agreement for M/V Cape Agamemnon dated June 9, 2011 ⁽¹⁴⁾
4.62	Share Purchase Agreement for M/V Hyundai Premium dated March 20, 2013 ⁽¹⁶⁾
4.63	Share Purchase Agreement for M/V Hyundai Paramount dated March 27, 2013 ⁽¹⁹⁾
4.64	Share Purchase Agreement for M/V CCNI Angol (ex Hyundai Prestige) dated August 9, 2013 ⁽¹⁹⁾
4.65	Share Purchase Agreement for M/V Hyundai Platinum dated August 9, 2013 ⁽¹⁹⁾
4.66	Share Purchase Agreement for M/V Hyundai Privilege dated August 9, 2013 ⁽¹⁹⁾
4.67	Master Vessel Acquisition Agreement dated July 24, 2014 ⁽²⁰⁾

- 4.68 Capital Product Partners L.P. 2008 Omnibus Incentive Compensation Plan dated April 29, 2008 ⁽⁵⁾
- 4.69 Capital Product Partners L.P. 2008 Omnibus Incentive Compensation Plan amended July 22, 2010 ⁽¹⁰⁾
- 4.70 Capital Product Partners L.P. 2008 Omnibus Incentive Compensation Plan amended August 21, 2014⁽¹⁸⁾
- 4.71 Crude Carriers Corp. Equity Incentive Plan dated March 1, 2010 ⁽¹¹⁾
- 4.72 Form of Management Agreement between Crude Carriers Corp. and Capital Ship Management Corp. ⁽¹¹⁾
- 4.73 Amendment No. 1 to Crude Carriers Management Agreement dated August 5, 2010 ⁽¹²⁾
- 4.74 Amendment No. 2 to Crude Carriers Management Agreement dated August 6, 2010 ⁽¹²⁾
- 4.75 Form of Share Purchase Agreement between Crude Carriers Corp. and Capital Maritime & Trading Corp. for Cooper Consultants Co. ⁽¹¹⁾
- 4.76 Form of Share Purchase Agreement between Crude Carriers Corp. and Capital Maritime & Trading Corp. for Alexander the Great Carriers Corp. ⁽¹¹⁾
- 4.77 Form of Share Purchase Agreement between Crude Carriers Corp. and Capital Maritime & Trading Corp. for Achilleas Carriers Corp. ⁽¹¹⁾
- 4.78 Memorandum of Agreement for acquisition of M/T Amoureux dated April 19, 2010 ⁽¹²⁾
- 4.79 Memorandum of Agreement for acquisition of M/T Aias dated April 19, 2010 ⁽¹²⁾

Table of Contents

Exhibit No.	Description
4.80	Memorandum of Agreement for acquisition of M/T Aristotelis (ex M/T Aristarchos) dated October 16, 2013 ⁽¹⁹⁾
4.81	Memorandum of Agreement for disposition of M/T Agamemnon II dated October 17, 2013 ⁽¹⁹⁾
4.82	Form Restricted Unit Award of Capital Product Partners L.P. ⁽¹⁰⁾
4.83	Agreement between Capital Product Partners and Capital GP L.L.C. dated January 30, 2009 ⁽⁶⁾
4.84	Agreement and Plan of Merger by and among Capital Product Partners L.P., Capital GP L.L.C., Poseidon Project Corp. and Crude Carriers Corp., dated as of May 5, 2011. ⁽¹³⁾
4.85	Subscription Agreement dated March 15, 2013 ⁽¹⁶⁾
4.86	Registration Rights Agreement dated March 19, 2013 ⁽¹⁶⁾
4.87	Assignment of Claim Agreement dated June 24, 2013 ⁽¹⁹⁾
4.88	Assignment of Claim Agreement dated June 24, 2013 ⁽¹⁹⁾
4.89	Assignment of Claim Agreement dated June 24, 2013 ⁽¹⁹⁾
4.90	Settlement Notice and Refund Modification dated December 18, 2013 ⁽¹⁹⁾
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 Petros Christodoulou, 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 Petros Christodoulou, Chief Financial Officer, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the U.S. Sarbanes-Oxley Act of 2002*
15.1	Consent of Deloitte Hadjipavlou, Sofianos & Cambanis S.A.
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

- (1) Previously filed as an exhibit to Capital Product Partners L.P. s Registration Statement on Form F-1 (File No. 333-141422), filed with the SEC on March 19, 2007 and hereby incorporated by reference to such Registration Statement.
- (2) Previously filed as Appendix A to the Partnership s Rule 424(b)(4) Prospectus filed with the SEC on March 30, 2007, and hereby incorporated by reference to this Annual Report.
- (3)

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- Previously filed as an exhibit to the registrant's Annual Report on Form 20-F for the year ended December 31, 2007 and filed with the SEC on April 4, 2008.
- (4) Previously filed as an exhibit to the registrant's Registration Statement on Form F-3 filed with the SEC on August 29, 2008.
 - (5) Previously filed as a Current Report on Form 6-K with the SEC on April 30, 2008.
 - (6) Previously filed as an exhibit to the registrant's Annual Report on Form 20-F for the year ended December 31, 2008 and filed with the SEC on March 27, 2009.
 - (7) Previously filed as an exhibit to the registrant's Annual Report on Form 20-F for the year ended December 31, 2009 and filed with the SEC on February 4, 2010.
 - (8) Previously filed as a Current Report on Form 6-K with the SEC on February 24, 2010.
 - (9) Previously filed as a Current Report on Form 6-K with the SEC on September 30, 2011.
 - (10) 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.
 - (11) Previously filed as an exhibit to Crude Carriers Corp.'s Registration Statement on Form F-1 (File No. 333-165138), filed with the SEC on March 1, 2010, and incorporated by reference to such Registration Statement.
 - (12) Previously filed as an exhibit to Crude Carriers Corp.'s Annual Report on Form 20-F for the year ended December 31, 2010 and filed with the SEC on April 18, 2011.
 - (13) Previously filed as a Current Report on Form 6-K with the SEC on May 9, 2011.
 - (14) Previously filed as an exhibit to the registrant's Annual Report on Form 20-F for the year ended December 31, 2011 and filed with the SEC on February 13, 2012.

Table of Contents

- (15) Previously furnished as a Current Report on Form 6-K with the SEC on May 23, 2012.
- (16) Previously furnished as a Current Report on Form 6-K with the SEC on March 21, 2013.
- (17) 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.
- (18) Previously furnished as a Current Report on Form 6-K with the SEC on August 26, 2014.
- (19) Previously filed as an exhibit to the registrant's Annual Report on Form 20-F for the year ended December 31, 2013 and filed with the SEC on February 18, 2014.
- (20) Previously furnished as a Current Report on Form 6-K with the SEC on July 29, 2014.
- * Furnished only and not filed

Table of Contents

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this Annual Report to be signed on its behalf by the undersigned, thereunto duly authorized.

CAPITAL PRODUCT PARTNERS L.P.,

By: Capital GP L.L.C., its general partner

By: /s/ Petros Christodoulou

Name: Petros Christodoulou

Title: Chief Executive Officer and Chief

Financial Officer of Capital GP
L.L.C.

Dated: February 25, 2015

Table of Contents

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Unitholders of Capital Product Partners L.P., Majuro, Republic of the Marshall Islands.

We have audited the accompanying consolidated balance sheets of Capital Product Partners L.P. (the Partnership) as of December 31, 2014 and 2013, and the related consolidated statements of comprehensive income/ (loss), changes in partners' capital, and cash flows for each of the three years in the period ended December 31, 2014. These financial statements are the responsibility of the Partnership's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of Capital Product Partners L.P. as of December 31, 2014 and 2013, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2014, 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), the Partnership's internal control over financial reporting as of December 31, 2014, based on the criteria established in *Internal Control - Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 25, 2015 expressed an unqualified opinion on the Partnership's internal control over financial reporting.

/s/ Deloitte Hadjipavlou, Sofianos, & Cambanis S.A.

Athens, Greece

February 25, 2015

Table of Contents**Capital Product Partners L.P.****Consolidated Balance Sheets**

(In thousands of United States Dollars, except number of units)

	As of December 31,	
	2014	As of December 31, 2013
Assets		
Current assets		
Cash and cash equivalents	\$ 164,199	\$ 63,972
Trade accounts receivable, net	2,588	4,365
Due from related parties (Note 4)	55	667
Above market acquired charters (Note 6)		612
Prepayments and other assets	1,839	1,376
Inventories	3,434	2,740
Total current assets	172,115	73,732
Fixed assets		
Advances for vessels under construction related party (Note 5)	66,641	
Vessels, net (Note 5)	1,120,070	1,176,819
Total fixed assets	1,186,711	1,176,819
Other non-current assets		
Above market acquired charters (Note 6)	115,382	130,770
Deferred charges, net	3,887	5,451
Restricted cash (Notes 2, 7)	15,000	15,000
Total non-current assets	1,320,980	1,328,040
Total assets	\$ 1,493,095	\$ 1,401,772
Liabilities and Partners Capital		
Current liabilities		
Current portion of long-term debt (Note 7)	\$ 5,400	\$ 5,400
Trade accounts payable	5,351	7,519
Due to related parties (Note 4)	17,497	13,686
Accrued liabilities	5,636	5,387
Deferred revenue, current (Note 4)	11,684	6,936
Total current liabilities	45,568	38,928
Long-term liabilities		

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Long-term debt (Note 7)	572,515	577,915
Deferred revenue	2,451	3,503
Total long-term liabilities	574,966	581,418
Total liabilities	620,534	620,346
Commitments and contingencies (Note 16)		
Partners capital		
General Partner	15,602	12,310
Limited Partners - Common (104,079,960 and 88,440,710 units issued and outstanding at December 31, 2014 and 2013, respectively)	735,547	606,413
Limited Partners - Preferred (14,223,737 and 18,922,221 Class B units issued and outstanding at December 31, 2014 and 2013, respectively)	121,412	162,703
Total partners capital	872,561	781,426
Total liabilities and partners capital	\$ 1,493,095	\$ 1,401,772

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

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

	For the years ended December 31,		
	2014	2013	2012
Revenues	\$ 119,907	\$ 116,520	\$ 84,012
Revenues related party (Note 4)	72,870	54,974	69,938
Total revenues	192,777	171,494	153,950
Expenses:			
Voyage expenses (Note 10)	5,907	5,776	5,114
Voyage expenses related party (Notes 4, 10)	338	314	554
Vessel operating expenses (Note 10)	48,714	38,284	22,126
Vessel operating expenses related party (Notes, 4, 10)	13,315	17,039	23,634
General and administrative expenses (Note 4)	6,316	9,477	9,159
Loss / (gain) on sale of vessels to third parties (Note 5)		7,073	(1,296)
Depreciation & amortization (Note 5)	57,476	52,208	48,235
Vessels impairment charge			43,178
Operating income	60,711	41,323	3,246
Non operating income:			
Gain on sale of claim (Note 15)		31,356	
Gain from bargain purchase (Note 3)		42,256	
Total non operating income		73,612	
Other income / (expense):			
Interest expense and finance cost	(19,225)	(15,991)	(26,658)
Gain on interest rate swap agreement (Note 8)		4	1,448
Other income	2,526	533	775
Total other expense, net	(16,699)	(15,454)	(24,435)
Partnership's net income/ (loss)	\$ 44,012	\$ 99,481	\$ (21,189)
Preferred unit holders' interest in Partnership's net income	\$ 14,042	\$ 18,805	\$ 10,809
General Partner's interest in Partnership's net income / (loss)	\$ 593	\$ 1,598	\$ (640)
Common unit holders' interest in Partnership's net income/ (loss)	\$ 29,377	\$ 79,078	\$ (31,358)
Net income / (loss) per: (Note 14)			
Common unit basic	\$ 0.31	\$ 1.04	\$ (0.46)
Weighted-average units outstanding:			
Common unit basic	93,353,168	75,645,207	68,256,072
Net income / (loss) per: (Note 14)			

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Common unit diluted	\$	0.31	\$	1.01	\$	(0.46)
Weighted-average units outstanding:						
Common units diluted		93,353,168		97,369,136		68,256,072
Comprehensive income / (loss):						
Partnership's net income / (loss)		44,012		99,481		(21,189)
Other Comprehensive income:						
Unrealized gain on derivative instruments (Note 8)				462		10,762
Comprehensive income/ (loss)	\$	44,012	\$	99,943	\$	(10,427)

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

F-3

Table of Contents**Capital Product Partners L.P.****Consolidated Statements of Changes in Partners' Capital**

(In thousands of United States Dollars)

	General Partner	Limited Partners Common	Limited Partners Preferred	Total	Accumulated Other Comprehensive Loss	Total
Balance at January 1, 2012	\$ 11,005	\$ 517,545	\$	\$ 528,550	\$ (11,224)	\$ 517,326
Distributions declared and paid (distributions per common and preferred unit) (Note 12)	(1,316)	(64,516)	(7,484)	(73,316)		(73,316)
Partnership's net loss	(640)	(31,358)	10,809	(21,189)		(21,189)
Issuance of Partnership's units (Note 12)			136,419	136,419		136,419
Equity compensation expense (Note 13)		3,826		3,826		3,826
Other comprehensive income (Note 8)					10,762	10,762
Balance at December 31, 2012	\$ 9,049	\$ 425,497	\$ 139,744	\$ 574,290	\$ (462)	\$ 573,828
	General Partner	Limited Partners Common	Limited Partners Preferred	Total	Accumulated Other Comprehensive Loss	Total
Balance at December 31, 2012	\$ 9,049	\$ 425,497	\$ 139,744	\$ 574,290	\$ (462)	\$ 573,828
Distributions declared and paid (distributions per common and preferred unit) (Note 12)	(1,397)	(68,759)	(18,085)	(88,241)		(88,241)
Partnership's net income	1,598	79,078	18,805	99,481		99,481
Issuance of Partnership's units (Note 12)		119,811	72,557	192,368		192,368
Equity compensation expense (Note 13)		3,528		3,528		3,528
Other comprehensive income (Note 8)					462	462
Conversion of Partnership's units (Notes 1, 12)	3,060	47,258	(50,318)			
	\$ 12,310	\$ 606,413	\$ 162,703	\$ 781,426	\$	\$ 781,426

Balance at December 31, 2013
(revised) (Note 1)

	General Partner	Limited Partners Common	Limited Partners Preferred	Total	Accumulated Other Comprehensive Loss	Total
Balance at December 31, 2013	\$ 12,310	\$ 606,413	\$ 162,703	\$ 781,426	\$	\$ 781,426
Distributions declared and paid (distributions per common and preferred unit) (Note 12)	(1,725)	(86,027)	(15,046)	(102,798)		(102,798)
Partnership's net income	593	29,377	14,042	44,012		44,012
Issuance of Partnership's units (Note 12)		173,504		173,504		173,504
Repurchase from CMTC and cancellation of Partnership's units (Note 12)		(60,000)		(60,000)		(60,000)
Excess between the fair value of the contracted vessels and the contractual cash consideration (Note 5)	728	35,689		36,417		36,417
Conversion of Partnership's units (Note 12)	3,696	36,591	(40,287)			
Balance at December 31, 2014	\$ 15,602	\$ 735,547	\$ 121,412	\$ 872,561	\$	\$ 872,561

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

Table of Contents**Capital Product Partners L.P.****Consolidated Statements of Cash flows****(In thousands of United States Dollars)**

	For the years ended December 31		
	2014	2013	2012
Cash flows from operating activities:			
Net income / (loss)	\$ 44,012	\$ 99,481	\$ (21,189)
Adjustments to reconcile net income / (loss) to net cash provided by operating activities:			
Vessel depreciation and amortization (Note 5)	57,476	52,208	48,235
Vessels impairment			43,178
Gain from bargain purchase (Note 3)		(42,256)	
Amortization of deferred charges	809	405	480
Amortization of above market acquired charters (Note 6)	16,000	13,594	7,904
Equity compensation expense (Note 13)		3,528	3,826
Gain on interest rate swap agreements (Note 8)		(4)	(1,448)
Loss / (gain) on sale of vessels to third parties (Note 5)		7,073	(1,296)
Accrual on gain on sale of claim (Note 15)		644	
Changes in operating assets and liabilities:			
Trade accounts receivable	1,777	(1,171)	221
Due from related parties	612	(667)	
Prepayments and other assets	(463)	(117)	237
Inventories	(694)	(407)	1,677
Trade accounts payable	(1,570)	2,066	(5,594)
Due to related parties	3,811	(3,761)	7,009
Accrued liabilities	178	1,573	480
Deferred revenue	3,919	(1,852)	1,078
Drydocking costs	(590)	(761)	
Net cash provided by operating activities	125,277	129,576	84,798
Cash flows from investing activities:			
Vessel acquisitions and improvements (Notes 3, 5)	(103)	(363,038)	(1,614)
Advances for vessels under construction related party (Note 5)	(30,224)		
Increase in restricted cash		(4,500)	(3,750)
Proceeds from sale of vessels (Notes 5)		32,192	21,299
Net cash (used in) / provided by investing activities	(30,327)	(335,346)	15,935
Cash flows from financing activities:			
Proceeds from issuance of Partnership units (Notes 3, 12)	173,932	195,771	140,000
Expenses paid for issuance of Partnership units	(416)	(3,410)	(1,673)
	(60,000)		

Repurchase from CMTC and cancellation of Partnership's units (Note 12)			
Proceeds from issuance of long-term debt (Note 7)		129,000	
Payments of long-term debt (Note 7)	(5,400)	(4,050)	(175,215)
Loan issuance costs	(41)	(2,879)	(348)
Dividends paid	(102,798)	(88,241)	(73,316)
Net cash provided by / (used in) financing activities	5,277	226,191	(110,552)
Net increase / (decrease) in cash and cash equivalents	100,227	20,421	(9,819)
Cash and cash equivalents at beginning of period	63,972	43,551	53,370
Cash and cash equivalents at end of period	164,199	63,972	43,551
Supplemental Cash Flow Information			
Cash paid for interest	\$ 16,564	\$ 14,845	\$ 25,864
Non-Cash Investing and Financing Activities			
Excess between the fair value of the contracted vessels and the contractual cash consideration (Note 5)	\$ 36,417	\$	\$
Capital expenditures included in liabilities	\$ 183	\$ 103	\$ 134
Offering expenses included in liabilities	\$ 12	\$ (7)	\$ 1,908
Capitalized dry docking and deferred costs included in liabilities	\$	\$ 628	\$
Fair value of vessels purchased, M/V Archimidis and M/V Agamemnon (Note 3)	\$	\$	\$ 133,000
Fair value of vessels sold, M/T Alexander the Great and M/T Achilleas, reduced by the net cash consideration received (Note 3)	\$	\$	\$ (137,500)
Acquisition of above market time charter (Notes 3, 6)	\$	\$ 97,256	\$ 4,500

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

Table of Contents**Capital Product Partners L.P.****Notes to the Consolidated Financial Statements**

(In thousands of United States Dollars, except number of units)

1. Basis of Presentation and General Information

Capital Product Partners L.P. (the Partnership) was formed on January 16, 2007, under the laws of the Marshall Islands. The Partnership is an international shipping company. Its fleet of thirty modern high specification vessels consists of four suezmax crude oil tankers, eighteen modern medium range tankers all of which are classed as IMO II/III vessels, seven post-panamax container carrier vessels and one capesize bulk carrier. Its vessels are capable of carrying a wide range of cargoes, including crude oil, refined oil products, such as gasoline, diesel, fuel oil and jet fuel, edible oils and certain chemicals such as ethanol as well as dry cargo and containerized goods under short-term voyage charters and medium to long-term time and bareboat charters.

The consolidated financial statements include the following vessel-owning companies and operating companies which were all incorporated or formed under the laws of the Marshall Islands and Liberia.

Subsidiary	Date of Incorporation	Name of Vessel Owned by Subsidiary	DWT	Date acquired by the Partnership	Date acquired by CMTC
Capital Product Operating GP LLC	01/16/2007				
Crude Carriers Corp. (6)	10/29/2009			09/30/2011	
Crude Carriers Operating Corp. (6)	01/21/2010			09/30/2011	
Shipping Rider Co.	09/16/2003	M/T Atlantas	36,760	04/04/2007	04/26/2006
		(M/T British Ensign) (1)			
Canvey Shipmanagement Co.	03/18/2004	M/T Assos	47,872	08/16/2010	05/17/2006
		(M/T Insurgentes) (1),(4)		04/04/2007	
Centurion Navigation Limited	08/27/2003	M/T Aktoras	36,759	04/04/2007	07/12/2006
		(M/T British Envoy) (1)			
Polarwind Maritime S.A.	10/10/2003	M/T Agisilaos (1)	36,760	04/04/2007	08/16/2006
Carnation Shipping Company	11/10/2003	M/T Arionas (1)	36,725	04/04/2007	11/02/2006
Apollonas Shipping Company	02/10/2004	M/T Avax (1)	47,834	04/04/2007	01/12/2007
Tempest Maritime Inc.	09/12/2003	M/T Aiolos	36,725	04/04/2007	03/02/2007
		(M/T British Emissary) (1)			
	02/10/2004	M/T Axios (1)	47,872	04/04/2007	02/28/2007

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Iraklitos Shipping Company					
Epicurus Shipping Company	02/11/2004	M/T Atrotos	47,786	03/01/2010	05/08/2007
		(M/T El Pipila) (2),(5)		05/08/2007	
Laredo Maritime Inc.	02/03/2004	M/T Akeraios (2)	47,781	07/13/2007	07/13/2007
Lorenzo Shipmanagement Inc.	05/26/2004	M/T Apostolos (2)	47,782	09/20/2007	09/20/2007
Splendor Shipholding S.A.	07/08/2004	M/T Anemos I (2)	47,782	09/28/2007	09/28/2007
Ross Shipmanagement Co.	12/29/2003	M/T Attikos (3),(7)	12,000	09/24/2007	01/20/2005
Sorrel Shipmanagement Inc.	02/07/2006	M/T Alexandros II	51,258	01/29/2008	01/29/2008
		(M/T Overseas Serifos) (2)			
Baymont Enterprises Incorporated	05/29/2007	M/T Amore Mio II (3)	159,982	03/27/2008	07/31/2007
Forbes Maritime Co.	02/03/2004	M/T Aristofanis (3),(8)	12,000	04/30/2008	06/02/2005
Wind Dancer Shipping Inc.	02/07/2006	M/T Aristotelis II	51,226	06/17/2008	06/17/2008
		(M/T Overseas Sifnos) (2)			
Belерion Maritime Co.	01/24/2006	M/T Aris II	51,218	08/20/2008	08/20/2008
		(M/T Overseas Kimolos) (2)			
Mango Finance Corp.	07/14/2006	M/T Agamemnon II (3), (4),(10)	51,238	04/07/2009	11/24/2008
Navarro International S.A.	07/14/2006	M/T Ayrton II (3), (5)	51,238	04/13/2009	04/10/2009
Adrian Shipholding Inc.	06/22/2004	M/T Alkiviadis (3)	36,721	06/30/2010	03/29/2006
Patroklos Marine Corp.	06/17/2008	M/V Cape Agamemnon	179,221	06/09/2011	01/25/2011
Cooper Consultants Co. renamed to Miltiadis M II Carriers Corp.	04/06/2006	M/T Miltiadis M II (6)	162,000	09/30/2011	04/26/2006

Table of Contents**Capital Product Partners L.P.****Notes to the Consolidated Financial Statements**

(In thousands of United States Dollars, except number of units)

1. Basis of Presentation and General Information Continued

Subsidiary	Date of Incorporation	Name of Vessel Owned by Subsidiary	DWT	Date acquired by the Partnership	Date acquired by CMTC
Alexander the Great Carriers Corp.	01/26/2010	M/T Alexander the Great (6),(9)	297,958	09/30/2011	03/26/2010
Achilleas Carriers Corp.	01/26/2010	M/T Achilleas (6),(9)	297,863	09/30/2011	06/25/2010
Amoureux Carriers Corp.	04/14/2010	M/T Amoureux (6)	149,993	09/30/2011	
Aias Carriers Corp.	04/14/2010	M/T Aias (6)	150,393	09/30/2011	
Agamemnon Container Carrier Corp.	04/19/2012	M/V Agamemnon (9)	103,773	12/22/2012	06/28/2012
Archimidis Container Carrier Corp.	04/19/2012	M/V Archimidis (9)	103,773	12/22/2012	06/22/2012
Aenaos Product Carrier S.A.	10/16/2013	M/T Aristotelis	51,604	11/28/2013	
Anax Container Carrier S.A.	04/08/2011	M/V Hyundai Prestige	63,010	09/11/2013	02/19/2013
Hercules Container Carrier S.A.	04/08/2011	M/V Hyundai Premium	63,010	03/20/2013	03/11/2013
Iason Container Carrier S.A.	04/08/2011	M/V Hyundai Paramount	63,010	03/27/2013	03/27/2013
Theseas Container Carrier S.A.	04/08/2011	M/V Hyundai Privilege	63,010	09/11/2013	05/31/2013
Cronus Container Carrier S.A.	07/19/2011	M/V Hyundai Platinum	63,010	09/11/2013	06/14/2013
Miltiadis M II Corp.	08/28/2012				

- (1) Initial Vessels acquired from Capital Maritime & Trading Corp. (CMTC) upon consummation of the Partnership's Initial Public Offering (IPO) which was completed on April 3, 2007.
- (2) Committed Vessels (the Partnership committed to acquire these vessels from CMTC upon consummation of the IPO).
- (3) Non-Contracted Vessels (vessels acquired from CMTC that were neither initial nor committed vessels).
- (4)

- Was acquired on April 4, 2007, on April 7, 2009 was exchanged with the M/T Agamemnon II and was reacquired on August 16, 2010.
- (5) Was acquired on May 8, 2007, on April 13, 2009 was exchanged with the M/T Ayrton II and was reacquired on March 1, 2010.
 - (6) Were acquired upon the completion of the business acquisition of Crude Carriers Corp. (Crude).
 - (7) Was sold on February 14, 2012.
 - (8) Was sold on April 4, 2012.
 - (9) On December 22, 2012 the M/T Alexander the Great and the M/T Achilleas were exchanged with the M/V Archimidis and the M/V Agamemnon respectively.
 - (10) Was sold on November 5, 2013.

Immaterial reclassification to correct prior period presentation: As noted in Note 12, during the year ended December 31, 2013, various holders of the class B units converted 5,733,333 class B units into common units valued at \$50,318. Furthermore on August 23, 2013 the Partnership converted 349,700 common units into general partner units valued at \$3,060. In the current period, a prior period error was identified, as the Partnership did not reflect the value of these conversions in its consolidated statements of changes in partners' capital for the year ended December 31, 2013 and its consolidated balance sheet as at December 31, 2013. Total partners' capital remained unchanged as the reclassification impacted only the Partnership's Limited Partners' Common, the Partnership's Limited Partners' Preferred and General Partner, and no other financial statement line items were impacted by these reclassifications. This includes net income per common unit (basic and diluted), as the converted class B units were appropriately included in the net income per unit calculation. The Partnership has quantitatively and qualitatively evaluated the materiality of the omission and has determined that it was immaterial to the annual financial statements for the year ended December 31, 2013. Accordingly, the reclassifications were recorded retrospectively by revising the 2013 comparatives in the Partnership's consolidated balance sheet and its consolidated statements of changes in partners' capital as at and for the year ended December 31, 2013, which resulted in an increase of \$47,258 and \$3,060 to the Partnership's Limited Partners' Common and General Partner respectively and a decrease of \$50,318 to the company's Limited Partners' Preferred.

Table of Contents

Capital Product Partners L.P.

Notes to the Consolidated Financial Statements

(In thousands of United States Dollars)

2. Significant Accounting Policies

- (a) **Principles of Consolidation:** The accompanying 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. Balances and transactions with CMTC and its affiliates have not been eliminated, but are presented as balances and transactions with related parties.
- (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) **Other Comprehensive Income:** The Partnership separately records certain transactions directly as components of partners' capital. For the year ended December 31, 2014 there was no other comprehensive income. For the year ended December 31, 2013 other comprehensive income was comprised of changes in fair value of interest rate swaps that qualified as cash flow hedge and the amortization of the accumulated other comprehensive loss attributable to interest rate swaps that did not qualify as cash flow hedge (Note 8).
- (d) **Accounting for Revenue, Voyage and Operating Expenses:** The Partnership generates its revenues from charterers for the charter hire of its vessels. Vessels are chartered on time charters, bareboat charters or voyage charters. 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 monthly in advance. Some of the Partnership's time charters also include profit sharing provisions, under which the Partnership can realize additional revenues in the event that spot rates are higher than the base rates in these time charters. A bareboat charter is a contract in which the vessel owner provides the vessel to the charterer for a fixed period of time at a specified daily rate, which is generally payable monthly in advance, and the charterer generally assumes all risk and costs of operation during the bareboat charter period. A voyage is deemed to commence upon the later of the completion of discharge of the vessel's previous cargo or upon vessel arrival to the agreed upon port, based on the terms of a voyage contract that is not cancelable and voyage is deemed to end upon the completion of discharge of the delivered cargo. Revenues under voyage charter agreements are recognized when a voyage agreement exists, the price is fixed, service is provided and the collection of the related revenue is reasonably assured. Revenues are recorded over the term of the charter as service is provided and recognized on a pro-rata basis over the duration of the voyage.

Time, bareboat and voyage charter revenues are recognized when a charter agreement exists, charter rate is fixed and determinable, the vessel is made available to the lessee, and collection of the related revenue is reasonably assured. Revenues are recognized ratably on a straight line basis over the period of the respective charter. Revenues from profit sharing arrangements in time charters represent a portion of time charter equivalent (voyage income less direct expenses, divided by operating days), that exceeds the agreed base rate and are recognized in the period earned. Deferred revenue represents cash received in advance of being earned. The portion of the deferred revenue that will be earned within the next twelve months is classified as current liability and the rest as long term liability.

Vessel voyage expenses are direct expenses to voyage revenues and primarily consist of commissions, port expenses, canal dues and bunkers. Commissions are expensed over the related charter period and all the other voyage expenses are expensed as incurred. In general under time and bareboat charter agreements, all voyages expenses, except commissions are assumed by the charterer. For voyage charters all voyage expenses are paid by the Partnership.

Vessel operating expenses presented in the consolidated financial statements mainly consisted of:

Management fees payable to the Partnership's manager Capital Shipmanagement Corp. (the Manager or CSM) under three different types of Management agreements (Note 4); and

Actual operating expenses such as crewing, repairs and maintenance, insurance, stores, spares, lubricants and other operating expenses.

Vessel operating expenses are expensed as incurred.

Table of Contents**Capital Product Partners L.P.****Notes to the Consolidated Financial Statements****(In thousands of United States Dollars)****2. Significant Accounting Policies Continued**

- (e) **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 interest and other income in the accompanying consolidated statements of comprehensive income / (loss).
- (f) **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.
- (g) **Restricted cash:** For the Partnership to comply with debt covenants under its credit facilities, it must maintain minimum cash deposits. Such deposits are considered by the Partnership to be restricted cash. As of December 31, 2014 and 2013, restricted cash amounted to \$15,000 for each year and is presented under other non-current assets.
- (h) **Trade Accounts Receivable, Net:** The amount shown as trade accounts receivable primarily consists of earned revenue that has not been billed yet or that it has been billed but not yet collected. At each balance sheet date all potentially uncollectible accounts are assessed individually for purposes of determining the appropriate write off. As of December 31, 2014 and 2013 the respective write off amounted to \$70 and \$84, respectively.
- (i) **Inventories:** Inventories consist of consumable bunkers, lubricants, spares and stores and are stated at the lower of cost or market value. The cost is determined by the first-in, first-out method.
- (j) **Fixed Assets:** Fixed assets consist of vessels which are stated at cost, less accumulated depreciation. Vessel cost consists of the contract price for the vessel and any material expenses incurred upon their construction (improvements and delivery expenses, on-site supervision costs incurred during the construction periods, as well as capitalized interest expense during the construction period). Vessels acquired through acquisition of businesses are recorded at their acquisition date fair values. 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 vessels' remaining

economic useful life, after considering the estimated residual value. Management estimates the scrap value of the Partnership's vessels to be \$0.2 per light weight ton (LWT) and useful life to be 25 years.

(k) Impairment of Long-lived Assets: An impairment loss on long-lived assets is recognized when indicators of impairment are present and the carrying amount of the long-lived asset is greater than its fair value and not believed to be recoverable. In determining future benefits derived from use of long-lived assets, the Partnership performs an analysis of the anticipated undiscounted future net cash flows of the related long-lived assets on a vessel by vessel basis. If the carrying value of the related asset exceeds its undiscounted future net cash flows, the carrying value is reduced to its fair value. Various factors including future charter rates and vessel operating costs are included in this analysis.

In recent years market conditions as compared to previous years have changed significantly as a result of the global credit crisis and resulting slowdown in world trade. Charter rates decreased and values of assets were affected. The Partnership considered these market developments as indicators of potential impairment of the carrying amount of its vessels. The Partnership has performed an undiscounted cash flow test based on US GAAP as of December 31, 2014 and 2013, determining undiscounted projected net operating cash flows for the vessels and comparing them to the vessels' carrying values. In developing estimates of future cash flows, the Partnership made assumptions about future charter rates, utilization rates, vessel operating expenses, future dry docking costs and the estimated remaining useful life of the vessels. These assumptions are based on historical trends as well as future expectations that are in line with the Partnership's historical performance and expectations for the vessels' utilization under the current deployment strategy. Based on these assumptions, the Partnership determined that the undiscounted cash flows supported the vessels' carrying amounts as of December 31, 2014 and 2013.

(l) Intangible assets: The Partnership records all identified tangible and intangible assets or any liabilities associated with the acquisition of a business at fair value. When a business is acquired that owns a vessel with an existing charter agreement, the Partnership determines the present value of the difference between: (i) the contractual charter rate and (ii) the prevailing market rate for a charter of equivalent duration. When determining present value, the Partnership uses Weighted Average Cost of Capital (WACC). The resulting above-market (assets) and below-market (liabilities) charters are amortized using straight line method as a reduction and increase, respectively, to revenues over the remaining term of the charters.

Table of Contents**Capital Product Partners L.P.****Notes to the Consolidated Financial Statements****(In thousands of United States Dollars)****2. Significant Accounting Policies Continued****(m) *Deferred charges, net:*** are comprised mainly of:

fees paid to lenders for obtaining new loans or refinancing existing loans and are capitalized as deferred finance charges and amortized to interest expense and finance cost over the term of the respective loan using the effective interest rate method; and

dry docking costs. The Partnership's vessels are required to be dry docked every thirty to sixty months for major repairs and maintenance that cannot be performed while the vessels are under operation. For the vessels that were operated under the floating fee management agreement and Crude's management agreement (Note 4), 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.

(n) *Pension and Retirement Benefit Obligations:* The vessel-owning companies included in the consolidated financial statements employ the crew on board under short-term contracts (usually up to seven months) and accordingly, they are not liable for any pension or post retirement benefits.

(o) *Concentration of Credit Risk:* Financial instruments which potentially subject the Partnership to significant concentrations of credit risk consist principally of cash and cash equivalents, interest rate swaps, and trade accounts receivable. The Partnership places its cash and cash equivalents, consisting mostly of deposits, and enters into interest rate swap agreements with creditworthy financial institutions rated by qualified rating agencies. A limited number of financial institutions hold the Partnership's cash. Most of the Partnership's revenues were derived from a few charterers. For the year ended December 31, 2014 CMTC, Hyundai Merchant Marine Co Ltd (HMM) and A.P. Moller-Maersk A.S. (Maersk) accounted for 38%, 24% and 12% of the Partnership's total revenue, respectively. For the year ended December 31, 2013, CMTC, British Petroleum Shipping Limited (BP), Maersk and HMM accounted for 32%, 17%, 14% and 13% of the Partnership's total revenue, respectively. For the year ended December 31, 2012, CMTC and BP accounted for 45% and 23% of the Partnership's total revenue, respectively. The Partnership does not obtain rights of collateral from its charterers to reduce its credit risk.

(p)

Fair Value of Financial Instruments: The Partnership adopted the accounting guidance for Fair Value Measurements for financial assets and liabilities and any other assets and liabilities carried at fair value. This guidance defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. The carrying value of trade receivables, due from related parties, due to related parties, trade accounts payable and accrued liabilities approximates their fair value. The fair values of long-term variable rate bank loans approximate the recorded values, due to their variable interest being the LIBOR and due to the fact the lenders have the ability to pass on their funding cost to the Partnership under certain circumstances, which reflects their current assessed risk. We believe the terms of our loans are similar to those that could be procured as of December 31, 2014. LIBOR rates are observable at commonly quoted intervals for the full terms of the loans and hence bank loans are considered Level 2 items in accordance with the fair value hierarchy (Note 8). When the Partnership enters into interest swaps agreements the respective interest rate swaps are recorded at fair value on the consolidated balance sheet.

- (q) ***Interest Rate Swap Agreements:*** The Partnership designates its derivatives based upon the intended use, and recognizes all derivatives as either assets or liabilities in the consolidated balance sheet and measures those instruments at fair value. Changes in the fair value of each derivative instrument are recorded depending on the intended use of the derivative and the resulting designation. For a derivative that does not qualify as a hedge, changes in fair value are recognized within the consolidated statements of comprehensive income / (loss). For derivatives that qualify as cash flow hedges, the changes in fair value of the effective portion are recognized at the end of each reporting period in other comprehensive income / (loss) , until the hedged item is recognized in the consolidated statements of comprehensive income / (loss). The ineffective portion of a derivative's change in fair value is immediately recognized in the consolidated statements of comprehensive income / (loss).
- (r) ***Net Income / (Loss) Per Limited Partner Unit:*** Basic net income / loss per limited partner unit is calculated by dividing Partnership's net income / loss less net income allocable to preferred unit holders, general partner's interest in net income (including incentive distribution rights) and net income allocable to unvested units, by the weighted-average number of common units outstanding during the period (Note 14). 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.

Table of Contents**Capital Product Partners L.P.****Notes to the Consolidated Financial Statements****(In thousands of United States Dollars)****2. Significant Accounting Policies Continued**

- (s) **Income Taxes:** The Partnership is not subject to the payment of any income tax on its income. Instead, a tax is levied based on the tonnage of the vessels, which is included in vessel operating expenses (Note 11).
- (t) **Segment Reporting:** The Partnership reports financial information and evaluates its operations by charter revenues and not by the length, type of vessel or type of ship employment for its customers, i.e. time or bareboat charters. The Partnership does not use discrete financial information to evaluate the operating results for each such type of charter or vessel. Although revenue can be identified for these types of charters or vessels, management cannot and does not identify expenses, profitability or other financial information for these various types of charters or vessels. As a result, management, including the chief operating decision maker, reviews operating results solely by revenue per day and operating results of the fleet, and thus the Partnership has determined that it operates as one reportable segment. Furthermore, when the Partnership charters a vessel to a charterer, the charterer is free to trade the vessel worldwide and, as a result, the disclosure of geographic information is impracticable.
- (u) **Omnibus Incentive Compensation Plan:** Equity compensation expense represents vested and unvested units granted to employees and to non-employee directors, for their services as directors, as well as to non-employees and are included in general and administrative expenses in the consolidated statements of comprehensive income / (loss). These units are measured at their fair value equal to the market value of the Partnership's common units on the grant date. The units that contain a time-based service vesting condition are considered unvested units on the grant date and a total fair value of such units is recognized on a straight-line basis over the requisite service period. In addition, unvested awards granted to non-employees are measured at their then-current fair value as of the financial reporting dates (Note 13).
- (v) **Recent Accounting Pronouncements:** On May 28, 2014, the Financial Accounting Standards Board (FASB issued Accounting Standard Update (ASU) No 2014-09, Revenue From Contracts With Customers, which outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance, including industry-specific guidance. This standard is effective for public entities with reporting periods beginning after December 15, 2016. Early adoption is not permitted. The Company has not yet evaluated the impact, if any, of the adoption of this new standard.

3. Acquisitions**a. Anax Container Carrier S.A. (M/V Hyundai Prestige)**

On September 11, 2013, the Partnership acquired the shares of Anax Container Carrier S.A., the vessel owning company of the M/V Hyundai Prestige (Anax) from CMTC for a total consideration of \$65,000 following the unanimous recommendation of the conflicts committee and the unanimous approval of the board of directors. The vessel at the time of her acquisition by the Partnership was fixed on a twelve year time charter, with HMM. The time charter commenced in February 2013 and the earliest expiration date under the charter is in December 2024.

The Partnership accounted for the acquisition of Anax as an acquisition of a business. All assets and liabilities of Anax except the vessel, necessary permits and time charter agreement, were retained by CMTC. The purchase price of the acquisition has been allocated to the identifiable assets acquired, with the excess of the fair value of assets acquired over the purchase price recorded as a gain from bargain purchase.

Purchase Price

The total purchase consideration of \$65,000 was funded using a portion of the \$75,000 that the Partnership had drawn down under its new loan facility (Note 7), part of the net proceeds from the issuance of 13,685,000 Partnership's Common Units in August 2013 (Note 12) and part of the Partnership's available cash.

Acquisition related costs

There were no costs incurred in relation to the acquisition of Anax.

Table of Contents**Capital Product Partners L.P.****Notes to the Consolidated Financial Statements****(In thousands of United States Dollars)****3. Acquisitions Continued****a. Anax Container Carrier S.A. (M/V Hyundai Prestige) Continued*****Purchase price allocation***

The allocation of the purchase price to acquired identifiable assets was based on their estimated fair values at the date of acquisition.

The fair value allocated to each class of identifiable assets of Anax and the gain from bargain purchase recorded as non operating income in the Partnership's consolidated statements of comprehensive income / (loss) for the year ended December 31, 2013 was calculated as follows:

	As of	
	September 11, 2013	
Vessel	\$	54,000
Above market acquired time charter	\$	19,094
Identifiable assets	\$	73,094
Purchase price	\$	(65,000)
Gain from bargain purchase	\$	8,094

After a subsequent review and reassessment of valuation methods and procedures of the \$73,094 fair value amount for identifiable assets acquired, the Partnership concluded that its measurements for the assets acquired appropriately reflect consideration of all available information that existed as of the acquisition date. Therefore, the Partnership recorded a gain from bargain purchase of \$8,094 in its consolidated statements of comprehensive income / (loss), in accordance with Accounting Standard Codification (ASC) Subtopic 805-30 Business Combinations, Goodwill or Gain from Bargain Purchase, Including Consideration Transferred as of the Anax acquisition date.

Identifiable intangible assets

The following table sets forth the component of the identifiable intangible asset acquired with the purchase of Anax which is being amortized over its duration on a straight-line basis as a reduction of revenue:

Intangible assets	As of September 11, 2013	Duration of time charter acquired
Above market acquired time charter	\$ 19,094	11.3 years

The fair value of the above market time charter acquired was determined as the difference between the time charter rate at which the vessel was fixed at and the market rate for a comparable charter as provided by independent third parties on the business combination date discounted at a WACC of approximately 11%.

Total revenues and net income of M/V Hyundai Prestige since its acquisition by the Partnership were \$2,778 and \$1,298 respectively and are included in the Partnership's consolidated statements of comprehensive income / (loss) for the year ended December 31, 2013.

Pro Forma Financial Information

The supplemental pro forma financial information was prepared using the acquisition method of accounting and is based on the following:

The Partnership's actual results of operations for the year ended December 31, 2013, and

Pro forma results of operations of Anax for the period from its vessel's delivery from the shipyard on February 19, 2013 (vessel inception) to September 11, 2013 as if Hyundai Prestige was operating under post acquisition revenue and cost structure.

The combined results do not purport to be indicative of the results of the operations which would have resulted had the acquisition been effected at the beginning of the applicable period noted above, or the future results of operations of the combined entity.

Table of Contents**Capital Product Partners L.P.****Notes to the Consolidated Financial Statements****(In thousands of United States Dollars)****3. Acquisitions Continued****a. Anax Container Carrier S.A. (M/V Hyundai Prestige) Continued**

The following table summarizes total net revenues; net income and net income per common unit of the combined entity had the acquisition of Hyundai Prestige occurred on February 19, 2013 (vessel inception):

	For the year ended December 31,
	2013
Total revenues	\$ 176,535
Partnership's net income	\$ 100,624
Preferred unit holders' interest in Partnership's net income	\$ 18,805
General Partner's interest in Partnership's net income	\$ 1,621
Common unit holders interest in Partnership's net income	\$ 80,198
Net income per common unit basic	\$ 1.05
Net income per common unit diluted	\$ 1.02

b. Theseas Container Carrier S.A. (M/V Hyundai Privilege)

On September 11, 2013, the Partnership acquired the shares of Theseas Container Carrier S.A., the vessel owning company of the M/V Hyundai Privilege (Theseas) from CMTC for a total consideration of \$65,000 following the unanimous recommendation of the conflicts committee and the unanimous approval of the board of directors. The vessel at the time of her acquisition by the Partnership was fixed on a twelve year time charter, with HMM. The time charter commenced in May 2013 and the earliest expiration date under the charter is in April 2025. The Partnership accounted for the acquisition of Theseas as an acquisition of a business. All assets and liabilities of Theseas except the vessel, necessary permits and time charter agreement, were retained by CMTC. The purchase price of the acquisition has been allocated to the identifiable assets acquired, with the excess of the fair value of assets acquired over the purchase price recorded as a gain from bargain purchase.

Purchase Price

The total purchase consideration of \$65,000 was funded using a portion of the \$75,000 that the Partnership had drawn down under its new loan facility (Note 7), part of the net proceeds from the issuance of 13,685,000 Partnership's Common Units in August 2013 (Note 12) and part of the Partnership's available cash.

Acquisition related costs

There were no costs incurred in relation to the acquisition of Theseas.

Purchase price allocation

The allocation of the purchase price to acquired identifiable assets was based on their estimated fair values at the date of acquisition.

The fair value allocated to each class of identifiable assets of Theseas and the gain from bargain purchase recorded as non operating income in the Partnership's consolidated statements of comprehensive income / (loss) for the year ended December 31, 2013 was calculated as follows:

	As of	
	September 11, 2013	
Vessel	\$	54,000
Above market acquired time charter	\$	19,329
Identifiable assets	\$	73,329
Purchase price	\$	(65,000)
Gain from bargain purchase	\$	8,329

After a subsequent review and reassessment of valuation methods and procedures of the \$73,329 fair value amount for identifiable assets acquired, the Partnership concluded that its measurements for the assets acquired appropriately reflect consideration of all available information that existed as of the acquisition date. Therefore, the Partnership recorded a gain from bargain purchase of \$8,329 in its consolidated statements of comprehensive income / (loss), in accordance with ASC Subtopic 805-30 Business Combinations, Goodwill or Gain from Bargain Purchase, Including Consideration Transferred as of the Theseas acquisition date.

Table of Contents**Capital Product Partners L.P.****Notes to the Consolidated Financial Statements****(In thousands of United States Dollars)****3. Acquisitions Continued****b. Theseas Container Carrier S.A. (M/V Hyundai Privilege) Continued*****Identifiable intangible assets***

The following table sets forth the component of the identifiable intangible asset acquired with the purchase of Theseas which is being amortized over its duration on a straight-line basis as a reduction of revenue:

Intangible assets	As of September 11, 2013	Duration of time charter acquired
Above market acquired time charter	\$ 19,329	11.6 years

The fair value of the above market time charter acquired was determined as the difference between the time charter rate at which the vessel was fixed at and the market rate for a comparable charter as provided by independent third parties on the business combination date discounted at a WACC of approximately 11%.

Total revenues and net income of M/V Hyundai Privilege since its acquisition by the Partnership were \$2,785 and \$1,392 respectively and are included in the Partnership's consolidated statements of comprehensive income / (loss) for the year ended December 31, 2013.

Pro Forma Financial Information

The supplemental pro forma financial information was prepared using the acquisition method of accounting and is based on the following:

The Partnership's actual results of operations for the year ended December 31, 2013, and

Pro forma results of operations of Theseas for the period from its vessel's delivery from the shipyard on May 31, 2013 (vessel inception) to September 11, 2013 as if Hyundai Privilege was operating under post acquisition revenue and cost structure.

The combined results do not purport to be indicative of the results of the operations which would have resulted had the acquisition been effected at the beginning of the applicable period noted above, or the future results of operations of the combined entity.

The following table summarizes total net revenues; net income and net income per common unit of the combined entity had the acquisition of Hyundai Privilege occurred on May 31, 2013 (vessel inception):

	For the year ended December 31, 2013
Total revenues	\$ 174,045
Partnership's net income	\$ 100,144
Preferred unit holders' interest in Partnership's net income	\$ 18,805
General Partner's interest in Partnership's net income	\$ 1,611
Common unit holders' interest in Partnership's net income	\$ 79,728
Net income per common unit basic	\$ 1.04
Net income per common unit diluted	\$ 1.01

c. Cronus Container Carrier S.A. (M/V Hyundai Platinum)

On September 11, 2013, the Partnership acquired the shares of Cronus Container Carrier S.A., the vessel owning company of the M/V Hyundai Platinum (Cronus) from CMTC for a total consideration of \$65,000 following the unanimous recommendation of the conflicts committee and the unanimous approval of the board of directors. The vessel at the time of her acquisition by the Partnership was fixed on a twelve year time charter, with HMM. The time charter commenced in June 2013 and the earliest expiration date under the charter is in April 2025.

The Partnership accounted for the acquisition of Cronus as an acquisition of a business. All assets and liabilities of Cronus except the vessel, necessary permits and time charter agreement, were retained by CMTC. The purchase price of the acquisition has been allocated to the identifiable assets acquired, with the excess of the fair value of assets acquired over the purchase price recorded as a gain from bargain purchase.

Table of Contents**Capital Product Partners L.P.****Notes to the Consolidated Financial Statements****(In thousands of United States Dollars)****3. Acquisitions Continued****c. Cronus Container Carrier S.A. (M/V Hyundai Platinum) Continued*****Purchase Price***

The total purchase consideration of \$65,000 was funded using a portion of the \$75,000 that the Partnership had drawn down under its new loan facility (Note 7), part of the net proceeds from the issuance of 13,685,000 Partnership's Common Units in August 2013 (Note 12) and part of the Partnership's available cash.

Acquisition related costs

There were no costs incurred in relation to the acquisition of Cronus.

Purchase price allocation

The allocation of the purchase price to acquired identifiable assets was based on their estimated fair values at the date of acquisition.

The fair value allocated to each class of identifiable assets of Cronus and the gain from bargain purchase recorded as non operating income in the Partnership's consolidated statements of comprehensive income / (loss) for the year ended December 31, 2013 was calculated as follows:

	As of
	September 11, 2013
Vessel	\$ 54,000
Above market acquired time charter	\$ 19,358
Identifiable assets	\$ 73,358
Purchase price	\$ (65,000)
Gain from bargain purchase	\$ 8,358

After a subsequent review and reassessment of valuation methods and procedures of the \$73,358 fair value amount for identifiable assets acquired, the Partnership concluded that its measurements for the assets acquired appropriately reflect consideration of all available information that existed as of the acquisition date. Therefore, the Partnership recorded a gain from bargain purchase of \$8,358 in its consolidated statements of comprehensive income / (loss), in accordance with ASC Subtopic 805-30 Business Combinations, Goodwill or Gain from Bargain Purchase, Including Consideration Transferred as of the Cronus acquisition date.

Identifiable intangible assets

The following table sets forth the component of the identifiable intangible asset acquired with the purchase of Cronus which is being amortized over its duration on a straight-line basis as a reduction of revenue:

Intangible assets	As of September 11, 2013	Duration of time charter acquired
Above market acquired time charter	\$ 19,358	11.6 years

The fair value of the above market time charter acquired was determined as the difference between the time charter rate at which the vessel was fixed at and the market rate for a comparable charter as provided by independent third parties on the business combination date discounted at a WACC of approximately 11%.

Total revenues and net income of M/V Hyundai Platinum since its acquisition by the Partnership were \$2,786 and \$1,357 respectively and are included in the Partnership's consolidated statements of comprehensive income / (loss) for the year ended December 31, 2013.

Table of Contents**Capital Product Partners L.P.****Notes to the Consolidated Financial Statements****(In thousands of United States Dollars)****3. Acquisitions Continued****c. Cronus Container Carrier S.A. (M/V Hyundai Platinum) Continued*****Pro Forma Financial Information***

The supplemental pro forma financial information was prepared using the acquisition method of accounting and is based on the following:

The Partnership's actual results of operations for the year ended December 31, 2013, and

Pro forma results of operations of Cronus for the period from its vessel's delivery from the shipyard on June 14, 2013 (vessel inception) to September 11, 2013 as if Hyundai Platinum was operating under post acquisition revenue and cost structure.

The combined results do not purport to be indicative of the results of the operations which would have resulted had the acquisition been effected at the beginning of the applicable period noted above, or the future results of operations of the combined entity.

The following table summarizes total net revenues; net income and net income per common unit of the combined entity had the acquisition of Hyundai Platinum occurred on June 14, 2013 (vessel inception):

	For the year ended December 31, 2013
Total revenues	\$ 173,699
Partnership's net income	\$ 100,031
Preferred unit holders' interest in Partnership's net income	\$ 18,805
General Partner's interest in Partnership's net income	\$ 1,609
Common unit holders' interest in Partnership's net income	\$ 79,617
Net income per common unit basic	\$ 1.04

Net income per common unit diluted	\$	1.01
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d. Hercules Container Carrier S.A. (M/V Hyundai Premium)

On March 20, 2013, the Partnership acquired the shares of Hercules Container Carrier S.A., the vessel owning company of the M/V Hyundai Premium (Hercules) from CMTC for a total consideration of \$65,000 following the unanimous recommendation of the conflicts committee and the unanimous approval of the board of directors. The vessel at the time of her acquisition by the Partnership was fixed on a twelve year time charter, with HMM. The time charter commenced in March 2013 and the earliest expiration date under the charter is in January 2025.

The Partnership accounted for the acquisition of Hercules as an acquisition of a business. All assets and liabilities of Hercules except the vessel, necessary permits and time charter agreement, were retained by CMTC. The purchase price of the acquisition has been allocated to the identifiable assets acquired, with the excess of the fair value of assets acquired over the purchase price recorded as a gain from bargain purchase.

Purchase Price

The total purchase consideration of \$65,000 was funded by \$27,000 through a draw-down from the Partnership's \$350,000 credit facility (Note 7), by \$36,279 representing part of the net proceeds from the issuance of 9,100,000 Partnership's Class B Convertible Preferred Units in March 2013 (Note 12) and by \$1,721 from the Partnership's available cash.

Acquisition related costs

There were no costs incurred in relation to the acquisition of Hercules.

Table of Contents**Capital Product Partners L.P.****Notes to the Consolidated Financial Statements****(In thousands of United States Dollars)****3. Acquisitions Continued****d. Hercules Container Carrier S.A. (M/V Hyundai Premium) Continued*****Purchase price allocation***

The allocation of the purchase price to acquired identifiable assets was based on their estimated fair values at the date of acquisition.

The fair value allocated to each class of identifiable assets of Hercules and the gain from bargain purchase recorded as non operating income in the Partnership's consolidated statements of comprehensive income / (loss) for the year ended December 31, 2013 was calculated as follows:

	As of
	March 20, 2013
Vessel	\$ 54,000
Above market acquired time charter	\$ 19,707
Identifiable assets	\$ 73,707
Purchase price	\$ (65,000)
Gain from bargain purchase	\$ 8,707

After a subsequent review and reassessment of valuation methods and procedures of the \$73,707 fair value amount for identifiable assets acquired, the Partnership concluded that its measurements for the assets acquired appropriately reflect consideration of all available information that existed as of the acquisition date. Therefore, the Partnership recorded a gain from bargain purchase of \$8,707 in its consolidated statements of comprehensive income / (loss), in accordance with ASC Subtopic 805-30 Business Combinations, Goodwill or Gain from Bargain Purchase, Including Consideration Transferred as of the Hercules acquisition date.

Identifiable intangible assets

The following table sets forth the component of the identifiable intangible asset acquired with the purchase of Hercules which is being amortized over its duration on a straight-line basis as a reduction of revenue:

Intangible assets	As of March 20, 2013	Duration of time charter acquired
Above market acquired time charter	\$ 19,707	11.8 years

The fair value of the above market time charter acquired was determined as the difference between the time charter rate at which the vessel was fixed at and the market rate for a comparable charter as provided by independent third parties on the business combination date discounted at a WACC of approximately 11%.

Total revenues and net income of M/V Hyundai Premium since its acquisition by the Partnership were \$7,181 and \$3,567 respectively and are included in the Partnership's consolidated statements of comprehensive income / (loss) for the year ended December 31, 2013.

Pro Forma Financial Information

The supplemental pro forma financial information was prepared using the acquisition method of accounting and is based on the following:

The Partnership's actual results of operations for the year ended December 31, 2013, and

Pro forma results of operations of Hercules for the period from its vessel's delivery from the shipyard on March 11, 2013 (vessel inception) to March 20, 2013 as if Hyundai Premium was operating under post acquisition revenue and cost structure.

The combined results do not purport to be indicative of the results of the operations which would have resulted had the acquisition been effected at the beginning of the applicable period noted above, or the future results of operations of the combined entity.

Table of Contents**Capital Product Partners L.P.****Notes to the Consolidated Financial Statements****(In thousands of United States Dollars)****3. Acquisitions Continued****d. Hercules Container Carrier S.A. (M/V Hyundai Premium) Continued*****Pro Forma Financial Information Continued***

The following table summarizes total net revenues; net income and net income per common unit of the combined entity had the acquisition of Hyundai Premium occurred on March 11, 2013 (vessel inception):

	For the year ended December 31, 2013
Total revenues	\$ 171,717
Partnership's net income	\$ 99,571
Preferred unit holders' interest in Partnership's net income	\$ 18,805
General Partner's interest in Partnership's net income	\$ 1,600
Common unit holders' interest in Partnership's net income	\$ 79,166
Net income per common unit basic	\$ 1.04
Net income per common unit diluted	\$ 1.01

e. Iason Container Carrier S.A. (M/V Hyundai Paramount)

On March 27, 2013, the M/V Hyundai Paramount (Iason) was delivered to CMTC from a shipyard and on the same date the Partnership acquired the shares of Iason Container Carrier S.A., the vessel owning company of M/V Hyundai Paramount from CMTC for a total consideration of \$65,000 following the unanimous recommendation of the conflicts committee and the unanimous approval of the board of directors. At the time of her acquisition by the Partnership the vessel was fixed on a twelve year time charter, with HMM. The time charter commenced in April 2013 and the earliest expiration date under the charter is in February 2025.

The Partnership accounted for the acquisition of Iason as an acquisition of a business. All assets and liabilities of Iason except the vessel, necessary permits and time charter agreement, were retained by CMTC. The purchase price of the acquisition has been allocated to the identifiable assets acquired, with the excess of the fair value of assets

acquired over the purchase price recorded as a gain from bargain purchase.

Purchase Price

The total purchase consideration of \$65,000 was funded by \$27,000 through a draw-down from the Partnership's \$350,000 credit facility (Note 7), by \$36,278 representing part of the net proceeds from the issuance of Partnership's Class B Convertible Preferred Units in March 2013 (Note 12) and by \$1,722 from the Partnership's available cash.

Acquisition related costs

There were no costs incurred in relation to the acquisition of Iason.

Purchase price allocation

The allocation of the purchase price to acquired identifiable assets was based on their estimated fair values at the date of acquisition.

The fair value allocated to each class of identifiable assets of Iason and the gain from bargain purchase recorded as non operating income in the Partnership's consolidated statements of comprehensive income / (loss) for the year ended December 31, 2013 was calculated as follows:

	As of
	March 27, 2013
Vessel	\$ 54,000
Above market acquired time charter	\$ 19,768
Identifiable assets	\$ 73,768
Purchase price	\$ (65,000)
Gain from bargain purchase	\$ 8,768

Table of Contents**Capital Product Partners L.P.****Notes to the Consolidated Financial Statements****(In thousands of United States Dollars)****3. Acquisitions Continued****e. Iason Container Carrier S.A. (M/V Hyundai Paramount) Continued*****Purchase price allocation Continued***

After a subsequent review and reassessment of valuation methods and procedures of the \$73,768 fair value amount for identifiable assets acquired, the Partnership concluded that its measurements for the assets acquired appropriately reflect consideration of all available information that existed as of the acquisition date. Therefore, the Partnership recorded a gain from bargain purchase of \$8,768 in its consolidated statements of comprehensive income / (loss), in accordance with ASC Subtopic 805-30 Business Combinations, Goodwill or Gain from Bargain Purchase, Including Consideration Transferred as of the Iason acquisition date.

Identifiable intangible assets

The following table sets forth the component of the identifiable intangible asset acquired with the purchase of Iason which is being amortized over its duration on a straight-line basis as a reduction of revenue:

Intangible assets	As of March 27, 2013	Duration of time charter acquired
Above market acquired time charter	\$ 19,768	11.8 years

The fair value of the above market time charter acquired was determined as the difference between the time charter rate at which the vessel was fixed at and market rate for comparable charter as provided by independent third parties on the business combination date discounted at a WACC of approximately 11%.

Total revenues and net income of Hyundai Paramount since its acquisition by the Partnership were \$6,732 and \$3,220 respectively and included in the Partnership's consolidated statements of comprehensive income / (loss) for the year ended December 31, 2013.

Pro Forma Financial Information

There is no pro forma financial information available in relation to the acquisition of Iason as its vessel was under construction up to the date of her acquisition by the Partnership.

f. Agamemnon Container Carrier Corp. (M/V Agamemnon)

On December 22, 2012, the Partnership acquired the shares of Agamemnon Container Carrier Corp., the vessel owning company of the M/V Agamemnon, (Agamemnon), from CMTC in exchange for the shares of the Partnership's wholly owned subsidiary Achilleas Carriers Corp., the vessel owning company of the M/T Achilleas (Achilleas) following the unanimous recommendation of the conflicts committee and the unanimous approval of the board of directors. The vessel at the time of her acquisition by the Partnership operated under a three year time charter, with Maersk. The time charter commenced in June 2012 and the earliest expiry is in July 2015. Maersk has the option to extend the charter for up to an additional four years. The acquisition of Agamemnon was deemed accretive to the Partnership's distributions.

The Partnership accounted for the acquisition of Agamemnon as an acquisition of a business. All assets and liabilities of Agamemnon except the vessel, necessary permits and time charter agreement, were retained by CMTC. Furthermore up to the date of the exchange of Achilleas Carriers Corp., all assets and liabilities of Achilleas, except the vessel, were retained by the Partnership. CMTC has also waived any compensation for the early termination of the charter of Achilleas. The purchase price of the acquisition has been allocated to the identifiable assets acquired.

Purchase Price

The total purchase consideration of \$70,250 is comprised of:

- a) \$68,875 representing the fair value of Achilleas, and
- b) \$1,375 representing the cash consideration paid to CMTC by the Partnership.

Acquisition related costs

Acquisition-related costs of approximately \$5.0 are included in general and administrative expenses in the consolidated statements of comprehensive income / (loss) for the year ended December 31, 2012.

Table of Contents**Capital Product Partners L.P.****Notes to the Consolidated Financial Statements****(In thousands of United States Dollars)****3. Acquisitions Continued****f. Agamemnon Container Carrier Corp. (M/V Agamemnon) Continued*****Purchase price allocation***

The allocation of the purchase price to acquired identifiable assets was based on their estimated fair values at the date of acquisition.

The fair value allocated to each class of identifiable assets of Agamemnon was calculated as follows:

	As of	
	December 22, 2012	
Vessel	\$	68,000
Above market acquired time charter	\$	2,250
Identifiable assets	\$	70,250
Purchase price	\$	(70,250)

Identifiable intangible assets

The following table sets forth the component of the identifiable intangible asset acquired with the purchase of Agamemnon which is being amortized over its duration on a straight-line basis as a reduction of revenue:

Intangible	As of		Duration of time
	December 22,		
assets	2012		charter acquired
Above market acquired time charter	\$	2,250	2.6 years

The fair value of the above market time charter acquired was determined as the difference between the time charter rate and the market rate for a comparable charter on the business combination date discounted at the WACC of approximately 11%.

Total revenues and net income of Agamemnon since its acquisition by the Partnership were \$318 and \$185 respectively and included in the Partnership's consolidated statements of comprehensive income / (loss) for the year ended December 31, 2012.

Pro Forma Financial Information

The supplemental pro forma financial information was prepared using the acquisition method of accounting and is based on the following:

The Partnership's actual results of operations for the year ended December 31, 2012 excluding non recurring transactions such as Achilleas impairment charge of \$21,614 as well as the actual results of operations of Achilleas for the period from January 1, 2012 to December 21, 2012 and actual acquisition related costs the Partnership incurred in connection with the acquisition of Agamemnon;

The Partnership's actual results of operations for the year ended December 31, 2011 adjusted for non recurring transactions such as Achilleas impairment charge of \$21,614 and actual acquisition related costs the Partnership incurred in connection with the acquisition of Agamemnon. Achilleas actual results of operations for the period from October 1, 2011 to December 31, 2011 have been excluded from the Partnership's actual results of operations as the vessel owning company of Achilleas was a fully owned subsidiary of Crude which was merged with the Partnership on September 30, 2011; and

Pro forma results of operations of Agamemnon for the period from January 1, 2012 to December 21, 2012 and for the year ended December 31, 2011 as if Agamemnon was operating under post acquisition revenue and cost structure.

The combined results do not purport to be indicative of the results of the operations which would have resulted had the acquisition been effected at beginning of the applicable period noted above, or the future results of operations of the combined entity. The following table summarizes total net revenues; net income / (loss) and net income / (loss) per common unit of the combined entity had the acquisition of Agamemnon occurred on January 1, 2011:

	For the year ended December 31,	
	2012	2011
Total revenues	\$ 154,227	\$ 137,065
Partnership's net income	\$ 2,210	\$ 72,508
Preferred unit holders' interest in Partnership's net income	\$ 10,809	\$
General Partner's interest in Partnership's net (loss) / income	\$ (172)	\$ 1,450
Common unit holders' interest in Partnership's net (loss) / income	\$ (8,427)	\$ 71,058
	\$ (0.12)	\$ 1.51

Net (loss) / income per common unit (basic and diluted)

F-20

Table of Contents

Capital Product Partners L.P.

Notes to the Consolidated Financial Statements

(In thousands of United States Dollars)

3. Acquisitions Continued

g. Archimidis Container Carrier Corp. (M/V Archimidis)

On December 22, 2012, the Partnership acquired the shares of Archimidis Container Carrier Corp., the vessel owning company of the M/V Archimidis, (Archimidis), from CMTC in exchange for the shares of the Partnership's wholly owned subsidiary Alexander The Great Carriers Corp., the vessel owning company of the M/T Alexander The Great (Alexander The Great) following the unanimous recommendation of the conflicts committee and the unanimous approval of the board of directors. The vessel at the time of her acquisition by the Partnership operated under a three year time charter, with Maersk. The time charter commenced in November 2012 and the earliest expiry is in October 2015. Maersk has the option to extend the charter for up to an additional four years. The acquisition of Archimidis was deemed accretive to the Partnership's distributions.

The Partnership accounted for the acquisition of Archimidis as an acquisition of a business. All assets and liabilities of Archimidis except the vessel, necessary permits and time charter agreement, were retained by CMTC. Furthermore up to the date of the exchange of Alexander the Great Carriers Corp., all assets and liabilities of Alexander the Great, except the vessel, were retained by the Partnership. CMTC has also waived any compensation for the early termination of the charter of Alexander the Great. The purchase price of the acquisition has been allocated to the identifiable assets acquired.

Purchase Price

The total purchase consideration of \$67,250 is comprised of:

- a) \$68,875 representing the fair value of Alexander the Great and;
- b) \$1,625 representing the cash consideration the Partnership received by CMTC.

Acquisition related costs

Acquisition-related costs of approximately \$5.0 are included in general and administrative expenses in the consolidated statements of comprehensive income / (loss) for the year ended December 31, 2012.

Purchase price allocation

The allocation of the purchase price to acquired identifiable assets was based on their estimated fair values at the date of acquisition.

The fair value allocated to each class of identifiable assets of Archimidis was calculated as follows:

	As of	
	December 22, 2012	
Vessel	\$	65,000
Above market acquired time charter	\$	2,250
Identifiable assets	\$	67,250
Purchase price	\$	(67,250)

Identifiable intangible assets

The following table sets forth the component of the identifiable intangible asset acquired with the purchase of Archimidis which is being amortized over its duration on a straight-line basis as a reduction of revenue:

Intangible	As of	
assets	December 22,	Duration of time
	2012	charter acquired
Above market acquired time charter	\$ 2,250	3.0 years

The fair value of the above market time charter acquired was determined as the difference between the time charter rate and market rate for comparable charter on the business combination date discounted at the WACC of approximately 11%.

Total revenues and net income of Archimidis since its acquisition by the Partnership were \$321 and \$178 respectively and included in the Partnership's consolidated statements of comprehensive income / (loss) for the year ended December 31, 2012.

Table of Contents

Capital Product Partners L.P.

Notes to the Consolidated Financial Statements

(In thousands of United States Dollars)

3. Acquisitions Continued

g. Archimidis Container Carrier Corp. (M/V Archimidis) Continued

Pro Forma Financial Information

The supplemental pro forma financial information was prepared using the acquisition method of accounting and is based on the following:

The Partnership's actual results of operations for the year ended December 31, 2012 excluding non recurring transactions such as Alexander the Great impairment charge of \$21,564 as well as the actual results of operations of Alexander the Great for the period from January 1, 2012 to December 21, 2012 and actual acquisition related costs the Partnership incurred in connection with the acquisition of Archimidis;

The Partnership's actual results of operations for the year ended December 31, 2011 adjusted for non recurring transactions such as Alexander the Great impairment charge of \$21,564 and actual acquisition related costs the Partnership incurred in connection with the acquisition of Archimidis. Alexander the Great actual results of operations for the period from October 1, 2011 to December 31, 2011 have been excluded from the Partnership's actual results of operations as the vessel owning company of Alexander the Great was a fully owned subsidiary of Crude which was merged with the Partnership on September 30, 2011; and

Pro forma results of operations of Archimidis for the period from January 1, 2012 to December 21, 2012 and for the year ended December 31, 2011, as if Archimidis was operating under post acquisition revenue and cost structure.

The combined results do not purport to be indicative of the results of the operations which would have resulted had the acquisition been effected at the beginning of the applicable period noted above, or the future results of operations of the combined entity.

The following table summarizes total net revenues; net (loss) / income and net (loss) / income per common unit of the combined entity had the acquisitions of Archimidis occurred on January 1, 2011:

	For the year ended December 31,	
	2012	2011
Total revenues	\$ 155,011	\$ 139,890
Partnership s net income	\$ 2,746	\$ 72,813
Preferred unit holders interest in Partnership s net income	\$ 10,809	\$
General Partner s interest in Partnership s net (loss) / income	\$ (161)	\$ 1,456
Common unit holders interest in Partnership s net (loss)/income	\$ (7,902)	\$ 71,357
Net (loss)/income per common unit (basic and diluted)	\$ (0.12)	\$ 1.51

F-22

Table of Contents

Capital Product Partners L.P.

Notes to the Consolidated Financial Statements

(In thousands of United States Dollars)

4. Transactions with Related Parties

The Partnership and its subsidiaries have related party transactions with the Manager, arising from certain terms of the following three different types of management agreements.

- 1. *Fixed fee management agreement:*** At the time of the completion of the IPO, the Partnership entered into an agreement with its Manager, according to which the Manager provides the Partnership with certain commercial and technical management services for a fixed daily fee per managed vessel which covers the commercial and technical management services, the respective vessels' operating costs such as crewing, repairs and maintenance, insurance, stores, spares, and lubricants as well as the cost of the first special survey or next scheduled dry-docking, of each vessel. In addition to the fixed daily fees payable under the management agreement, the Manager is entitled to supplementary compensation for additional fees and costs (as defined in the agreement) of any direct and indirect additional expenses it reasonably incurs in providing these services, which may vary from time to time. The Partnership also pays a fixed daily fee per bareboat chartered vessel in its fleet, mainly to cover compliance and commercial costs, which include those costs incurred by the Manager to remain in compliance with the oil majors' requirements, including vetting requirements;
- 2. *Floating fee management agreement:*** On June 9, 2011, the Partnership entered into an agreement with its Manager based on actual expenses per managed vessel with an initial term of five years. Under the terms of this agreement, the Partnership compensates its Manager 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 Manager. The Partnership also pays its Manager a daily technical management fee per managed vessel that is revised annually based on the United States Consumer Price Index; and
- 3. *Crude management agreement:*** On September 30, 2011, the Partnership completed the acquisition of Crude. The five crude tanker vessels, which the Partnership acquired at the time of the completion of the merger with Crude, continue to be managed under a management agreement entered into in March 2010 with the Manager, whose initial term expires on December 31, 2020. Under the terms of this agreement the Partnership compensates the Manager for all of its 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 and administrative costs. The Partnership also pays its Manager the following fees:

(a) a daily technical management fee per managed vessel that is revised annually based on the United States Consumer Price Index;

(b) a sale & purchase fee equal to 1% of the gross purchase or sale price upon the consummation of any purchase or sale of a vessel acquired/disposed by Crude; and

(c) a commercial services fee equal to 1.25% of all gross charter revenues generated by each vessel for commercial services rendered.

The Manager has the right to terminate the Crude management agreement and, under certain circumstances, could receive substantial sums in connection with such termination. As of March 2014 this termination fee had been adjusted to \$9,760.

All the above three agreements constitute the Management Agreements .

Under the terms of the fixed fee management agreement, the Manager charged the Partnership for additional fees and costs, relating to insurances deductibles, vetting, and repairs and spares that related to unforeseen events. For the years ended December 31, 2014, 2013 and 2012 such fees amounted to \$840, \$644 and \$1,850, respectively. The 2013 charge includes the amount of \$330 that reflects the claim proceeds the Partnership received for the M/T Aristofanis.

On April 4, 2007, the Partnership entered into an administrative services agreement with the Manager, pursuant to which the Manager will provide certain administrative management services to the Partnership such as accounting, auditing, legal, insurance, IT, clerical, investor relations and other administrative services. Also the Partnership reimburses its general partner, Capital GP L.L.C. (the CGP) for all expenses which are necessary or appropriate for the conduct of the Partnership's business. The Partnership reimburses the Manager and CGP for reasonable costs and expenses incurred in connection with the provision of these services after the Manager 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 & administrative expenses in the consolidated statements of comprehensive income / (loss).

Table of Contents**Capital Product Partners L.P.****Notes to the Consolidated Financial Statements****(In thousands of United States Dollars)****4. Transactions with Related Parties – Continued**

Balances and transactions with related parties consisted of the following:

Consolidated Balance Sheets	As of December 31, 2014	As of December 31, 2013
Assets:		
Hire receivable (c)	\$ 55	\$ 667
Due from related parties	55	667
Advances for vessels under construction (f)	66,641	
Total assets	\$ 66,696	\$ 667
Liabilities:		
Manager payments on behalf of the Partnership (a)	\$ 16,517	12,333
Management fee payable to CSM (b)	980	1,353
Due to related parties	\$ 17,497	\$ 13,686
Deferred revenue current (e)	6,020	5,198
Total liabilities	\$ 23,517	\$ 18,884

For the year ended

Consolidated Statements of Income	December 31,		
	2014	2013	2012
Revenues (c)	\$ 72,870	\$ 54,974	\$ 69,938
Voyage expenses	338	314	554
Vessel operating expenses	13,315	17,039	23,634
General and administrative expenses (d)	2,996	3,052	3,092

(a) Manager Payments on Behalf of Capital Product Partners L.P.: This line item includes the payments made by the Manager on behalf of the Partnership and its subsidiaries.

(b) Management fee payable to CSM: The amount outstanding as of December 31, 2014 and 2013 represents the management fee payable to CSM as a result of the Management Agreements the Partnership entered into with the Manager.

Table of Contents**Capital Product Partners L.P.****Notes to the Consolidated Financial Statements**

(In thousands of United States Dollars)

4. Transactions with Related Parties – Continued

(c) **Revenues:** The following table includes information regarding the charter agreements that were in place between the Partnership and CMTC and its subsidiaries during 2014 and 2013.

Vessel Name	Time Charter (TC) in years	Commencement of Charter	Termination or earliest expected redelivery	Gross (Net) Daily Hire Rate
M/T Agisilaos	1 TC	09/2012	09/2013	\$13.5 (\$13.3)
M/T Agisilaos	1 TC	09/2013	09/2014	\$14.3 (\$14.1)
M/T Agisilaos	1 TC	09/2014	08/2015	\$14.3 (\$14.1)
M/T Axios	1 TC	06/2012	06/2013	\$14.0 (\$13.8)
M/T Axios	1 TC	06/2013	07/2014	\$14.8 (\$14.6)
M/T Axios	1 TC	07/2014	06/2015	\$14.8 (\$14.6)
M/T Arionas	1 TC	11/2012	11/2013	\$13.8 (\$13.6)
M/T Arionas	1 TC	11/2013	12/2014	\$14.3 (\$14.1)
M/T Arionas	1.2 TC	12/2014	01/2016	\$15.0 (\$14.8)
M/T Alkiviadis	1 TC	07/2012	07/2013	\$13.4 (\$13.2)
M/T Alkiviadis	1 TC	07/2013	09/2014	\$14.3 (\$14.1)
M/T Amore Mio II	1 TC	12/2013	01/2015	\$17.0 (\$16.8)
M/T Avax	1 TC	05/2012	05/2013	\$14.0 (\$13.8)
M/T Avax	1 TC	05/2013	10/2013	\$14.8 (\$14.6)
M/T Avax	1 TC	09/2014	08/2015	\$14.8 (\$14.6)
M/T Akeraios	1 TC	07/2012	07/2013	\$14.0 (\$13.8)
M/T Akeraios	1.5 TC	07/2013	01/2015	\$15.0 (\$14.8)
M/T Apostolos	1 TC	09/2012	10/2013	\$14.0 (\$13.8)
M/T Apostolos	1.2 to 1.5 TC	10/2013	04/2015	\$14.9 (\$14.7)
M/T Anemos I	1.2 to 1.5 TC	12/2013	02/2015	\$14.9 (\$14.7)
M/T Aristotelis	1.5 to 2 TC	12/2013	06/2015	\$17.0 (\$16.8)
M/T Amoureux				\$20.0+\$24.0
	1+1 TC	10/2011	01/2014	(\$19.8+\$23.7)
M/T Amoureux	1 TC	01/2014	01/2015	\$24.0 (\$23.7)
M/T Aias				\$20.0+\$24.0
	1+1 TC	11/2011	12/2013	(\$19.8+\$23.7)

M/T Aias	1 TC	12/2013	02/2015	\$24.0 (\$23.7)
M/T Agamemnon II	1 TC	03/2013	10/2013	\$14.5
M/T Assos	1 TC	06/2014	05/2015	\$14.8 (\$14.6)
M/T Atrotos	1 TC	05/2014	04/2015	\$14.8 (\$14.6)

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

(e) Deferred Revenue: As of December 31, 2014 and 2013 the Partnership received cash in advance for revenue earned in a subsequent period from CMTC.

(f) Advances for vessels under construction: This line item includes the advances of \$30,224 the Partnership paid to CMTC for the acquisition of the five vessels according to the Master Vessel Acquisition Agreement (the Master Agreement) and the fair value of \$36,417 from the reset of the Incentive Distribution Rights (the IDR) (Notes 5, 12).

Table of Contents**Capital Product Partners L.P.****Notes to the Consolidated Financial Statements****(In thousands of United States Dollars)****5. Fixed assets****(a) Advances for vessels under construction related party**

An analysis of advances for vessels under construction related party is as follows:

	Advances for vessels under construction related party	
Balance as at January 1, 2013	\$	
Additions		
Balance as at December 31, 2013	\$	
Additions		66,641
Balance as at December 31, 2014	\$	66,641

On July 24, 2014, the Partnership entered into a Master Agreement with CMTC to acquire five vessel owning companies that owned five under construction vessels (the new buildings) subject to the amendment of the partnership agreement to reset the target distributions to holders of the IDR (Note 12). As the reset of the IDR was a pre-condition for the acquisition of the vessels, the amount of \$ 36,417, representing the difference between the fair value of the respective new buildings at the time of the approval of this transaction in August 2014 at the Partnership's annual general meeting of \$ 347,917 and the contractual cash consideration of \$ 311,500, is considered to be the deemed equity contribution and thus the fair value of the reset of the IDR. The fair value of the IDR reset has been accounted for in Partner's capital and is presented as Excess between the fair value of the contracted vessels and the contractual cash consideration in the consolidated statements of changes in partners' capital and in Advances for vessels under construction related party in its consolidated balance sheets. The fair value of the new buildings amounting to \$ 347,917 was based on the average of three valuations obtained from three independent shipbrokers.

The first two vessels are 50,000 dwt product carriers and the remaining three are 9,100 TEU post-panamax container carriers, with expected delivery dates between March and November 2015. Following the successful follow-on offering in September 2014 (Note 12), the Partnership made on September 10, 2014, an advance payment to CMTC of \$30,224 in connection with the above acquisitions, and is presented as Advances for vessels under construction related party in the Partnership's consolidated balance sheets. According to the Master Agreement the Partnership also has the right of first refusal to acquire six additional new building product tanker vessels with expected delivery dates in 2016.

(b) Vessels, net

An analysis of vessels is as follows:

	Vessel Cost	Accumulated depreciation	Net book value
Balance as at January 1, 2013	\$ 1,136,444	\$ (176,894)	\$ 959,550
Acquisition and improvements	308,141		308,141
Disposals	(48,033)	9,110	(38,923)
Depreciation for the period		(51,949)	(51,949)
Balance as at December 31, 2013	\$ 1,396,552	\$ (219,733)	\$ 1,176,819
Improvements	183		183
Depreciation for the period		(56,932)	(56,932)
Balance as at December 31, 2014	\$ 1,396,735	(276,665)	1,120,070

All of the Partnership's vessels as of December 31, 2014 have been provided as collateral to secure the Partnership's credit facilities.

During 2014, M/T Ayrton II and M/T Amore Mio II underwent improvements during their scheduled special and intermediate survey, respectively. The costs of these improvements for both vessels amounted to \$183 and were capitalized as part of the vessels' historic cost.

On November 28, 2013, the Company acquired the M/T Aristarchos (renamed M/T Aristotelis), a 51,604 dwt eco type medium range product tanker built in 2013, from an unrelated third party, for a total consideration of \$38,141 including initial expenses of \$111. The acquisition price was funded from the selling proceeds of the M/T Agamemnon II and from the Partnership's available cash.

Table of Contents

Capital Product Partners L.P.

Notes to the Consolidated Financial Statements

(In thousands of United States Dollars)

5. Fixed assets Continued

(b) Vessels, net Continued

On November 5, 2013, the Company disposed of the M/T Agamemnon II a 51,238 dwt chemical tanker built in 2008 for net proceeds of \$32,192 to an unrelated third party. The Partnership realized a net loss on this disposal of \$7,073 as the carrying value of the vessel at the time of her disposal was \$38,923. This net loss is presented in the Partnership's consolidated statements of comprehensive income / (loss) as Loss / (gain) on sale of vessels to third parties .

On September 11, 2013, the Company acquired the shares of Anax Container Carrier S.A., the vessel owning company of the M/V Hyundai Prestige, Theseas Container Carrier S.A., the vessel owning company of the M/V Hyundai Privilege and Cronus Container Carrier S.A., the vessel owning company of the M/V Hyundai Platinum (Note 3). The vessels were recorded in the Partnership's financial statements at their respective fair values of \$54,000 each as quoted by independent brokers at the time of their acquisition by the Partnership.

On March 20 and March 27, 2013, the Company acquired the shares of Hercules Container Carrier S.A., the vessel owning company of M/V Hyundai Premium, and Iason Container Carrier S.A., the vessel owning company of the M/V Hyundai Paramount, respectively (Note 3). The vessels were recorded in the Partnership's financial statements at their respective fair values of \$54,000 each as quoted by independent brokers at the time of their acquisition by the Partnership.

6. Above market acquired charters

On September 11, 2013 the Partnership acquired the shares of Anax Container Carrier S.A., Theseas Container Carrier S.A. and Cronus Container Carrier S.A., the vessel owning companies of the M/V Hyundai Prestige, M/V Hyundai Privilege, and M/V Hyundai Platinum, respectively, from CMTC with outstanding time charters to Hyundai which were above the market rates for equivalent time charters prevailing at the time of acquisition. The present value of the above market acquired time charters were estimated by the Partnership at \$19,094, \$19,329 and \$19,358, respectively, and recorded as an asset in the consolidated balance sheet as of the acquisition date (Note 3).

On March 20 and March 27, 2013 the Partnership acquired the shares of Hercules Container Carrier S.A. and Iason Container Carrier S.A., the vessel owning companies of M/V Hyundai Premium and M/V Hyundai Paramount, respectively, from CMTC with outstanding time charters to Hyundai which were above the market rates for equivalent time charters prevailing at the time of acquisition. The present value of the above market acquired time charters were estimated by the Partnership at \$19,707 and \$19,768, respectively, and recorded as an asset in the consolidated

balance sheet as of the acquisition date (Note 3).

On December 22, 2012 the Partnership acquired the shares of Agamemnon and Archimidis from CMTC with outstanding time charters to Maersk which were above the market rates for equivalent time charters prevailing at the time of acquisition. The present value of the above market acquired time charters were estimated by the Partnership at \$2,250 each, and recorded as an asset in the consolidated balance sheet as of the acquisition date (Note 3).

For the years ended December 31, 2014, 2013 and 2012 revenues included a reduction of \$16,000, \$13,594 and \$7,904 as amortization of the above market acquired charters, respectively.

An analysis of above market acquired charters is as follows:

	M/V Cape Agamemnon	M/T Assos	M/V Agamemnon	M/V Archimidis	M/V Hyundai Premium	M/V Hyundai Paramount	M/V Hyundai Prestige	M/V Hyundai Privilege	M/V Hyundai Platinum	Total
Carrying amount as at January 1, 2013	\$ 40,171	\$ 3,093	\$ 2,227	\$ 2,229	\$	\$	\$	\$	\$	\$ 47,727
Acquisitions					19,707	19,768	19,094	19,329	19,358	97,063
Amortization	(5,357)	(2,481)	(864)	(797)	(1,311)	(1,240)	(519)	(513)	(512)	(13,587)
Carrying amount as at December 31, 2013	\$ 34,814	\$ 612	\$ 1,363	\$ 1,432	\$ 18,396	\$ 18,528	\$ 18,575	\$ 18,816	\$ 18,846	\$ 131,367
Acquisitions										
Amortization	(5,357)	(612)	(863)	(796)	(1,668)	(1,670)	(1,693)	(1,672)	(1,669)	(16,000)
Carrying amount as at December 31, 2014	\$ 29,457	\$	\$ 500	\$ 636	\$ 16,728	\$ 16,858	\$ 16,882	\$ 17,144	\$ 17,177	\$ 115,332

Table of Contents**Capital Product Partners L.P.****Notes to the Consolidated Financial Statements**

(In thousands of United States Dollars)

6. Above market acquired charters Continued

As of December 31, 2014 the remaining carrying amount of unamortized above market acquired time charters was \$115,382 and will be amortized in future years as follows:

For the twelve month period ended December 31,	M/V Cape Agamemnon	M/V Agamemnon	M/V Achimidi	M/V Hyundai Premium	M/V Hyundai Paramount	M/V Hyundai Prestige	M/V Hyundai Privilege	M/V Hyundai Platinum	Total
2015	\$ 5,357	\$ 500	\$ 636	\$ 1,668	\$ 1,670	\$ 1,693	\$ 1,672	\$ 1,669	\$ 14,865
2016	5,372			1,668	1,670	1,697	1,675	1,674	13,756
2017	5,357			1,668	1,670	1,693	1,672	1,669	13,729
2018	5,357			1,668	1,670	1,693	1,672	1,669	13,729
2019	5,357			1,668	1,670	1,693	1,672	1,669	13,729
Thereafter	2,657			8,388	8,508	8,413	8,781	8,827	45,574
Total	\$ 29,457	\$ 500	\$ 636	\$ 16,728	\$ 16,858	\$ 16,882	\$ 17,144	\$ 17,177	\$ 115,382

7. Long-Term Debt

Long-term debt consists of the following:

	Bank Loans	Entity	As of December 31, 2014	As of December 31, 2013	Margin
(i)	Issued in April 2007 maturing in June 2017	Capital Product Partners L.P.	\$ 250,850	\$ 250,850	2.00%
(ii)	Issued in March, 2008 maturing in March 2018	Capital Product Partners L.P.	\$ 233,065	238,465	3.00%
(iii)	Issued in June 2011 maturing in March 2018	Capital Product Partners L.P.	\$ 19,000	19,000	3.25%
(iv)	Issued in September 2013 maturing in December 2020	Capital Product Partners L.P.	\$ 75,000	75,000	3.50%
Total			\$ 577,915	\$ 583,315	

Less: Current portion \$ 5,400 5,400

Long-term portion \$ 572,515 \$ 577,915

As at December 31, 2014, the amounts drawn down under the Partnership's four credit facilities were as follows:

Vessel / Entity	Date	\$370,000 Credit Facility (i)	\$350,000 Credit Facility (ii)	\$225,000 Senior Credit Secured Credit	
				Facility (iii)	Facility (iv)
M/T Akeraios	07/13/2007	\$ 46,850	\$	\$	\$
M/T Apostolos	09/20/2007	56,000			
M/T Anemos I	09/28/2007	56,000			
M/T Alexandros II	01/29/2008	48,000			
M/T Amore Mio II	03/27/2008		46,000		
M/T Aristofanis	04/30/2008		11,500		
M/T Aristotelis II	06/17/2008	20,000			
M/T Aris II	08/20/2008	24,000	1,584		
M/V Cape Agamemnon	06/09/2011			19,000	
M/V Hyundai Premium	03/20/2013		22,275		
M/V Hyundai Paramount	03/27/2013		22,275		
M/V Hyundai Prestige, M/V Hyundai Privilege, M/V Hyundai Platinum	09/11/2013				75,000
Crude Carriers Corp. and its subsidiaries	09/30/2011		129,431		
Total		\$ 250,850	\$ 233,065	\$ 19,000	\$ 75,000

Table of Contents**Capital Product Partners L.P.****Notes to the Consolidated Financial Statements****(In thousands of United States Dollars)****7. Long-Term Debt Continued**

In September 2013 the Partnership entered into a new senior secured credit facility of up to \$200,000, which was amended in December, 2013 to upsize it up to \$225,000, led by ING Bank N.V. in order to partly finance the acquisition cost of certain vessels. The facility is divided in two tranches. Tranche A consisted of \$75,000 which was drawn down on September 11, 2013 in order to part finance the acquisition cost of the shares of Anax Container Carrier S.A., Cronus Container Carrier S.A. and Theseas Container Carrier S.A. that were the owning companies of the 2013-built 5,000 TEU container vessels Hyundai Prestige, Hyundai Privilege and Hyundai Platinum respectively (Note 3). Tranche B, consisted of \$150,000, which will be available in multiple advances in order to finance up to 50% of the acquisition cost of certain additional ships or to finance the cost of acquiring the issued share capital of an additional vessel owning company. As of December 31, 2014 the Partnership had not drawn down any amount of Tranche B. The facility is repayable in twenty consecutive quarterly installments, beginning in March 2016, in the amount that provides for the overall thirteen and sixteen year repayment profiles on sub facilities A (Tranche A) and B (Tranche B) respectively, after adjustment for the security vessel age at acquisition date and availability period.

All amounts outstanding, including the balloon payment, will become due and payable in December 2020. The facility bears interest at LIBOR plus a margin of 3.50% and commitment fees of 1.0%.

In November, 2013 the Partnership amended its credit facility of \$370,000 in order to replace the M/T Agamemnon II which was sold on November 5, 2013 (Note 5) with the M/T Aristotelis as a security.

In March, 2013, the Partnership's credit facility of \$350,000 was converted into a term loan, and the undrawn amount of \$1,420 was cancelled.

On March 20, and March 27, 2013, the Partnership had drawn in total the amount of \$54,000 from the undrawn portion of its \$350,000 credit facility in order to partly finance the acquisition of the vessel owning companies of the M/V Hyundai Premium and the M/V Hyundai Paramount respectively (Note 3). The Partnership's loan of \$370,000 will be repaid in 6 equal consecutive quarterly installments of \$12,975 commencing in March, 2016 plus a balloon payment due in June, 2017. The Partnership's credit facility of \$350,000, excluded the portion of \$54,000, will be repaid in 9 equal consecutive quarterly installments of \$7,855 commencing in March, 2016 plus a balloon payment due in March, 2018. The amount of \$54,000 is payable in twenty equal consecutive quarterly installments of \$1,350 commencing in June 2013 plus a balloon payment of \$27,000 in March 2018. The Partnership's credit facility of \$25,000 will be repaid in 9 equal consecutive quarterly installments of \$1,000 commencing in March, 2016 plus a balloon payment for each facility due in March, 2018.

The Partnership's credit facilities contain customary ship finance covenants, including restrictions as to: changes in management and ownership of the mortgaged vessels, the incurrence of additional indebtedness, the mortgaging of vessels, the ratio of EBITDA to Net Interest Expenses shall be no less than 2:1, minimum cash requirement of \$500

per vessel, as well as the ratio of net Total Indebtedness to the aggregate Market Value of the total fleet shall not exceed 0.725:1. The credit facilities also contain the collateral maintenance requirement in which the aggregate average fair market value, of the collateral vessels shall be no less than 125% of the aggregate outstanding amount under these facilities. Also the vessel-owning companies may pay dividends or make distributions 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, 2014 and 2013 the Partnership was in compliance with all financial debt covenants.

The credit facilities have a general assignment of the earnings, insurances and requisition compensation of the respective vessel or vessels. Each also requires additional security, including: pledge and charge on current account; corporate guarantee from each of the thirty vessel-owning companies, and mortgage interest insurance.

The Partnership's credit facilities contain a Market Disruption Clause where the lenders, at their discretion, may impose additional interest margin if their borrowing rate exceeds effective interest rate (LIBOR) stated in the loan agreement with the Partnership. For the years ended December 31, 2014, 2013 and 2012 the Partnership incurred an additional interest expense in the amount of \$0, \$0 and \$373 respectively due to the Market Disruption Clause.

For the years ended December 31, 2014, 2013 and 2012, the Partnership recorded interest expense of \$16,480, \$14,982 and \$25,788, respectively. As of December 31, 2014 and 2013 the weighted average interest rate of the Partnership's loan facilities was 2.81% for both periods.

Table of Contents**Capital Product Partners L.P.****Notes to the Consolidated Financial Statements****(In thousands of United States Dollars)****7. Long-Term Debt Continued**

The required annual loan payments to be made subsequent to December 31, 2014 are as follows:

	\$370,000 Credit Facility (i)	\$350,000 Credit Facility (ii)	\$25,000 Credit Facility (iii)	\$225,000 Senior Secured Credit Facility (iv)	Total
2015	\$	\$ 5,400	\$	\$	\$ 5,400
2016	51,900	36,819	4,000	5,769	98,488
2017	198,950	36,819	4,000	5,769	245,538
2018		154,027	11,000	5,769	170,796
2019				5,769	5,769
Thereafter				51,924	51,924
Total	\$ 250,850	\$ 233,065	\$ 19,000	\$ 75,000	\$ 577,915

8. Derivative Instruments

The Partnership had entered into fourteen interest rate swap agreements in order to mitigate the exposure from interest rate fluctuations. Nine of the Partnership's interest rate swap agreements under its \$370,000 credit facility expired as of June 29, 2012 and one was terminated upon the disposal of the M/T Attikos and the M/T Aristofanis. During the year ended December 31, 2012, the Partnership terminated one interest rate swap agreement in full and one partially under its \$350,000 credit facility. During the year ended December 31, 2013, the Partnership's three remaining swaps with a notional amount of \$59,084 expired. During the year ended December 31, 2014, the Partnership did not enter into any interest rate swap agreements.

The table below shows the effective portion of the hedging relationship of the Partnership's derivatives designated as hedging instruments recognized in Other Comprehensive Income (OCI), the realized losses from net interest rate settlements transferred from OCI into the Partnership's consolidated statements of comprehensive income / (loss) and the amounts recognized in the consolidated statements of arising from the hedging relationships not qualifying for hedge accounting for the years ended December 31, 2013 and 2012, respectively; for the year ended December 31, 2014 there was no such transaction:

Derivatives	Location of	Amount of Gain recorded	Location of	Amount of Gain
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Designation of cash flow hedging relationships recognized in OCI	Change in Fair Value of Hedging instrument recognized in OCI (Effective Portion)			Gain/(loss) Amount of Loss Reclassified from OCI into consolidated statements of comprehensive income (Effective Portion)			Loss OCI (Effective Portion)			Gain/(loss) Recognized in the consolidated statements of comprehensive income			
	2014	2013	2012	2014	2013	2012	2014	2013	2012	2014	2013	2012	
Interest rate swaps	(4)	(1,903)		(466)	(12,665)		462	10,762				4	1,448

The Partnership follows the accounting guidance for derivative instruments that establishes a framework for measuring fair value under generally accepted accounting principles, and expands disclosure about fair value measurements. This guidance enables the reader of the financial statements to assess the inputs used to develop those measurements by establishing a hierarchy for ranking the quality and reliability of the information used to determine fair values. The statement requires that assets and liabilities carried at fair value will be classified and disclosed in one of the following three categories:

- Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date;
- Level 2: Inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3: Inputs are unobservable inputs for the asset or liability.

The Partnership's interest rate swap agreements, entered into pursuant to its loan agreements, are based on LIBOR swap rates. LIBOR swap rates are observable at commonly quoted intervals for the full terms of the swaps and therefore are considered Level 2 items. The fair values of the interest rate swap determined through Level 2 of the fair value hierarchy are derived principally from or corroborated by observable market data. Inputs include quoted prices for similar assets, liabilities (risk adjusted) and market-corroborated inputs, such as market comparable, interest rates, yield curves and other items that allow value to be determined. Fair value of the interest rate swaps is determined using a discounted cash flow method based on market-based LIBOR swap yield curves.

Table of Contents**Capital Product Partners L.P.****Notes to the Consolidated Financial Statements****(In thousands of United States Dollars)****8. Derivative Instruments Continued:**

The fair value of the Partnership's interest rate swaps is the estimated value of the swap agreements at the reporting date, taking into account current interest rates and the forward yield curve and the creditworthiness of the Partnership and its counterparties.

Since March 31, 2012 and May 23, 2012 two out of three interest rate swaps did not qualify as cash flow hedges and the changes in their fair value was recognized in the consolidated statements of comprehensive income / (loss) whilst the third interest rate swap agreement qualified as a cash flow hedge and the changes in its fair value is recognized in accumulated other comprehensive income / (loss). As a result the amount of \$1,400 and \$50, which was part of the Partnership's accumulated other comprehensive income / (loss) (OCL) as of March 31, 2012 and May 23, 2012 respectively, were attributable to the two ineffective hedges and were being amortized over their respective remaining term up to their maturity date March 27, 2013 and March 28, 2013, respectively in the Partnership's consolidated statements of comprehensive income / (loss) by using the effective interest rate method.

The net result of the accumulated OCL amortization and the change of the fair value of certain interest rate swap agreements of \$4 and \$1,448 is presented under other income / (expense) as a Gain on interest rate swap agreement in the Partnership's consolidated statements of comprehensive income/(loss) for the years ended December 31, 2013 and 2012, respectively.

9. Accrued Liabilities

Accrued liabilities consist of the following:

	As of December 31,	
	2014	2013
Accrued loan interest and loan fees	\$ 189	\$ 312
Accrued operating expenses	2,696	2,501
Accrued voyage expenses and commissions	2,159	1,543
Accrued general and administrative expenses	592	1,031
Total	\$ 5,636	\$ 5,387

10. Voyage Expenses and Vessel Operating Expenses

Voyage expenses and vessel operating expenses consist of the following:

	For the years ended December 31,		
	2014	2013	2012
Voyage expenses:			
Commissions	\$ 3,597	\$ 2,742	\$ 1,752
Bunkers	1,802	2,473	3,921
Port expenses	166	226	
Other	680	649	(5)
Total	\$ 6,245	\$ 6,090	\$ 5,668
Vessel operating expenses:			
Crew costs and related costs	\$ 28,945	\$ 21,154	\$ 13,230
Insurance expense	4,502	3,780	2,830
Spares, repairs, maintenance and other expenses	6,710	6,545	2,231
Stores and lubricants	6,535	5,022	3,115
Management fees	12,475	16,395	21,784
Vetting, insurances, spares and repairs (Note 4)	840	644	1,850
Other operating expenses	2,022	1,783	720
Total	\$ 62,029	\$ 55,323	\$ 45,760

11. Income Taxes

Under the laws of the Marshall Islands and Liberia, the country 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, which have been included in vessel operating expenses in the accompanying consolidated statements of comprehensive income / (loss).

Table of Contents

Capital Product Partners L.P.

Notes to the Consolidated Financial Statements

(In thousands of United States Dollars)

11. Income Taxes Continued:

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, time, bareboat 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).

The jurisdictions where the Partnership's vessel-owning subsidiaries are incorporated each grants an equivalent exemption to United States corporations with respect to each type of shipping income earned by the Partnership's vessel-owning subsidiaries. Additionally, our units are only traded on the Nasdaq Global Market, which is considered to be established securities market. The Partnership has satisfied the Publicly-Traded Test for the years ended December 31, 2014, 2013 and 2012 and the ship-owning subsidiaries are exempt from United States federal income taxation with respect to U.S.-source shipping income.

12. Partners Capital

General: 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 will be distributed to unitholders.

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 unitholders 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 agreement and in all cases are used solely for working capital purposes or to pay distributions to partners.

General Partner Interest and Incentive Distribution Rights (IDRs): The General Partner has a 2% interest in the Partnership as well as the incentive distribution rights. 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 2% interest.

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. The Partnership's general partner as of December 31, 2014, 2013 and 2012 holds the incentive distribution rights.

According to the partnership agreement the following table illustrates the percentage allocations of the additional available cash from operating surplus among the unitholders 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 unitholders 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**, until available cash from operating surplus the Partnership distributes reaches the next target distribution level, if any. The percentage interests shown for the unitholders and general partner for the minimum quarterly distribution are also applicable to quarterly distribution amounts that are less than the minimum quarterly distribution.

	Total Quarterly Distribution Target Amount per Unit	Marginal Percentage Interest in Distributions	
		Unitholders	General Partner
Minimum Quarterly Distribution	\$0.3750	98%	2%
First Target Distribution	up to \$0.4313	98%	2%
Second Target Distribution	above \$0.4313 up to \$0.4688	85%	15%
Third Target Distribution	above \$0.4688 up to \$0.5625	75%	25%
Thereafter	above \$0.5625	50%	50%

Table of Contents**Capital Product Partners L.P.****Notes to the Consolidated Financial Statements****(In thousands of United States Dollars)****12. Partners Capital Continued****General Partner Interest and Incentive Distribution Rights (IDRs) Continued**

On August 21 2014, the Fourth Amendment to the Second Amended and Restated Agreement of Limited Partnership of the Partnership was approved, by the Partnership's annual general meeting, so as to revise the target distributions to holders of IDRs.

The Fourth Amendment resets the thresholds for the IDRs as follows:

	Total Quarterly Distribution Target Amount per Unit	Marginal Percentage Interest in Distributions Unitholders	General Partner
Minimum Quarterly Distribution	\$0.2325	98%	2%
First Target Distribution	up to \$0.2425	98%	2%
Second Target Distribution	above \$0.2425 up to \$0.2675	85%	15%
Third Target Distribution	above \$0.2675 up to \$0.2925	75%	25%
Thereafter	above \$0.2925	65%	35%

Following the annual general meeting, CMTC unilaterally notified the Partnership that it has decided to waive its rights to receive quarterly incentive distributions between \$0.2425 and \$0.25. This waiver effectively increases the First Threshold and the lower bound of the Second Threshold (as referenced in the table above) from \$0.2425 to \$0.25.

Distributions of Available Cash From Operating Surplus After the Subordination Period: Our partnership agreement requires that we will make distributions of available cash from operating surplus for any quarter after the subordination period in the following manner:

first, 98% to all unitholders, pro rata, and 2.0% to our general partner, until we distribute for each outstanding unit an amount equal to the minimum quarterly distribution for that quarter; and

Thereafter, in the manner described in the above table under section General Partner Interest and Incentive Distribution Rights .

During 2014 and 2013 various investors, holders of Class B Convertible Preferred Units including CMTC, converted 4,698,484 and 5,733,333 Class B Convertible Preferred Units into common units respectively.

During 2014 and 2013 CMTC converted 358,624 and 349,700 common units into general partner units respectively, in order for CGP to maintain its 2% interest in the Partnership.

In December 2014 CMTC acquired 332,040 Partnership s units.

In September 2014, the Partnership completed successfully a follow-on equity offering of 17,250,000 common units, including 2,250,000 common units representing the overallotment option which was fully exercised, at a net price of \$10.53 per common unit, receiving proceeds of \$173,932 after the deduction of the underwriters commissions. After the deduction of expenses relating to this equity offering the net proceeds of this offering amounted to \$173,504. The Partnership used an amount of \$60,000 of the net proceeds to acquire common units from CMTC at a price per unit equal to the offering price (net of underwriting discount). The number of units acquired was equal to an aggregate of 5,950,610 common units which were cancelled immediately, in accordance with the terms of the offering.

Furthermore, the Partnership used an additional of \$30,224 of the net proceeds of the offering as an advance payment to CMTC in connection with the acquisition of the five new buildings as described in the Master Agreement (Note 5).

The remaining balance of the net proceeds of the offering will be used by the Partnership to partly finance the acquisition cost of \$311,500, of the new buildings from CMTC and for general Partnership purposes.

In August 2013, the Partnership completed successfully an equity offering of 13,685,000 common units, including 1,785,000 common units representing the overallotment option which was fully exercised, at a net price of \$9.25 per common unit, receiving proceeds of \$120,696 after the deduction of the underwriters commissions. After the deduction of expenses relating to this equity offering the net proceeds of this offering amounted to \$119,811.

Table of Contents

Capital Product Partners L.P.

Notes to the Consolidated Financial Statements

(In thousands of United States Dollars)

12. Partners Capital Continued

The net proceeds were used to partially fund the acquisition cost of the vessel owning companies of the M/V Hyundai Prestige, the M/V Hyundai Privilege and the M/V Hyundai Platinum from CMTC (Note 3). CMTC participated in both the offering and the exercise of the over-allotment option and purchased 279,286 units at the public offering price.

On March 15, 2013 the Partnership entered into a Class B Convertible Preferred Unit Subscription Agreement (the Agreement) in order to issue 9,100,000 Class B Convertible Preferred Units at a price of \$8.25 per Class B Convertible Preferred Unit to a group of investors including among others Kayne Anderson Capital Advisors L.P., Oaktree Capital Management, L.P. and CMTC. The Partnership used the net proceeds of \$72,557 to partially fund the acquisition of the vessel owning companies of the M/V Hyundai Premium and the M/V Hyundai Paramount from CMTC (Note 3).

On May 23, and June 6, 2012 the Partnership entered into a Class B Convertible Preferred Unit Subscription Agreement (the Agreement) with various investors. According to this Agreement the Partnership issued 15,555,554 Class B Convertible Preferred Units to a group of investors including Kayne Anderson Capital Advisors L.P., Swank Capital LLC, Salient Partners, Spring Creek Capital LLC, Mason Street Advisors LLC and CMTC for net proceeds of \$136,419. The Partnership used the net proceeds to prepay part of its debt.

The holders of the Class B Convertible Preferred Units have the right to convert all or a portion of such Class B Convertible Preferred Units at any time into Common Units at the conversion price of \$9 per Class B Convertible Preferred Unit and a conversion rate of one Common Unit per one Class B Convertible Preferred Unit. The Conversion Ratio and the Conversion Price shall be adjusted upon the occurrence of certain events as described to the Agreement.

Commencing on May 23, 2015, in the event the 30-day volume-weighted average trading price (VWAP) and the daily VWAP of the Common Units on the National Securities Exchange on which the Common Units are listed or admitted to trading exceeds 130% of the then applicable Conversion Price for at least 20 Trading Days out of the 30 consecutive Trading Day period used to calculate the 30-day VWAP (the Partnership Mandatory Conversion Event) the Partnership acting pursuant to direction and approval of the Conflicts Committee (following consultation with the full board of directors) shall have the right to convert the Class B Convertible Preferred Units then outstanding in whole or in part into Common Units at the then-applicable Conversion Ratio.

The holders of the outstanding Class B Convertible Preferred Units as of an applicable record date shall be entitled to receive, when, as and if authorized by the Partnership's board of directors or any duly authorized committee, out of legally available funds for such purpose, (a) first, the minimum quarterly Class B Convertible Preferred Unit Distribution Rate on each Class B Convertible Preferred Unit and (b) second, any cumulative Class B Convertible

Preferred Unit Arrearage then outstanding, prior to any other distributions made in respect of any other Partnership Interests pursuant to this Agreement in cash. The minimum quarterly Class B Convertible Preferred Unit Distribution Rate shall be payable quarterly which is generally expected to be February 10, May 10, August 10 and November 10, or, if any such date is not a business day, the next succeeding business day.

Any distribution payable on the Class B Convertible Preferred Units for any partial quarter (other than the initial distribution payable on the Class B Convertible Preferred Units for the period from May 22, 2012 through June 30, 2012 that equals to \$0.26736 for each Class B Convertible Preferred Unit) shall equal the product of the minimum quarterly Class B Convertible Preferred Unit distribution rate of \$0.21375 (equal to a 9.5% annual distribution rate, subject to adjustment in the cases where clause of change of control, and/or clause of cross default provisions of the Agreement applies).

No distribution on the Class B Convertible Preferred Units shall be authorized by the board of directors or declared or paid or set apart for payment by the Partnership at such time as the terms and provisions of any agreement of the Partnership, including any agreement relating to its indebtedness, prohibits such authorization, declaration, payment or setting apart for payment or provides that such authorization, declaration, payment or setting apart for payment would constitute a breach thereof, or a default thereunder, or if such authorization, declaration, payment or setting apart for payment shall be restricted or prohibited by law. The foregoing, distributions with respect to the Class B Convertible Preferred Units shall accumulate as of the Class B Convertible Preferred Unit distribution payment date on which they first become payable whether or not any of the foregoing restrictions in above exist, whether or not there is sufficient Available Cash for the payment thereof and whether or not such distributions are authorized. A cumulative Class B Convertible Preferred Unit arrearage shall not bear interest and holders of the Class B Convertible Preferred Units shall not be entitled to any distributions, whether payable in cash, property or Partnership Interests, in excess of the then cumulative Class B Convertible Preferred Unit arrearage plus the minimum quarterly Class B Convertible Preferred Unit distribution rate for such quarter.

Table of Contents**Capital Product Partners L.P.****Notes to the Consolidated Financial Statements****(In thousands of United States Dollars)****12. Partners Capital Continued**

With respect to Class B Convertible Preferred Units that are converted into Common Units, the holder thereof shall not be entitled to a Class B Convertible Preferred Unit distribution and a Common Unit distribution with respect to the same period, but shall be entitled only to the distribution to be paid based upon the class of Units held as of the close of business on the record date for the distribution in respect of such period; provided, however, that the holder of a converted Class B Convertible Preferred Unit shall remain entitled to receive any accrued but unpaid distributions due with respect to such Unit on or as of the prior Class B Convertible Preferred Unit distribution payment date; and provided, further, that if the Partnership exercises the Partnership Mandatory Conversion Right to convert the Class B Convertible Preferred Units pursuant to this Agreement then the holders' rights with respect to the distribution for the Quarter in which the Partnership Mandatory Conversion Notice is received is as set forth in this Agreement.

As of December 31, 2014 and 2013 our partners' capital included the following units:

	As of December 31, 2014	As of December 31, 2013
Common units	104,079,960	88,440,710
General partner units	2,124,081	1,765,457
Preferred units	14,223,737	18,922,221
Total partnership units	120,427,778	109,128,388

During the years ended December 31, 2014, 2013 and 2012, the Partnership declared and paid dividends amounting to \$102,798, \$88,241, \$73,316, respectively.

13. Omnibus Incentive Compensation Plan**a. Partnership's Omnibus Incentive Compensation Plan**

On August 21, 2014, at the annual general meeting of the Partnership's unit holders, an amendment and restatement of the Partnership's 2008 Omnibus Incentive Compensation Plan (the Plan) amended July 22, 2010, was approved so as to increase the maximum number of restricted units authorized for issuance thereunder from 800,000 common units to 1,650,000 common units. During 2014 no awards were granted.

On April 29, 2008, the board of directors approved the Partnership's Plan according to which the Partnership may issue a limited number of awards, not to exceed 500,000 units. The Plan was amended on July 22, 2010 increasing the

aggregate number of restricted units issuable under the Plan to 800,000. The Plan is administered by the General Partner as authorized by the board of directors. The persons eligible to receive awards under the Plan are officers, directors, and executive, managerial, administrative and professional employees of the Manager, or CMTC, or other eligible persons (collectively, "key persons") as the General Partner, in its sole discretion, shall select based upon such factors as it deems relevant. Members of the board of directors are considered to be employees of the Partnership ("Employees") for the purposes of recognition of equity compensation expense, while employees of the Manager, CMTC and other eligible persons under the plan are not considered to be employees of the Partnership ("Non-Employees"). Awards may be made under the Plan in the form of incentive stock options, non-qualified stock options, stock appreciation rights, dividend equivalent rights, restricted stock, unrestricted stock, restricted stock units and performance shares.

On August 25 and 31, 2010 CGP awarded 448,000 and 347,200 unvested units to Employees and Non-Employees, respectively. Awards granted to certain Employees vest in three equal annual installments. The remaining awards vested on August 31, 2013.

All unvested units were conditional upon the grantee's continued service as Employee and/or Non-Employee until the applicable vesting date.

The unvested units accrued distributions as declared and paid which were retained by the custodian of the Plan until the vesting date at which they were payable to the grantee. As unvested unit grantees accrued distributions on awards that were expected to vest, such distributions were charged to Partner's capital.

b. Crude's Equity Incentive Plan

On March 1, 2010 Crude adopted an equity incentive plan according to which Crude issued 399,400 shares out of 400,000 restricted shares that were authorized. Members of the board of directors were considered to be employees of Crude ("Employees"), while employees of Crude's affiliates and other eligible persons under this plan were not considered to be employees of Crude ("Non-Employees"). Awards granted to certain Employees vest in three equal annual installments. The remaining awards vested on August 31, 2013.

All unvested units were conditional upon the grantee's continued service as Employee and/or Non-Employee until the applicable vesting date.

The unvested units accrued distributions as declared and paid which were retained by the custodian of the Plan until the vesting date at which they were payable to the grantee. As unvested shares grantees accrued dividends on awards that were expected to vest, such dividends were charged to Stockholders' equity prior to Crude's acquisition and were charged to the Partner's capital subsequent to the acquisition.

Table of Contents**Capital Product Partners L.P.****Notes to the Consolidated Financial Statements****(In thousands of United States Dollars)****13. Omnibus Incentive Compensation Plan Continued****c. Acquisition of Crude by the Partnership**

Upon the completion of the acquisition of Crude by the Partnership on September 30, 2011, the Crude's Equity Incentive Plan existing on that date was incorporated into the Partnership's Plan at a ratio of 1.56 common Partnership units for each Crude share. The 205,000 unvested shares of Crude's Employee award converted to 319,800 Partnership unvested units and the 194,400 unvested shares of Crude's Non-Employee award converted to 303,264 Partnership unvested units. The terms and conditions of both plans are significantly the same and remained unchanged after the acquisition, with the exception of 20,000 Crude shares, which were converted to 31,200 Partnership units upon the completion of the acquisition. These Crude shares were held by those members of the Crude's Independent Committee who were not designated by Crude to serve as a member of the Partnership's board of directors and were vested in full immediately upon the consummation of the acquisition on September 30, 2011.

The following table contains details of our plans:

	Employee equity compensation		Non-Employee equity compensation	
	Units	Grant-date fair value	Units	Award-date fair value
Unvested on January 1, 2013	338,135	\$ 2,521	650,464	\$ 4,736
Vested	338,135	2,521	650,464	4,736
Unvested on December 31, 2013		\$		\$

For the year ended December 31, 2014, 2013, and 2012 the equity compensation expense that has been charged in the consolidated statements of comprehensive income / (loss) was \$0, \$1,216 and \$1,834 for the Employee awards and \$0, \$2,312 and \$1,992 for the Non-Employee awards, respectively. This expense had been included in general and administrative expenses for each respective year.

The Partnership had used the straight-line method to recognize the cost of the awards.

14. Net Income / (Loss) Per Unit

The general partner's, common unit holders' interests in net income are calculated as if all net income for periods subsequent to April 4, 2007, were distributed according to the terms of the partnership agreement, regardless of whether those earnings would or could be distributed. The partnership agreement does not provide for the distribution

of net income; rather, it provides for the distribution of available cash (Note 12), which is a contractually-defined term that generally means all cash on hand at the end of each quarter after establishment of cash reserves established 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.

This guidance also considers whether the partnership agreement contains any contractual limitations concerning distributions to the incentive distribution rights that would impact the amount of earnings to allocate to the incentive distribution rights for each reporting period.

Under the partnership agreement, the holder of the incentive distribution rights in the Partnership, which is currently the CGP, assuming that there are no cumulative arrearages on common unit distributions, has the right to receive an increasing percentage of cash distributions (Note 12).

The Partnership also excluded the dilutive effect of the 14,223,737 Class B Convertible Preferred Units in calculating dilutive EPU as of December 31, 2014 as they were anti-dilutive.

All common units' equivalents were antidilutive for the year ended December 31, 2012 because the limited partners were allocated a net loss.

As of December 31, 2014 and 2013 there were no non-vested units.

Excluding the non-cash gain from bargain purchase for the years ended December 31, 2013 and vessels' impairment charge for the year ended December 31, 2012, as these were not distributed to the Partnership's unit holders the Partnership's net income for the years ended December 31, 2014, 2013 and 2012 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.

Table of Contents**Capital Product Partners L.P.****Notes to the Consolidated Financial Statements****(In thousands of United States Dollars)****14. Net Income / (Loss) Per Unit Continued**

	2014	2013	2012
<u>BASIC</u>			
<u>Numerators</u>			
Partnership's net income / (loss)	\$ 44,012	\$ 99,481	\$ (21,189)
Less:			
Preferred unit holders' interest in Partnership's net income	14,042	18,805	10,809
General Partner's interest in Partnership's net income / (loss)	593	1,598	(640)
Partnership's net income allocable to unvested units		678	
Common unit holders' interest in Partnership's net income / (loss)	\$ 29,377	\$ 78,400	\$ (31,358)
<u>Denominators</u>			
Weighted average number of common units outstanding, basic	93,353,168	75,645,207	68,256,072
Net income/ (loss) per common unit:			
Basic	\$ 0.31	\$ 1.04	\$ (0.46)

	2014	2013	2012
<u>DILUTED</u>			
<u>Numerators</u>			
Partnership's net income / (loss)	\$ 44,012	\$ 99,481	\$ (21,189)
Less:			
General Partner's interest in Partnership's net income / (loss)	593	1,574	(640)
Preferred unit holders' interest in Partnership's net income	14,042	18,805	10,809
Partnership's net income allocable to unvested units		678	
Add:			
Preferred unit holders' interest in Partnership's net income		18,805	

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Partnership's net income allocable to unvested units		678	
	\$ 29,377	\$ 97,907	\$ (31,358)
Denominators			
Weighted average number of common units outstanding, basic	93,353,168	75,645,207	68,256,072
Dilutive effect of preferred units		21,069,664	
Dilutive effect of unvested shares		654,265	
Weighted average number of common units outstanding, diluted	93,353,168	97,369,136	68,256,072
Net income / (loss) per common unit:			
Diluted	\$ 0.31	\$ 1.01	\$ (0.46)

F-37

Table of Contents

Capital Product Partners L.P.

Notes to the Consolidated Financial Statements

(In thousands of United States Dollars)

15. Gain on sale of claim

On November 14, 2012, OSG and certain of its subsidiaries made a voluntary filing for relief under Chapter 11 of the U.S. Bankruptcy Code in the U.S. Bankruptcy Court for the District of Delaware (the Bankruptcy Court). The Partnership had three IMO II/III Chemical/Product tankers (M/T Alexandros II, M/T Aristotelis II and M/T Aris II) or (the Vessels), all built in 2008 by STX Offshore & Shipbuilding Co. Ltd. with long term bareboat charters to subsidiaries of OSG (Original Charter Contracts or Rejected Charters).

After discussions with OSG, the Partnership agreed to enter into new charter contracts (New Charter Contracts) with OSG on substantially the same terms as the Original Charter Contracts, but at a bareboat rate of \$6.3 per day per vessel instead of \$13.0 per day per vessel as per the Original Charter Contracts. The new charters were approved by the Bankruptcy Court on March 21, 2013 and were effective as of March 1, 2013. On the same date, the Bankruptcy Court also rejected the Original Charter Contracts as of March 1, 2013. Rejection of each charter constitutes a material breach of such charter. On May 24, 2013, the Partnership filed claims (the Claims) against each of the charterers and their respective guarantors for damages resulting from the rejection of each of the Original Charter Contracts, including, among other things, the difference between the reduced amount of the New Charter Contracts and the amount due under each of the Rejected Charters. The total claim amount of the three claims stood at \$54,096 (Total Claim Amount).

The Partnership unconditionally and irrevocably sold, transferred and assigned to Deutsche Bank, 100% of its right, title, interest, claims and causes of action in and to arising in connection with all three of the claims that the vessel-owning subsidiaries have against OSG, via Assignment Agreements signed on June 25, 2013, thus releasing the Partnership from any payments or distributions of money or property in respect of the claim to be delivered or made to Deutsche Bank. In connection with the Assignment Agreements, on July 2, 2013, Deutsche Bank filed with the Bankruptcy Court six separate Evidences of Transfer of Claim, each pertaining to the Partnership's vessel-owning subsidiaries' claims against each charterer party to the original three charter agreements and each respective guarantor thereof.

On June 26, 2013 pursuant to the Assignment Agreements, the Partnership received from Deutsche Bank an amount of \$32,000 as part payment for the assignment of the three claims. On December 18, 2013 the Partnership and Deutsche Bank entered into a Settlement Notice and Refund Modification Agreement according to which the maximum amount to be refunded to Deutsche Bank would be \$644 which was presented under Accrued liabilities in the Partnership's consolidated Balance Sheets.

Consequently, the Partnership had recorded the amount of \$31,356 which represents the difference between the proceeds of \$32,000 the Partnership received by Deutsche Bank and the maximum amount to be refunded to Deutsche Bank of \$644, as Gain on sale of claim in its consolidated statement of comprehensive income / (loss). On February 19, 2014 the Partnership paid this amount to Deutsche Bank.

Table of Contents**Capital Product Partners L.P.****Notes to the Consolidated Financial Statements****(In thousands of United States Dollars)****16. Commitments and 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 is not aware of any such claims or contingent liabilities, which should be disclosed, or for which a provision should be established in the accompanying consolidated financial statements.

The Partnership accrues for the cost of environmental liabilities when management becomes aware that a liability is probable and is able to reasonably estimate the probable exposure. 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.

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.

(a) Vessels Purchase Commitments

Upon the approval of the Master Agreement at the Partnership's annual general meeting in August 2014 the Partnership has outstanding purchase commitments relating to the acquisition of new buildings of \$281,276 that are payable as follows:

For the year ended December 31, 2015	Amount \$ 281,276
Total	\$ 281,276

Table of Contents**Capital Product Partners L.P.****Notes to the Consolidated Financial Statements****(In thousands of United States Dollars)****16. Commitments and Contingencies Continued**

(b) *Lease Commitments:* The vessel-owning subsidiaries of the Partnership have entered into time and bareboat charter agreements, which as of December 31, 2014 are summarized as follows:

Vessel Name	Time		Charterer	Profit Sharing (1)	Gross Daily Hire Rate (Without Profit Sharing)
	Charter (TC)/				
	Bare Boat Charter (BC)	Commencement of			
M/V Archimidis (4)	3+2+1+1				
	TC	11/2012	Maersk		\$34.0
M/V Agamemnon (4)	3.2+2+1+1				
	TC	06/2012	Maersk		\$34.0
M/T Amoureux	1 TC	1/2014	CMTC (5)	50/50	\$24.0
M/T Aias	1 TC	12/2013	CMTC (5)	50/50	\$24.0
M/T Atlantias (M/T British Ensign) (6)					\$15.2 (5y)
	5+3+2+1				\$13.5 (3y)
	BC	04/2006	BP		\$6.8 (2y)
M/T Aktoras (M/T British Envoy) (6)					\$15.2 (5y)
	5+3+1.5+1				\$13.5 (3y)
	BC	07/2006	BP		\$7.0 (1.5y)
M/V Cape Agamemnon	10 TC	07/2010	COSCO Bulk		\$42.2
M/T Agisilaos (7)	1+1 TC	09/2014	CMTC		\$14.3
M/T Arionas	1.2 TC	12/2014	CMTC		\$15.0
M/T Aiolos	5+3+2+1	03/2007	BP		\$15.2 (5y)

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(M/T British Emissary) (6)	BC				\$13.5 (3y)
					\$7.0 (2y)
M/T Avax (7)	1+1 TC	09/2014	CMTC		\$14.8
M/T Axios	1 TC	07/2014	CMTC	50/50(3)	\$14.8
M/T Alkiviadis (8)			Chartering and Shipping Services		
	1+1 TC	09/2014	SA (C SSA)		\$14.1
M/T Assos (7)	1+1 TC	06/2014	CMTC		\$14.8
M/T Atrotos (7)	1+1 TC	05/2014	CMTC		\$14.8
M/T Akeraios	1.5 TC	07/2013	CMTC	50/50(3)	\$15.0
M/T Anemos I	1.2 TC	12/2013	CMTC	50/50(3)	\$14.9
M/T Apostolos	1.2 TC	10/2013	CMTC	50/50(3)	\$14.9
M/T Alexandros II	5 BC	01/2008			\$13.0
(M/T Overseas Serifos)	5 BC	05/2013	OSG (2)		\$6.3
M/T Aristotelis II	5 BC	06/2008			\$13.0
(M/T Overseas Sifnos)	5 BC	03/2013	OSG (2)		\$6.3
M/T Aris II	5 BC	08/2008			\$13.0
(M/T Overseas Kimolos)	5 BC	03/2013	OSG (2)		\$6.3
M/T Aristotelis	1.5 TC	12/2013	CMTC	50/50(3)	\$17.0
M/T Ayrton II			Engen Petroleum		
	1.5 TC	04/2014	Ltd		\$15.4
M/T Amore Mio II	1 TC	12/2013	CMTC		\$17.0
M/T Miltiadis M II					\$23.2 (2y)
	2+0.5 TC	09/2012	Subtec, S.A. de C.V.		\$28.0 (0.5 y)
M/V Hyundai Prestige	12 TC	02/2013	HMM		\$29.4
M/V Hyundai Premium	12 TC	03/2013	HMM		\$29.4
M/V Hyundai Paramount	12 TC	04/2013	HMM		\$29.4
M/V Hyundai Privilege	12 TC	05/2013	HMM		\$29.4
M/V Hyundai Platinum	12 TC	06/2013	HMM		\$29.4

Table of Contents**Capital Product Partners L.P.****Notes to the Consolidated Financial Statements****(In thousands of United States Dollars)****16. Commitments and Contingencies Continued*****(b) Lease Commitments Continued***

- (1) Profit sharing refers to an arrangement between vessel-owning companies and charterers to share a predetermined percentage voyage profit in excess of the basic rate.
- (2) On November 14, 2012, Overseas Shipholding Group Inc (OSG) made a voluntary filing for relief under Chapter 11 of the U.S. Bankruptcy Code. After discussions between the Partnership and OSG, it was agreed to enter into new charters contracts on substantially the same terms as the prior charters but at a bareboat rate of \$6.3 per day. OSG has the option of extending the employment of each vessel following the completion of the bareboat charters for an additional two years on a time chartered basis at a rate of \$16.5 per day. OSG has an option to purchase each of the three STX vessels at the end of the eighth, ninth or tenth year of the charter, for \$38,000, \$35,500 and \$33,000, respectively, which option is exercisable six months before the date of completion of the eighth, ninth or tenth year of the charter. The expiration date above may therefore change depending on whether the charterer exercises its purchase option.
- (3) 50/50 profit share for breaching IWL (Institute Warranty Limits) applies to voyages to certain ports at certain periods of the year).
- (4) M/V Archimidis and the M/V Agamemnon are employed on time charters with Maersk at a gross rate of US\$34.0 per day with earliest redelivery in October 2015 and July 2015, respectively. Maersk has the option to extend the charter of both vessels for an additional four years at a gross rate of \$31.5 and \$30.5 per day, respectively for the fourth and fifth year and \$32.0 per day for the final two years. If all options were to be exercised, the employment of the vessels would extend to July 2019 for the M/V Agamemnon and October 2019 for the M/V Archimidis.
- (5) The vessel owning companies of the M/T Amoureux and the M/T Aias have entered into a one year time charter with Capital Maritime at a gross rate of \$24.0 per day for each vessel with profit share on actual earnings settled every six months. The charters were commenced in January 2014 and December 2013 respectively. Furthermore in December, 2014 the M/T Aias was chartered by Repsol Trading S.A. under time charter for a period of three years at a gross daily rate of \$26.5. The charter commenced in February, 2015.
- (6) The M/T British Ensign is continuing its bareboat charter with BP after the completion of its charter in April 2014 for an additional 24 months at a bareboat rate of \$6.8 per day. BP has the option to extend the duration of the charter for up to a further 12 months either as bareboat charter at a bareboat rate of \$7.3 per day for the optional periods if declared or on a time charter basis during the optional periods at a time charter rate of \$14.3 per day, if declared.

The M/T British Envoy is continuing its bareboat charter with BP after the completion of the current charter in July 2014 for an additional 18 months at a bareboat rate of \$7.0 per day. BP has the option to extend the charter duration for up to a further 12 months either as a bareboat charter at a bareboat rate \$7.3 per day for the optional periods, if declared or as a time charter at a time charter rate of \$14.3 per day, if declared.

The M/T British Emissary will continue its bareboat charter with BP after the completion of its current charters in March 2015 for an additional 24 months at a bareboat rate of \$7.0 per day. BP has the option to extend the duration of the charter for up to a further 12 months either as bareboat charter at a bareboat rate of \$7.3 per day for the optional periods if declared or on a time charter basis during all optional periods at a time charter rate of \$14.3 per day if declared.

- (7) For the M/T Agisilaos, the M/T Avax, the M/T Atrotos, and the M/T Assos CMTC has the option to extend the respective charters for one additional year at a gross daily rate of \$14.5, \$15.3, \$15.3 and \$15.3 respectively.
- (8) CSSA has the option to extend the M/T Alkiviadis charter for one additional year at a gross daily rate of \$15.1. Future minimum charter hire receipts, excluding any profit share revenue that may arise, based on non-cancelable long-term time and bareboat charter contracts, as of December 31, 2014 were:

Year ended December 31,	Amount
2015	\$ 145,344
2016	89,437
2017	85,710
2018	70,943
2019	68,967
Thereafter	282,513
Total	\$ 742,914

Table of Contents

Capital Product Partners L.P.

Notes to the Consolidated Financial Statements

(In thousands of United States Dollars)

17. Subsequent Events

- (a) *Dividends*: On January 22, 2015, the board of directors of the Partnership declared a cash distribution of \$0.2325 per common unit for the fourth quarter of 2014. The fourth quarter common unit cash distribution was paid on February 13, 2015, to unit holders of record on February 6, 2015.
- (b) *Dividends*: On January 22, 2015, the board of directors of the Partnership declared a cash distribution of \$0.21375 per Class B unit for the fourth quarter of 2014. The cash distribution was paid on February 10, 2015, to Class B unit holders of record on February 3, 2015.