Capital Product Partners L.P.
Form 20-F
April 04, 2008

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

FORM 20-F

(Mark One)
o REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF THE SECURITIES EXCHANGE ACT OF 1934

OR

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

For the fiscal year ended December 31, 2007

OR

o TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from to

OR

o SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
Date of event requiring this shell company report:

Commission file number: 1-33373

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

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

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

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

Title of each class	Name of each exchange on which registered
Common units representing limited partnership interests	Nasdaq Global 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.

13,512,500 Common Units
8,805,522 Subordinated Units
455,470 General Partner Units

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.
YES o NO x
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 o NO x
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 x NO o
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 o Accelerated filer o Non-accelerated filer x

Indicate by check mark which financial statements item the registrant has elected to follow.
ITEM 17 o ITEM 18 x
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 o NO x

CAPITAL PRODUCT PARTNERS L.P.

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FORWARD-LOOKING STATEMENTS

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

Statements included in this Annual Report which are not historical facts (including statements concerning plans and objectives of management for future operations or economic performance, or assumptions related thereto) are 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,” “could,” “should,” “would,” “expect,” “plan,” “anticipate,” “intend,” “forecast,” “believe,” “est “propose,” “potential,” “continue” or the negative of these terms or other comparable terminology. Forward-looking statements appear in a number of places and include statements with respect to, among other things:

- anticipated future acquisition of vessels from Capital Maritime, and in particular the expected acquisition of the M/T Aristofanis in the second quarter of 2008;
- our anticipated growth strategies;
- future charter hire rates and vessel values;
- our ability to make cash distributions on the units;
- our future financial condition or results of operations and our future revenues and expenses, including revenues from profit sharing arrangements;
- the repayment of debt and settling of interest rate swaps;
- our ability to access debt and equity markets;
- future refined product and crude oil prices and production;
- planned capital expenditures and availability of capital resources to fund capital expenditures;
- future supply of, and demand for, refined products and crude oil;
- increases in domestic oil consumption;
- changes in interest rates;
- our ability to maintain long-term relationships with major refined product importers and exporters, major crude oil companies, and major commodity traders;
- our ability to leverage to our advantage Capital Maritime & Trading Corp.’s (“Capital Maritime”) relationships and reputation in the shipping industry;
- our continued ability to enter into long-term, fixed-rate time charters with our tanker charterers;

- obtaining tanker projects that we or Capital Maritime bid on;
- our ability to maximize the use of our vessels, including the re-deployment or disposition of vessels no longer under long-term time charter;
- timely purchases and deliveries of newbuilding vessels;
- our ability to compete successfully for future chartering and newbuilding opportunities;
- the expected cost of, and our ability to comply with, governmental regulations and maritime self-regulatory organization standards, as well as standard regulations imposed by our charterers applicable to our business;
- our anticipated general and administrative expenses and our expenses under the management agreement and the administrative services agreement with Capital Ship Management Corp., a subsidiary of Capital Maritime ("Capital Ship Management"), and for reimbursement for fees and costs of our general partner;
- the expected impact of heightened environmental and quality concerns of insurance underwriters, regulators and charterers;
- the anticipated taxation of our partnership and distributions to our unitholders;

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- estimated future maintenance and replacement capital expenditures;
- expected demand in the refined product shipping sector in general and the demand for our medium range vessels in particular;
- our ability to retain key employees;
- customers' increasing emphasis on environmental and safety concerns;
- future sales of our common units in the public market; and
- our business strategy and other plans and objectives for future operations.

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 "Risk Factors." 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.

We undertake no 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 SEC that attempt to advise interested parties of the risks and factors that may affect our business, prospects and results of operations.

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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.

Selected Financial Data

We have derived the following selected historical financial and other data for the three years ending December 31, 2007 from our audited consolidated and predecessor combined financial statements for the years ended December 31, 2007, 2006, 2005 respectively, appearing elsewhere in this Annual Report. The historical financial and other data presented for the period from August 27, 2003 (inception) to December 31, 2004 have been derived from audited financial statements not required to be included in this Annual Report and are provided for comparison purposes. August 27, 2003 refers to the incorporation date of the vessel-owning subsidiary of the M/T Aktoras and is the earliest incorporation date of any of our vessel-owning subsidiaries.

Consolidated Financial Statements. Financial statements presented reflecting our balance sheet as of December 31, 2007 and results of operations and cash flows from April 4, 2007 (completion of our initial public offering) to December 31, 2007 are referred to herein as our “consolidated financial statements” and include operations of the five vessels which had been delivered as of December 31, 2006 and the M/T Attikos and operations of the remaining seven vessels in our fleet which were delivered between January and September 2007 as of their respective delivery dates.

Predecessor Combined Financial Statements. Financial statements presented reflecting the historical carrying costs of certain vessel-owning companies under the common control of Capital Maritime which were contributed to us by Capital Maritime at the time of our initial public offering or which were purchased by us from Capital Maritime are collectively referred to herein as our “predecessor combined financial statements”. These include the balance sheet as of December 31, 2006 and the results of operations and cash flows of the eight vessels that comprised our fleet at the time of our initial public offering (the “initial vessels”) from their respective delivery dates in 2006 to April 3, 2007, the date they were transferred to us, and of the M/T Attikos from January 20, 2005, the date it was delivered to Capital Maritime, to September 23, 2007, the date it was acquired by us. Construction costs incurred by Capital Maritime in connection with the M/T Attikos during the period from August 27, 2003 (inception) to December 31, 2004 are included in the historical financial data for the period presented below.

Our historical results are not necessarily indicative of the results that may be expected in the future. Specifically, our audited consolidated and predecessor combined financial statements are not comparable, as our initial public offering and certain other transactions that occurred during 2007, including the delivery of four newbuildings, the acquisition of the M/T Attikos, the agreement we entered into with Capital Ship Management for the provision of management and administrative services to our fleet for a fixed fee and the new financing arrangements we entered into, have affected our results of operations. Furthermore, for the year ended December 31, 2006, only six of the vessels in our current fleet had been delivered to Capital Maritime. Five of these vessels were delivered between April and November 2006 and were in operation for only a portion of the year. The M/T Attikos was delivered on January 20, 2005 and is the only vessel in our fleet which had been delivered to Capital Maritime during the year ended December 31, 2005. Consequently, the following table should be read together with, and is qualified in its entirety by reference to, the historical audited consolidated and predecessor combined financial statements and the accompanying notes included elsewhere in this Annual Report. The table should also be read together with "Item 5: —Management's Discussion and Analysis of Financial Condition and Results of Operations".

Our consolidated financial statements are prepared in accordance with United States generally accepted accounting principles. All numbers are in thousands of U.S. Dollars, except numbers of units and earnings per unit.

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	Period from Aug. 27, 2003 (inception) to Dec. 31, 2004*	Year Ended Dec. 31, 2005*	Year Ended Dec. 31, 2006*	Year Ended Dec. 31, 2007
Income Statement Data:				
Revenues	$ -	$ 4,377	$ 19,913	$ 72,543
Expenses:				
Voyage expenses(1)	-	520	373	770
Vessel operating expenses—related party	-	216	890	12,283
Vessel operating expenses(2)	40	1,932	4,043	3,196
General and administrative expenses	-	-	-	1,477
Depreciation and amortization	-	360	3,370	13,109
Total operating expenses	40	3,028	8,676	30,835
Operating income (expense)	(40)	1,349	11,237	41,708
Interest expense and finance costs	-	(389)	(4,584)	(10,809)
Loss on interest rate swap agreement	-	-	-	(3,763)
Interest income	-	1	13	710
Foreign currency gain/(loss), net	-	9	(56)	(19)
Net income (loss)	(40)	$ 970	$ 6,610	$ 27,827
Less:				
Net income attributable to predecessor operations:				
Initial vessels' net income from January 1, 2007 to April 3, 2007	-	-	-	$ (5,328)
Attikos' net income from January 1, 2007 to September 23, 2007	-	-	-	(928)
Partnership's net income for the period from April 4 to December 31, 2007	-	-	-	21,571
General partner's interest in our net income	-	-	-	431
Limited partners' interest in our net income	-	-	-	21,140
Net income per limited partner unit, basic and diluted:				
Common units	-	-	-	1.11
Subordinated units	-	-	-	0.70
Total units	-	-	-	0.95
Weighted-average units outstanding (basic and diluted):				
Common units	-	-	-	13,512,500

Subordinated units		-		-		-		8,805,522
Total units		-		-		-		22,318,022
Balance Sheet Data (at end of period):								
Vessels, net and under construction	$	25,152	$	49,351	$	208,028	$	429,171
Total assets		25,165		50,553		216,124		454,914
Total partners'/stockholders' equity		19,658		24,840		49,397		161,939
Number of shares/units		3,700		3,700		3,700		22,773,492
Common units		-		-		-		13,512,500
Subordinated units		-		-		-		8,805,522
General Partner units		-		-		-		455,470
Dividends declared per unit		-		-		-	$	0.75

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	Period from Aug. 27, 2003 (inception) to Dec. 31, 2004*	Year Ended Dec. 31, 2005*	Year Ended Dec. 31, 2006*	Year Ended Dec. 31, 2007
Cash Flow Data:				
Net cash provided by operating activities	29	1,468	9,497	50,582
Net cash used in investing activities	(25,152)	(24,559)	(162,047)	(246,938)
Net cash provided by financing activities	25,134	23,087	153,782	215,034

(1) Vessel voyage expenses primarily consist of commissions, port expenses, canal dues and bunkers. Since April 4, 2007 our only voyage expenses have been commissions.

(2) Since April 4, 2007 our vessel operating expenses have consisted primarily of management fees payable to our manager, who provides commercial and technical services such as crewing, repairs and maintenance, insurance, stores, spares and lubricants, as well as administrative services pursuant to management and administrative services agreements. Vessel operating expenses presented in the predecessor combined financial statements consist of all expenses relating to the operation of the vessels including crewing, repairs and maintenance, insurances, stores and lubricants, management fees and miscellaneous expenses.

* The amount of historical earnings per unit for the period from August 27, 2003 (inception) to December 31, 2004, for the years ended December 31, 2005 and 2006 and for the period from January 1, 2007 to April 3, 2007, giving retroactive impact to the number of common and subordinated units (and the 2% general partner interest) that were issued upon the completion of our initial public offering on April 3, 2007 is not presented in our selected historical financial data. We do not believe that a presentation of earnings per unit for these periods would not be meaningful to our investors as the vessels comprising our initial fleet and the M/T Attikos were under construction during the period from August 27, 2003 (inception) to December 31, 2004 and during the year ended December 31, 2005 the vessel-owning subsidiaries included herein, with the exception of the one which owns the M/T Attikos which was delivered in January 2005 to Capital Maritime, were in the start-up phase. In addition, during the year ended December 31, 2006 only six of the 13 vessels we owned as of December 31, 2007 had been delivered to us and only the M/T Attikos was in operation for the full year ended December 31, 2006, while the other five vessels were in operation for only part of the period (the vessels were delivered in April, May, July, August and November 2006, respectively) and a portion of the revenues generated during 2006 was derived from charters with different terms and conditions from those in the charters in place during 2007. Earnings per unit for these periods are not reflective of our anticipated earnings and operations going forward.

Please note that our audited consolidated and predecessor combined financial statements for the years ended December 31, 2007, 2006 and 2005 and for the period from August 27, 2003 (inception) to December 31, 2004 have been retroactively adjusted to reflect the results of operations and initial construction costs of the M/T Attikos, which was delivered in January 2005 to an entity under common control and acquired by us in September 2007.

Risk Factors

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 of a corporation engaged in a similar business would face, limited partner interests are inherently different from the capital stock of a corporation. Additional risks and uncertainties not presently known to us or that we currently deem immaterial also may impair our business operations. 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, the trading price of our common units could decline, and you could lose all or part of your investment.

Risks Inherent in Our Business

We may not have sufficient cash from operations to enable us to pay the quarterly distribution on our common units following the establishment of cash reserves and payment of fees and expenses.

We may not have sufficient cash available each quarter to pay the declared quarterly distribution per common unit following establishment of cash reserves and payment of fees and expenses. The amount of cash we can distribute on our common units principally depends upon the amount of cash we generate from our operations, which may fluctuate based on numerous factors generally described under this "Risk Factors" heading, including, among other things:

- the rates we obtain from our charters;
- the level of additional revenues we generate from our profit-sharing arrangements, if any;

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- the level of our operating costs, such as the cost of crews and insurance, following the expiration of our management agreement pursuant to which we pay a fixed daily fee for an initial term of approximately five years from the time we take delivery of each vessel, which includes the expenses for its next scheduled special or intermediate survey, as applicable, and related drydocking;
- the number of unscheduled off-hire days for our fleet and the timing of, and number of days required for, scheduled drydocking of our vessels;
- delays in the delivery of newbuildings and the beginning of payments under charters relating to those vessels;
- demand for seaborne transportation of refined oil products and crude oil;
- supply of product and crude oil tankers and specifically the number of newbuildings entering the world tanker fleet each year;
- prevailing global and regional economic and political conditions; and
- the effect of governmental regulations and maritime self-regulatory organization standards on the conduct of our business.

The actual amount of cash we will have available for distribution also will depend on other factors, some of which are beyond our control, such as:

- the level of capital expenditures we make, including for maintaining vessels, building new vessels, acquiring existing vessels and complying with regulations;
- our debt service requirements and restrictions on distributions contained in our debt instruments;
- interest rate fluctuations;
- the cost of acquisitions, if any;
- fluctuations in our working capital needs;
- our ability to make working capital borrowings, including to pay distributions to unitholders; and
- the amount of any cash reserves, including reserves for future maintenance and replacement capital expenditures, working capital and other matters, established by our board of directors in its discretion.

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.

The shipping industry is cyclical, which may lead to lower charter hire rates and lower vessel values, resulting in decreased distributions to our common unitholders.

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. 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 common unitholders could be adversely affected.

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, including:

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

We have entered into an agreement with Capital Maritime to purchase, among others, its interests in the subsidiaries that own two newbuildings, expected to be delivered during 2008, at pre-determined purchase prices. We will purchase from Capital Maritime its interests in each subsidiary that owns the newbuildings upon delivery of the vessel to the applicable subsidiary. Even if the market value of similar vessels declines between the time we entered into the agreement and the time the newbuildings are actually delivered, we will still be required to purchase the interests in those subsidiaries at the prices specified in the agreement with Capital Maritime. As a result, we may pay substantially more for those vessels than we would pay if we were to purchase those vessels from unaffiliated third parties. For more information on our agreement to purchase the two newbuildings from Capital Maritime, please read "Item 4: Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Purchase of Vessels Following the Offering" and "Item 7B: Related Party Transactions—Share Purchase Agreement."

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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. 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.

We have a limited operating history, which makes it more difficult to accurately forecast our future results and may make it difficult for investors to evaluate our business and our future prospects, both of which will increase the risk of your investment.

We were formed as an independent limited partnership on January 16, 2007. Only five of the vessels in our current fleet had been delivered to the relevant vessel-owning subsidiaries as of December 31, 2006 and were in operation during a portion of the period then ended. Moreover, as these vessels were operated as part of Capital Maritime's fleet during the reporting period, the vessels were operated in a different manner than they are currently operated, and thus their historical results may not be indicative of their future results. Because of our limited operating history, we lack extended historical financial and operational data, making it more difficult for an investor to evaluate our business, forecast our future revenues and other operating results, and assess the merits and risks of an investment in our common units. This lack of information will increase the risk of your investment. Moreover, you should consider and evaluate our prospects in light of the risks and uncertainties frequently encountered by companies with a limited operating history. These risks and difficulties include challenges in accurate financial planning as a result of limited historical data and the uncertainties resulting from having had a relatively limited time period in which to implement and evaluate our business strategies as compared to older companies with longer operating histories. Our failure to address these risks and difficulties successfully could materially harm our business and operating results.

We must make substantial capital expenditures to maintain the operating capacity of our fleet, which will reduce our cash available for distribution. In addition, each quarter our board of directors is required to deduct estimated maintenance and replacement capital expenditures from operating surplus, which may result in less cash available to unitholders than if actual maintenance and replacement capital expenditures were deducted.

We must make substantial capital expenditures to maintain, over the long-term, the operating capacity of our fleet. These maintenance and replacement capital expenditures include capital expenditures associated with drydocking a vessel, modifying an existing vessel or acquiring a new vessel to the extent these expenditures are incurred to maintain the operating capacity of our fleet. These expenditures could increase as a result of changes in:

- 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.

Our significant maintenance and replacement capital expenditures will reduce the amount of cash we have available for distribution to our unitholders. Any costs associated with scheduled drydocking are included in a fixed daily fee of $5,500 per time chartered vessel ($8,500 for the M/T Amore Mio II), that we pay Capital Ship Management under a management agreement, for an initial term of approximately five years from the time we take delivery of each vessel, which includes the expenses for its next scheduled special or intermediate survey, as applicable, and related drydocking. In the event our management agreement is not renewed, we will separately deduct estimated capital expenditures associated with drydocking from our operating surplus in addition to estimated replacement capital expenditures.

Our partnership agreement requires our board of directors to deduct estimated, rather than actual, maintenance and replacement capital expenditures from operating surplus each quarter in an effort to reduce fluctuations in operating surplus. The amount of estimated capital expenditures deducted from operating surplus is subject to review and change by the conflicts committee at least once a year. 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 maintenance and replacement capital expenditures, we may have less cash available for distribution in future periods when actual capital expenditures exceed our previous estimates.

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If Capital Maritime or any third party seller we may contract with in the future for the purchase of newbuildings fails to make construction payments for such 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, which could harm our business and our ability to make cash distributions.

To date, all the newbuildings we have acquired and agreed to acquire have been contracted directly by Capital Maritime and all costs for the construction and delivery of such vessels have been, or are being, incurred by Capital Maritime. Since our initial public offering in April 2007 we have taken delivery of five newbuildings from Capital Maritime, with an additional two expected for delivery in 2008. In the future, we may enter into similar arrangements with Capital Maritime or other third parties for the acquisition of newbuildings. If Capital Maritime or any third party sellers we contract with in the future fail to make construction payments for the newbuildings after receiving notice by the shipbuilder following nonpayment on any installment due date, the shipbuilder could rescind the newbuilding purchase contract. As a result of such default, Capital Maritime or the third party seller could lose all or part of the installment payments made prior to such default, and we could either lose access to the remaining newbuildings or any future vessels we contract to acquire or may need to finance such vessels before they begin operating and generating voyage revenues, which could harm our business and reduce our ability to make cash distributions.

If we finance the purchase of any additional vessels we acquire in the future or the purchase of the contracted newbuildings to be delivered in 2008 through cash from operations 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 revenue.

The actual cost of a new product or crude oil tanker varies significantly depending on the market price charged by shipyards, the size and specifications of the vessel, 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.

To date, all the newbuildings we have acquired and agreed to acquire were contracted directly by Capital Maritime and all costs for the construction and delivery of these vessels have been, or are being, incurred by Capital Maritime. As of March 31, 2008, we had taken delivery of five newbuildings and purchased two additional vessels from Capital Maritime. We have financed the purchase of these vessels, and intend to finance the purchase of the remaining newbuildings to be delivered in 2008 and any other vessel we contract to acquire from Capital Maritime, either with debt, or partly with debt and partly by issuing additional equity securities. If we issue additional common units or other equity securities your ownership interest in us will be diluted. Please read "—We may issue additional equity securities without your approval, which would dilute your ownership interest" 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 5-25% 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 acquisition costs 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 remaining portion of the acquisition price of the two newbuildings expected to be delivered in 2008 or the acquisition price 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.

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Our ability to obtain bank financing and/or to access the capital markets for future equity offerings may be limited by prevailing economic conditions. If we are unable to obtain funding or access the capital markets, we may be unable to complete any future purchases of vessels from Capital Maritime or from third parties.

Our ability to obtain bank financing or to access the capital markets for future offerings may be limited by our financial condition at the time of any such financing or offering, as well as by adverse market conditions resulting from, among other things, general economic conditions, weakness in the financial markets and contingencies and uncertainties that are beyond our control. Our failure to obtain the funds for necessary future capital expenditures could have a material adverse effect on our business, results of operations and financial condition and on our ability to make cash distributions. We expect to fund part of the purchase price of the vessels to be delivered in 2008 through drawdowns on our existing credit facility and the remainder through issuances of equity. If the prevailing equity market conditions at the time of delivery of the vessels are not favorable, we may be unable to complete the purchases, or we may have to complete them at terms not favorable to us or to our unitholders.

Our debt levels may limit our flexibility in obtaining additional financing and in pursuing other business opportunities.

As of March 31, 2008, we had drawn down $322.5 million under our existing credit facility and had $47.5 million available. In addition, we entered into a new $350.0 million credit facility on March 19, 2008 and, following the acquisition of the M/T Amore Mio II on March 27, 2008, had $304.0 million available. For more information regarding the terms of our existing revolving credit facilities, please read "Item 5:—Liquidity and Capital Resources—Revolving Credit Facilities." Our level of debt could have important consequences to us, including the following:

- our ability to obtain additional financing, if necessary, for working capital, capital expenditures, acquisitions or other purposes may be impaired, or such financing may not be available on favorable terms;

- we will need a substantial portion of our cash flow to make interest payments and, following the end of the relevant non-amortizing periods, principal payments on our debt, reducing the funds that would otherwise be available for operations, future business opportunities and distributions to unitholders;

- our debt level will make us more vulnerable to competitive pressures, or to a downturn in our business or in the economy in general, than our competitors with less debt; and

- our debt level may limit our flexibility in responding to changing business and economic conditions.

Our ability to service our debt will depend upon, among other things, our future financial and operating performance, which will be affected by prevailing economic conditions and financial, business, regulatory and other factors, some of which are beyond our control. If our operating results are not sufficient to service our current or future indebtedness, we will be forced to take actions such as reducing distributions, reducing or delaying our business activities, acquisitions, investments or capital expenditures, selling assets, restructuring or refinancing our debt, or seeking additional equity capital or bankruptcy protection. We may not be able to effect any of these remedies on satisfactory terms, or at all.

Our existing credit facilities contain, and we expect that any future credit facilities we may enter into will contain, restrictive covenants, which may limit our business and financing activities.

The operating and financial restrictions and covenants in our existing revolving credit facilities and in any future credit facility we enter into could adversely affect our ability to finance future operations or capital needs or to engage, expand or pursue our business activities. For example, our existing revolving credit facilities require the consent of our lenders to, or limit our ability to, among other items:

- incur or guarantee indebtedness;
- charge, pledge or encumber the 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 the vessels, including the fixed daily fee payable under the management agreement.

Our credit facilities also require us to comply with the ISM Code and to maintain valid safety management certificates and documents of compliance at all times.

In addition, our existing credit facilities require us to:

- maintain minimum free consolidated liquidity (50% of which may be in the form of undrawn commitments under the relevant credit facility) of at least $500,000 per financed vessel;

- maintain a ratio of EBITDA (as defined in each credit facility) to 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 defined in each credit facility) of our total fleet, current or future, of no more than 0.725 to 1.00.

We will also be required to maintain an aggregate fair market value of our financed vessels equal to 125% of the aggregate amount outstanding under each credit facility.

Our ability to comply with the covenants and restrictions contained in our existing revolving 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 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 existing credit facility, especially if we trigger a cross-default currently contained in certain of our loan agreements, 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.

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 the debt will reduce cash available for distribution on our units. In addition, our existing 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 our financed vessels 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;
- 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;
- the common units cease to be listed on the Nasdaq Global Market or on any other recognized securities exchange;
- any breach under any provisions contained in our interest rate swap agreements;
- termination of our interest rate swap agreements or an event of default thereunder that is not remedied within five business days;

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- invalidity of a security document in any material respect or if any security document ceases to provide a perfected first priority security interest; 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 will have similar restrictions. For more information regarding our financing arrangements, please read "Item 5: Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources."

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. BP Shipping Limited, Morgan Stanley Capital Group Inc. and Trafigura Beheer B.V. accounted for all of our revenues for the year ending December 31, 2007, with BP and Morgan Stanley representing 64% and 28% of our revenues, respectively. For the year ended December 31, 2006, BP and Morgan Stanley represented 53% and 23% of the revenues of our predecessor, respectively. In January 2008 we took delivery of the first of the three newbuildings chartered to subsidiaries of Overseas Shipholding Group Inc., increasing the number of our customers for 2008 to four. We could lose a customer or the benefits of a charter if:

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

- 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.

Please read "Item 4: Business Overview—Our Charters".

If we lose a key charter, we may be unable to re-deploy the related vessel on terms as favorable to us due to the long-term nature of most charters. If we are unable to re-deploy 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. Until such time as the vessel is re-chartered, 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.

Delays in deliveries of newbuildings, our decision to cancel or our inability to otherwise complete the acquisitions of our newbuildings, could harm our operating results and lead to the termination of the related charters.

We are scheduled to take delivery of certain contracted newbuildings during the remainder of 2008, which are being built at STX Shipbuilding Co., Ltd. shipyard in South Korea. The delivery of these vessels, or any other newbuildings we may contract to acquire or order in the future, could be delayed, not completed or canceled, which would delay or eliminate our expected receipt of revenues under the charters for the vessels. The shipbuilder could fail to deliver the newbuilding vessels as agreed, or Capital Maritime could cancel a purchase or a newbuilding contract because the shipbuilder has not met its obligations, including its obligation to maintain agreed refund guarantees in place for our benefit. For prolonged delays, the customer may terminate the time charter.

Our receipt of newbuildings could be delayed, canceled, or otherwise not completed because of:

- quality or engineering problems;
- changes in governmental regulations or maritime self-regulatory organization standards;

- work stoppages or other labor disturbances at the shipyard;
- bankruptcy or other financial crisis of the shipbuilder;
- a backlog of orders at the shipyard;
- political or economic disturbances in South Korea, where the vessels are being built;
- weather interference or catastrophic event, such as a major earthquake or fire;
- the shipbuilder failing to deliver the vessels in accordance with our vessel specifications;
- our requests for changes to the original vessel specifications;
- shortages of or delays in the receipt of necessary construction materials, such as steel;
- our inability to finance the purchase of the vessels;
- a deterioration in Capital Maritime's relations with STX; or
- our inability to obtain requisite permits or approvals.

If delivery of a vessel is materially delayed, it could adversely affect our results of operations and financial condition and our ability to make cash distributions.

We depend on Capital Maritime and its affiliates to assist us in operating and expanding our business.

Pursuant to a management agreement and an administrative services agreement 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 7B: Related Party Transactions—Management Agreement" and "—Administrative Services Agreement". Our operational success and ability to execute our growth strategy will depend significantly upon Capital Ship Management's satisfactory performance of these services. Our business will be harmed if Capital Ship Management fails to perform these services satisfactorily, if Capital Ship Management cancels either of these agreements, or if Capital Ship Management stops providing these services to us. We may also in the future contract with Capital Maritime for it to have newbuildings constructed on our behalf and to incur the construction-related financing. We would purchase the vessels on or after delivery based on an agreed-upon price.

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. If Capital Maritime suffers material damage to its reputation 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.

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 continued growth in demand for refined products and crude oil and the continued demand for seaborne transportation of refined products and crude oil.

Our growth strategy focuses on expansion in the refined product tanker and crude oil shipping sector. Accordingly, our growth depends on continued growth in world and regional demand for refined products and crude oil and the transportation of refined products and crude oil by sea, which could be negatively affected by a number of factors, including:

- 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;

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- 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;
- availability of new, alternative energy sources; and
- negative or deteriorating global or regional economic or political conditions, particularly in oil consuming regions, which could reduce energy consumption or its growth.

Reduced demand for refined products and crude oil and the shipping of refined products or crude oil or the increased availability of pipelines used to transport refined products or crude oil, would have a material adverse effect on our future growth and could harm our business, results of operations and financial condition.

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

Medium to long-term time charters and bareboat charters have the potential to provide income at pre-determined rates over more extended periods of time. However, the process for obtaining longer term time charters and bareboat charters is highly competitive and generally involves a lengthy, intensive and continuous screening and vetting process and the submission of competitive bids that often extends for several months. In addition to the quality, age and suitability of the vessel, longer term shipping contracts tend to be awarded based upon a variety of other factors relating to the vessel operator further described below under "Our vessels' present and future employment could be adversely affected by an inability to clear the oil majors' risk assessment process".

In addition to having to meet the stringent requirements set out by charterers, it is likely that we will also face substantial competition from a number of competitors who may have greater financial resources, stronger reputation or experience than we do when we try to recharter our vessels. It is also likely that we will face increased numbers of competitors entering into our transportation sectors, including in the ice class sector. Increased competition may cause greater price competition, especially for medium to long-term charters.

As a result of these factors, we may be unable to expand our relationships with existing customers or obtain new customers for medium to long-term time charters or bareboat charters on a profitable basis, if at all. However, even if we are successful in employing our vessels under longer term time charters or bareboat charters, our vessels will not be available for trading in the spot market during an upturn in the tanker market cycle, when spot trading may be more profitable. If we cannot successfully employ our vessels in profitable time charters, our results of operations and operating cash flow could be adversely affected.

Our 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 world-wide. 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 of the vessel operator, including extensive annual office audits;
- the operator’s environmental, health and safety record;
- compliance with the standards of the International Maritime Organization ("IMO"), a United Nations agency that issues international trade standards for shipping;
- compliance with heightened industry standards that have been set by some energy companies;
- shipping industry relationships, reputation for customer service, technical and operating expertise;
- 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;

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- 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 Capital Maritime and 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 4: Information on the Partnership—Major Oil Company Vetting Process" for more information regarding this process.

We may be unable to make or realize expected benefits from acquisitions, and implementing our growth strategy through acquisitions may harm our business, financial condition and operating results.

Our growth strategy focuses on a gradual expansion of our fleet. Any acquisition of a vessel may not be profitable to us at or after the time we acquire it and may not generate cash flow sufficient to justify our investment. In addition, our growth strategy exposes us to risks that may harm our business, financial condition and operating results, including risks that we may:

- fail to realize anticipated benefits, such as new customer relationships, cost-savings or cash flow enhancements;

- be unable to hire, train or retain qualified shore and seafaring personnel to manage and operate our growing business and fleet;

- decrease our liquidity by using a significant portion of our available cash or borrowing capacity to finance acquisitions;

- significantly increase our interest expense or financial leverage if we incur additional debt to finance acquisitions;

- incur or assume unanticipated liabilities, losses or costs associated with the business or vessels acquired; or

- incur other significant charges, such as impairment of goodwill or other intangible assets, asset devaluation or restructuring charges.

Unlike newbuildings, existing vessels typically do not carry warranties as to their condition. While we generally inspect existing vessels prior to purchase, such an inspection would normally not provide us with as much knowledge of a vessel's condition as we would possess if it had been built for us and operated by us during its life. Repairs and maintenance costs for existing vessels are difficult to predict and may be substantially higher than for vessels we have operated since they were built. These costs could decrease our cash flow and reduce our liquidity.

The vessels that currently make up our fleet, as well as the six vessels we may purchase from Capital Maritime under our omnibus agreement, have been, or will be, built in accordance with custom designs from three different shipyards, and the vessels from each respective shipyard are the same in all material respects. As a result, any latent defect discovered in one vessel will likely affect all of our vessels.

The vessels that make up our existing and contracted fleet, with the exception of the M/T Amore Mio II, as well as the six vessels in Capital Maritime's fleet for which we have been granted a right of first offer, are, or will be, based on standard designs from Hyundai MIPO Dockyard Co., Ltd., South Korea, STX Shipbuilding Co., Ltd., South Korea and Baima Shipyard, China, and have been customized by Capital Maritime, in some cases in consultation with the charterers of the vessel, and are, or will be, uniform in all material respects. As a result, any latent design defect discovered in one of our vessels will likely affect all of our other vessels in that class. In addition, the remaining vessels we have agreed to acquire have, or will have, the same or similar equipment. As a result, any equipment defect discovered may affect all of our vessels. Any disruptions in the operation of our vessels resulting from defects could adversely affect our receipt of revenues under the charters for the vessels affected.

Certain design features in our vessels have been modified by Capital Maritime to enhance the commercial capability of our vessels and have not yet been tested. As a result, we may encounter unforeseen expenses, complications, delays and other unknown factors which could adversely affect our revenues.

Capital Maritime has modified certain design features in our vessels which have not yet been tested and as a result, they may not operate as intended. If these modifications fail to enhance the commercial capability of our vessels as intended or interfere with the operation of our vessels, we could face expensive and time-consuming design modifications, delays in the operation of our vessels, damaged customer relationships and harm to our reputation. Any disruptions in the operation of our vessels resulting from the design modifications could adversely affect our receipt of revenues under the charters for the vessels affected.

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Terrorist attacks, increased hostilities or war could lead to further economic instability, increased costs and disruption of our business.

Terrorist attacks, such as the attacks that occurred in the United States on September 11, 2001, the bombings in Spain on March 11, 2004, the bombings in London on July 7, 2005, and the current conflicts in Iraq and Afghanistan and other current and future conflicts, may adversely affect our business, operating results, financial condition, ability to raise capital and future growth. Continuing hostilities in the Middle East may lead to additional armed conflicts or to further acts of terrorism and civil disturbance in the United States or elsewhere, which may contribute further to economic instability and disruption of oil production and distribution, which could result in reduced demand for our services.

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 costs, and the inability to transport oil and other refined products to or from certain locations. Terrorist attacks, war 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, which would harm our cash flow and our business.

Our operations expose us to political and governmental instability, which could harm our business.

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. In particular, we derive a substantial portion of our revenues from shipping oil and oil products from politically unstable regions. Past political efforts to disrupt shipping in these regions, particularly in the Arabian Gulf, have included attacks on ships and mining of waterways. In addition to acts of terrorism, trading in this and other regions has also been subject, in limited instances, to piracy. 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.

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

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

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

- war and terrorism.

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

- environmental damage, including potential liabilities or costs to recover any spilled oil or other petroleum products and to restore the ecosystem where the spill occurred;
- death or injury to persons, 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.

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

The operation of ocean-going vessels in international trade is inherently risky. Although we carry protection and indemnity insurance, all risks may not be adequately insured against, and any particular claim may not be paid. We do not currently maintain off-hire insurance, which would cover the loss of revenue during extended vessel off-hire periods, such as those that occur during an unscheduled drydocking due to damage to the vessel from accidents. Accordingly, any extended vessel off-hire, due to an accident or otherwise, could have a material adverse effect on our business and our ability to pay distributions to our unitholders. Any claims covered by insurance would be subject to deductibles, and since it is possible that a large number of claims may be brought, 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.

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 oil spill or marine disaster could exceed our insurance coverage, which could harm our business, financial condition and operating results. In addition, certain of our vessels are under bareboat charters with BP Shipping Limited and subsidiaries of Overseas Shipholding Group Inc. 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 and financial condition. 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.

The maritime transportation industry is subject to substantial environmental and other regulations, 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 and other pollution, and our compliance with these requirements can be costly.

These requirements can affect the resale value or useful lives of our vessels, require a reduction in cargo-capacity, ship modifications or operational changes or restrictions, 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, 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 or property damage claims 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.

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. The United States Oil Pollution Act of 1990 ("OPA 90") affects all vessel owners shipping oil or petroleum products to, from or within the United States. OPA 90 allows for potentially unlimited 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 U.S., imposes liability for oil pollution in international waters. OPA 90 expressly permits individual states to impose their own liability regimes with regard to hazardous materials and oil pollution incidents occurring within their boundaries. Coastal states in the U.S. have enacted pollution prevention liability and response laws, many providing for unlimited liability.

In addition to complying with OPA 90, IMO regulations, such as Annex VI to the International Convention for the Prevention of Pollution from Ships, EU directives and other existing laws and regulations and those that may be adopted, shipowners may incur significant additional costs in meeting new maintenance 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. For example, draft amendments to revise the regulations of the International Convention for the Prevention of Pollution from Ships ("MARPOL") regarding the prevention of air pollution from ships were agreed by the IMO Sub-Committee on Bulk Liquids and Gases when it met for its 12th session. Following lengthy and technically challenging discussions in the Air Pollution Working Group, the Sub-Committee agreed a draft revised Annex VI to the MARPOL Convention and amendments to the NOx Technical Code. These will now be submitted to the Marine Environment Protection Committee (MEPC), which meets for its 57th session from March 31 to April 4, 2008.

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A number of options remain open for discussion at the MEPC, which is expected to approve the amendments prior to their formal adoption at MEPC 58 in October 2008. The amendments would then enter into force, under the tacit acceptance procedure, 16 months later, in March 2010, or on a date to be decided by the MEPC. Given the significant environmental, human health, and economic consequences of a decision on how best to further reduce emissions of sulphur oxide (SOx) and particulate matter from ships, the Sub-Committee decided that relevant policy decisions should be taken at the Committee level and that its principal duty was to initiate such discussions.

Further legislation applicable to international and national maritime trade is expected over the coming years in areas such as ship recycling, sewage systems, emission control, ballast treatment and handling, etc. This new legislation may require additional capital expenditure in order to maintain our vessels' compliance with international and/or national regulations.

Additionally, various jurisdictions are considering regulating the management of ballast water to prevent the introduction of non-indigenous species considered to be invasive. Further to that and as a result of marine accidents (such as the November 2002 oil spill from the motor tanker Prestige, a 26 year-old single-hull tanker - which was owned by a company unrelated to us), 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 4: Business Overview—Regulation".

We have a limited history operating as a publicly traded entity.

We completed our initial public offering on the Nasdaq Global Market on April 3, 2007 and have a limited history operating as a publicly traded entity. 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, the SEC and the Nasdaq Global Market, on which our common units are listed. Section 404 of the Sarbanes−Oxley Act requires that we evaluate and determine the effectiveness of our internal control over financial reporting. However, as a newly public non−accelerated filer, we are not subject to this requirement for the first year of our operations. Currently, we would be subject to such requirement by the end of our fiscal year ending December 31, 2008. 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 will have to dedicate a significant amount of time and resources to ensure compliance with the regulatory requirements of Section 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. We have incurred and will continue to incur significant legal, accounting and other expenses in complying with these and other applicable regulations. We anticipate that our incremental general and administrative expenses as a publicly traded limited partnership taxed as a corporation for U.S. federal income tax purposes will include costs associated with annual reports to unitholders, tax returns, investor relations, registrar and transfer agent's fees, incremental director and officer liability insurance costs and director compensation.

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

The crew employment agreements that manning agents enter into on behalf of Capital Maritime or its affiliates may not prevent labor interruptions and are subject to renegotiation in the future. Any labor interruptions, including due to a failure to renegotiate employment agreements with our crew members successfully, could disrupt our operations and could adversely affect our business, financial condition and results of operations.

A global economic slowdown could have a material adverse effect on our business, financial position and results of operations.

Oil has been one of the world's primary energy sources for a number of decades. Global economic growth has been strong in recent years which has had a significant impact on shipping demand. However, such growth may not be sustained or the global economy may experience negative growth in the near future. Such an economic downturn may sharply reduce the demand for oil and refined petroleum products, and also potentially affect tanker demand. Even though our vessels are chartered under medium or long-term charters, a negative change in global economic conditions will likely have a material adverse effect on our business, financial position, results of operations and ability to pay dividends, as well as our future prospects.

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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, Capital Maritime and its controlled affiliates (other than us, our general partner and our subsidiaries) generally will agree not to acquire, own or operate medium range tankers under time charters of two or more years without the consent of our general partner. 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 7B: Related Party Transactions—Omnibus Agreement—Noncompetition."

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

Holders of common units have only limited voting rights on matters affecting our business. We will hold a meeting of the limited partners every year to elect one or more members of our board of directors and to vote on any other matters that are properly brought before the meeting. Common unitholders elect only four of the seven members of our board of directors. The elected directors will be elected on a staggered basis and will serve for three-year terms. Our general partner in its sole discretion has the right to appoint the remaining three directors and to set the terms for which those directors will serve. The partnership agreement also contains provisions limiting the ability of unitholders to call meetings or to acquire information about our operations, as well as other provisions limiting the unitholders' ability to influence the manner or direction of management. Unitholders will 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 % 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.

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, 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.

Our general partner and its other affiliates own a controlling 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.

As of March 31, 2008, Capital Maritime owned a 45.6% interest in us, including a 2% interest through its ownership of our general partner which effectively controls our day-to-day affairs consistent with policies and procedures adopted by and subject to the direction of our board of directors. Although 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 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 "—Our partnership agreement limits the fiduciary duties of our general partner and our directors 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;

- 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;

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- our general partner and our directors have limited their liabilities and reduced their fiduciary duties under the laws of the Marshall Islands, while also restricting the remedies available to our unitholders, and, as a result of purchasing common 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 the subordinated units or to make incentive distributions or to accelerate the expiration of the subordination period;

- 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 common units if it and its affiliates own more than 80% of our common units.

Although a majority of our directors will over time be elected by common unitholders, our general partner will likely have substantial influence on decisions made by our board of directors. Please read "Item 7B: Related Party Transactions".

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

We do not currently expect our board of directors to exercise its power to appoint officers of Capital Product Partners L.P. and, as a result, we expect 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.

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, pre-emptive rights or registration rights, consents or withholds consent to any merger or consolidation of the partnership, appoints any directors or votes for the election of any director, votes or refrains from voting on amendments to our partnership agreement that require a vote of the outstanding units, voluntarily withdraws from the partnership, transfers (to the extent permitted under our partnership agreement) or refrains from transferring its units, general partner interest or incentive distribution rights or votes upon the dissolution of the partnership;

• 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 common unitholder is required to agree to be bound by the provisions in the partnership agreement, including the provisions discussed above.

Fees and cost reimbursements, which Capital Ship Management will determine for services provided to us and certain of our subsidiaries, will be substantial, may fluctuate, and will reduce our cash available for distribution to you. Such fees and cost reimbursements may change upon the expiration of the management and administrative agreements currently in place.

We pay a fixed daily fee for an initial term of approximately five years from the time we take delivery of each vessel for services provided to us by Capital Ship Management, and we reimburse Capital Ship Management for all expenses it incurs on our behalf. The fixed daily fee to be paid to Capital Ship Management includes all costs incurred in providing certain commercial and technical management services to us, including vessel maintenance, crewing, purchasing and insurance and also includes the expenses for each vessel's next scheduled special or intermediate survey, as applicable, and related drydocking. In addition to the fixed daily fees payable under the management agreement, Capital Ship Management is entitled to reasonable supplementary remuneration for extraordinary fees and costs of any direct and indirect expenses it incurs in providing these services which may vary from time to time. In addition, Capital Ship Management provides us with administrative services, including audit, legal, banking and insurance services, pursuant to an administrative services agreement with an initial term of five years from the date of our initial public offering, and we reimburse Capital Ship Management for all costs and expenses reasonably incurred by it in connection with the provision of those services. Costs for these services are not fixed and may fluctuate depending on our requirements.

Going forward, when we acquire new vessels or when the respective management agreements for our vessels expire, we will have to enter into new agreements with Capital Ship Management or a third party for the provision of the above services. It is possible that any such new agreement may not be on the same or similar terms as our existing agreements, and that the level of our operating costs may 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 costs of crews for our time-chartered vessels and insurance, will lead to an increase in the fees we will have to pay to Capital Ship Management under any new agreements we enter into. The payment of fees to Capital Ship Management and reimbursement of expenses to Capital Ship Management could adversely affect our ability to pay cash distributions.

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 decreased, all of which could diminish the trading price of our common 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 because our general partner and its affiliates own sufficient units to be able to prevent its removal. The vote of the holders of at least 66 % 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 March 31, 2008, Capital Maritime owned a 45.6% interest in us, including a 2% interest through its ownership of our general partner.

- If our general partner is removed without "cause" during the subordination period and units held by our general partner and Capital Maritime are not voted in favor of that removal, all remaining subordinated units will automatically convert into common units and any existing arrearages on the common units will be extinguished. A removal of our general partner under these circumstances would adversely affect the common units by prematurely eliminating their distribution and liquidation preference over the subordinated units, which would otherwise have continued until we had met certain distribution and performance tests. "Cause" is narrowly defined to mean that a court of competent jurisdiction has entered a final, non-appealable judgment finding our general partner liable for actual fraud or willful or wanton misconduct in its capacity as our general partner. Cause does not include most cases of charges of poor management of the business, so the removal of our general partner because of the unitholders' dissatisfaction with the general partner's performance in managing our partnership will most likely result in the termination of the subordination period.

- Common unitholders elect only four of the seven 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 four directors elected by unitholders is staggered, meaning that the members of only one of three classes of our elected directors are selected each year. In addition, the directors appointed by our general partner will serve for terms determined by our general partner.

- Our partnership agreement contains provisions limiting the ability of unitholders to call meetings of unitholders, to nominate directors and to acquire information about our operations as well as other provisions limiting the unitholders' ability to influence the manner or direction of management.

- Unitholders' 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.

The effect of these provisions may be to diminish the price at which the common 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.

Substantial future sales of our common units in the public market could cause the price of our common units to fall.

We have granted registration rights to Capital Maritime and certain affiliates of Capital Maritime. These unitholders have the right, subject to some conditions, to require us to file registration statements covering any of our common, subordinated or other equity securities owned by them or to include those securities in registration statements that we may file for ourselves or other unitholders. As of March 31, 2008, Capital Maritime owned 2,007,847 common units, 8,805,522 subordinated units and certain incentive distribution rights. Following their registration and sale under the applicable registration statement, the subordinated units will become freely tradeable. By exercising their registration rights and selling a large number of common units or other securities, these unitholders could cause the price of our common units to decline.

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. In particular, we have financed a portion of the purchase price of the non-contracted vessel we acquired from Capital Maritime during the first quarter of 2008 through the issuance of additional common units to Capital Maritime and we may finance a substantial portion of the purchase price of the remaining newbuildings to be delivered in 2008 through the issuance of additional common units.

The issuance by us of additional common units or other equity securities of equal or senior rank will 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;
- because a lower percentage of total outstanding units will be subordinated units, the risk that a shortfall in the payment of the quarterly distribution will be borne by our common unitholders will increase;
- the relative voting strength of each previously outstanding unit may be diminished; and
- the market price of the common units may decline.

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In establishing cash reserves, our board of directors may reduce the amount of cash available for distribution to you.

Our partnership agreement requires our general partner to deduct from operating surplus cash reserves that it determines are necessary to fund our future operating expenditures. These reserves will also affect the amount of cash available for distribution to our unitholders. Our board of directors may establish reserves for distributions on the subordinated units, but only if those reserves will not prevent us from distributing the full quarterly distribution, plus any arrearages, on the common units for the following four quarters. As described above in "—Risks Inherent in Our Business—We must make substantial capital expenditures to maintain the operating capacity of our fleet, which will reduce our cash available for distribution. In addition, each quarter our board of directors is required to deduct estimated maintenance and replacement capital expenditures from operating surplus, which may result in less cash available to unitholders than if actual maintenance and replacement capital expenditures were deducted." Our partnership agreement requires our board of directors each quarter to deduct from operating surplus estimated maintenance and replacement capital expenditures, as opposed to actual expenditures, which could reduce the amount of available cash for distribution. The amount of estimated maintenance and replacement capital expenditures deducted from operating surplus is subject to review and change by our board of directors at least once a year, provided that any change must be approved by the conflicts committee of our board of directors.

Our general partner has a limited call right that may require you to sell your common units at an undesirable time or price.

If at any time our general partner and its affiliates own more than 80% 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 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 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.

As of March 31, 2008, Capital Maritime, an affiliate of our general partner, owned 12.9% of our common units. At the end of the subordination period, assuming no further issuances of common units and conversion of our subordinated units into common units, Capital Maritime will own 45.6% of our common units, including a 2% interest through its ownership of our general partner.

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 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. Our general partner generally has unlimited liability for the obligations of the partnership, such as its debts and environmental liabilities, except for those contractual obligations of the partnership that are expressly made without recourse to our general partner. In addition, the Marshall Islands Limited Partnership Act (the "Marshall Islands Act") provides that, under some circumstances, a unitholder may be liable to us for the amount of a distribution for a period of three years from the date of the distribution. 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" for a 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 will allow us to make working capital borrowings to pay distributions. Accordingly, we can make distributions on all our units even though cash generated by our operations may not be sufficient to pay such distributions. Any working capital borrowings by us to make distributions will reduce the amount of working capital borrowings we can make for operating our business. For more information, please read "Item 5: Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Financing Arrangements."

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.

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 Act, we may not make a distribution to you if the distribution would cause our liabilities to exceed the fair value of our assets. Marshall Islands law 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 Marshall Islands law 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. Liabilities to partners on account of their partnership interest and liabilities that are non-recourse to the partnership are not counted for purposes of determining whether a distribution is permitted.

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We have been organized as a limited partnership under the laws of the Republic of The Marshall Islands, which does not have a well developed body of partnership law.

Our partnership affairs are governed by our partnership agreement and by the Marshall Islands Act. The provisions of the Marshall Islands Act resemble provisions of the limited partnership laws of a number of states in the United States, most notably Delaware. The Marshall Islands Act also provides that it is to be applied and construed to make it uniform with the Delaware Revised Uniform Partnership Act and, so long as it does not conflict with the Marshall Islands Act or decisions of the Marshall Islands courts, interpreted according to the non-statutory law (or case law) of the State of Delaware. There have been, however, few, if any, court cases in the Marshall Islands interpreting the Marshall Islands Act, in contrast to Delaware, which has a fairly well-developed body of case law interpreting its limited partnership statute. Accordingly, we cannot predict whether Marshall Islands courts would reach the same conclusions as the courts in Delaware. For example, the rights of our unitholders and the fiduciary responsibilities of our general partner under Marshall Islands law are not as clearly established as under judicial precedent in existence in Delaware. As a result, unitholders may have more difficulty in protecting their interests in the face of actions by our general partner and its officers and directors than would unitholders of a limited partnership formed in the United States.

Because we are organized under the laws of the Marshall Islands, it may be difficult to serve us with legal process or enforce judgments against us, our directors or our management.

We are organized under the laws of the Marshall Islands, and all of our assets are located outside of the United States. Our business is operated primarily from our office in Greece. In addition, our general partner is a Marshall Islands limited liability company and its directors and officers generally are or will be non-residents of the United States, and all or a substantial portion of the assets of these non-residents are located outside the United States. As a result, it may be difficult or impossible for you to bring an action against us or against these individuals in the United States if you believe that your rights have been infringed under securities laws or otherwise. Even if you are successful in bringing an action of this kind, the laws of the Marshall Islands and of other jurisdictions may prevent or restrict you from enforcing a judgment against our assets or the assets of our general partner or its directors and officers. For more information regarding the relevant laws of the Marshall Islands, please read "Service of Process and Enforcement of Civil Liabilities."

Tax Risks

In addition to the following risk factors, you should read "Item 10E:—Taxation" 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 common 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. holders.

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 at least 75.0% of its gross income for any taxable year consists of certain types of "passive income," or at least 50.0% 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. shareholders 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 do not believe that we were a PFIC for our 2006 or 2007 taxable years nor do we expect to become a PFIC with respect to any other taxable year. Twelve of the 15 vessels in our fleet as well as the M/T Aristofanis, which we intend to acquire during the second quarter of 2008, are or will be engaged in time chartering activities and we intend to treat our income from those 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") will accept this position. The remainder of our fleet will be engaged in activities that may be characterized as passive for PFIC purposes and the income from that portion of our fleet may be treated as passive income for PFIC purposes. See "Item 10E:—Taxation—PFIC Status and Significant Tax Consequences."

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The preferential tax rates applicable to qualified dividend income are temporary, and the enactment of previously proposed legislation could affect whether dividends paid by us constitute qualified dividend income eligible for the preferential rate.

Certain of our distributions may be treated as qualified dividend income eligible for preferential rates of U.S. federal income tax to U.S. individual unitholders (and certain other U.S. unitholders). In the absence of legislation extending the term for these preferential tax rates, all dividends received by such U.S. taxpayers in tax years beginning on January 1, 2011 or later will be taxed at ordinary graduated tax rates. Please read "Item 10E:—Taxation—U.S. Federal Income Taxation of U.S. Holders—Distributions."

In addition, previously proposed legislation proposed during a preceding legislative session of the U.S. Congress would deny the preferential rate of U.S. federal income tax currently imposed on qualified dividend income with respect to dividends received from a non-U.S. corporation, unless the non-U.S. corporation either is eligible for benefits of a comprehensive income tax treaty with the United States or is created or organized under the laws of a foreign country that has a comprehensive income tax system. Because the Marshall Islands has not entered into a comprehensive income tax treaty with the United States and imposes only limited taxes on entities organized under its laws, it is unlikely that we could satisfy either of these requirements. Consequently, if this legislation were enacted the preferential tax rates of federal income tax discussed under "Item 10E:—Taxation—U.S. Federal Income Taxation of U.S. Holders—Distributions" may no longer be applicable to distributions received from us. As of the date hereof, it is not possible to predict with any certainty whether this previously proposed legislation will be reintroduced and enacted.

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

Under the Code, 50% of the gross shipping income of a vessel-owning or chartering corporation that is attributable to transportation that both begins or ends, but that does not begin and end, in the U.S. 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." 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 qualify for this exemption is based upon legal authorities that do not expressly contemplate an organization 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 and 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 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 common 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 controlled affiliates will be conducted and operated in a manner that minimizes income taxes imposed upon us and these controlled affiliates or which may be imposed upon you as a result of owning our common 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 common 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 to 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 the acquisition, holding, disposition or redemption of our common units. However, the question of whether either we or any of our controlled affiliates 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 agreement and the administrative services agreement we will enter 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.

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Item 4. Information on the Partnership.

A. History and Development of the Partnership

We are a limited partnership incorporated as Capital Product Partners L.P. under the laws of the Marshall Islands on January 16, 2007 by Capital Maritime. On April 3, 2007, we completed our initial public offering (the “Offering”) on the Nasdaq Global Market of 13,512,500 common units at a price of $21.50 per unit. At the time of the Offering, Capital Maritime transferred all of the shares of eight wholly owned subsidiaries, each of which owned a newly built, double hull medium range product tanker, to us and we entered into an agreement with Capital Ship Management, a subsidiary of Capital Maritime, to provide management and technical services in connection with these and future vessels. As of March 31, 2008, Capital Maritime owned a 45.6% interest in us, including a 2% interest through its ownership of our general partner, Capital GP L.L.C. We maintain our principal executive headquarters at 3 Iassonos Street, Piraeus, 18537 Greece and our telephone number is +30 210 4584 950.

B. Business Overview

We are an international owner of product tankers formed by Capital Maritime, an international shipping company with a long history of operating and investing in the shipping market. Our fleet currently consists of 15 double-hull, high specification tankers including the largest Ice Class 1A medium range (MR) product tanker fleet in the world based on number of vessels and carrying capacity. Since the Offering we have taken delivery of five newbuildings and have also acquired two additional vessels from Capital Maritime, almost doubling the size of our fleet in terms of carrying capacity. We also expect to take delivery of an additional 12,000 dwt small tanker from Capital Maritime during the second quarter of 2008 and of two additional newbuildings in June and August of 2008 which we contracted to acquire from Capital Maritime prior to our Offering. Our vessels are capable of carrying crude oil, refined oil products, such as gasoline, diesel, fuel oil and jet fuel, as well as edible oils and certain chemicals such as ethanol and comply not only with the strict regulatory standards that are currently in place but also with the stricter regulatory standards that are currently expected to be implemented. We charter our vessels under medium to long-term time and bareboat charters (two to 10 years, with an average remaining term of approximately 5.3 years) to large charterers such as BP Shipping Limited, Morgan Stanley Capital Group Inc., Trafigura Beheer B.V., and subsidiaries of Overseas Shipholding Group Inc. All our charters provide for the receipt of a fixed base rate for the life of the charter, and in the case of 10 of our 11 time charters, also provide for profit sharing arrangements in excess of the base rate.

Business Strategies

Our primary business objective is to increase quarterly distributions per unit over time. In order to achieve this objective we execute the following business strategies:

- Maintain and grow our cash flows. We believe that the medium to long-term, fixed-rate nature of our charters, our profit sharing arrangements, our contracted and potential acquisitions from Capital Maritime or third parties and our agreement with Capital Ship Management for the commercial and technical management of our vessels, which provides for a fixed management fee for an initial term of approximately five years from when we take delivery of each vessel and includes the expenses for its next scheduled special or intermediate survey, as applicable, and related drydocking will provide a stable and growing base of revenue and predictable expenses that will result in stable cash flows in the medium term.

- Continue to grow our fleet. 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. Since the Offering we have taken delivery of five newbuildings and have also acquired two additional vessels from Capital Maritime. We also expect to take delivery of one additional 12,000 dwt small tanker during the second quarter of 2008 and of two additional newbuildings in June and August of 2008. Furthermore, pursuant to our omnibus agreement with Capital Maritime, we have the opportunity to purchase six sister vessels currently owned or on order by Capital Maritime, but only in the event those vessels are fixed under medium to long-term charters. Capital Maritime also has a substantial newbuilding program in place and we will continue to evaluate opportunities to acquire both newbuildings and second-hand vessels, if and when they are chartered for more than two years, from Capital Maritime and from third parties as we seek to grow our fleet. We believe that our medium to long-term charters, strong relationships with reputable shipyards and financial flexibility will allow us to make additional accretive acquisitions based on our judgment and experience as to prevailing market conditions.

- Capitalize on our relationship with Capital Maritime and expand our charters with recognized charterers. We believe that we can leverage our relationship with Capital Maritime and its ability to meet the rigorous vetting processes of leading oil companies in order to attract new customers. We also plan to increase the number of vessels we charter to our existing charterers as well as enter into charter agreements with new customers in order to maintain a portfolio of charters that is diverse from a customer, geographic and maturity perspective. Following our Offering we have added Trafigura Beheer B.V. to our customer base, delivered the first of three vessels to Overseas Shipholding Group and chartered an additional vessel with BP Shipping Limited.

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- Maintain and build on our ability to meet rigorous industry and regulatory safety standards. Capital Ship Management, an affiliate of our general partner that manages our vessels, has an excellent vessel safety record, is capable of fully complying with rigorous health, safety and environmental protection standards, and is committed to provide our customers with a high level of customer service and support. We believe that in order for us to be successful in growing our business in the future we will need to maintain our excellent vessel safety record and maintain and build on our 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:

- Stable and growing cash flows based on medium to long-term charters. We believe that the medium to long-term, fixed-rate nature of our charters, our profit sharing arrangements and our fixed-rate management agreement provide a stable and growing base of revenue and predictable expenses that result in stable and growing cash flows. Our existing fleet has experienced significant growth since our Offering, almost doubling in terms of carrying capacity. In addition, we believe our intention to acquire the M/T Aristofanis in the second quarter of 2008, our commitment to purchase two additional vessels scheduled for delivery in 2008 and the potential opportunity to purchase up to an additional six sister vessels and up to 25 modern double-hull tankers of various sizes from Capital Maritime provides visible opportunity for future growth in our revenue, operating income and net income.

- Strong relationship with Capital Maritime. We believe our relationship with Capital Maritime and its affiliates provides numerous benefits that are key to our long-term growth and success, including Capital Maritime's reputation within the shipping industry and its network of strong relationships with many of the world's leading oil companies, shipyards, commodity traders, and shipping companies. We also benefit from Capital Maritime's expertise in technical fleet management and its ability to meet the rigorous vetting processes of some of the world's most selective major international oil companies, including BP p.l.c., Royal Dutch Shell plc, StatoilHydro ASA, and most recently Chevron Corporation and ExxonMobil Corporation. We believe we are well-positioned not only to retain existing customers such as BP Shipping Limited, Morgan Stanley Capital Group Inc., Trafigura Beheer B.V. and Overseas Shipholding Group Inc., but also to enter into agreements with other large charterers and oil companies.

- Leading position in the product tanker market, with a modern, capable fleet, built to high specifications. Our fleet of 15 tankers includes the largest Ice Class 1A MR fleet in the world based on number of vessels and carrying capacity. The IMO II/III and Ice Class 1A classification notations of most of our vessels provide a high degree of flexibility as to what cargoes our charterers can choose to trade as they employ our fleet. We also believe that the range in size and geographic flexibility of our fleet are attractive to our charterers, allowing them to consider a variety of trade routes and cargoes. In addition, with an average age of approximately 2.5 years, our fleet is one of the youngest fleets of its size in the world. Finally, we believe our vessels' compliance with existing and expected regulatory standards, the high technical specifications of our vessels and our fleet's flexibility to transport a wide variety of refined products and crude oil across a wide range of trade routes is attractive to our existing and potential charterers.

- Financial strength and flexibility. At the time of the Offering we entered into a non-amortizing revolving credit facility that provided us with the funds to purchase the vessels delivered to us to date, including the M/T Attikos, and we expect will provide us with the funds to pay a substantial portion of the purchase price for the remaining two newbuildings to be delivered in 2008. On March 19, 2008 we entered into a new 10-year revolving credit facility of up to $350.0 million, which is non-amortizing until March 2013, further enhancing our financial flexibility to realize new vessel acquisitions from Capital Maritime and third parties. We may use this facility to finance a portion of the acquisition price of certain identified vessels currently in Capital Maritime's fleet which we may elect to acquire in the future and up to 50% of the purchase price of any potential future purchases of modern tanker vessels from Capital Maritime or any third parties. To date, we have used $46.0 million of this facility to fund part of the acquisition price of the M/T Amore Mio II from Capital Maritime and expect to use approximately $11.5 million in connection with the acquisition of the M/T Aristofanis in the second quarter of 2008.**

Our Customers

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

- BP Shipping Limited, the shipping affiliate of BP p.l.c., one of the world's largest producers of crude oil and natural gas. BP p.l.c. has exploration and production interests in 26 countries and as of December 31, 2006, BP p.l.c. had proved reserves of 17.7 billion barrels of oil and gas equivalent.

- Morgan Stanley Capital Group Inc., the commodities division of Morgan Stanley, the international investment bank, is a leading commodities trading firm in the energy and metals markets, encompassing both physical and derivative capabilities.

- Overseas Shipholding Group Inc., one of the largest independent shipping companies in the world operating crude and product tankers. As of December 31, 2007, Overseas Shipholding Group Inc.'s operating fleet consisted of 214 vessels, 44 of which were under construction, aggregating 14.8 million dwt.

- Trafigura Beheer B.V., a large trader of crude oil and refined products based in The Netherlands and founded in 1993. Trafigura is the world's largest independent oil trader with investments in industrial assets around the world of more than $600 million as of October 2007.

BP Shipping Limited and Morgan Stanley Capital Group Inc. accounted for 64% and 28% of our revenues, respectively, for the year ended December 31, 2007 and 53% and 23% of the revenues, respectively, of our predecessor, for the year ended December 31, 2006. 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 Fleet

At the time of the Offering on April 3, 2007, our fleet consisted of eight newly built, Ice Class 1A, IMO II/III double-hull, MR chemical/product tankers constructed by Hyundai MIPO Dockyard Co., Ltd. to high specifications. We also agreed to purchase from Capital Maritime a further four Ice Class 1A IMO II/III sister vessels which were delivered in 2007 and three IMO II/III MR chemical/product tanker sister vessels constructed by STX Shipbuilding Co., Ltd. scheduled for delivery in 2008 at a fixed price. Sister vessels are vessels of similar specifications and size typically built at the same shipyard. All of the vessels are or were designed, constructed, inspected and tested in accordance with the rules and regulations of either Det Norske Veritas (DNV) or the American Bureau of Shipping (ABS) and are under time or bareboat charters commencing at the time of their delivery. The three MR chemical/product tankers are chartered under bareboat charters to subsidiaries of Overseas Shipholding Group Inc., which has an option to purchase each vessel at the end of the eighth, ninth or tenth year of its charter.

Since the Offering, the size of our fleet has almost doubled in terms of carrying capacity. We have acquired the following vessels:

- The four Ice Class 1A, IMO II/III, 47,000 dwt, MR chemical/product contracted newbuildings were delivered to us between May and September 2007 and delivered to Morgan Stanley Inc., their charterer. The charters for all four of these vessels are subject to profit sharing arrangements which allow each party to share additional revenues above the base rate on a 50/50 basis. Our current fleet of 12 newly built, Ice Class 1A MR vessels represents the largest such fleet in the world based on number of vessels and carrying capacity. Ice Class 1A vessels may earn a premium during winter months as they are capable of navigating through many ice-covered routes inaccessible to standard product tankers.

- The M/T Attikos, a 12,000 dwt, 2005 built, double-hull product tanker which is chartered to Trafigura Beheer B.V. under a charter with an earliest scheduled expiration date of September 2009, was our first non-contracted acquisition from Capital Maritime. The vessel was delivered to us in September 2007.

- The M/T Alexandros II, a 51,258 dwt IMO II/III MR chemical/product tanker, the first of three such contracted newbuilding MR sister vessels, was delivered in January 2008 and delivered to subsidiaries of Overseas Shipholding Group Inc., its charterer. The two sister vessels we have agreed to acquire from Capital Maritime are scheduled for delivery in June and August of 2008, respectively. All vessels are capable of transporting a range of refined oil products, chemicals (including ethanol and biodiesel feedstock), fuel oil and crude oil worldwide.

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- The M/T Amore Mio II, a 159,982 dwt, 2001 built, double-hull tanker, which is chartered to BP Shipping Limited under a charter with an earliest scheduled expiration date of January 2011, was acquired from Capital Maritime in March 2008. The charter is subject to a profit sharing arrangement which is calculated and settled monthly and which allows each party to share additional revenues above the base rate on a 50/50 basis.

In addition to the above vessels, we have entered into a letter of intent with Capital Maritime to acquire the M/T Aristofanis and intend to complete such acquisition during the second quarter of 2008. The M/T Aristofanis, a 12,000 dwt, 2005 built, double-hull product tanker, is chartered to Shell International Trading & Shipping Company Ltd. under a charter with an earliest scheduled expiration date of March 2010 and is a sister vessel to the M/T Attikos.

We expect that by the end of the third quarter of 2008 our fleet will consist of 18 double-hull tankers, including the M/T Aristofanis, with an average age of approximately 2.5 years.

Potential Additional Vessels from Capital Maritime

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. Pursuant to our omnibus agreement with Capital Maritime, Capital Maritime has granted us a right of first offer for any MR tankers in its fleet under charter for two or more years, giving us the opportunity to purchase up to an additional six vessels comprised of two 37,000 dwt Ice Class 1A MR chemical/product tanker sister vessels and four 51,000 dwt MR IMO II/III chemical/product tanker sister vessels in the future. Capital Maritime is, however, under no obligation to fix any of these six vessels under charters of two or more years. All six vessels are currently under charter for less than two years or are yet to be chartered as they are under construction. Please read “Item 7B: Related Party Transactions” for a detailed description of our omnibus agreement with Capital Maritime.

In addition, Capital Maritime currently owns or has on order a total of 25 modern, double-hull product and crude oil tankers of different sizes which we may potentially acquire in the event those vessels were fixed under charters of two or more years.

The first table below provides summary information as of March 31, 2008 about the vessels in our fleet and the vessels we have contracted to acquire or may have the opportunity to acquire from Capital Maritime as well as their delivery date or expected delivery date to us and their employment. The table also includes the approximate expected termination date of the management agreement with Capital Ship Management with respect to each vessel. The second table provides information about the modern vessels in Capital Maritime’s fleet as of March 31, 2008 and the year they were built or expected delivery date to Capital Maritime. We may agree to purchase certain of these vessels from Capital Maritime in the future. Sister vessels are denoted by the same letter in the tables.

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OUR FLEET

Vessel Name	Sister Vessels (1)	Year Built/ Delivery Date	DWT	OPEX (per day)	Management Agreement Expiration	Duration/ Charter Type (2)	Expiry of Charter (3)	Daily Charter Rate (Net) (4)	Profit Sharing	Charterer (5)	Description
					VESSELS CURRENTLY IN OUR FLEET						
Initial Fleet – Delivered to Us At Time of the Offering (6)											
Atlantas	A	2006	36,760	$250	Jan-Apr 2011	8-year BC	Mar-2014	$15,000(7)		BP	Ice Class 1A IMO II/III Chemical/ Product
Aktoras	A	2006	36,759	$250	Apr-Jul 2011	8-year BC	Jun-2014	$15,000(7)		BP	
Aiolos	A	2007	36,725	$250		8-year BC	Feb-2015	$15,000(7)		BP	
Agisilaos	A	2006	36,760	$5,500	May-Aug 2011	2.5-year TC	Jan-2009	$17,500(7)	ü	BP	
Arionas	A	2006	36,725	$5,500	Aug-Nov 2011	2.5-year TC	Apr-2009	$21,000(9)(8)	ü	BP	
Axios	B	2007	47,872	$5,500	Dec-2011-Mar-2012	3-year TC	Jan-2010	$20,500(8)	ü	BP	
Avax	B	2007	47,834	$5,500	Jun 2010	3-year TC	May-2010	$20,500	ü	BP	
Assos	B	2006	47,872	$5,500	Feb-May 2011	3-year TC	Oct-2009	$20,000	ü	MS	
Total DWT:			327,307								
Vessels Purchased from Capital Maritime since the Offering											
Atrotos (6)	B	May-2007	47,786	$5,500	Feb-May 2012	3-year TC	Apr-2010	$20,000	ü	MS	Ice Class 1A IMO II/III Chemical/ Product
Akeraios (6)	B	Jul-2007	47,781	$5,500	May-Aug 2012	3-year TC	Jun-2010	$20,000	ü	MS	
Anemos I (6)	B	Sept-2007	47,782	$5,500	Jul-Oct 2012	3-year TC	Aug-2010	$20,000	ü	MS	
Apostolos (6)	B	Sept-2007	47,782	$5,500	Jul-Oct 2012	3-year TC	Aug-2010	$20,000	ü	MS	
Attikos (10)	C	2005	12,000	$5,500	Sept-Nov 2012	26-28 mon. TC	Sept-2009	$13,503		Trafigura	Product
Alexandros II (11)(12)	D	Jan-2008	51,258	$250	Dec-2012-Mar 2013	10-year BC	Dec-2017	$13,000		OSG	IMO II/III Chem./Prod.
Amore Mio II (13)	E	2001	159,982	$8,500	Mar-Apr 2013	3-year TC	Jan-2011	$36,000	ü	BP	Crude Oil

Total DWT:	704,858
	VESSELS WE HAVE AGREED TO OR MAY PURCHASE FROM CAPITAL MARITIME
Additional Contracted Vessels (With Expected Delivery Date)	