

Capital Product Partners L.P.
Form 20-F
February 18, 2014
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 20-F

(Mark One)

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

OR

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

For the fiscal year ended December 31, 2013

OR

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

For the transition period from _____ to _____

OR

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

Date of event requiring this shell company report: _____

Commission file number: 1-33373

CAPITAL PRODUCT PARTNERS L.P.

(Exact name of Registrant as specified in its charter)

Republic of The Marshall Islands

(Jurisdiction of incorporation or organization)

3 Iassonos Street, Piraeus, 18537 Greece

+30 210 458 4950

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

Ioannis E. Lazaridis, i.lazaridis@capitalpplp.com

(Name and Email of company contact person)

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

Title of each class

Name of each exchange on which registered
Nasdaq Global Market

Common units representing limited partnership interests

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.

88,440,710 Common Units

1,765,457 General Partner Units

18,922,221 Class B Convertible Preferred Units

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

YES **NO**

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

YES **NO**

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

YES **NO**

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

YES **NO**

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

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

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

U.S. GAAP **International Financial Reporting Standards as issued** **Other**

by the International Accounting Standards Board

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

ITEM 17 **ITEM 18**

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

YES **NO**

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FORWARD-LOOKING STATEMENTS

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

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

expectations of our ability to make cash distributions on our common units and the Class B Convertible Preferred Units (the "Class B Units"), which rank senior to our common units and receive distributions prior to any distributions on our common units;

our ability to increase our distributions over time;

global economic outlook and growth;

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

increases in domestic or worldwide oil consumption;

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

future refined product and crude oil prices and production;

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

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

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

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

future charter hire rates and vessel values;

anticipated future acquisition of vessels from Capital Maritime & Trading Corp. ("Capital Maritime" or "CMTC") and from third parties;

anticipated future chartering arrangements with Capital Maritime and third parties;

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

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

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

our ability to access debt, credit and equity markets;

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

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

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

the financial viability and sustainability of our customers;

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changes in interest rates and any interest rate hedging practices in which we may engage;
the debt amortization payments and repayment of debt and settling of interest rate swaps we may make, if any;
the effectiveness of our risk management policies and procedures and the ability of counterparties to our derivative contracts to fulfill their contractual obligations;
planned capital expenditures and availability of capital resources to fund capital expenditures;
our ability to maintain long-term relationships with major refined product importers and exporters, major crude oil companies and major commodity traders;
the ability of our manager, Capital Ship Management Corp., a subsidiary of Capital Maritime (Capital Ship Management), to qualify for short- and long-term charter business with oil major charterers and oil traders;
our ability to maximize the use of our vessels, including the redeployment or disposition of vessels no longer under long-term time charter;
our continued ability to enter into long-term, fixed-rate time charters with our charterers and to recharter our vessels as their existing charters expire at attractive rates;
the changes to the regulatory requirements applicable to the oil transportation industry, including, without limitation, stricter requirements adopted by international organizations, such as the International Maritime Organization and the European Union, or by individual countries or charterers and actions taken by regulatory authorities and governing such areas as safety and environmental compliance;
the expected cost of, and our ability to comply with, governmental regulations and maritime self-regulatory organization standards, including with new environmental regulations and standards being introduced, as well as with standard regulations imposed by our charterers applicable to our business;
the impact of heightened regulations and the actions of regulators and other government authorities, including anti-corruption laws and regulations, as well as sanctions and other governmental actions;
our anticipated general and administrative expenses and our costs and expenses under the management agreements and the administrative services agreement with our manager, and for reimbursement for fees and costs of Capital GP L.L.C., our general partner;
increases in costs and expenses including but not limited to: crew wages, insurance, provisions, port expenses, lube oil, bunkers, repairs, maintenance and general and administrative expenses;
the adequacy of our insurance arrangements and our ability to obtain insurance and required certifications;
the impact of the floating fee structure under which an increasing number of our vessels are managed on operating expenses;
potential increases in costs and expenses under our management agreements following expiration and/or renewal of such agreements in connection with certain of our vessels;
the impact of heightened environmental and quality concerns of insurance underwriters and charterers;
the anticipated taxation of our partnership and distributions to our common and Class B unitholders;
estimated future maintenance and replacement capital expenditures;
expected demand in the shipping sectors in which we operate in general and the demand for our crude oil and medium range vessels in particular;
the expected lifespan and condition of our vessels;
our ability to employ and retain key employees;
our track record, and past and future performance, in safety, environmental and regulatory matters;
potential liability and costs due to environmental, safety and other incidents involving our vessels;
the effects of increasing emphasis on environmental and safety concerns by customers, governments and others, as well as changes in maritime regulations and standards;
expected financial flexibility to pursue acquisitions and other expansion opportunities;
anticipated funds for liquidity needs and the sufficiency of cash flows; and
future sales of our units in the public market.

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

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

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

Not Applicable.

Item 2. Offer Statistics and Expected Timetable.

Not Applicable.

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

We have derived the following selected historical financial data for the three years ended December 31, 2013, and as of December 31, 2013 and 2012, from our audited consolidated financial statements as of and for the years ended December 31, 2013, 2012 and 2011 (the Financial Statements) respectively, appearing elsewhere in this Annual Report. The historical financial data presented as of December 31, 2011, 2010 and 2009 and for the years ended December 31, 2010 and 2009 have been derived from audited financial statements not included in this Annual Report and are provided for comparison purposes only. Our historical results are not necessarily indicative of the results that may be expected in the future. Different factors affect our results of operations, including amongst others, the number of vessels in our fleet, prevailing charter rates, management and administrative services fees, as well as financing and interest swap arrangements we enter into. Consequently, the below table should be read together with, and is qualified in its entirety by reference to, the Financial Statements and the accompanying notes included elsewhere in this Annual Report. The table should also be read together with Item 5A: Management's Discussion and Analysis of Financial Condition and Results of Operations .

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

	Year ended December 31,				
	2013	2012	2011	2010⁽¹⁾	2009⁽¹⁾
Income Statement Data:					
Revenues	\$ 116,520	\$ 84,012	\$ 98,517	\$ 113,562	\$ 134,519
Revenues related party	54,974	69,938	31,799	11,030	
Total revenues	171,494	153,950	130,316	124,592	134,519
Expenses:					
Voyage expenses ⁽²⁾	5,776	5,114	11,565	7,009	3,993
Voyage expenses related party ⁽²⁾	314	554	165		
Vessel operating expenses ⁽³⁾	38,284	22,126	4,949	1,034	2,204
Vessel operating expenses related party ⁽³⁾	17,039	23,634	30,516	30,261	30,830
General and administrative expenses	9,477	9,159	10,609	3,506	2,876
Loss / (gain) on sale of vessels to third parties	7,073	(1,296)			
Depreciation and amortization	52,208	48,235	37,214	31,464	30,685
Vessels impairment charge		43,178			
Total operating expenses	130,171	150,704	95,018	73,274	70,588
Operating income	41,323	3,246	35,298	51,318	63,931
Gain from bargain purchase	42,256		82,453		
Gain on sale of claim	31,356				
Interest expense and finance costs	(15,991)	(26,658)	(33,820)	(33,259)	(32,675)
Gain on interest rate swap agreement	4	1,448	2,310		

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Interest and other income	533	775	879	860	1,460
Partnership s net income / (loss)	\$ 99,481	\$ (21,189)	\$ 87,120	\$ 18,919	\$ 32,716

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