

**Capital Product Partners**  
**Second Quarter 2024 Financial Results Conference Call**  
**August 2, 2024**

---

**Presenters**

**Jerry Kalogiratos, Chief Executive Officer**

**Brian Gallagher, Executive Vice President, Investor Relations**

**Q&A Participants**

**Liam Burke - B. Riley**

**Omar Nokta - Jefferies**

**Mike Webber - Webber Research & Advisory**

**Operator**

Thank you for standing by. And welcome to the Capital Product Partners Second Quarter 2024 Financial Results Conference Call.

We have with us Mr. Jerry Kalogiratos, Chief Executive Officer, and Mr. Brian Gallagher, Executive Vice President of Investor Relations.

At this time, all participants are in a listen-only mode. There will be a presentation followed by a question-and-answer session at which time, if you wish to ask a question, you will need to press “\*”, “1” on your telephone and wait for your name to be announced.

I must advise you this conference is being recorded, today, August 2, 2024.

The statements in today’s conference call that are not historical facts, including our expectations regarding acquisition transactions and their expected effect on us, cash generation, equity returns and future debt levels, our ability to pursue growth opportunities, our expectations or objectives regarding future distribution amounts or unit buyback amounts, capital reserve amounts, distribution coverage, future earnings, capital allocation, as well as our expectation regarding market fundamentals and employment of our vessels, including re-delivery dates and charter rates, may be forward-looking statements, such as defined in Section 21E of the Securities Exchange Act of 1934, as amended.

These forward-looking statements involve risks and uncertainties that could cause the stated or forecast results to be, materially, different from those anticipated. Unless required by law, we expressly disclaim any obligation to update or revise any of these forward-looking statements, whether because of future events, new information, a change in our views or expectations to conform to actual results, or otherwise. We make no prediction or statement about the performance of our common units.

I would now like to hand over to your speaker today, Mr. Kalogiratos. Please go ahead, sir.

**Jerry Kalogiratos**

Thank you, Christine, and thank you all for joining us today. As a reminder, we will be referring to the supporting slides available on our website, as we go through today's presentation.

Today represents an important milestone and the start of a new chapter for the company. We have agreed to change the company's name to Capital Clean Energy Carriers Corp., reflecting our strategic pivot to the LNG and energy transition business, and to signify the conversion of the partnership to corporation with improved governance rights for unaffiliated shareholders, a transparent corporate structure and alignment of shareholder interests.

As a reminder, we announced in November 2023, together with a change of focus on the partnership on the LNG and gas business, that we intend to also change our corporate structure from a partnership to a corporation. I am very pleased to report that the general partner of CPLP and the Special Committee of our Board, comprising independent directors, have agreed to the terms of the conversion, which entail the conversion of all common units to common shares and the elimination of the general partner units and its incentive distribution rights.

This includes also the elimination of the GP's existing management and consent rights, including its right to appoint three directors to our Board and its veto rights over approval of mergers, consolidations, and other significant corporate transactions.

Following the conversion, the Board will consist of eight directors, a majority of which will be independent, in accordance with NASDAQ rules.

Until the holdings of Capital Maritime and its affiliates fall below 25% of the outstanding common shares, Capital Maritime will have the right to nominate three of the eight directors, two directors until its holdings fall below 15% and, thereafter, one director until its holdings fall below 5%.

In view of the above transaction, the GP units and associated incentive distribution rights outstanding immediately prior to the conversion will be converted to an aggregate 3.5 million common shares.

We expect that the conversion to a corporation will allow the company to grow and broaden our investor appeal and investor base and, over time, enhance liquidity, including potential index participation. This is, of course, together with our unique business plan of putting together the largest U.S.-listed LNG and gas platform with an eye to energy transition, as better described on Slide 4 of the presentation.

Once all our contracted vessels are delivered, our 36-vessel fleet will be among the youngest out there, with an average age of 2.3 years and the ability to transport a number of different

cargos, including cleaner forms of hydrocarbons, such as LNG and LPG, that also service as emerging energy transition trades, such as the transportation of liquid CO2 and low carbon ammonia.

Importantly, we have, today, 20 vessels in the water, including 12 latest generation LNG carriers and eight legacy container vessels, all under medium- to long-term charters to first-class counterparties.

Finally, our legacy container fleet provides excellent strategic and funding optionality, with eight vessels remaining and close to \$180 million raised in net profits from sales in less than six months.

On Slide 5, you can see an overview of our contracted cash flows. Our 12 LNG carriers on the water revenue backlog is considerable, totaling \$2.4 billion, backed by a diverse range of blue chip energy providers. This is complemented by an additional \$400 million of contracted revenue from our container book. Overall, we have a remaining chartered duration of 7.2 years, providing cash flow visibility and stability during this growth phase for the company.

Moving on to the second quarter of 2024 and recent developments, on Slide 7, we announced during the quarter an important strategic investment in 10 new gas carriers for \$756 million, with expected deliveries between the first quarter of '26 and the third quarter of '27. Six vessels are dual-fuel LPG, medium gas carriers, and four are the first-ever built liquid CO2 handy gas carriers, which can also transport LPG, ammonia, and other conventional cargoes.

On the LNG side, we took delivery of the LNG carriers Assos, Apostolos, and Aktoras, in accordance with the partnership's transformative agreement to acquire 11 latest-generation two-stroke LNG carriers.

On the container side, we delivered to their new owners, during the quarter, the five container vessels we sold, recognizing a gain of \$15.2 million. Our fleet in the water now consists of eight containers and 12 LNG carriers.

Importantly, during the second quarter of 2024, we refinanced the LNG carrier Aristidis I and released \$54.8 million of additional liquidity, while we also approved a financing terms of the sale and leaseback for the LNG carriers Aristos I and Aristarchos.

In addition, in the second quarter of '24, we announced the appointment of Brian Gallagher as Executive Vice President for Investor Relations. Brian previously held the position of Head of Investor Relations at Euronav from 2014 until the end of 2023, and served on the Euronav Executive Management Board from 2016, onwards.

Turning to the partnership's financial performance, net income for the second quarter of '24 was \$34.2 million. Our Board of Directors has declared a cash distribution of \$0.15 per common

unit for the second quarter of '24. The second quarter cash distribution will be paid on August 12th to common unit holders of record on August 6th.

Turning to Slide 8, total revenue for the second quarter of 2'4 was \$97.7 million, compared to \$88.5 million during the second quarter of 2023. The increase in revenue was primarily attributable to the revenue contributed by the newbuilding vessels that joined our fleet, partly offset by the container vessels sold during this period.

Total expenses for the quarter were \$48.3 million, compared to \$50.6 million in the second quarter of '23. Total vessel operating expenses amounted to \$20.2 million, compared to \$23.5 million in the same quarter, a year ago. The decrease was mainly due to the net decrease in the average number of vessels in our fleet.

Total expenses for the quarter also include vessel depreciation and amortization of \$22.6 million, compared to \$20.9 million in the same quarter of last year. The increase was mainly attributable to the higher depreciation expense due to the change in the composition of our fleet, which now includes a higher number of LNG carriers.

General administrative expenses for the second quarter of this year increased to \$3.3 million from \$2.3 million in the same quarter last year, mainly due to costs associated with the acquisition of the 11 LNG carriers. Furthermore, during the second quarter of '24, we concluded the sale of five container vessels.

Interest expense and finance costs increased to \$31.4 million for the second quarter of '24, from \$25.5 million for the second quarter of last year. The increase was mainly attributable to the increase in the partnership's average indebtedness and the increase in the weighted average interest rate to 6.63%, compared to 6.28% in the second quarter 2023.

The partnership recorded a net income of \$34.2 million for the quarter, compared to a net income of \$7.4 million in the same quarter of last year.

Net income per common unit for the quarter was \$0.62, compared to \$0.36 per common unit in the second quarter of last year.

On Slide 9, you can see the details of our balance sheet. As of the end of the second quarter, the partner's capital amounted to \$1.2 billion, an increase of \$55.1 million, compared to the end of '23. The increase reflects net income of \$68.1 million for the first six months of '24, other comprehensive income of \$0.2 million relating to the net effect of the cross currency swap agreements we designated as an accounting hedge and the amortization associated with the equity incentive plan of \$3.5 million, partly offset by distributions declared unpaid during the period in the total amount of \$16.7 million.

The total debt increased by \$809 million to \$2.6 billion, compared to \$1.8 billion as of year-end of 2023. The increase was driven primarily by the acquisition and the resumption of related indebtedness of four new LNG carriers since the beginning of the year and the refinancing of the LNG Series 1, partly offset by the decrease in the U.S. dollar equivalent of the euro denominated bonds issued by CPLP Shipping Holdings, the scheduled principal payments for the period and the early debt repayment relating to three containers sold during the period, as well as the full repayment of the seller's credit we drew to partly finance the acquisition of the LNG Carrier Axios II.

For more details relating to these transactions, please refer to our earnings release.

Total cash as of the end of the quarter was \$101.2 million, including received cash of \$12.9 million, which represents the minimum liquidity requirement under our financing arrangements.

On Slide 10, we take a look at where we stand on the vessel deliveries following our agreement to acquire 11 LNG carriers, which closed in December 2023. Since the closing of the agreement, we have taken delivery of five vessels, all of which are committed on term employment.

The second quarter of '24, we took delivery of three LNG carriers, the Axios, which commenced a 10-year time charter with Tokyo Gas; the Aktoras, which commenced a 7-year bearable charter with Bonny Gas Transport, who also maintained an option to extend by an additional three years; and the Apostolos, which commenced a ten-and-a-year charter with JERA, the Japanese utility, who also maintained an option to extend by an additional three years.

Turning to Slide 11, we summarize the results of the debt optimization exercise we undertook in the second quarter of '24. For two LNG carriers, the Aristos I and the Aristarchos, we agreed to extend their maturity and reduce the financing cost and the amortization from their previous levels. For the LNGC Aristidis I, we refinanced the debt outstanding by entering into a new senior secured loan facility, releasing additional liquidity of \$54.8 million, reducing the financing cost, and pushing the maturity out by more than three years.

Overall, our debt optimization efforts have resulted in longer amortization profiles, extended maturities, as well as in the reduction of our weighted average margin on our floating rate debt to 194 basis points, as of June 30, from 236 basis points a year ago.

Turning to the next slide, we review our container fleet and strategy. As we all know, the partnership has committed to divest from its remaining container vessels. As already discussed, since the closing of the LNG transaction in December '23, we have sold seven container vessels and have released around \$180 million of liquidity. Of the remaining eight containers that are part of our fleet, five are debt-free and start to open for rechartering from the first quarter of '25 onwards, while the remaining three have debt and the remaining charter duration of 8.6 years.

The current upturn in the container market, boosted by the trade disruption in the Red Sea, provides us with additional optionality as we continue to, opportunistically, evaluate the potential sale of its assets against its cash flow and residual value, compared also to other opportunities in the LNG and wider gas markets.

Today, the gross charter attached value of our container assets is estimated at approximately \$630 million to \$650 million, implying a net asset value of our container fleet of approximately \$330 million to \$350 million.

Let us now turn to Slide 13. As a result of our debt optimization efforts and recent container sales, we have improved, significantly, the debt maturity profile of the partnership, as shown by the blue circles, which signify our debt maturities as they stood at the end of the second half of 2023. Currently, our first material debt refinancing arises in October 2026, with a maturity of our €150 million bond listed at the Athens Exchange.

Now, turning to Slide 14 and the acquisition of the 10 gas carriers we announced in June, these vessels are latest generation assets, which can trade in the traditional gas business, such as LPG and ammonia, which have strong fundamentals of their own going forward and an attractive supply-demand picture but, at the same time, provide us with unique optionality to the emerging trades of energy transition, such as the carriage of liquid CO<sub>2</sub> and low carbon ammonia.

We expect that at the initial stages of development of these emerging trades, we will see handy and medium-sized gas carriers service these cargos and, gradually, as the trade expands and the infrastructure develops, we will see also larger vessels coming into play.

Turning to slide 15, we review developments in the LNG charter market. Spot rates remain relatively steady from mid-January to the end of May. Since then, there has been a continuing improvement as shipping availability for loadings out of the U.S. Gulf in July dwindled, leading to an increase in spot rates. The first week of July, spot rates for two-stroke vessels reached \$90,000 per day.

So far, fixing activity is well above the fixing activity at the same time in 2022 and 2023 and in line with 2021 fixing levels.

Multi-month to one-year periods have firmed up throughout the quarter, as players seek to cover winter demand. Term charter rates for one-year to three-year periods are currently standing in the region of \$85,000, per day. Longer-term charters are still priced at significant premium to shorter term as market tightening is expected from 2026, onwards.

Global LNG imports continue to be robust across regions, with China maintaining near seasonal record levels. Notably, imports to China have increased by approximately 24%, year-on-year.

LNG carrier transits via the Suez Canal remain at a minimum. Panama Canal use is also limited, and less than 3% of voyages from the U.S. to Asia are utilizing the Panama Canal. Therefore, voyages are long and while traded LNG levels are lower than previous years, the long distances have pushed ton miles to historical highs. Naturally, this has increased the fleet utilization from last year's levels, but the early fleet additions have ensured that there is enough to announce 200 per ton mile.

Starting in 2025, LNG capacity additions are expected to accelerate from an average of 13 MTPA during 2020-2024. The capacity additions are projected to average 48 MTPA yearly, during 2025-2028, reaching a peak of 70 MTPA in 2026. This accelerated growth underscores the strong demand and strategic importance of LNG.

The U.S. and Qatar are said to be the primary drivers of this capacity expansion. Together, they will account for approximately 60% of the total capacity additions between '25 and '28, with the U.S. contributing around 40% and Qatar around 20%.

Focus remains on the U.S. pause in non-FTA approvals and recent judicial developments around this, as this is expected to affect liquefaction and shipping demand towards the end of the decade. More liquefaction project FIDs, both from the U.S. and other regions, mean that more LNG ships will be needed in 2028 onwards to cover demand for new projects and fleet replacement.

The LNG fleet has expanded by 10 ships in the second quarter of '24, with a total of 20 vessels delivered so far this year, with an order book to fleet ratio of close to 54% of the total fleet.

Newbuilding prices for LNG carriers remain steady, currently at \$260 million per vessel for the basic specification. Shipyard capacity is also constrained with no slots available for newbuilds in 2026 and limited availability in 2027.

Overall, softer fundamentals for '24 and seasonal trends have contributed to weaker charter rates and, generally, 2024 is expected to be a softer year for LNG carrier earnings. However, the medium- to long-term outlook remains positive, with trade volumes set to pick up sharply from 2025 onwards, as the next major wave of liquefaction capacity begins to come online.

I now turn to the final slide in our presentation, Slide 16. You have a number of supporting slides available containing detailed data in our appendix, which we may refer to in the Q&A to follow, shortly. However, to conclude, this has been one of the most important quarters in the company's history. The management and staff have worked hard in recent quarters to get us to this exciting position and I thank them for their hard work.

The conversion to C-Corp and the new name reflects the pivot towards gas and the development of an important and large-scale gas transportation growth platform. The new-named company of Capital Clean Energy Carriers will be the youngest and get the largest

energy transition gas shipping platform, supported by strong LNG market fundamentals, access to new technologies and opportunities from alternative gas carriage, and yet retaining optionality with the eight vessels remaining in our container fleet.

We look forward to marketing our new investment case in the coming months and quarters and engaging with old and new investors.

With that, I would like to hand it back to the Operator for any questions.

**Operator**

Thank you. We will now be conducting a question-and-answer session. If you would like to ask a question, please press, “\*”, “1” on your telephone keypad. A confirmation tone will indicate your line is in the question queue. You may press “\*”, “2” if you would like to remove your question from the queue. For participants using speaker equipment, it may be necessary to pick up your handset, before pressing the star keys.

One moment, please, while we pull for questions.

Thank you. Our first question comes from the line of Liam Burke with B. Riley. Please proceed with your question.

**Liam Burke**

Hi, Jerry. How are you doing today?

**Jerry Kalogiratos**

Hi, Liam. I’m well. How are you?

**Liam Burke**

Good. Thank you. Jerry, on the corporate conversion, right now, the MLP is paying a unit payout. Are you just going to continue your current dividend policy?

**Jerry Kalogiratos**

Correct. The intention at this point is to continue with the \$0.15 per unit quarterly distribution. This is on the back of the fact that we are in growth mode as we take delivery of the 16 newbuilds that we have on order. So I think at this point, we want to maintain a more conservative stance.

Having said that, we do expect that the earnings power and cash flow visibility of the company, once the ships deliver, is going to be pretty significant, and will give us a lot of financial flexibility.

And I think the overall intention of the company and the Board is that, at some point, we move to a floating dividend policy tied to a percentage of free cash flow or net income so that shareholders can participate in the potential upside as we fix our vessels, going forward.

**Liam Burke**

Great. Thank you. And this is jumping way, way ahead, but you've got an order for the 10, we'll call it alternative fuel transport vessels. Has there been any interest in contracting those things long-term by any providers, or how are you looking at the potential earnings power of that part of your fleet?

**Jerry Kalogiratos**

So, we do see some activity right now around the transportation of low carbon ammonia, for example, for the MGCs on the back of certain tenders for the import of ammonia in order to produce power with hydrogen or blue and green ammonia. And this, over time, could translate into multiyear charters for the right vessels.

Overall, I would say, it might be still early for this type of employment as most of these inquiries are for 2027, 2028 onwards as the infrastructure is being built and these tenders mature. But in the meantime, I think, and this is where the value of the optionality comes in with these vessels. We can, of course, trade them in the normal LPG and ammonia market, and we will look at short- to medium-term fixtures as they come closer to delivery.

So, we are working on two levels, really, at this point. I mean, we are engaging for the long-term if you want the low carbon trades on the MGCs for low carbon ammonia. But at the same time, we have very much our mind that as these vessels deliver, they will be trading the traditional LPG market.

Now, the story is quite similar for the liquid CO2 vessels. These are effectively handy LPG vessels, a vessel segment where there is minimal ordering and a lack of modern tonnage. There, again, we see healthy inquiry from the more traditional trades. But at the same time, we have been actively engaging with the liquid CO2 market, the emitters and sequestration providers, both in Europe and the Far East.

Being the only available vessels of this size in the market gives us a considerable advantage when we are engaging with these players. And at this point, we expect the utilization of these vessels into the liquid CO2 transportation to start from kind of mid-late 2027 to 2028. But again, in the meantime, they can trade as normal LPG and ammonia carriers.

**Liam Burke**

Great. Thank you, Jerry.

**Jerry Kalogiratos**

Thank you, Liam.

**Operator**

Our next question comes from the line of Omar Nokta with Jefferies. Please proceed with your question.

**Omar Nokta**

Thank you. Hi, Jerry. Good afternoon. Congrats on the official name or the upcoming name change and reincorporation. I guess just a couple questions. I did want to follow up maybe just on your comments to Liam about the dividend. And just to understand, it's kind of the thought process that just sort of the intention is maintain the current payout of that \$0.15 quarterly, and then once those remaining LNG newbuildings deliver over the next two years, three years, then adopt a more payout structure that's a variable dividend based off of earnings?

**Jerry Kalogiratos**

The answer--let me formulate the answer as follows. First, the \$0.15 is our set dividend for the moment. Between now and the deliveries, we will be looking for ways to increase that dividend to shareholders. It's not that this is it and wait for 2027 until you see an increased payout.

But I think what we need to put together is, what is in the realm of being really practical about it and conservative, at the same time. So, given what we have set out to do, given our growth trajectory at this point, and our liquidity position and cash flow generation, what is it that we can do to increase that dividend?

We haven't come down to a conclusion yet. So this is not a discussion that is finished. And we will be looking into this, over the next quarter or two. But you can, for the moment, assume that the \$0.15 is there, a floating payout once the growth vessels, the new vessels, start delivering from 2026-2027, onwards. And in the meantime, we will see how we can return more capital to unit holders in a conservative way, without risking the balance sheet.

**Omar Nokta**

That's clear. Thanks, Jerry. Appreciate that. And then in terms of maybe just a bigger picture as you move forward within the clean energy shipping, maybe just give a sense of what that encompasses. I know we've talked about this in the past, when you first announced back in December, this shift. But maybe you have the LNG newbuildings, you've got the LPG CO2 carriers. Can you maybe just get sort of a lay of the land or the addressable market of what you see as being clean energy shipping, going forward?

**Jerry Kalogiratos**

Yeah. Maybe the right phrase is clean air, right, because given what technologies we have available at this point. But so the idea is follows. I mean, firstly, the LNG carriers, obviously, and there are two sides to this.

Firstly, the propulsion of our ships,

because when you look at our core fleet, which is the LNG and gas carriers, all of them but four ships are dual-fuel. So, all our LNG carriers are dual-fuel, LNG and fuel oil. And in terms of our medium gas carriers, all of them--all six of them are dual-fuel, LPG and fuel oil.

So already, I mean, when we talk about the propulsion of our vessels, these are very high specification vessels with energy saving devices that have dual-fuel capabilities, which means that they have a reduced carbon footprint.

And I think, increasingly, you will see it every year in our sustainability reports, how the carbon footprint of the company is being reduced because of these very high specification dual-fuel vessels. But this is not really the core of our trade and our business plan.

The core is as follows. In fact, with the 18 LNG carriers, the 12 in the water plus six to come, we already are probably the largest U.S. listed company, as far as latest generation LNG carriers are concerned. And we do consider LNG to be a prime energy source for the energy transition. So, that's one part of our business plan.

And the other part is the--where the MGCs and the liquid CO<sub>2</sub> carriers come in. Now, there are two sides to this, again. Firstly, the MGCs, they do carry traditionally, again, a kind of cleaner hydrocarbon in the form of LPG. But they are also prime for the transportation of low carbon ammonia.

Low carbon ammonia, as you know, is a proxy for hydrogen. We see a number of projects in Australia, in the U.S., in the Middle East for the production of blue and green ammonia, which is expected to be used in places like Korea, Japan, Europe, again, the U.S. or other places for the production of power with ammonia.

In many cases, this will be coal-firing. That means that many utilities intend to use both coal, as well as blue and green ammonia for power production and to reduce their carbon footprint. So these vessels, and especially the first years and maybe the first decade, are going to be probably the ideal candidate for the transportation of blue and green ammonia because right now, the infrastructure for larger vessels is still lacking behind.

So VLACs and other types of vessels will have a role in this for sure, potentially, at the beginning as storage providers. But still, we don't have enough terminals where larger vessels can call for the transportation of low carbon ammonia. So that's part of that trade.

And of course, there is the other side of the trade, that is the transportation of liquid CO<sub>2</sub>. Liquid CO<sub>2</sub> transportation can take place for two reasons. One is, obviously, the carbon capture and storage industry in many places, including the U.S., Europe, again, Japan, Korea, the Middle East.

There are number of such projects and in places like, especially, Europe and to the Asia-Pacific region, we expect to see a lot of maritime transportation. So the carbon capture is going to take place, for example, on the European Continent, but the storage is going to take place in the North Sea or in the Asia-Pacific region, we are seeing carbon capture in places like Korea and Japan. But then sequestration in places like Australia, Malaysia, or other places in the Asia-Pacific region, which means that we will need shipping.

So that's where we come in with our liquid CO2 carriers, and these are the first vessels of this type and size in the world, which I think gives us a unique advantage in all these discussions.

And then, of course, there's the other side of the transportation of liquid CO2, that is the use of biogenic liquid CO2 in order to produce e-fuels, which are going to be used, potentially, in transportation, and that needs the use of biogenic CO2. In many cases, it will be imported in a liquid format with ships.

So this is how we cover, with our LNG carriers, MGCs, and liquid CO2 to handy, the LPG carriers, the majority of the energy transition trades and hence, if you want, the name. Sorry for the long kind of description, but this is where we see ourselves.

#### **Omar Nokta**

No. Thank you, Jerry. That's an incredibly good amount of detail and it gives me a good sort of framework because that's a good framework of seeing how deep this market really is in opportunities. If I may just ask one quick one, in terms of just the containers, you mentioned keeping optionality open. Obviously, the market's heated up, this year. How are you thinking about those remaining vessels, especially the mid-sized ones that perhaps have some opening up in '25 coming? Do you intend to still monetize those, or do you think there's an opportunity to own these for a bit longer?

#### **Jerry Kalogiratos**

I think we will be opportunistic about it. So, having delivered now the seven vessels that we agreed to sell, we are left with the three brand-new 13,000 EU container vessels. They have a remaining charter duration of about nine years, and then also the five 5,000 EU built in 2013. These are actually wide-beam eco-container vessels, not very different from a newbuild that you would order today, so very attractive assets in this market.

If you look at kind of the charter attached valuation of these vessels and in view of the debt that they have, you'll probably come up with an NAV of \$330 million to \$350 million. I think the way that we are going to approach this is that if we see a good opportunity to sell, to exit part or all of these assets, we will do it. But then, always, you have to evaluate a potential sale proposition, compared to the potential cash flow.

Today, because these assets are quite attractive, you could potentially secure a minimum of three years of time charter on the back of their current deployment, somewhere in the \$35,000

per day to \$40,000 per day range, maybe for longer. So, we will always compare whatever we see in terms of a sale value to the NPV of this forward cash flows and residual value that we expect.

So, I don't think we are dogmatic about it. The idea is, as we have said, to rather divest from these assets, but I don't think we have--you don't have to take forced exits in shipping, sometimes. You have to think before you act, especially in markets like the one we are experiencing today, which is very volatile and with a series of geopolitical events affecting demand for container vessels.

**Omar Nokta**

Yeah, definitely. It makes sense, Jerry. I appreciate it. I'll turn it over.

**Jerry Kalogiratos**

Thank you, Omar.

**Operator**

As a reminder, if you would like to ask a question, press "\*", "1" on your telephone keypad. Our next question comes from the line of Mike Webber with Webber Research & Advisory. Please proceed with your question.

**Mike Webber**

Hey. Good morning, guys. How are you?

**Jerry Kalogiratos**

Hi, Mike. We're well. How are you?

**Mike Webber**

I'm good. Good. Thanks for covering us in time. I just had a couple of follow-up questions. A couple of these points are touched on already, but I wanted to go back to the conversion, Jerry. And you're right, this is kind of a pretty big deal. It doesn't happen all that often. And I just wanted to make sure we were looking at the details, correctly. The last time we saw something like this was around some of the LNG LPs.

It's not exactly apples-to-apples, but when they gave up control, the last deal saw Teekay LNG transition that control for \$123 million from their LP holders. Was there any kind of control premium associated with Capital Maritime transitioning their controlling GP stake into common units?

**Jerry Kalogiratos**

The exchange of the GP units with common units comes, as you point out, with the GP foregoing also existing management and consent rights, as well as the IDRs. IDRs being out of

money, but still within reach if in the future we had a special dividend, for example. So, there would always be an overhand, so there was a value to the IDRs.

But I think the biggest part of this is, of course, the forfeiting of control that comes with the GP units, the appointment of the three directors, the veto rights on corporate transactions, mergers, and so on and so forth.

So, there has been--there was a premium in the exchange compared to other MLPs and even more recent examples who have gone through the same kind of conversion. You will find, and I'm not talking about distressed MLPs, but normal MLPs. You'll find that this is at the lower end of whatever we have seen in the market. I mean, we have seen premiums vary from 5% to 14%, so this is, I think, quite at the lower end of that.

**Mike Webber**

Yeah. We're backing into something relatively similar and I just wanted to confirm that. The scenario where you weren't in the splits, but you could have reached them was pretty identical to what we saw earlier, and it did look like this was done at a fraction of the premium that we saw from other comps. So, it was worth, one, checking, and two, calling out that you were able to make that conversion without that kind of dilution to common holders, which I think is probably appreciated.

**Jerry Kalogiratos**

I think that I should also add, of course, which is the usual thing, that this was exhaustively negotiated between the Special Committee of the Board, comprising independent directors, and it's being supported by a fairness opinion. So, it has all been done after a lot of discussions and, hence, also the slight delay in getting it across.

**Mike Webber**

Yeah. Well, it looks like it came across in a much more seamless fashion and much more cost-effective than the comps that we've seen recently, so congrats on getting that done.

**Jerry Kalogiratos**

Thank you, Mike.

**Mike Webber**

With regards to the LNG carriers, I'm sure this is kind of talked to death, right, but we have got--if you look at the forward curve for LNG carrier rates, when you seasonally adjust it, it actually looks relatively stable through 2026, at which point there should be a slug of volumes coming online. So I'm just curious, in terms of the inbound inquiry on those newbuilds, is it fair to characterize that as maybe merchant volumes and folks looking for one-offs for maybe a one-year to three-year period, or are you getting inquiry for blocks of those ships to handle equity volumes over a longer term--longer period?

**Jerry Kalogiratos**

It's a very good question. It's quite interesting. I think it's a combination of different inquiries and with different incentives. So, you have a number of traditional charters who are coming to the market to replace steam turbine vessels. And this should not be underestimated as a driver for long-term inquiries for two-stroke ships, especially from Far Eastern traditional LNG importers such as Japanese utilities, who have, traditionally, had a lot of exposure to steam turbine ships.

A lot of these utilities have also recently taken, over the last few years, taken two-stroke vessels in their fleet, and they have been able to compare the reduction in unit freight cost that a two-stroke vessel will bring compared to these older turbine vessels, but also the immense trading flexibility that a two-stroke vessel will give.

So we see some people coming to the market for anywhere between five years to 15 years to replace ships, then you have--and then you have, I would say, your regular new-off-take type of customer charter. They have new-off-take typically from 2026 or 2027 onwards, and they will come to the market. Again, inquiries are between five years to 15 years from one to three ships.

And then you have also energy companies; there it's more portfolio length. Some of them might be long now, but they can see that they will be short, '27, '28 onwards, and then again, it could be a multi-vessel inquiry.

So, it has been a constant stream of inquiries. Some of them, they come and go. Some of them, they firm up ships. But I think, overall, it's quite positive and you also can see that, clearly, multiyear charters for delivering '26, '27 are being traded at a premium to one-year to three-year charters for prompt deliveries.

**Mike Webber**

Okay. That's super helpful. One more for me and then I'll turn it over. The LCO2 market is, obviously, super interesting. It's relatively embryonic, and if I kind of comp that market to maybe other new markets, what's somewhat unique about that is, like you mentioned, your ability to kind of toggle and actually trade in other markets. If I go back and think about the FSRUs, it could theoretically trade as a carrier. They can, but they're getting a massive discount, and they're heavy, and the employment profile never ends up looking quite as good as people would expect.

But the LCO2s, I'm just curious, does that ability to toggle, one, does it change your leverage with those conversations? And then given how old that market, young I guess that market is, is the inquiry there relatively typical, or does a lot of the inquiry carry kind of some sort of project development angle to it as well, where they're looking for more participation from CPLP versus just simply providing a vessel at a charter?

**Jerry Kalogiratos**

It's--again, it's a combination of different parties that are involved in this supply chain. So you have energy companies, and some of them are the same clients you talk to on the low carbon ammonia or the LNG, right, so utilities or energy companies. And they have projects under development, in certain cases very close to FID, that they will only need the ship and there are cases, as you point out, where you have, for example, a storage provider and really wants a partner in building up the supply chain.

So, we are engaging with everybody. Having the ships is, of course, very helpful, because we provide a stable reference point. I think many of the players in this business, they assume that shipping will automatically be available when they need it, and this is a very generous assumption, especially taking into account that in order to build vessels like that, which are very specialized, especially with regard to the steel alloy of the tanks, you need time, and the subcontracting ability of shipyards, both in China and Korea, is very limited. So in Korea, we're maybe talking four or five vessels per year of this type, for example.

So, if we see suddenly a bottleneck inquiry, it won't be easy to find those ships. So this is, in reality, you can see us paying that incremental CapEx to have the ability to transport liquid CO2 to be well-placed for the transportation of liquid CO2 and being part of these discussions while, in the meantime, we can engage in the normal LPG and ammonia trading. But it's a handful of--it's a lot of different discussions, a lot of different counterparties, and everybody has different agendas.

**Mike Webber**

That's helpful. And then one last one for me. If you think about that early mover advantage you have in that market and the scarcity value associated with those carriers, how should we think about that expressing itself with regards to maybe a target IRR on long-term businesses you'd pursue there relative to, say, an LNG carrier?

**Jerry Kalogiratos**

So, I don't think that we want to really differentiate. It's--we definitely want to be part of this business and this is our targeted market, but I don't think we want to be discounting returns when it comes to, if we want to capture this business, which is something that we have seen from time-to-time in our business.

If we cannot find the proper returns, adjust, of course, for tenure of charter, because it is very likely that in a liquid CO2 transportation business, you might find seven years, 10 years, 15 years period duration as opposed to your traditional LPG business, which might be much shorter term.

But adjusted for that, I think we would still be looking for two-digit equity returns, for sure. So, there is--I don't think we want really to discount a lot compared to conventional business. It's all good, but in the end, the idea is value creation.

**Mike Webber**

Yeah. If anything, you could make a minute of premium. Okay. That's all I've got. I appreciate the time, guys. Thank you.

**Jerry Kalogiratos**

Thank you, Mike.

**Operator**

A final reminder, if you would like to ask a question, press "\*", "1" on your telephone keypad. One moment, please, while we re-pull for any additional questions. Thank you. It appears we have no further questions at this time. Mr. Kalogiratos, I would like to turn the floor back over to you for closing comments.

**Jerry Kalogiratos**

Thank you, Christy, and thank you all for, once again, listening in today.

**Operator**

Ladies and gentlemen, this does conclude today's teleconference. You may disconnect your lines at this time. Thank you for your participation and have a wonderful day.