Costamare Inc.
Form 20-F
February 21, 2014

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**

S **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE FISCAL YEAR ENDED DECEMBER 31, 2013**

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

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

COSTAMARE INC.

(Exact name of Registrant as specified in its charter)

NOT APPLICABLE
(Translation of Registrant's name into English)

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

60 Zephyrou Street &
Syngrou Avenue
17564 Athens Greece
(Address of principal executive offices)

Anastassios Gabrielides, Secretary
60 Zephyrou Street &
Syngrou Avenue
17564 Athens Greece

Greece Telephone: +30-210-949-0050 Facsimile: +30-210-949-6454
(Name, Address, Telephone Number and Facsimile Number 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**
Common Stock, $0.0001 par value per share	New York Stock Exchange
Preferred stock purchase rights	New York Stock Exchange
Series B Preferred Shares, $0.0001 par value per share	New York Stock Exchange
Series C Preferred Shares, $0.0001 par value per share	New York Stock Exchange

SECURITIES 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.

74,800,000 shares of Common Stock

2,000,000 Series B Preferred Shares, $0.0001 par value per share

4,000,000 Series C Preferred Shares, $0.0001 par value per share

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes £ No S

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 S

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 S 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 S No £

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

Large accelerated filer £ Accelerated filer S 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 S International Financial Reporting Standards as issued by the International Accounting Standards Board £ Other £

If “Other” has been checked in response to the previous question, indicate by check mark which financial statement 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 S

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ABOUT THIS REPORT

In this annual report, unless otherwise indicated, references to:

- "Costamare", the "Company", "we", "our", "us" or similar terms when used in a historical context refer to Costamare Inc., or any one or more of its subsidiaries or their predecessors, or to such entities collectively, except that when such terms are used in this prospectus supplement in reference to the common stock, 7.625% Series B Cumulative Redeemable Perpetual Preferred Stock (the "Series B Preferred Stock") or 8.50% Series C Cumulative Redeemable Perpetual Preferred Stock (the "Series C Preferred Stock" and, together with the Series B Preferred Stock, the "Preferred Stock"), they refer specifically to Costamare Inc.;

- currency amounts in this prospectus supplement and the accompanying prospectus are in U.S. dollars; and

- all data regarding our fleet and the terms of our charters is as of February 17, 2014; twelve of our 67 containerships, including nine newbuilds, have been acquired pursuant to the Framework Deed (the "Framework Agreement") between the Company and its wholly-owned subsidiary, Costamare Ventures Inc. ("Costamare Ventures"), and York Capital Management Global Advisors LLC and an affiliated fund (collectively, together with the funds it manages or advises, "York"), by vessel-owning joint venture entities in which we hold a minority equity interest (any such jointly-owned vessels, "Joint Venture vessels").

We use the term "twenty foot equivalent unit" ("TEU"), the international standard measure of containers, in describing the capacity of our containerships.

FORWARD-LOOKING STATEMENTS

All statements in this annual report that are not statements of historical fact are "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995. The disclosure and analysis set forth in this annual report includes assumptions, expectations, projections, intentions and beliefs about future events in a number of places, particularly in relation to our operations, cash flows, financial position, plans, strategies, business prospects, changes and trends in our business and the markets in which we operate. These statements are intended as forward-looking statements. In some cases, predictive, future-tense or forward-looking words such as "believe", "intend", "anticipate", "estimate", "project", "forecast", "plan", "potential", "may", "should", "could" and "expect" and similar expressi intended to identify forward-looking statements, but are not the exclusive means of identifying such statements. In addition, we and our representatives may from time to time make other oral or written statements which are forward-looking statements, including in our periodic reports that we file with the Securities and Exchange Commission ("SEC"), other information sent to our security holders, and other written materials.

Forward-looking statements include, but are not limited to, such matters as:

- general market conditions and shipping industry trends, including charter rates, vessel values and factors affecting supply and demand;
- our continued ability to enter into time charters with our customers, including the re-chartering of vessels upon the expiry of existing charters, or to secure profitable employment for our vessels in the spot market;
- our contracted revenue;
- future operating or financial results and future revenues and expenses;
- our financial condition and liquidity, including our ability to make required payments under our credit facilities, comply with our loan covenants and obtain additional financing in the future to fund capital expenditures, acquisitions and other corporate activities, as well as our ability to refinance indebtedness;
- the overall health and condition of the U.S. and global financial markets, including the value of the U.S. dollar relative to other currencies;
- the financial health of our counterparties, both to our time charters and our credit facilities, and the ability of such counterparties to perform their obligations;
- future, pending or recent acquisitions of vessels or other assets, business strategy, areas of possible expansion and expected capital spending or operating expenses;
- our expectations relating to dividend payments and our ability to make such payments;
- our expectations about availability of existing vessels to acquire or newbuilds to purchase, the time that it may take to construct and deliver new vessels, including our newbuild vessels currently on order, or the useful lives of our vessels;

- availability of key employees and crew, length and number of off-hire days, dry-docking requirements and fuel and insurance costs;

- our anticipated general and administrative expenses;

- our ability to leverage to our advantage our managers' relationships and reputation within the container shipping industry;

- expected compliance with financing agreements and the expected effect of restrictive covenants in such agreements;

- environmental and regulatory conditions, including changes in laws and regulations or actions taken by regulatory authorities;

- risks inherent in vessel operation, including terrorism, piracy and discharge of pollutants;

- potential liability from future litigation;

- our cooperation with our joint venture partners and any expected benefits from such joint venture arrangement; and

- other factors discussed in "Item 3. Key Information—D. Risk Factors" of this annual report.

Many of these statements are based on our assumptions about factors that are beyond our ability to control or predict and are subject to risks and uncertainties that are described more fully in "Item 3. Key Information—D. Risk Factors" of this annual report. Any of these factors or a combination of these factors could materially affect future results of operations and the ultimate accuracy of the forward-looking statements. Factors that might cause future results to differ include, but are not limited to, the following:

- changes in law, governmental rules and regulations, or actions taken by regulatory authorities;

- changes in economic and competitive conditions affecting our business;

- potential liability from future litigation;

- length and number of off-hire periods and dependence on affiliated managers; and

- other factors discussed in "Item 3. Key Information—D. Risk Factors" of this annual report.

We caution that the forward-looking statements included in this annual report 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. Assumptions, expectations, projections, intentions and beliefs about future events may, and often do, vary from actual results and these differences can be material. The reasons for this include the risks, uncertainties and factors described under "Item 3. Key Information—D. Risk Factors". As a result, the forward-looking events discussed in this annual report might not occur and our actual results may differ materially from those anticipated in the forward-looking statements. Accordingly, you should not unduly rely on any forward-looking statements.

We undertake no obligation to update or revise any forward-looking statements contained in this annual report, whether as a result of new information, future events, a change in our views or expectations or otherwise. 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.

PART I

ITEM 1. IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISERS

Not applicable.

ITEM 2. OFFER STATISTICS AND EXPECTED TIMETABLE

Not applicable.

ITEM 3. KEY INFORMATION

A. Selected Financial Data

The following table presents selected consolidated financial and other data of Costamare Inc. for each of the five years in the five-year period ended December 31, 2013. The table should be read together with "Item 5. Operating and Financial Review and Prospects". The selected consolidated financial data of Costamare Inc. is a summary of, is derived from, and is qualified by reference to, our audited consolidated financial statements and notes thereto, which have been prepared in accordance with U.S. generally accepted accounting principles ("U.S. GAAP"). Our audited consolidated statements of income, stockholders' equity and cash flows for the years ended December 31, 2011, 2012 and 2013 and the consolidated balance sheets at December 31, 2012 and 2013, together with the notes thereto, are included in "Item 18. Financial Statements" and should be read in their entirety.

	Year Ended December 31,				
	2009	2010	2011	2012	2013
	(Expressed in thousands of U.S. dollars, except for share and per share data)				
STATEMENT OF INCOME					
Revenues:					
Voyage revenue	$399,939	$353,151	$382,155	$386,155	$414,249
Expenses:					
Voyage expenses	3,075	2,076	4,218	5,533	3,484
Voyage expenses—related parties	—	410	2,877	2,873	3,139
Charter agreement early termination fee	—	9,500	—	—	—
Vessels' operating expenses	114,515	102,771	110,359	112,462	115,998

General and administrative expenses	1,716	1,224	4,958	4,045	8,517
Management fees—related parties	12,231	11,256	15,349	15,171	16,580
Amortization of dry-docking and special survey costs	7,986	8,465	8,139	8,179	8,084
Depreciation	71,148	70,887	78,803	80,333	89,958
(Gain) / Loss on sale of vessels, net	(2,854)	(9,588)	(13,077)	2,796	(518)
Foreign exchange (gains) / losses, net	535	273	(133)	(110)	(8)
Operating income	$191,587	$155,877	$170,662	$154,873	$169,015
Other Income / (expenses):					
Interest income	$2,672	$1,449	$477	$1,495	$543
Interest and finance costs	(86,817)	(71,949)	(75,441)	(74,734)	(74,533)
Equity in net earnings of investments	—	—	—	—	692
Other, net	3,892	306	603	(43)	822
Gain / (Loss) on derivative instruments, net	5,595	(4,459)	(8,709)	(462)	6,548
Total other income (expenses)	$(74,658)	$(74,653)	$(83,070)	$(73,744)	$(65,928)
Net Income	$116,929	$81,224	$87,592	$81,129	$103,087
Earnings allocated to Preferred Stock	—	—	—	—	(1,536)
Net income available to Common Stockholders	$116,929	$81,224	$87,592	$81,129	$101,551
Earnings per common share, basic and diluted	$2.49	$1.65	$1.45	$1.20	$1.36
Weighted average number of shares, basic and diluted	47,000,000	49,113,425	60,300,000	67,612,842	74,800,000

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	Year Ended December 31,				
	2009	2010	2011	2012	2013
	(Expressed in thousands of U.S. dollars, except for share, per share and ratio data)				
OTHER FINANCIAL DATA					
Net cash provided by operating activities	$161,893	$127,946	$195,179	$168,114	$186,681
Net cash (used in) / provided by investing activities	12,811	(23,850)	(283,758)	(236,509)	(621,056)
Net cash (used in) / provided by financing activities	(252,684)	43,396	26,801	237,720	260,433
Net increase / (decrease) in cash and cash equivalents	(77,980)	147,492	(61,778)	169,325	(173,942)
Dividends and distributions paid	(161,230)	(10,000)	(61,506)	(73,089)	(81,515)
Ratio of earnings to fixed charges(1)	2.41	2.18	2.16	2.00	2.19
Ratio of earnings to fixed charges and preferred stock dividends(1)	2.41	2.18	2.16	2.00	2.14
BALANCE SHEET DATA (at year end)					
Total current assets	$48,305	$211,212	$138,851	$299,924	$136,563
Total assets	1,710,300	1,828,782	1,982,545	2,311,334	2,685,842
Total current liabilities	183,271	184,788	226,589	249,411	294,980
Total long-term debt, including current portion	1,435,593	1,341,737	1,443,420	1,561,889	1,867,576
Total stockholders' equity	155,222	362,142	329,986	520,452	656,949

	Average for the Year Ended December 31,				
	2009	2010	2011	2012	2013
FLEET DATA					
Number of vessels	47.3	42.4	47.8	46.8	49.6
TEU capacity	218,733	211,185	231,990	237,975	263,899

(1) For purposes of calculating these ratios:

- "earnings" consist of pre-tax income from continuing operations (which includes non-cash unrealized gains and losses on derivative financial instruments not designated as a hedge) plus fixed charges, net of capitalized interest and capitalized amortization of deferred financing fees;

- "fixed charges" represent interest incurred (whether expensed or capitalized) and amortization of deferred financing costs (whether expensed or capitalized) and accretion of discount; and

- "preferred stock dividends" refers to the amount of pre-tax earnings that is accrued for dividends on outstanding preferred stock. Beginning on August 7, 2013, we had 2,000,000 shares of Series B Preferred Stock outstanding, and beginning on January 21, 2014, we had 4,000,000 shares of Series C Preferred Stock outstanding.

B. Capitalization and Indebtedness

Not applicable.

C. Reasons for the Offer and Use of Proceeds

Not applicable.

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D. Risk Factors

Risks Inherent in Our Business

Our growth depends upon continued increases in world and regional demand for chartering containerships, and the continuing global economic slowdown may impede our ability to continue to grow our business.

The ocean-going container shipping industry is both cyclical and volatile in terms of charter rates and profitability. Containership charter rates peaked in 2005 and generally stayed strong until the middle of 2008, when the effects of the economic crisis began to affect global container trade, driving rates to their 10-year lows.

Demand for containerships declined significantly during 2008 and 2009. In late 2009 and 2010, there was improvement on Far East-to-Europe and trans-Pacific container trade lanes, alongside improvements also witnessed on other, non-main lane, trade routes including certain intra-Asia and North-South trade routes. However, from the end of the second quarter of 2011, container trade overall has weakened. In 2012, the impact of the continuing European sovereign debt crisis and global economic slowdown, as well as uncertainty regarding the resolution of the budget ceiling and budgetary cuts in the United States, negatively impacted international trade while the supply of containerships continued to rise. In 2013, worldwide trade volumes increased, but containership supply continued to exceed demand during the year as more large vessels were delivered. The oversupply in our market negatively affected time charter rates for both short- and long-term periods as well as box freight rates charged by liner companies to shippers. In addition, more orders for large and very large containerships were placed during 2013, both increasing the expected future supply of larger vessels and having a spillover effect on the market segment for smaller vessels.

Average freight rates, which have been affected by the large number of containership newbuild vessels ordered prior to 2008, remained depressed in 2013 and liner companies experienced a decline in container shipping demand. The continuation of such decreased freight rates or any further declines in freight rates would negatively affect the liner companies to which we seek to charter our containerships. Accordingly, weak conditions in the containership sector may affect our ability to generate cash flows and maintain liquidity, as well as adversely affect our ability to obtain financing.

The factors affecting the supply and demand for containerships are outside of our control, and the nature, timing and degree of changes in industry conditions are unpredictable. The factors that influence demand for containership capacity include:

- supply and demand for products shipped in containers;

- changes in global production of products transported by containerships;
- global and regional economic and political conditions;
- developments in international trade;
- environmental and other regulatory developments;
- the distance container cargo products are to be moved by sea;
- changes in seaborne and other transportation patterns;
- port and canal congestion; and
- currency exchange rates.

The factors that influence the supply of containership capacity include:

- the availability of financing;
- the price of steel and other raw materials;
- the number of newbuild vessel deliveries;
- the availability of shipyard capacity;
- the scrapping rate of older containerships;
- the number of containerships that are out of service;
- changes in environmental and other regulations that may limit the useful lives of containerships;
- the price of fuel; and

- the economics of slow steaming.

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

Our liner company customers have been placed under significant financial pressure, thereby increasing our charter counterparty risk.

The continuing weakness in demand for container shipping services and the oversupply of large containerships (as well as potential oversupply of smaller size vessels due to a cascading effect) places our liner company customers under financial pressure. Any future declines in demand could result in worsening financial challenges to our liner company customers and may increase the likelihood of one or more of our customers being unable or unwilling to pay us contracted charter rates. We expect to generate most of our revenues from these charters and if our charterers fail to meet their obligations to us, we will sustain significant losses which could have a material adverse effect on our financial condition and results of operations. One of our charterers, Zim Integrated Shipping Services ("ZIM"), is engaged in ongoing discussions with its creditors, including vessel and container lenders, ship-owners, shipyards, unsecured lenders and bond holders, to restructure its debt. Costamare is participating in these discussions which could result in concessions or modification to the existing charter arrangements with ZIM or could result in Costamare taking remedial actions under the charter agreements with ZIM. See "Item 4. Information on the Company—B. Business Overview—Our Fleet, Acquisitions and Newbuild Vessels".

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

From 2005 through the first quarter of 2010, the containership order-book was at historically high levels as a percentage of the in-water fleet. Although order-book volumes have decreased as deliveries of previously ordered containerships increased substantially, some renewed ordering in late 2012 of mainly larger vessels maintained the order-book at average levels. In 2013, ordering of larger vessels continued to increase as liner companies looked to renew and modernize their fleets. An oversupply of newbuild vessel and/or re-chartered containership capacity entering the market, combined with any future decline in the demand for containerships, may result in a reduction of charter rates and may decrease our ability to re-charter our containerships other than for reduced rates or unprofitable rates, or we may not be able to re-charter our containerships at all.

Weak economic conditions throughout the world, particularly the Asia Pacific region and recent EU sovereign debt default fears, could have a material adverse effect on our business, financial condition and results of operations.

The global economy remains relatively weak, when compared to the period prior to the 2008-2009 financial crisis. The current global recovery is proceeding at varying speeds across regions and is still subject to downside risks stemming from factors like fiscal fragility in advanced economies, highly accommodative macroeconomic policies and persistent difficulties in access to credit. In particular, concerns regarding the possibility of sovereign debt defaults by European Union member countries, including Greece, disrupted financial markets throughout the world, and may lead to weaker consumer demand in the European Union, the United States, and other parts of the world. The deterioration in the global economy has caused, and may continue to cause, a decrease in worldwide demand for certain goods shipped in containerized form. In addition, the resolution of the sovereign debt crisis is not proceeding with uniform speed throughout Europe and a setback or delay could impact the global economy and have a material adverse effect on our business.

We anticipate that a significant number of port calls made by our containerships will continue to involve the loading or unloading of container cargoes in ports in the Asia Pacific region. In recent years, China has been one of the world's fastest growing economies in terms of gross domestic product, which has had a significant impact on shipping demand. However, if China's growth in gross domestic product declines and other countries in the Asia Pacific region experience slowed or experience negative economic growth in the future, this may exacerbate the effect of the significant downturns in the economies of the United States and the European Union, and thus, may negatively impact container shipping demand. For example, the possibility of sovereign debt defaults by European Union member countries, including Greece, and the possibility of market reforms to float the Chinese renminbi, either of which development could weaken the Euro against the Chinese renminbi, could adversely affect consumer demand in the European Union. Moreover, the revaluation of the renminbi may negatively impact the United States' demand for imported goods, many of which are shipped from China in containerized form. Such weak economic conditions could have a material adverse effect on our business, results of operations and financial condition and our ability to pay dividends to our stockholders.

Disruptions in world financial markets and the resulting governmental action in the United States and in other parts of the world could have a material adverse impact on our results of operations, financial condition and cash flows.

Global financial markets and economic conditions have been severely disrupted and volatile in recent years and remain subject to significant vulnerabilities, such as the deterioration of fiscal balances and the rapid accumulation of public debt, continued deleveraging in the banking sector and a limited supply of credit. Credit markets as well as the debt and equity capital markets were exceedingly distressed during 2008 and 2009 and have been volatile since that time. The continuing sovereign debt crisis in Greece and other EU member countries, the renewed crisis in Argentina and civil unrest in Ukraine, have led to increased volatility in global credit and equity markets. These issues, along with the re-pricing of credit risk and the difficulties currently experienced by financial institutions have made, and will likely continue to make, it difficult to obtain financing. As a result of the disruptions in the credit markets and higher capital requirements, many lenders have increased margins on lending rates, enacted tighter lending standards, required more restrictive terms (including higher collateral ratios for advances, shorter maturities and smaller loan amounts), or have refused to refinance existing debt at all. Furthermore, certain banks that have historically been significant lenders to the shipping industry have reduced or ceased lending activities in the shipping industry. Additional tightening of capital requirements and the resulting policies adopted by lenders, could further reduce lending activities. We may experience difficulties obtaining financing commitments or be unable to fully draw on the capacity under our committed term loans in the future if our lenders are unwilling to extend financing to us or unable to meet their funding obligations due to their own liquidity, capital or solvency issues. We cannot be certain that financing will be available on acceptable terms or at all. If financing is not available when needed, or is available only on unfavorable terms, we may be unable to meet our future obligations as they come due. Our failure to obtain such funds could have a material adverse effect on our business, results of operations and financial condition, as well as our cash flows, including cash available for dividends to our stockholders. In the absence of available financing, we also may be unable to take advantage of business opportunities or respond to competitive pressures.

In addition, as a result of the ongoing economic slump in Greece resulting from the sovereign debt crisis and the related austerity measures implemented by the Greek government, our operations in Greece may be subjected to new regulations that may require us to incur new or additional compliance or other administrative costs and may require that we pay to the Greek government new taxes or other fees. We also face the risk that strikes, work stoppages, civil unrest and violence within Greece may disrupt our shoreside operations and those of our managers located in Greece.

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

We expect that our containerships will continue to be chartered to customers mainly under multi-year fixed rate time charters. Payments to us under these time charters are and will be our sole source of operating cash flow. Many of our charterers finance their activities through cash from operations, the incurrence of debt or the issuance of equity. Since 2008, there has been a significant decline in the credit markets and the availability of credit, and the equity markets have been volatile. The combination of a reduction of cash flow resulting from declines in world trade, a reduction in borrowing bases under reserve-based credit facilities and the lack of availability of debt or equity financing may result in a significant reduction in the ability of our charterers to make charter payments to us. Additionally, we could lose a time charter if the charterer exercises certain specified, limited termination rights.