

Costamare Inc.
Form 20-F
March 05, 2015

**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
- ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE FISCAL YEAR ENDED **DECEMBER 31, 2014**
- 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
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17564 Athens 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

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 definition 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 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

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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 annual report in reference to the common stock, the 7.625% Series B Cumulative Redeemable Perpetual Preferred Stock (the Series B Preferred Stock) or the 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 annual report 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 27, 2015; 13 of our 68 containerships, including nine newbuilds, have been acquired pursuant to the Framework Deed dated May 15, 2013 (the

Framework Agreement), between the Company and its wholly-owned subsidiary, Costamare Ventures Inc. (Costamare Ventures), on the one hand, and York Capital Management Global Advisors LLC and its affiliated fund, Sparrow Holdings, L.P. (collectively, together with certain affiliated funds it manages or advises, York), on the other, by vessel-owning joint venture entities in which we hold a minority equity interest (any such entity, referred to as a Joint Venture entity, and any such jointly-owned vessel, including any vessel under construction, referred to as a Joint Venture vessel). The parties entered into an Amended and Restated Framework Agreement on October 1, 2014, but such agreement will only become effective upon the closing of an initial public offering by Costamare Partners LP, our wholly-owned subsidiary, of common units representing limited partnership interests.

See Item 4. Information on the Company B. Business Overview Our Fleet, Acquisitions and Newbuild 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 are 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 existing customers as well as new customers;
- our contracted revenue;
- future operating or financial results and future revenues and expenses;
- our future financial condition and liquidity;

our ability to obtain financing to fund capital expenditures, acquisitions and other corporate activities, funding by banks of their financial commitments, and our ability to meet our obligations under our credit facilities and comply with our loan covenants;

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 ability to complete the formation of a proposed master limited partnership;

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 take delivery of 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;

expiration dates and extensions of charters;

our fees and expenses payable under the group management agreement, as amended from time to time;

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;

expected cost of, and our ability to comply with, governmental regulations and maritime self-regulatory organization standards, as well as standards imposed by our charterers applicable to our business;

requirements imposed by classification societies;

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

potential disruption of shipping routes due to accidents, political events, piracy or acts by terrorists;

potential liability from future litigation;

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

our business strategy and other plans and objectives for future operations; 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 about factors that are beyond our ability to control or predict, and are not intended to give any assurance as to future results. 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.

Assumptions, expectations, projections, intentions and beliefs about future events may, and often do, vary from actual results and these differences can be material. 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. 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 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, 2014. 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 and is derived from 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, 2012, 2013 and 2014 and the consolidated balance sheets at December 31, 2013 and 2014, together with the notes thereto, are included in Item 18. Financial Statements and should be read in their entirety.

	Year Ended December 31,				
	2010	2011	2012	2013	2014
	(Expressed in thousands of U.S. dollars, except for share and per share data)				
STATEMENT OF INCOME					
Revenues:					
Voyage revenue	\$ 353,151	\$ 382,155	\$ 386,155	\$ 414,249	\$ 483,995
Expenses:					
Voyage expenses	2,076	4,218	5,533	3,484	3,608
Voyage expenses - related parties	410	2,877	2,873	3,139	3,629
Charter agreement early termination fee	9,500				
Vessels' operating expenses	102,771	110,359	112,462	115,998	120,815
General and administrative expenses	1,224	4,958	4,045	8,517	7,708
Management fees - related parties	11,256	15,349	15,171	16,580	18,469
Amortization of dry-docking and special survey costs	8,465	8,139	8,179	8,084	7,814
Depreciation	70,887	78,803	80,333	89,958	105,787
Amortization of prepaid lease rentals					4,024
(Gain) / Loss on sale of vessels, net	(9,588)	(13,077)	2,796	(518)	(2,543)
Foreign exchange (gains) / losses, net	273	(133)	(110)	(8)	(7)
Operating income	\$ 155,877	\$ 170,662	\$ 154,873	\$ 169,015	\$ 214,691
Other Income / (expenses):					
Interest income	\$ 1,449	\$ 477	\$ 1,495	\$ 543	\$ 815

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Interest and finance costs	(71,949)	(75,441)	(74,734)	(74,533)	(95,562)
Swaps breakage cost					(10,192)
Equity in net earnings of investments				692	(3,428)
Other, net	306	603	(43)	822	3,294
Gain / (Loss) on derivative instruments, net	(4,459)	(8,709)	(462)	6,548	5,469
Total other income (expenses)	\$ (74,653)	\$ (83,070)	\$ (73,744)	\$ (65,928)	\$ (99,604)
Net Income	\$ 81,224	\$ 87,592	\$ 81,129	\$ 103,087	\$ 115,087
Earnings allocated to Preferred Stock				(1,536)	(11,909)

Year Ended December 31,

2010 2011 2012 2013 2014
 (Expressed in thousands of U.S. dollars, except for share and per share data)

Net income available to Common Stockholders	\$	81,224	\$	87,592	\$	81,129	\$	101,551	\$	103,178
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Earnings per common share, basic and diluted	\$	1.65	\$	1.45	\$	1.20	\$	1.36	\$	1.38
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Weighted average number of shares, basic and diluted		49,113,425		60,300,000		67,612,842		74,800,000		74,800,000
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OTHER FINANCIAL DATA