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## COSTAMARE INC. REPORTS RESULTS FOR THE THIRD QUARTER AND NINE-MONTHS ENDED SEPTEMBER 30, 2018

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**Monaco, October 24, 2018** – Costamare Inc. (“Costamare” or the “Company”) (NYSE: CMRE) today reported unaudited financial results for the third quarter and nine-months ended September 30, 2018.

- Adjusted Net Income available to common stockholders of \$9.8 million or \$0.09 per share and \$33.6 million or \$0.31 per share for the three-months and the nine-months ended September 30, 2018, respectively.
- Successfully concluded pre and post delivery financing of its five newbuild vessels, currently under construction, which will enter into 10-year charters to Yang Ming upon their delivery. The ships are expected to be delivered between the second quarter of 2020 and the second quarter of 2021.
- Purchased two 1996-built, 8,044 TEU sister containerships *Maersk Kleven* and *Maersk Kotka* in September 2018. Upon their delivery the vessels commenced a 2.5-year charter with Maersk.
- Agreed to install scrubbers on five Post Panamax container vessels (two 8,827 TEU vessels and three 9,403 TEU vessels). Following the installation of the scrubbers, the existing charter rates will be increased and the original charter expiry (ranging from 2023 to 2024) will be extended for a period of 3 years.
- Chartered in total 23 vessels over the quarter (excluding the two recent secondhand acquisitions).
- Declared dividend of \$0.10 per share on its common stock and dividends on all four classes of its preferred stock.

See “Financial Summary” and “Non-GAAP Measures” below for additional detail

### **New Business Developments**

#### **A. New acquisitions**

- In September 2018, we purchased two 1996-built, 8,044 TEU containerships, the *Maersk Kleven* and *Maersk Kotka*. Both vessels have a 2.5-year charter with Maersk Line at a daily rate of \$17,500.

#### **B. New financing transactions**

- In August 2018, we entered into pre and post delivery financing agreements for our five newbuild containerships, each of approximately 12,690 TEU capacity and currently under construction, with a leading financial institution.

#### **C. Vessel disposals**

- In October 2018, we sold for demolition the 1998-built, 3,842 TEU container vessel *MSC Koroni*.
- In August 2018, we concluded the sale for demolition of the 1998-built, 1,645 TEU container vessel *Padma*.

#### D. New charter agreements

- The Company has chartered in total 23 vessels over the quarter (excluding the two recent secondhand acquisitions). More specifically, the Company:
  - Agreed to install scrubbers and increase the current daily rate of \$43,000 for the 2014-built 9,403 TEU containerships *MSC Azov*, *MSC Ajaccio* and *MSC Amalfi* with MSC until their original earliest redelivery dates (December 2, 2023 - *MSC Azov*, February 1, 2024 - *MSC Ajaccio* and March 16, 2024 - *MSC Amalfi*). Also agreed to extend the relevant charters for a period of 3 years starting from their original earliest redelivery dates.
  - Agreed to install scrubbers and increase the current daily rate of \$42,000 for the 2013-built 8,827 TEU containerships *MSC Athens* and *MSC Athos* with MSC until their original earliest redelivery dates (January 29, 2023 - *MSC Athens* and February 24, 2023 - *MSC Athos*). Also agreed to extend the relevant charters for a period of 3 years starting from their original earliest redelivery dates.
  - Agreed to charter the 2016-built, 11,010 TEU containership *Cape Akritas* with Evergreen for a period of 40 to 50 days at charterers' option, starting from September 6, 2018, at a daily rate of \$26,000. Subsequently agreed to extend the charter for a period of 8 to 11 months at charterers' option, starting from October 26, 2018 at a daily rate of \$28,000.
  - Agreed to extend the charter of the 2017-built, 11,010 TEU containership *Cape Kortia* with Evergreen for a period of 8 to 11 months at charterers' option, starting from November 13, 2018 at a daily rate of \$28,000.
  - Agreed to extend the charter of the 2006-built, 9,469 TEU containership *Cosco Ningbo* with Cosco for a period of 6 to 10 months at charterers' option, starting from September 19, 2018, at a daily rate of \$17,900.
  - Agreed to extend the charter of the 2006-built, 9,469 TEU containership *Cosco Guangzhou* with Cosco for a period of 6 to 10 months at charterers' option, starting from September 18, 2018, at a daily rate of \$17,900.
  - Agreed to extend the charter of the 2006-built, 9,469 TEU containership *Cosco Beijing* with Cosco for a period of 6 to 10 months at charterers' option, starting from October 9, 2018, at a daily rate of \$17,900.
  - Agreed to extend the charter of the 2006-built, 9,469 TEU containership *Cosco Yantian* with Cosco for a period of 6 to 10 months at charterers' option, starting from October 27, 2018, at a daily rate of \$17,900.
  - Agreed to extend the charter of the 2006-built, 9,469 TEU containership *Cosco Hellas* with Cosco for a period of 6 to 10 months at charterers' option, starting from November 7, 2018, at a daily rate of \$17,900.
  - Agreed to charter the 1997-built, 7,403 TEU containership *Maersk Kawasaki* with Maersk for a period of 6 to 9 months at charterers' option, starting from September 7, 2018, at a daily rate of \$12,100.
  - Agreed to extend the charter of the 2000-built, 6,648 TEU containership *Sealand New York* with Maersk for a period starting from September 5, 2018 and expiring at charterers' option during the period from October 15, 2018 to October 30, 2018, at a daily rate of \$16,800. Subsequently, agreed to charter the vessel with MSC for a period of 11 to 13 months at charterers' option, starting from November 10, 2018 at a daily rate of \$11,450.
  - Extended the charters of the 2002-built, 4,992 TEU containerships *Zim New York* and *Zim Shanghai* for an additional one-year period expiring on October 1, 2019 at a daily rate of \$12,650 per vessel starting from October 2, 2018.
  - Agreed to extend the charter of the 2002-built, 4,132 TEU containership *Ulsan* with Maersk for a period starting from August 30, 2018 and expiring at charterers' option during the period from October 10, 2018 to March 15, 2019, at a daily rate of \$12,200. Subsequently agreed to extend the charter for a period of 3 to 8 months at charterers' option, starting from November 10, 2018 at a daily rate of \$10,900.
  - Agreed to charter the 1997-built, 2,458 TEU containership *Messini* with Evergreen for a period of 5 to 8 months at charterers' option, starting from September 3, 2018, at a daily rate of \$10,600.
  - Agreed to charter the 2000-built, 1,645 TEU containership *Neapolis* with Evergreen for a period of 5 to 8 months at charterers' option, starting from September 17, 2018, at a daily rate of \$10,700.

- Agreed to charter the 2000-built, 2,474 TEU containership *Areopolis* with Evergreen for a period of 4 to 6 months at charterers' option, starting from October 21, 2018, at a daily rate of \$9,850.
- Agreed to extend the charter of the 2001-built, 1,550 TEU containership *Arkadia* with Evergreen for a period of 6 to 9 months at charterers' option, starting from October 31, 2018, at a daily rate of \$9,800.
- Agreed to extend the charter of the 1992-built, 2,024 TEU containership *MSC Reunion* with MSC for a period of 11 to 13 months at charterers' option, starting from September 1, 2018, at a daily rate of \$8,550.
- Agreed to charter the 2008-built, 1,300 TEU containership *Michigan* with Unimed Feeder Services A/S for a period of 21 to 30 days at charterers' option, starting from September 20, 2018, at a daily rate of \$8,500. Subsequently, agreed to charter the vessel with MSC for a period of 11 to 13 months at charterers' option, starting from October 16, 2018, at a daily rate of \$7,200.

#### **E. Dividend announcements**

- On October 1, 2018, we declared a dividend for the quarter ended September 30, 2018, of \$0.10 per share on our common stock, payable on November 8, 2018, to stockholders of record as of October 23, 2018.
- On October 1, 2018, we declared a dividend of \$0.476563 per share on our Series B Preferred Stock, a dividend of \$0.531250 per share on our Series C Preferred Stock, a dividend of \$0.546875 per share on our Series D Preferred Stock and a dividend of \$0.554688 per share on our Series E Preferred Stock which were all paid on October 15, 2018 to holders of record as of October 12, 2018.

#### **Mr. Gregory Zikos, Chief Financial Officer of Costamare Inc., commented:**

“During the third quarter the Company delivered profitable results.

Seasonality, combined with concerns about demand growth and trade tensions have resulted in a softer market, both in terms of charter rates and asset prices. We have however chartered in total 25 ships during the quarter. This includes the agreement to install scrubbers on 5 Post Panamax container vessels subject to an increase in the current charter hire and a further extension of the original charter tenor for 3 years.

We recently acquired with equity two 1996 built 8,000 TEU sister containerships, which we chartered to Maersk for a fixed period of 2.5 years. We are currently in discussions regarding the debt financing of those ships.

Finally on the financing side, we have concluded with a leading financial institution on a pre and post-delivery basis the debt finance for the five 13,000 TEU new buildings chartered to Yang Ming for 10 years. The vessels are expected to be delivered between the second quarter of 2020 and the second quarter of 2021.”

## Financial Summary

(Expressed in thousands of U.S. dollars, except share and per share data):	Nine-month period ended September 30,		Three-month period ended September 30,	
	2017	2018	2017	2018
Voyage revenue	\$ 311,815	\$ 274,244	\$ 101,274	\$ 90,913
Accrued charter revenue (1)	\$ (8,452)	\$ (5,031)	\$ (2,853)	\$ (1,464)
Voyage revenue adjusted on a cash basis (2)	\$ 303,363	\$ 269,213	\$ 98,421	\$ 89,449
Adjusted Net Income available to common stockholders (3)	\$ 58,525	\$ 33,598	\$ 17,176	\$ 9,763
Weighted Average number of shares	98,123,877	109,870,776	106,528,748	110,913,448
Adjusted Earnings per share (3)	\$ 0.60	\$ 0.31	\$ 0.16	\$ 0.09
Net Income	\$ 70,206	\$ 47,507	\$ 24,143	\$ 14,040
Net Income available to common stockholders	\$ 54,409	\$ 24,821	\$ 18,819	\$ 6,136
Weighted Average number of shares	98,123,877	109,870,776	106,528,748	110,913,448
Earnings per share	\$ 0.55	\$ 0.23	\$ 0.18	\$ 0.06

(1) Accrued charter revenue represents the difference between cash received during the period and revenue recognized on a straight-line basis. In the early years of a charter with escalating charter rates, voyage revenue will exceed cash received during the period and during the last years of such charter cash received will exceed revenue recognized on a straight line basis.

(2) Voyage revenue adjusted on a cash basis represents Voyage revenue after adjusting for non-cash "Accrued charter revenue" recorded under charters with escalating charter rates. However, Voyage revenue adjusted on a cash basis is not a recognized measurement under U.S. generally accepted accounting principles ("GAAP"). We believe that the presentation of Voyage revenue adjusted on a cash basis is useful to investors because it presents the charter revenue for the relevant period based on the then current daily charter rates. The increases or decreases in daily charter rates under our charter party agreements are described in the notes to the "Fleet List" below.

(3) Adjusted Net Income available to common stockholders and Adjusted Earnings per Share are non- GAAP measures. Refer to the reconciliation of Net Income to Adjusted Net Income.

### Non-GAAP Measures

The Company reports its financial results in accordance with U.S. GAAP. However, management believes that certain non-GAAP financial measures used in managing the business may provide users of these financial measures additional meaningful comparisons between current results and results in prior operating periods. Management believes that these non-GAAP financial measures can provide additional meaningful reflection of underlying trends of the business because they provide a comparison of historical information that excludes certain items that impact the overall comparability. Management also uses these non-GAAP financial measures in making financial, operating and planning decisions and in evaluating the Company's performance. The tables below set out supplemental financial data and corresponding reconciliations to GAAP financial measures for the three and nine-month periods ended September 30, 2018 and 2017. Non-GAAP financial measures should be viewed in addition to, and not as an alternative for, voyage revenue or net income as determined in accordance with GAAP. Non-GAAP financial measures include (i) Voyage revenue adjusted on a cash basis (reconciled above), (ii) Adjusted Net Income available to common stockholders and (iii) Adjusted Earnings per Share.

**Reconciliation of Net Income to Adjusted Net Income available to common stockholders  
and Adjusted Earnings per Share**

(Expressed in thousands of U.S. dollars, except share and per share data)	Nine-month period ended September 30,		Three-month period ended September 30,	
	2017	2018	2017	2018
<b>Net Income</b>	\$ 70,206	\$ 47,507	\$ 24,143	\$ 14,040
Earnings allocated to Preferred Stock	(15,797)	(22,686)	(5,324)	(7,904)
<b>Net Income available to common stockholders</b>	54,409	24,821	18,819	6,136
Accrued charter revenue	(8,452)	(5,031)	(2,853)	(1,464)
General and administrative expenses – non-cash component	3,002	3,098	924	971
Amortization of prepaid lease rentals, net	6,375	6,095	2,055	2,054
Realized (Gain) / loss on Euro/USD forward contracts (1)	(682)	97	(501)	250
Loss / (Gain) on sale / disposals of vessels	4,856	861	(1,514)	-
Swaps' breakage costs	-	1,234	-	-
Loss on vessel held for sale	-	1,919	-	1,919
Loss on asset held for sale by a jointly owned company with York included in equity gain on investments	-	664	-	(4)
(Gain) / loss on derivative instruments, excluding interest accrued and realized on non-hedging derivative instruments (1)	(983)	(160)	246	(99)
<b>Adjusted Net Income available to common stockholders</b>	\$ 58,525	\$ 33,598	\$ 17,176	\$ 9,763
<b>Adjusted Earnings per Share</b>	\$ 0.60	\$ 0.31	\$ 0.16	\$ 0.09
Weighted average number of shares	98,123,877	109,870,776	106,528,748	110,913,448

Adjusted Net Income available to common stockholders and Adjusted Earnings per Share represent Net Income after earnings allocated to preferred stock, but before non-cash "Accrued charter revenue" recorded under charters with escalating charter rates, realized (gain) / loss on Euro/USD forward contracts, loss (gain) on sale / disposal of vessels, loss on vessel held for sale, loss on asset held for sale by a jointly owned company with York included in equity gain on investments, swaps' breakage costs, non-cash general and administrative expenses and non-cash other items, amortization of prepaid lease rentals, net and non-cash changes in fair value of derivatives. "Accrued charter revenue" is attributed to the timing difference between the revenue recognition and the cash collection. However, Adjusted Net Income available to common stockholders and Adjusted Earnings per Share are not recognized measurements under U.S. GAAP. We believe that the presentation of Adjusted Net Income available to common stockholders and Adjusted Earnings per Share are useful to investors because they are frequently used by securities analysts, investors and other interested parties in the evaluation of companies in our industry. We also believe that Adjusted Net Income available to common stockholders and Adjusted Earnings per Share are useful in evaluating our ability to service additional debt and make capital expenditures. In addition, we believe that Adjusted Net Income available to common stockholders and Adjusted Earnings per Share are useful in evaluating our operating performance and liquidity position compared to that of other companies in our industry because the calculation of Adjusted Net Income available to common stockholders and Adjusted Earnings per Share generally eliminates the effects of the accounting effects of capital expenditures and acquisitions, certain hedging instruments and other accounting treatments, items which may vary for different companies for reasons unrelated to overall operating performance and liquidity. In evaluating Adjusted Net Income available to common stockholders and Adjusted Earnings per Share, you should be aware that in the future we may incur expenses that are the same as or similar to some of the adjustments in this presentation. Our presentation of Adjusted Net Income available to common stockholders and Adjusted Earnings per Share should not be construed as an inference that our future results will be unaffected by unusual or non-recurring items.

(1) Items to consider for comparability include gains and charges. Gains positively impacting Net Income available to common stockholders are reflected as deductions to Adjusted Net Income available to common stockholders. Charges negatively impacting Net Income available to common stockholders are reflected as increases to Adjusted Net Income available to common stockholders.

## Results of Operations

### *Three-month period ended September 30, 2018 compared to the three-month period ended September 30, 2017*

During the three-month periods ended September 30, 2018 and 2017, we had an average of 55.8 and 53.5 vessels, respectively, in our fleet. In the three-month period ended September 30, 2018, we accepted delivery of the secondhand containerships *Megalopolis*, *Marathopolis*, *Maersk Kleven* and *Maersk Kotka* with an aggregate TEU capacity of 26,002. In the three-month period ended September 30, 2017 we sold the container vessels *Mandraki* and *Mykonos* with an aggregate capacity of 9,656 TEU. In the three-month periods ended September 30, 2018 and 2017, our fleet ownership days totaled 5,136 and 4,922 days, respectively. Ownership days are one of the primary drivers of voyage revenue and vessels' operating expenses and represent the aggregate number of days in a period during which each vessel in our fleet is owned.

(Expressed in millions of U.S. dollars, except percentages)	Three-month period ended September 30,		Change	Percentage Change
	2017	2018		
Voyage revenue	\$ 101.3	\$ 90.9	\$ (10.4)	(10.3%)
Voyage expenses	(0.4)	(1.9)	1.5	375.0%
Voyage expenses – related parties	(0.8)	(0.8)	-	-
Vessels' operating expenses	(26.0)	(27.4)	1.4	5.4%
General and administrative expenses	(1.5)	(1.3)	(0.2)	(13.3%)
Management fees – related parties	(5.0)	(5.0)	-	-
General and administrative expenses - non-cash component	(0.9)	(1.0)	0.1	11.1%
Amortization of dry-docking and special survey costs	(1.9)	(1.8)	(0.1)	(5.3%)
Depreciation	(24.2)	(23.8)	(0.4)	(1.7%)
Amortization of prepaid lease rentals, net	(2.0)	(2.0)	-	-
Gain on sale / disposal of vessels	1.5	-	(1.5)	(100%)
Loss on vessel held for sale	-	(1.9)	1.9	n.m.
Interest income	0.8	0.8	-	-
Interest and finance costs	(18.0)	(14.9)	(3.1)	(17.2%)
Equity gain on investments	1.6	3.9	2.3	143.8%
Other	(0.1)	0.1	0.2	n.m.
Gain / (Loss) on derivative instruments	(0.3)	0.1	0.4	n.m.
<b>Net Income</b>	<b>\$ 24.1</b>	<b>\$ 14.0</b>		

(Expressed in millions of U.S. dollars, except percentages)	Three-month period ended September 30,		Change	Percentage Change
	2017	2018		
Voyage revenue	\$ 101.3	\$ 90.9	\$ (10.4)	(10.3%)
Accrued charter revenue	(2.9)	(1.5)	(1.4)	(48.3%)
Voyage revenue adjusted on a cash basis	<u>\$ 98.4</u>	<u>\$ 89.4</u>	\$ (9.0)	(9.1%)

#### Vessels' operational data

	Three-month period ended September 30,		Change	Percentage Change
	2017	2018		
Average number of vessels	53.5	55.8	2.3	4.3%
Ownership days	4,922	5,136	214	4.3%
Number of vessels under dry-docking	1	4	3	

### *Voyage Revenue*

Voyage revenue decreased by 10.3%, or \$10.4 million, to \$90.9 million during the three-month period ended September 30, 2018, from \$101.3 million during the three-month period ended September 30, 2017. The decrease is mainly attributable to decreased charter rates and increased off-hire days for certain of our vessels and revenue not earned by two vessels sold for demolition in the third quarter of 2017 and the second quarter of 2018; partly off-set by revenue earned by four secondhand vessels acquired during the fourth quarter of 2017 and second and third quarter of 2018.

Voyage revenue adjusted on a cash basis (which eliminates non-cash “Accrued charter revenue”), decreased by 9.1%, or \$9.0 million, to \$89.4 million during the three-month period ended September 30, 2018, from \$98.4 million during the three-month period ended September 30, 2017. Accrued charter revenue for the three-month periods ended September 30, 2018 and 2017, amounted to \$1.5 million and \$2.9 million, respectively.

### *Voyage Expenses*

Voyage expenses were \$1.9 million and \$0.4 million for the three-month periods ended September 30, 2018 and 2017, respectively. Voyage expenses mainly include (i) off-hire expenses of our vessels, primarily related to fuel consumption and (ii) third party commissions.

### *Voyage Expenses – related parties*

Voyage expenses – related parties were \$0.8 million for each of the three-month periods ended September 30, 2018 and 2017. Voyage expenses – related parties represent (i) fees of 0.75% in the aggregate on voyage revenues charged by Costamare Shipping Company S.A. (“Costamare Shipping”) and by Costamare Shipping Services Ltd. (“Costamare Services”) pursuant to the Framework Agreement between Costamare Shipping and us dated November 2, 2015 (the “Framework Agreement”), the Services Agreement between Costamare Services and our vessel-owning subsidiaries dated November 2, 2015 (the “Services Agreement”) and the individual ship-management agreements pertaining to each vessel and (ii) charter brokerage fees payable to Blue Net Chartering GmbH & Co. KG (“Blue Net”) pursuant to the Agreement Regarding Charter Brokerage dated January 1, 2018 between Costamare Shipping and Blue Net.

### *Vessels’ Operating Expenses*

Vessels’ operating expenses, which also include the realized gain / (loss) under derivative contracts entered into in relation to foreign currency exposure, were \$27.4 million and \$26.0 million during the three-month periods ended September 30, 2018 and 2017, respectively.

### *General and Administrative Expenses*

General and administrative expenses were \$1.3 million and \$1.5 million during the three-month periods ended September 30, 2018 and 2017, respectively and both include \$0.63 million which is part of the annual fee that Costamare Services receives based on the Services Agreement.

### *Management Fees – related parties*

Management fees paid to our managers pursuant to the Framework Agreement were \$5.0 million during each of the three-month periods ended September 30, 2018 and 2017, respectively.

### *General and administrative expenses – non-cash component*

General and administrative expenses – non-cash component were \$1.0 million for the three-month period ended September 30, 2018, representing the value of the shares issued to Costamare Services on September 28, 2018, pursuant to the Services Agreement. For the three-month period ended September 30, 2017, the respective amount was \$0.9 million, representing the fair value of the shares issued to Costamare Services on September 29, 2017, pursuant to the Services Agreement.

### *Amortization of Dry-docking and Special Survey Costs*

Amortization of deferred dry-docking and special survey costs was \$1.8 million and \$1.9 million during the three-month periods ended September 30, 2018 and 2017, respectively. During the three-month period ended September 30, 2018, two vessels underwent and completed their special survey and two were in process of completing their special survey. During the three-month period ended September 30, 2017, one vessel underwent and completed her special survey.

### *Depreciation*

Depreciation expense decreased by 1.7% or \$0.4 million, to \$23.8 million during the three-month period ended September 30, 2018, from \$24.2 million during the three-month period ended September 30, 2017. The decrease was mainly attributable to depreciation expense not charged during the three-month period ended September 30, 2018, due to the sale of two vessels during the third quarter of 2017 and the second quarter of 2018; partly off-set by the depreciation charged during the three-month period ended September 30, 2018, due to the acquisition of one secondhand vessel in fourth quarter of 2017 and six vessels in the second and third quarter of 2018.

### *Amortization of Prepaid Lease Rentals, net*

Amortization of prepaid lease rentals, net was \$2.0 million for each of the three-month periods ended September 30, 2018 and 2017, respectively.

### *Gain on sale / disposal of vessels*

During the three-month period ended September 30, 2018, no vessel was sold. During the three-month period ended September 30, 2017, we recorded a net gain of \$1.5 million from the sale of two vessels, the *Mykonos* and the *Mandraki* (which was classified as asset held for sale as at June 30, 2017).

### *Loss on vessel held for sale*

During the three-month period ended September 30, 2018, we recorded a loss on vessel held for sale of \$1.9 million representing the expected loss from sale for demolition of one of our vessels during the next twelve month period.

### *Interest Income*

Interest income amounted to \$0.8 million for each of the three-month periods ended September 30, 2018 and 2017, respectively.

### *Interest and Finance Costs*

Interest and finance costs were \$14.9 million and \$18.0 million during the three-month periods ended September 30, 2018 and 2017, respectively. The decrease is mainly attributable to the decreased average loan balance during the three-month period ended September 30, 2018 compared to the three-month period ended September 30, 2017.

### *Equity Gain on Investments*

During the three-month period ended September 30, 2018, we recorded an equity gain on investments of \$3.9 million representing our share of the net gain of 18 jointly owned companies pursuant to the Framework Deed dated May 15, 2013, as amended and restated on May 18, 2015 (the "Framework Deed"), between the Company and a wholly-owned subsidiary on the one hand, and York Capital Management Global Advisors LLC and an affiliated fund (collectively, together with the funds it manages or advises, "York") on the other hand. During the three-month period ended September 30, 2017, we recorded an equity gain on investments of \$1.6 million also relating to investments under the Framework Deed. The increase is mainly attributable to the income generated by certain newbuild vessels that were delivered from the shipyard during 2017 and the six-month period ended June 30, 2018 and commenced their charters.



## *Gain / (Loss) on Derivative Instruments*

The fair value of our 13 interest rate derivative instruments which were outstanding as of September 30, 2018 equates to the amount that would be paid by us or to us should those instruments be terminated. As of September 30, 2018, the fair value of these 13 interest rate derivative instruments in aggregate amounted to a net asset of \$10.2 million. The effective portion of the change in the fair value of the interest rate derivative instruments that qualified for hedge accounting is recorded in "Other Comprehensive Income" ("OCI") while the ineffective portion is recorded in the consolidated statements of income. The change in the fair value of the interest rate derivative instruments that did not qualify for hedge accounting is recorded in the consolidated statement of income. For the three-month period ended September 30, 2018, a net gain of \$0.5 million has been included in OCI and a net loss of \$0.1 million has been included in Gain/ (Loss) on derivative instruments in the consolidated statement of income, resulting from the fair market value change of the interest rate derivative instruments during the three-month period ended September 30, 2018.

## **Cash Flows**

### *Three-month periods ended September 30, 2018 and 2017*

<b>Condensed cash flows</b>	<b>Three-month period ended</b>	
	<b>September 30,</b>	
(Expressed in millions of U.S. dollars)	<b>2017</b>	<b>2018</b>
Net Cash Provided by Operating Activities	\$ 46.7	\$ 38.8
Net Cash Provided by / (Used in) Investing Activities	\$ 17.3	\$ (48.6)
Net Cash Provided by / (Used in) Financing Activities	\$ (68.2)	\$ 4.7

### *Net Cash Provided by Operating Activities*

Net cash flows provided by operating activities for the three-month period ended September 30, 2018, decreased by \$7.9 million to \$38.8 million, compared to \$46.7 million for the three-month period ended September 30, 2017. The decrease is mainly attributable to the decreased cash from operations of \$9.0 million, the unfavorable change in working capital position, excluding the current portion of long-term debt and the accrued charter revenue (representing the difference between cash received in that period and revenue recognized on a straight-line basis) of \$5.2 million and the increased special survey costs of \$2.5 million during the three-month period ended September 30, 2018 compared to the three-month period ended September 30, 2017; partly off-set by decreased payments for interest (including swap payments) during the period of \$3.6 million.

### *Net Cash Provided by / (Used in) Investing Activities*

Net cash used in investing activities was \$48.6 million in the three-month period ended September 30, 2018, which mainly consisted of net payments in relation to the acquisition of four secondhand vessels and five newbuild vessels and payment for capital injection into one entity pursuant to the Framework Deed.

Net cash provided by investing activities was \$17.3 million in the three-month period ended September 30, 2017. This amount mainly includes \$17.0 million we received from the sale of two vessels and of \$1.0 million in payments for working capital injected into certain entities pursuant to the Framework Deed.

### *Net Cash Provided by / (Used in) Financing Activities*

Net cash provided by financing activities was \$4.7 million in the three-month period ended September 30, 2018, which mainly consisted of (a) \$18.0 million net proceeds we received relating to our debt financing agreements, (b) \$4.9 million we paid for dividends to holders of our common stock for the second quarter of 2018 and (d) \$1.0 million we paid for dividends to holders of our 7.625% Series B Cumulative Redeemable Perpetual Preferred Stock ("Series B Preferred Stock"), \$2.1 million we paid for dividends to holders of our 8.50% Series C Cumulative Redeemable Perpetual Preferred Stock ("Series C Preferred Stock"), \$2.2 million we paid for dividends to holders of our 8.75% Series D Cumulative Redeemable Perpetual Preferred Stock ("Series D Preferred Stock") and \$2.5 million we paid for dividends to holders of our 8.875% Series E Cumulative Redeemable Perpetual Preferred Stock ("Series E Preferred Stock") for the period from April 15, 2018 to July 14, 2018.

Net cash used in financing activities was \$68.2 million in the three-month period ended September 30, 2017, which mainly consisted of (a) \$57.6 million net payments relating to our debt financing agreements, (b) \$4.8 million we paid for dividends to holders of our common stock for the second quarter of 2017 and (c) \$1.0 million we paid for dividends to holders of our Series B Preferred Stock, \$2.1 million we paid for dividends to holders of our Series C Preferred Stock and \$2.2 million we paid for dividends to holders of our Series D Preferred Stock, for the period from April 15, 2017 to July 14, 2017.

***Nine-month period ended September 30, 2018 compared to the nine-month period ended September 30, 2017***

During the nine-month periods ended September 30, 2018 and 2017, we had an average of 54.4 and 52.7 vessels, respectively, in our fleet. In the nine-month period ended September 30, 2018 we accepted delivery of the secondhand containerships *Michigan*, *Trader*, *Megalopolis*, *Marathopolis*, *Maersk Kleven* and *Maersk Kotka* with an aggregate capacity of 28,602 TEU and we sold the container vessel *Itea* with a capacity of 3,842 TEU. In the nine-month period ended September 30, 2017, we accepted delivery of the secondhand containerships *Leonidio*, *Kyparissia* and *Maersk Kowloon* with an aggregate capacity of 17,385 TEU and we sold the container vessels *Romanos*, *Marina*, *Mandraki* and *Mykonos* with an aggregate capacity of 18,057 TEU. In the nine-month periods ended September 30, 2018 and 2017, our fleet ownership days totaled 14,854 and 14,378 days, respectively. Ownership days are one of the primary drivers of voyage revenue and vessels' operating expenses and represent the aggregate number of days in a period during which each vessel in our fleet is owned.

(Expressed in millions of U.S. dollars, except percentages)	Nine-month period ended September 30,		Change	Percentage Change
	2017	2018		
Voyage revenue	\$ 311.8	\$ 274.2	\$ (37.6)	(12.1%)
Voyage expenses	(2.0)	(4.9)	2.9	145.0%
Voyage expenses – related parties	(2.3)	(2.3)	-	-
Vessels' operating expenses	(76.9)	(80.2)	3.3	4.3%
General and administrative expenses	(4.3)	(4.1)	(0.2)	(4.7%)
Management fees – related parties	(14.4)	(14.5)	0.1	0.7%
General and administrative expenses - non-cash component	(3.0)	(3.1)	0.1	3.3%
Amortization of dry-docking and special survey costs	(5.8)	(5.2)	(0.6)	(10.3%)
Depreciation	(72.7)	(69.8)	(2.9)	(4.0%)
Amortization of prepaid lease rentals, net	(6.4)	(6.1)	(0.3)	(4.7%)
Loss on sale / disposal of vessels	(4.8)	(0.9)	(3.9)	(81.3%)
Loss on vessel held for sale	-	(1.9)	(1.9)	n.m.
Interest income	1.9	2.6	0.7	36.8%
Interest and finance costs	(53.3)	(44.2)	(9.1)	(17.1%)
Swaps' breakage costs	-	(1.2)	1.2	n.m.
Equity gain on investments	2.5	9.1	6.6	264.0%
Other	0.6	0.2	(0.4)	(66.7%)
Loss on derivative instruments	(0.7)	(0.2)	(0.5)	(71.4%)
<b>Net Income</b>	<b>\$ 70.2</b>	<b>\$ 47.5</b>		

(Expressed in millions of U.S. dollars, except percentages)	Nine-month period ended		Change	Percentage Change
	September 30,			
	2017	2018		
Voyage revenue	\$ 311.8	\$ 274.2	\$ (37.6)	(12.1%)
Accrued charter revenue	(8.5)	(5.0)	(3.5)	(41.2%)
Voyage revenue adjusted on a cash basis	\$ 303.3	\$ 269.2	\$ (34.1)	(11.2%)

Vessels' operational data	Nine-month period		Change	Percentage Change
	ended September 30,			
	2017	2018		
Average number of vessels	52.7	54.4	1.7	3.2%
Ownership days	14,378	14,854	476	3.3%
Number of vessels under dry-docking	4	15	11	

### *Voyage Revenue*

Voyage revenue decreased by 12.1%, or \$37.6 million, to \$274.2 million during the nine-month period ended September 30, 2018, from \$311.8 million during the nine-month period ended September 30, 2017. The decrease is mainly attributable to decreased charter rates and increased off-hire days for certain of our vessels and revenue not earned by four vessels sold for demolition in the third quarter of 2017 and the second quarter of 2018; partly off-set by revenue earned by four secondhand vessels acquired during the second and fourth quarter of 2017 and four vessels acquired during the second and third quarter of 2018.

Voyage revenue adjusted on a cash basis (which eliminates non-cash "Accrued charter revenue"), decreased by 11.2%, or \$34.1 million, to \$269.2 million during the nine-month period ended September 30, 2018, from \$303.3 million during the nine-month period ended September 30, 2017. Accrued charter revenue for the nine-month periods ended September 30, 2018 and 2017, amounted to \$5.0 million and \$8.5 million, respectively.

### *Voyage Expenses*

Voyage expenses were \$4.9 million and \$2.0 million for the nine-month periods ended September 30, 2018 and 2017, respectively. Voyage expenses mainly include (i) off-hire expenses of our vessels, primarily related to fuel consumption and (ii) third party commissions.

### *Voyage Expenses – related parties*

Voyage expenses – related parties were \$2.3 million for each of the nine-month periods ended September 30, 2018 and 2017. Voyage expenses – related parties represent (i) fees of 0.75% in the aggregate on voyage revenues charged by Costamare Shipping and by Costamare Services pursuant to the Framework Agreement, the Services Agreement and the individual ship-management agreements pertaining to each vessel and (ii) charter brokerage fees payable to Blue Net pursuant to the Agreement Regarding Charter Brokerage dated January 1, 2018 between Costamare Shipping and Blue Net.

### *Vessels' Operating Expenses*

Vessels' operating expenses, which also include the realized gain / (loss) under derivative contracts entered into in relation to foreign currency exposure, were \$80.2 million and \$76.9 million during the nine-month periods ended September 30, 2018 and 2017, respectively.

### *General and Administrative Expenses*

General and administrative expenses were \$4.1 million and \$4.3 million during the nine-month periods ended September 30, 2018 and 2017, respectively, and both include \$1.9 million which is part of the annual fee that Costamare Services receives based on the Services Agreement.

### *Management Fees – related parties*

Management fees paid to our managers pursuant to the Framework Agreement were \$14.5 million and \$14.4 million for the nine-month periods ended September 30, 2018 and 2017, respectively.

### *General and administrative expenses – non-cash component*

General and administrative expenses – non-cash component for the nine-month period ended September 30, 2018 amounted to \$3.1 million representing the value of the shares issued to Costamare Services on March 30, 2018, June 29 and September 28, 2018, pursuant to the Services Agreement. For the nine-month period ended September 30, 2017, the respective amount was \$3.0 million, representing the fair value of the shares issued to Costamare Services on March 30, 2017, June 30 and September 29, 2017, pursuant to the Services Agreement.

### *Amortization of Dry-docking and Special Survey Costs*

Amortization of deferred dry-docking and special survey costs was \$5.2 million and \$5.8 million during the nine-month periods ended September 30, 2018 and 2017, respectively. During the nine-month period ended September 30, 2018, 13 vessels underwent and completed their special survey and two were in process of completing their special survey. During the nine-month period ended September 30, 2017, four vessels underwent and completed their special survey.

### *Depreciation*

Depreciation expense decreased by 4.0% or \$2.9 million, to \$69.8 million during the nine-month period ended September 30, 2018, from \$72.7 million during the nine-month period ended September 30, 2017. The decrease was mainly attributable to depreciation expense not charged during the nine-month period ended September 30, 2018, due to the sale of four vessels during the nine-month period ended September 30, 2017; partly off-set by the depreciation charged during the nine-month period ended September 30, 2018, due to the acquisition of four secondhand vessels during the year ended December 31, 2017 and the acquisition of six during the nine-month period ended September 30, 2018.

### *Amortization of Prepaid Lease Rentals, net*

Amortization of prepaid lease rentals, net was \$6.1 million during the nine-month period ended September 30, 2018. Amortization of prepaid lease rentals, net was \$6.4 million during the nine-month period ended September 30, 2017.

### *Loss on sale / disposal of vessels*

During the nine-month period ended September 30, 2018 we recorded a loss of \$0.9 million from the sale of the vessel *Itea*, which was classified as Asset held for sale as at December 31, 2017. During the nine-month period ended September 30, 2017, we recorded an aggregate net loss of \$4.2 million from the sale of the vessels *Marina*, *Mandraki* and the *Mykonos* and a loss of \$0.6 million from the sale of the vessel *Romanos* which was classified as Asset held for sale as at December 31, 2016.

### *Loss on vessel held for sale*

During the nine-month period ended September 30, 2018, we recorded a loss on vessel held for sale of \$1.9 million representing the expected loss from sale for demolition of one of our vessels during the next twelve month period.

### *Interest Income*

Interest income amounted to \$2.6 million and \$1.9 million for the nine-month periods ended September 30, 2018 and 2017, respectively.

### *Interest and Finance Costs*

Interest and finance costs were \$44.2 million and \$53.3 million during the nine-month periods ended September 30, 2018 and 2017, respectively. The decrease is mainly attributable to the decreased average loan balance during the nine-month period ended September 30, 2018 compared to the nine-month period ended September 30, 2017.

### *Swaps Breakage Cost*

During the nine-month period ended September 30, 2018, we terminated three interest rate derivative instruments that qualify for hedge accounting and we paid the counterparties breakage costs of \$1.2 million.

### *Equity Gain on Investments*

During the nine-month period ended September 30, 2018, we recorded an equity gain on investments of \$9.1 million representing our share of the net gain of 18 jointly owned companies pursuant to the Framework Deed, between the Company and a wholly-owned subsidiary on the one hand, and York on the other hand. During the nine-month period ended September 30, 2017, we recorded an equity gain on investments of \$2.5 million also relating to investments under the Framework Deed. The increase is mainly attributable to the income generated by certain newbuild vessels that were delivered from the shipyard during 2017 and the six-month period ended June 30, 2018 and commenced their charters.

### *Loss on Derivative Instruments*

The fair value of our 13 interest rate derivative instruments which were outstanding as of September 30, 2018 equates to the amount that would be paid by us or to us should those instruments be terminated. As of September 30, 2018, the fair value of these 13 interest rate derivative instruments in aggregate amounted to a net asset of \$10.2 million. The effective portion of the change in the fair value of the interest rate derivative instruments that qualified for hedge accounting is recorded in "Other Comprehensive Income" ("OCI") while the ineffective portion is recorded in the consolidated statements of income. The change in the fair value of the interest rate derivative instruments that did not qualify for hedge accounting is recorded in the consolidated statement of income. For the nine-month period ended September 30, 2018, a net gain of \$8.2 million has been included in OCI and a net loss of \$0.1 million has been included in Loss on derivative instruments in the consolidated statement of income, resulting from the fair market value change of the interest rate derivative instruments during the nine-month period ended September 30, 2018.

## **Cash Flows**

### *Nine-month periods ended September 30, 2018 and 2017*

<b>Condensed cash flows</b>	<b>Nine-month period ended</b>	
	<b>September 30,</b>	
(Expressed in millions of U.S. dollars)	<b>2017</b>	<b>2018</b>
Net Cash Provided by Operating Activities	\$ 145.3	\$ 105.8
Net Cash Used in Investing Activities	\$ (33.6)	\$ (113.5)
Net Cash Used in Financing Activities	\$ (88.6)	\$ (56.4)

### *Net Cash Provided by Operating Activities*

Net cash flows provided by operating activities for the nine-month period ended September 30, 2018, decreased by \$39.5 million to \$105.8 million, compared to \$145.3 million for the nine-month period ended September 30, 2017. The decrease is mainly attributable to the decreased cash from operations of \$34.2 million, the increased special survey costs of \$11.9 million during the nine-month period ended September 30, 2018 compared to the nine-month period ended September 30, 2017 and the unfavorable change in working capital position, excluding the current portion of long-term debt and the accrued charter revenue (representing the difference between cash received in that period and revenue recognized on a straight-line basis) of \$5.1 million; partly off-set by decreased payments for interest (including swap payments) during the period of \$12.5 million.

### ***Net Cash Used in Investing Activities***

Net cash used in investing activities was \$113.5 million in the nine-month period ended September 30, 2018, which mainly consisted of net payments relating to the acquisition of six secondhand vessels and five newbuild vessels, payments for capital injection into certain entities pursuant to the Framework Deed and proceeds we received from sale for scrap of one vessel.

Net cash used in investing activities was \$33.6 million in the nine-month period ended September 30, 2017, which mainly consisted of payments for the acquisition of three secondhand vessels and payments for working capital injected into certain entities pursuant to the Framework Deed (net of dividend distributions we received); partly off-set by proceeds we received from the sale of four vessels.

### ***Net Cash Used in Financing Activities***

Net cash used in financing activities was \$56.4 million in the nine-month period ended September 30, 2018, which mainly consisted of (a) \$130.2 million net payments relating to our debt financing agreements, (b) \$111.2 million net proceeds we received from our public offering in January 2018, of 4.6 million shares of our Series E Preferred Stock, net of underwriting discounts and expenses incurred in the offering, (c) \$14.1 million we paid for dividends to holders of our common stock for the fourth quarter of 2017, the first quarter of 2018 and the second quarter of 2018 and (d) \$2.9 million we paid for dividends to holders of our Series B Preferred Stock, \$6.4 million we paid for dividends to holders of our Series C Preferred Stock, \$6.6 million we paid for dividends to holders of our Series D Preferred Stock, for the periods from October 15, 2017 to January 14, 2018, January 15, 2018 to April 14, 2018 and April 15, 2018 to July 14, 2018 and \$4.7 million we paid for dividends to holders of our Series E Preferred Stock, for the period from January 30, 2018 to April 14, 2018 and April 15, 2018 to July 14, 2018.

Net cash used in financing activities was \$88.6 million in the nine-month period ended September 30, 2017, which mainly consisted of (a) \$91.7 million we received from our follow-on offering in May 2017, net of underwriting discounts and expenses incurred in the offering, (b) \$150.8 million net payments relating to our debt financing agreements, (c) \$12.0 million we paid for dividends to holders of our common stock for the fourth quarter of 2016, the first quarter of 2017 and the second quarter of 2017 and (d) \$2.9 million we paid for dividends to holders of our Series B Preferred Stock, \$6.4 million we paid for dividends to holders of our Series C Preferred Stock and \$6.6 million we paid for dividends to holders of our Series D Preferred Stock, for the periods from October 15, 2016 to January 14, 2017, January 15, 2017 to April 14, 2017 and April 15, 2017 to July 14, 2017.

### **Change in the manner of presentation of certain items**

Effective January 1, 2018, we adopted *ASU No. 2016-15—Statement of Cash Flows (Topic 230)—Classification of Certain Cash Receipts and Cash Payments* and *ASU No. 2016-18—Statement of Cash Flows (Topic 230)—Restricted Cash*. In order to conform to the current period presentation, we present comparatives in the condensed statement of cash flows as the new ASUs require.

## Liquidity and Unencumbered Vessels

### *Cash and cash equivalents*

As of September 30, 2018, we had a total cash liquidity of \$154.8 million, consisting of cash, cash equivalents and restricted cash.

### *Debt-free vessels*

As of October 24, 2018, the following vessels were free of debt.

### Unencumbered Vessels (Refer to fleet list for full details)

<u>Vessel Name</u>	<u>Year Built</u>	<u>TEU Capacity</u>
CMA CGM L'ETOILE	2005	2,556
MICHIGAN	2008	1,300
TRADER	2008	1,300
MAERSK KLEVEN	1996	8,044
MAERSK KOTKA	1996	8,044
ELAFONISOS (*)	1999	2,526
MONEMVASIA (*)	1998	2,472
ARKADIA (*)	2001	1,550

(\*) Vessels acquired pursuant to the Framework Deed with York.

### **Conference Call details:**

On Thursday, October 25, 2018 at 8:30 a.m. ET, Costamare's management team will hold a conference call to discuss the financial results. Participants should dial into the call 10 minutes before the scheduled time using the following numbers: 1-844-887-9405 (from the US), 0808-238-9064 (from the UK) or +1-412-317-9258 (from outside the US and the UK). Please quote "Costamare". A replay of the conference call will be available until November 1, 2018. The United States replay number is +1-877-344-7529; the standard international replay number is +1-412-317-0088; and the access code required for the replay is: 10125429.

### **Live webcast:**

There will also be a simultaneous live webcast over the Internet, through the Costamare Inc. website ([www.costamare.com](http://www.costamare.com)) under the "Investors" section. Participants to the live webcast should register on the website approximately 10 minutes prior to the start of the webcast.

### **About Costamare Inc.**

Costamare Inc. is one of the world's leading owners and providers of containerships for charter. The Company has 44 years of history in the international shipping industry and a fleet of 79 containerships, with a total capacity of approximately 549,000 TEU, including five newbuild containerships currently under construction. Seventeen of our containerships have been acquired pursuant to the Framework Deed with York Capital Management by vessel-owning joint venture entities in which we hold a minority equity interest. The Company's common stock, Series B Preferred Stock, Series C Preferred Stock, Series D Preferred Stock and Series E Preferred Stock trade on the New York Stock Exchange under the symbols "CMRE", "CMRE PR B", "CMRE PR C", "CMRE PR D" and "CMRE PR E", respectively.

### **Forward-Looking Statements**

This earnings release contains "forward-looking statements". In some cases, you can identify these statements by forward-looking words such as "believe", "intend", "anticipate", "estimate", "project", "forecast", "plan", "potential", "may", "should", "could" and "expect" and similar expressions. These statements are not historical facts but instead represent only Costamare's belief regarding future results, many of which, by their nature, are inherently uncertain and outside of Costamare's control. It is possible that actual results may differ, possibly materially, from those anticipated in these forward-looking statements. For a discussion of some of the risks and important factors that could affect future results,

see the discussion in Costamare Inc.'s most recent Annual Report on Form 20-F (File No. 001-34934) under the caption "Risk Factors".

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## **Fleet List**

The table below provides additional information, as of October 24, 2018, about our fleet of containerships, including our newbuilds on order, the vessels acquired pursuant to the Framework Deed and those vessels subject to sale and leaseback agreements. Each vessel is a cellular containership, meaning it is a dedicated container vessel.

	Vessel Name	Charterer	Year Built	Capacity (TEU)	Current Daily Charter Rate <sup>(1)</sup> (U.S. dollars)	Expiration of Charter <sup>(2)</sup>
1	TRITON <sup>(i)(ii)</sup>	Evergreen	2016	14,424	<sup>(*)</sup>	March 2026
2	TITAN <sup>(i)(ii)</sup>	Evergreen	2016	14,424	<sup>(*)</sup>	April 2026
3	TALOS <sup>(i)(ii)</sup>	Evergreen	2016	14,424	<sup>(*)</sup>	July 2026
4	TAURUS <sup>(i)(ii)</sup>	Evergreen	2016	14,424	<sup>(*)</sup>	August 2026
5	THESEUS <sup>(i)(ii)</sup>	Evergreen	2016	14,424	<sup>(*)</sup>	August 2026
6	CAPE AKRITAS <sup>(i)</sup>	Evergreen	2016	11,010	28,000	June 2019 <sup>(3)</sup>
7	CAPE TAINARO <sup>(i)</sup>	OOCL	2017	11,010	28,250	March 2019
8	CAPE KORTIA <sup>(i)</sup>	Evergreen	2017	11,010	28,000	July 2019 <sup>(4)</sup>
9	CAPE SOUNIO <sup>(i)</sup>	ZIM	2017	11,010	30,700	March 2019
10	CAPE ARTEMISIO <sup>(i)</sup>	Hapag Lloyd	2017	11,010	27,000 (net)	May 2019
11	COSCO GUANGZHOU	COSCO	2006	9,469	17,900	March 2019
12	COSCO NINGBO	COSCO	2006	9,469	17,900	March 2019
13	COSCO YANTIAN	COSCO	2006	9,469	17,900	April 2019 <sup>(5)</sup>
14	COSCO BEIJING	COSCO	2006	9,469	17,900	April 2019
15	COSCO HELLAS	COSCO	2006	9,469	17,900	May 2019 <sup>(6)</sup>
16	MSC AZOV <sup>(ii)</sup>	MSC	2014	9,403	43,000	December 2026 <sup>(7)</sup>
17	MSC AJACCIO <sup>(ii)</sup>	MSC	2014	9,403	43,000	February 2027 <sup>(7)</sup>
18	MSC AMALFI <sup>(ii)</sup>	MSC	2014	9,403	43,000	March 2027 <sup>(7)</sup>
19	MSC ATHENS <sup>(ii)</sup>	MSC	2013	8,827	42,000	January 2026 <sup>(8)</sup>
20	MSC ATHOS <sup>(ii)</sup>	MSC	2013	8,827	42,000	February 2026 <sup>(8)</sup>
21	VALOR	Evergreen	2013	8,827	41,700	April 2020
22	VALUE	Evergreen	2013	8,827	41,700	April 2020
23	VALIANT	Evergreen	2013	8,827	41,700	June 2020
24	VALENCE	Evergreen	2013	8,827	41,700	July 2020
25	VANTAGE	Evergreen	2013	8,827	41,700	September 2020
26	NAVARINO	PIL	2010	8,531	<sup>(*)</sup>	February 2019
27	MAERSK KLEVEN	Maersk	1996	8,044	17,500	April 2021
28	MAERSK KOTKA	Maersk	1996	8,044	17,500	April 2021
29	MAERSK KOWLOON	Maersk	2005	7,471	16,000	June 2022
30	MAERSK KAWASAKI	Maersk	1997	7,403	12,100	March 2019
31	KURE	COSCO	1996	7,403	16,350	April 2019
32	NILEDUTCH PANTHER	NileDutch	1997	7,403	12,750	November 2018
33	MSC METHONI	MSC	2003	6,724	29,000	September 2021
34	SEALAND NEW YORK	MSC	2000	6,648	11,450 <sup>(9)</sup>	October 2019
35	MAERSK KOBE	Maersk	2000	6,648	16,000	February 2019
36	SEALAND WASHINGTON	Maersk	2000	6,648	<sup>(*)</sup>	March 2022 <sup>(10)</sup>
37	SEALAND MICHIGAN	Maersk	2000	6,648	<sup>(*)</sup>	March 2022 <sup>(10)</sup>
38	SEALAND ILLINOIS	Maersk	2000	6,648	<sup>(*)</sup>	March 2022 <sup>(10)</sup>
39	MAERSK KOLKATA	Maersk	2003	6,644	26,100	March 2022 <sup>(11)</sup>
40	MAERSK KINGSTON (ex. MSC KINGSTON)	Maersk	2003	6,644	26,100	March 2022 <sup>(11)</sup>
41	MAERSK KALAMATA	Maersk	2003	6,644	26,100	March 2022 <sup>(11)</sup>
42	VENETIKO	Hapag Lloyd	2003	5,928	11,750	November 2018

	Vessel Name	Charterer	Year Built	Capacity (TEU)	Current Daily Charter Rate <sup>(1)</sup> (U.S. dollars)	Expiration of Charter <sup>(2)</sup>
43	ENSENADA <sup>(i)</sup>	ONE	2001	5,576	16,000	February 2019
44	ZIM NEW YORK	ZIM	2002	4,992	12,650	September 2019 <sup>(12)</sup>
45	ZIM SHANGHAI	ZIM	2002	4,992	12,650	September 2019 <sup>(12)</sup>
46	PIRAEUS	<sup>(*)</sup>	2004	4,992	<sup>(*)</sup>	November 2018
47	LEONIDIO <sup>(ii)</sup>	Maersk	2014	4,957	14,200	December 2024
48	KYPARISSIA <sup>(ii)</sup>	Maersk	2014	4,957	14,200	November 2024
49	MEGALOPOLIS	Maersk	2013	4,957	<sup>(*)</sup>	July 2025
50	MARATHOPOLIS	Maersk	2013	4,957	<sup>(*)</sup>	July 2025
51	OAKLAND EXPRESS	Hapag Lloyd	2000	4,890	8,800	February 2019
52	HALIFAX EXPRESS	Hapag Lloyd	2000	4,890	8,800	February 2019
53	SINGAPORE EXPRESS	Hapag Lloyd	2000	4,890	8,800	February 2019
54	ULSAN	Maersk	2002	4,132	10,900	February 2019 <sup>(13)</sup>
55	POLAR ARGENTINA <sup>(i)(ii)</sup>	Maersk	2018	3,800	19,700	October 2024
56	POLAR BRASIL <sup>(i)(ii)</sup>	Maersk	2018	3,800	19,700	January 2025
57	LAKONIA	Evergreen	2004	2,586	11,300	January 2019
58	CMA CGM L'ETOILE	CMA CGM	2005	2,556	12,250	March 2019
59	ELAFONISOS <sup>(i)</sup>	MSC	1999	2,526	<sup>(*)</sup>	January 2019
60	AREOPOLIS	Evergreen	2000	2,474	9,850	February 2019
61	MONEMVASIA <sup>(i)</sup>	Maersk	1998	2,472	9,250	November 2021
62	MESSINI	Evergreen	1997	2,458	10,600	February 2019
63	MSC REUNION	MSC	1992	2,024	8,550	August 2019
64	MSC NAMIBIA II	MSC	1991	2,023	9,170	July 2019
65	MSC SIERRA II	MSC	1991	2,023	9,170	June 2019
66	MSC PYLOS	MSC	1991	2,020	6,800	January 2019
67	NEAPOLIS	Evergreen	2000	1,645	10,700	February 2019
68	ARKADIA <sup>(i)</sup>	Evergreen	2001	1,550	9,800	April 2019 <sup>(14)</sup>
69	PROSPER	Evergreen	1996	1,504	10,100	January 2019
70	MICHIGAN	MSC	2008	1,300	7,200	September 2019
71	TRADER	-	2008	1,300	-	-
72	ZAGORA	MSC	1995	1,162	7,800	May 2019
73	PETALIDI <sup>(i)</sup>	DELTA	1994	1,162	\$170,000 (lump sum)	October 2018
74	LUEBECK	MSC	2001	1,078	6,500	January 2019

#### Newbuilds

	Vessel Name	Shipyard	Capacity (TEU)	Charterer	Expected Delivery <sup>(15)</sup>
1	YZJ2015-2057	Jiangsu Yangzijiang Shipbuilding Group	12,690	Yang Ming	Q2 2020
2	YZJ2015-2058	Jiangsu Yangzijiang Shipbuilding Group	12,690	Yang Ming	Q3 2020
3	YZJ2015-2059	Jiangsu Yangzijiang Shipbuilding Group	12,690	Yang Ming	Q3 2020
4	YZJ2015-2060	Jiangsu Yangzijiang Shipbuilding Group	12,690	Yang Ming	Q2 2021
5	YZJ2015-2061	Jiangsu Yangzijiang Shipbuilding Group	12,690	Yang Ming	Q2 2021

(1) Daily charter rates are gross, unless stated otherwise.

(2) Charter terms and expiration dates are based on the earliest date charters could expire. Amounts set out for current daily charter rate are the amounts contained in the charter contracts.

- (3) This charter rate will be earned by *Cape Akritas* from October 26, 2018. Until then the daily charter rate will be \$26,000.
- (4) This charter rate will be earned by *Cape Kortia* from November 13, 2019. Until then the daily charter rate will be in the mid twenty-thousand dollars.
- (5) This charter rate will be earned by *Cosco Yantian* from October 27, 2018. Until then the daily charter rate will be \$16,000.
- (6) This charter rate will be earned by *Cosco Hellas* from November 7, 2018. Until then the daily charter rate will be \$16,000.
- (7) Following scrubbers' installation, the daily rate will be increased from the current daily rate of \$43,000 until the original earliest redelivery dates of the vessels (December 2, 2023-*MSC Azov*, February 1, 2024-*MSC Ajaccio* and March 16, 2024-*MSC Amalfi*). The charters will also be extended for 3 years.
- (8) Following scrubbers' installation, the daily rate will be increased from the current daily rate of \$42,000 until the original earliest redelivery dates of the vessels (January 29, 2023-*MSC Athens* and February 24, 2023-*MSC Athos*). The charters will also be extended for 3 years.
- (9) This charter rate will start on November 10, 2018.
- (10) The daily rate for *Sealand Washington*, *Sealand Michigan* and *Sealand Illinois* will be a fixed rate until March 1, 2019. From March 1, 2019, the daily rate will be a base rate, adjusted pursuant to the terms of a profit/loss sharing mechanism based on market conditions until expiry of the charter.
- (11) This charter rate will be earned by *Maersk Kolkata*, *Maersk Kingston* and *Maersk Kalamata* until November 14, 2019, February 28, 2020 and April 12, 2020, respectively. From the aforementioned dates, the daily rate for each of the three vessels, will be a base rate, adjusted pursuant to the terms of a profit/loss sharing mechanism based on market conditions until expiry of the charter.
- (12) The amounts in the table reflect the current charter terms, giving effect to our agreement with Zim under its 2014 restructuring plan. Based on this agreement, we have been granted charter extensions and have been issued equity securities representing 1.2% of Zim's equity and approximately \$8.2 million in interest bearing notes maturing in 2023. In May 2018, the Company exercised its option to extend the charters of *Zim New York* and *Zim Shanghai* for a one year period at market rate plus \$1,100 per day per vessel while the notes remain outstanding. The rate for this fourth optional year has been determined at \$12,650 per day.
- (13) This charter rate will be earned by *Ulsan* from November 10, 2018. Until then the daily charter rate will be \$12,200.
- (14) This charter rate will be earned by *Arkadia* from October 31, 2018. Until then the daily charter rate will be \$10,400.
- (15) Based on latest shipyard construction schedule, subject to change.
  - (i) Denotes vessels acquired pursuant to the Framework Deed. The Company holds an equity interest ranging between 25% and 49% in each of the vessel-owning entities.
  - (ii) Denotes vessels subject to a sale and leaseback transaction.
- (\*) Denotes charterer's identity and/or current daily charter rates and/or charter expiration dates which are treated as confidential.

**COSTAMARE INC.**  
**Consolidated Statements of Income**

	<b>Nine-months ended September 30,</b>		<b>Three-months ended September 30,</b>	
(Expressed in thousands of U.S. dollars, except share and per share amounts)	<b>2017</b>	<b>2018</b>	<b>2017</b>	<b>2018</b>
<b>REVENUES:</b>				
Voyage revenue	\$ 311,815	\$ 274,244	\$ 101,274	\$ 90,913
<b>EXPENSES:</b>				
Voyage expenses	(2,025)	(4,894)	(452)	(1,857)
Voyage expenses – related parties	(2,339)	(2,340)	(760)	(752)
Vessels' operating expenses	(76,875)	(80,226)	(26,028)	(27,384)
General and administrative expenses	(4,321)	(4,080)	(1,517)	(1,295)
Management fees - related parties	(14,355)	(14,549)	(4,968)	(4,998)
General and administrative expenses – non-cash component	(3,002)	(3,098)	(924)	(971)
Amortization of dry-docking and special survey costs	(5,780)	(5,183)	(1,869)	(1,825)
Depreciation	(72,677)	(69,766)	(24,162)	(23,803)
Amortization of prepaid lease rentals, net	(6,375)	(6,095)	(2,055)	(2,054)
Gain/(Loss) on sale / disposal of vessels	(4,856)	(861)	1,514	-
Loss on vessel held for sale	-	(1,919)	-	(1,919)
Foreign exchange gains / (losses)	32	(16)	1	2
<b>Operating income</b>	<b>\$ 119,242</b>	<b>\$ 81,217</b>	<b>\$ 40,054</b>	<b>\$ 24,057</b>
<b>OTHER INCOME / (EXPENSES):</b>				
Interest income	\$ 1,869	\$ 2,634	\$ 753	\$ 756
Interest and finance costs	(53,300)	(44,248)	(17,962)	(14,870)
Swaps' breakage cost	-	(1,234)	-	-
Equity gain on investments	2,532	9,114	1,645	3,915
Other	545	231	(61)	136
Gain/(Loss) on derivative instruments	(682)	(207)	(286)	46
<b>Total other income / (expenses)</b>	<b>\$ (49,036)</b>	<b>\$ (33,710)</b>	<b>\$ (15,911)</b>	<b>\$ (10,017)</b>
<b>Net Income</b>	<b>\$ 70,206</b>	<b>\$ 47,507</b>	<b>\$ 24,143</b>	<b>\$ 14,040</b>
Earnings allocated to Preferred Stock	(15,797)	(22,686)	(5,324)	(7,904)
<b>Net Income available to common stockholders</b>	<b>\$ 54,409</b>	<b>\$ 24,821</b>	<b>\$ 18,819</b>	<b>\$ 6,136</b>
Earnings per common share, basic and diluted	\$ 0.55	\$ 0.23	\$ 0.18	\$ 0.06
Weighted average number of shares, basic and diluted	98,123,877	109,870,776	106,528,748	110,913,448

**COSTAMARE INC.**  
**Consolidated Balance Sheets**

(Expressed in thousands of U.S. dollars)	<b>As of December 31,</b>	<b>As of September 30,</b>
	<b>2017</b>	<b>2018</b>
		<b>(Unaudited)</b>
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 178,986	\$ 117,910
Restricted cash	7,238	5,361
Accounts receivable	1,324	3,351
Inventories	9,662	10,184
Due from related parties	5,273	3,532
Fair value of derivatives	112	3,520
Insurance claims receivable	2,091	3,146
Prepaid lease rentals	8,752	8,752
Asset held for sale	7,315	7,433
Accrued charter revenue	185	-
Prepayments and other	5,697	4,253
<b>Total current assets</b>	<b>\$ 226,635</b>	<b>\$ 167,442</b>
<b>FIXED ASSETS, NET:</b>		
Capital leased assets	\$ 415,665	\$ 405,371
Vessels and advances, net	1,579,509	1,658,232
<b>Total fixed assets, net</b>	<b>\$ 1,995,174</b>	<b>\$ 2,063,603</b>
<b>NON-CURRENT ASSETS:</b>		
Equity method investments	\$ 161,897	\$ 165,833
Prepaid lease rentals, non-current	42,918	36,373
Deferred charges, net	15,429	24,927
Accounts receivable, non-current	1,800	11,712
Restricted cash	32,661	31,531
Fair value of derivatives, non-current	4,358	6,707
Other non-current assets	9,426	9,807
<b>Total assets</b>	<b>\$ 2,490,298</b>	<b>\$ 2,517,935</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>CURRENT LIABILITIES:</b>		
Current portion of long-term debt	\$ 206,318	\$ 142,191
Accounts payable	6,314	6,749
Due to related parties	203	144
Capital lease obligations	32,874	33,930
Accrued liabilities	10,755	14,689
Unearned revenue	15,310	12,550
Fair value of derivatives	3,307	-
Other current liabilities	1,627	1,818
<b>Total current liabilities</b>	<b>\$ 276,708</b>	<b>\$ 212,071</b>
<b>NON-CURRENT LIABILITIES</b>		
Long-term debt, net of current portion	\$ 644,662	\$ 632,455
Capital lease obligations, net of current portion	339,332	313,752
Unearned revenue, net of current portion	11,057	5,823
<b>Total non-current liabilities</b>	<b>\$ 995,051</b>	<b>\$ 952,030</b>
<b>COMMITMENTS AND CONTINGENCIES</b>		
<b>STOCKHOLDERS' EQUITY:</b>		
Preferred stock	\$ -	\$ -
Common stock	11	11
Additional paid-in capital	1,175,774	1,308,620
Retained earnings	43,723	37,963
Accumulated other comprehensive income / (loss)	(969)	7,240
<b>Total stockholders' equity</b>	<b>\$ 1,218,539</b>	<b>\$ 1,353,834</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$ 2,490,298</b>	<b>\$ 2,517,935</b>