



---

## COSTAMARE INC. REPORTS RESULTS FOR THE SECOND QUARTER AND SIX-MONTHS ENDED JUNE 30, 2016

---

**Monaco, July 27, 2016** – Costamare Inc. (“Costamare” or the “Company”) (NYSE: CMRE) today reported unaudited financial results for the second quarter and six-months ended June 30, 2016.

- Voyage revenues adjusted on a cash basis of \$117.9 million and \$237.7 million for the three and six-months ended June 30, 2016, respectively.
- Adjusted EBITDA of \$83.9 million and \$169.2 million for the three and six-months ended June 30, 2016, respectively.
- Adjusted Net income available to common stockholders of \$31.9 million or \$0.42 per share and \$64.0 million or \$0.85 per share for the three and six-months ended June 30, 2016, respectively.

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

### **New Business Developments**

#### **A. New financing transactions**

- In May 2016, we entered into a \$39.0 million, 5 year loan facility with a leading US financial institution. The facility will be secured with a first priority mortgage on the 2010-built 8,531TEU *Navarino*.
- In June 2016, we entered into a loan agreement with a leading European financial institution for the financing of the first two 11,000 TEU vessels on order which were acquired pursuant to our joint venture with York. The facility is for an amount of up to \$88 million and will be payable in five years. The proceeds are expected to finance the remaining yard instalments for each of the two vessels.

#### **B. Re-financing of an existing facility**

- In July 2016, we finalized the re-financing of our credit facility secured with the 2013-built 8,827 TEU *MSC Athens* and *MSC Athos* containerships as collateral, with a Chinese financial institution. The new financing, which is for a total of approximately \$152 million, is under the structure of a sale and leaseback transaction.

#### **C. Newbuild vessel deliveries**

- On May 3, 2016 and June 13, 2016, we accepted delivery of the 14,424TEU containerships *Triton* and *Titan*, two containerships acquired pursuant to our joint venture with York that are subject to sale and leaseback transactions with Chinese financial institutions. The vessels commenced their 10year time charters with *Evergreen*. Costamare holds a 40% interest in the entities that own each vessel.

#### **D. New charter agreements**

- The Company entered into the following charter arrangements:
  - Agreed to extend the charters of the 4,890 TEU containerships *Oakland Express*, *Halifax Express* and *Singapore Express*, built in 2000, with Hapag-Lloyd for a period expiring at the charterer’s option during the period from November 2016 through

June 2017, starting from September 8, 2016, October 25, 2016 and July 14, 2016, respectively, at a daily rate of \$6,300.

- Agreed to extend the charter of the 2004-built, 4,992 TEU containership *Zim Piraeus* with Zim for a period of 5 to 8 months starting from August 1, 2016 at a daily rate of \$5,350.
- Agreed to extend the charter of the 1992-built, 3,351 TEU containership *Marina* with Evergreen for a period expiring at the charterer's option during the period from June 10, 2016 through November 30, 2016, at a daily rate of \$6,000.
- Agreed to charter the 1998-built, 3,842 TEU containership *Itea* with ACL for a period of 70 to 75 days starting from June 30, 2016, at a daily rate of \$6,250.
- Agreed to charter the 2000-built, 1,645 TEU containership *Neapolis* with Evergreen for a period of 6 to 9 months starting from July 11, 2016, at a daily rate of \$6,900.
- Agreed to charter the 1996-built, 1,504 TEU containership *Prosper* with Evergreen for a period of 3 to 6 months starting from May 15, 2016, at a daily rate of \$6,600.

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

- On July 6, 2016, we declared a dividend for the second quarter ended June 30, 2016, of \$0.29 per share on our common stock, payable on August 17, 2016, to stockholders of record on August 3, 2016.
- On July 6, 2016, 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 and a dividend of \$0.546875 per share on our Series D Preferred Stock which were all paid on July 15, 2016 to holders of record on July 14, 2016.

#### **F. New dividend reinvestment plan**

- On July 6, 2016, we implemented a dividend reinvestment plan (the "plan"). The plan offers holders of Company common stock the opportunity to purchase additional shares by having their cash dividends automatically reinvested in Company common stock. Participation in the plan is optional, and shareholders who decide not to participate in the plan will continue to receive cash dividends, as declared and paid in the usual manner.

The terms and conditions of the plan are set forth under the heading "Description of Plan" in the prospectus available as part of the registration statement filed by the Company with the Securities and Exchange Commission (the "SEC") on the SEC's website at <http://www.sec.gov>.

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

“During the second quarter the Company continued to deliver solid and profitable results.

Regarding new financings, we have secured funding for our first two 11,000 TEU new buildings, minimizing our remaining capital commitments and we have entered into new debt transactions financing debt free and refinancing existing assets at competitive terms.

On the chartering side, we continue to employ our vessels at favorable rates despite adverse market conditions, having chartered in total eight ships opening during the last three months.

Regarding our new building program, we have accepted delivery, as per schedule, of the first two out of the five 14,000 TEU vessels, which have commenced their 10-year charter.

Finally, we implemented a dividend reinvestment plan available to all common stock holders. As long term committed shareholders, members of the founding family, currently controlling an interest of about 65% in the aggregate, have each decided to reinvest in full the second quarter cash dividend.

In a challenging market environment our main goal is to preserve liquidity and strengthen our balance sheet. Going forward, the Board will continue reviewing our dividend policy based on market conditions and our liquidity requirements.”

## Financial Summary

|  | Six-month period ended<br>June 30, |            | Three-month period ended June<br>30, |            |
|--|------------------------------------|------------|--------------------------------------|------------|
|  | 2015                               | 2016       | 2015                                 | 2016       |
| (Expressed in thousands of U.S. dollars, except share and per share data): |                                    |            |                                      |            |
| Voyage revenue   | \$ 244,069                         | \$ 239,799 | \$ 123,219                           | \$ 119,525 |
| Accrued charter revenue (1)  | \$ 1,386                           | \$ (2,067) | \$ 759                               | \$ (1,615) |
| Voyage revenue adjusted on a cash basis (2)                                | \$ 245,455                         | \$ 237,732 | \$ 123,978                           | \$ 117,910 |
| Adjusted EBITDA (3)  | \$ 173,328                         | \$ 169,223 | \$ 87,293                            | \$ 83,949  |
| Adjusted Net Income available to common stockholders (3)                   | \$ 63,010                          | \$ 63,959  | \$ 34,381                            | \$ 31,891  |
| Weighted Average number of shares  | 74,876,866                         | 75,474,844 | 74,951,244                           | 75,549,644 |
| Adjusted Earnings per share (3)  | \$ 0.84                            | \$ 0.85    | \$ 0.46                              | \$ 0.42    |
| EBITDA (3)   | \$ 168,215                         | \$ 164,963 | \$ 91,743                            | \$ 82,969  |
| Net Income   | \$ 70,613                          | \$ 72,038  | \$ 44,329                            | \$ 37,042  |
| Net Income available to common stockholders                                | \$ 63,300                          | \$ 61,565  | \$ 40,026                            | \$ 31,776  |
| Weighted Average number of shares  | 74,876,866                         | 75,474,844 | 74,951,244                           | 75,549,644 |
| Earnings per share   | \$ 0.85                            | \$ 0.82    | \$ 0.53                              | \$ 0.42    |

(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, adjusted earnings per share, EBITDA and adjusted EBITDA are non-GAAP measures. Refer to the reconciliation of net income to adjusted net income and net income available to common stockholders to EBITDA and adjusted EBITDA below.

### 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-month and six-month periods ended June 30, 2016 and 2015. 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, (iii) Adjusted Earnings per share, (iv) EBITDA and (v) Adjusted EBITDA.

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

|  | Six-month period ended June<br>30, |                   | Three-month period ended<br>June 30, |                   |
|--|------------------------------------|-------------------|--------------------------------------|-------------------|
|  | 2015                               | 2016              | 2015                                 | 2016              |
| (Expressed in thousands of U.S. dollars,<br>except share and per share data)   |                                    |                   |                                      |                   |
| <b>Net Income</b>  | \$ 70,613                          | \$ 72,038         | \$ 44,329                            | \$ 37,042         |
| Earnings allocated to Preferred Stock  | (7,313)                            | (10,473)          | (4,303)                              | (5,266)           |
| <b>Net Income available to common<br/>stockholders</b>   | <u>63,300</u>                      | <u>61,565</u>     | <u>40,026</u>                        | <u>31,776</u>     |
| Accrued charter revenue  | 1,386                              | (2,067)           | 759                                  | (1,615)           |
| Unrealized loss from swap option<br>agreement held by a jointly owned<br>company with York included in equity<br>loss on investments | 440                                | -                 | 60                                   | -                 |
| General and administrative expenses –<br>non-cash component  | 5,383                              | 2,746             | 2,749                                | 1,402             |
| Amortization of prepaid lease rentals  | 2,470                              | 2,477             | 1,242                                | 1,239             |
| Realized Loss / (Gain) on Euro/USD<br>forward contracts (1)  | 1,954                              | (678)             | 924                                  | (439)             |
| Gain on derivative instruments,<br>excluding interest accrued and realized<br>on non-hedging derivative instruments<br>(1)           | <u>(11,923)</u>                    | <u>(84)</u>       | <u>(11,379)</u>                      | <u>(472)</u>      |
| <b>Adjusted Net income available to<br/>common stockholders</b>  | <u>\$ 63,010</u>                   | <u>\$ 63,959</u>  | <u>\$ 34,381</u>                     | <u>\$ 31,891</u>  |
| <b>Adjusted Earnings per Share</b>   | <u>\$ 0.84</u>                     | <u>\$ 0.85</u>    | <u>\$ 0.46</u>                       | <u>\$ 0.42</u>    |
| Weighted average number of shares  | <u>74,876,866</u>                  | <u>75,474,844</u> | <u>74,951,244</u>                    | <u>75,549,644</u> |

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 loss / (gain) on Euro/USD forward contracts, unrealized loss from a swap option agreement held by a jointly owned company with York, which is included in equity loss on investments, General and administrative expenses – non-cash component, amortization of prepaid lease rentals 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 are reflected as deductions to adjusted net income. Charges negatively impacting net income are reflected as increases to adjusted net income.

## Reconciliation of Net Income to EBITDA and Adjusted EBITDA

| (Expressed in thousands of U.S. dollars)  | Six-month period ended June<br>30, |                   | Three-month period ended June<br>30, |                  |
|---|------------------------------------|-------------------|--------------------------------------|------------------|
|   | 2015                               | 2016              | 2015                                 | 2016             |
| <b>Net Income</b>   | \$ 70,613                          | \$ 72,038         | \$ 44,329                            | \$ 37,042        |
| Interest and finance costs  | 41,870                             | 36,676            | 19,363                               | 17,770           |
| Interest income   | (732)                              | (737)             | (294)                                | (376)            |
| Depreciation  | 50,411                             | 50,569            | 25,345                               | 25,288           |
| Amortization of prepaid lease rentals   | 2,470                              | 2,477             | 1,242                                | 1,239            |
| Amortization of dry-docking and special survey costs  | 3,583                              | 3,940             | 1,758                                | 2,006            |
| <b>EBITDA</b>   | <b>168,215</b>                     | <b>164,963</b>    | <b>91,743</b>                        | <b>82,969</b>    |
| Accrued charter revenue   | 1,386                              | (2,067)           | 759                                  | (1,615)          |
| Unrealized loss from swap option agreement held by a jointly owned company with York included in equity loss on investments | 440                                | -                 | 60                                   | -                |
| General and administrative expenses – non-cash component  | 5,383                              | 2,746             | 2,749                                | 1,402            |
| Realized Loss / (Gain) on Euro/USD forward contracts (1)  | 1,954                              | (678)             | 924                                  | (439)            |
| (Gain)/Loss on derivative instruments, including interest accrued and realized on non-hedging derivative instruments (1)    | (4,050)                            | 4,259             | (8,942)                              | 1,632            |
| <b>Adjusted EBITDA</b>  | <b>\$ 173,328</b>                  | <b>\$ 169,223</b> | <b>\$ 87,293</b>                     | <b>\$ 83,949</b> |

EBITDA represents net income before interest and finance costs, interest income, amortization of prepaid lease rentals, depreciation and amortization of deferred dry-docking and special survey costs. Adjusted EBITDA represents net income before interest and finance costs, interest income, amortization of prepaid lease rentals, depreciation, amortization of deferred dry-docking and special survey costs, non-cash "Accrued charter revenue" recorded under charters with escalating charter rates, realized loss / (gain) on Euro/USD forward contracts, unrealized loss from swap option agreement held by a jointly owned company with York, which is included in equity loss on investments, General and administrative expenses – non-cash component and non-cash changes in fair value of derivatives. "Accrued charter revenue" is attributed to the time difference between the revenue recognition and the cash collection. However, EBITDA and Adjusted EBITDA are not recognized measurements under U.S. GAAP. We believe that the presentation of EBITDA and Adjusted EBITDA 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 EBITDA and Adjusted EBITDA are useful in evaluating our ability to service additional debt and make capital expenditures. In addition, we believe that EBITDA and Adjusted EBITDA are useful in evaluating our operating performance and liquidity position compared to that of other companies in our industry because the calculation of EBITDA and Adjusted EBITDA generally eliminates the effects of financings, income taxes and the accounting effects of capital expenditures and acquisitions, items which may vary for different companies for reasons unrelated to overall operating performance and liquidity. In evaluating EBITDA and Adjusted EBITDA, 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 EBITDA and Adjusted EBITDA 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 are reflected as deductions to adjusted EBITDA. Charges negatively impacting net income are reflected as increases to adjusted EBITDA.

## Results of Operations

### *Three-month period ended June 30, 2016 compared to the three-month period ended June 30, 2015*

During the three-month periods ended June 30, 2016 and 2015, we had an average of 54.0 and 55.0 vessels, respectively, in our fleet. In the three-month periods ended June 30, 2016 and 2015, our fleet ownership days totaled 4,914 and 5,005 days, respectively. Ownership days are the primary driver 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,<br>except percentages) | Three-month period<br>ended June 30, |                | Change   | Percentage<br>Change |
|--|--------------------------------------|----------------|----------|----------------------|
|  | 2015                                 | 2016           |          |                      |
| Voyage revenue   | \$ 123.2                             | \$ 119.5       | \$ (3.7) | (3.0%)               |
| Voyage expenses  | (0.4)                                | (0.5)          | 0.1      | 25.0%                |
| Voyage expenses – related parties                              | (0.9)                                | (0.9)          | -        | -                    |
| Vessels' operating expenses                                    | (30.2)                               | (25.5)         | (4.7)    | (15.6%)              |
| General and administrative expenses                            | (1.4)                                | (1.6)          | 0.2      | 14.3%                |
| Management fees – related parties                              | (4.9)                                | (4.8)          | (0.1)    | (2.0%)               |
| General and administrative expenses – non-cash component       | (2.7)                                | (1.4)          | (1.3)    | (48.1%)              |
| Amortization of dry-docking and special survey costs           | (1.8)                                | (2.0)          | 0.2      | 11.1%                |
| Depreciation   | (25.3)                               | (25.3)         | -        | -                    |
| Amortization of prepaid lease rentals                          | (1.2)                                | (1.2)          | -        | -                    |
| Foreign exchange gains/ (losses)                               | (0.1)                                | (0.1)          | -        | -                    |
| Interest income  | 0.3                                  | 0.4            | 0.1      | 33.3%                |
| Interest and finance costs                                     | (19.3)                               | (17.8)         | (1.5)    | (7.8%)               |
| Equity gain / (loss) on investments                            | 0.1                                  | (0.2)          | (0.3)    | (300.0%)             |
| Gain / (Loss) on derivative instruments                        | 8.9                                  | (1.6)          | (10.5)   | (118.0%)             |
| <b>Net Income</b>  | <b>\$ 44.3</b>                       | <b>\$ 37.0</b> |          |                      |

| (Expressed in millions of U.S. dollars,<br>except percentages) | Three-month period<br>ended June 30, |          | Change   | Percentage<br>Change |
|--|--------------------------------------|----------|----------|----------------------|
|  | 2015                                 | 2016     |          |                      |
| Voyage revenue   | \$ 123.2                             | \$ 119.5 | \$ (3.7) | (3.0%)               |
| Accrued charter revenue  | 0.8                                  | (1.6)    | (2.4)    | (300.0%)             |
| Voyage revenue adjusted on a cash basis                        | \$ 124.0                             | \$ 117.9 | \$ (6.1) | (4.9%)               |

| Vessels operational data            | Three-month period<br>ended June 30, |       | Change | Percentage<br>Change |
|-------------------------------------|--------------------------------------|-------|--------|----------------------|
|                                     | 2015                                 | 2016  |        |                      |
| Average number of vessels           | 55.0                                 | 54.0  | (1.0)  | (1.8%)               |
| Ownership days                      | 5,005                                | 4,914 | (91)   | (1.8%)               |
| Number of vessels under dry-docking | 1                                    | 3     | 2      |                      |

### *Voyage Revenue*

Voyage revenue decreased by 3.0%, or \$3.7 million, to \$119.5 million during the three-month period ended June 30, 2016, from \$123.2 million during the three-month period ended June 30, 2015. The decrease was mainly attributable to the decreased average number of vessels and the decreased revenue days of our fleet, during the three-month period ended June 30, 2016 compared to the three-month period ended June 30, 2015.

Voyage revenue adjusted on a cash basis (which eliminates non-cash "Accrued charter revenue"), decreased by 4.9%, or \$6.1 million, to \$117.9 million during the three-month period ended June 30, 2016, from \$124.0 million during the three-month period ended June 30, 2015. The decrease was mainly attributable to the decreased average number of vessels and the decreased revenue days of our fleet, during the three-month period ended June 30, 2016 compared to the three-month period ended June 30, 2015.

### *Voyage Expenses*

Voyage expenses were \$0.5 million and \$0.4 million, during the three-month periods ended June 30, 2016 and 2015, respectively. Voyage expenses mainly include (i) off-hire expenses of our vessels, mainly related to fuel consumption and (ii) third party commissions.

### *Voyage Expenses – related parties*

Voyage expenses – related parties in the amount of \$0.9 million during the three-month periods ended June 30, 2016 and 2015, represent 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.

### *Vessels' Operating Expenses*

Vessels' operating expenses, which also include the realized gain / (loss) under derivative contracts entered into in relation to foreign currency exposure, decreased by 15.6%, or \$4.7 million, to \$25.5 million during the three-month period ended June 30, 2016, from \$30.2 million during the three-month period ended June 30, 2015.

### *General and Administrative Expenses*

General and administrative expenses increased by 14.3%, or \$0.2 million, to \$1.6 million during the three-month period ended June 30, 2016, from \$1.4 million during the three-month period ended June 30, 2015. General and administrative expenses for the three-month periods ended June 30, 2016 and 2015, included \$0.63 million which is part of the annual fee that Costamare Services receives based on the Services Agreement, effected on November 2, 2015. Prior to November 2, 2015, this annual fee was charged by Costamare Shipping pursuant to the Amended and Restated Group Management Agreement (the "Group Management Agreement"), which was effective from January 1, 2015 until November 2, 2015.

### *Management Fees – related parties*

Management fees paid to our managers were decreased by 2.0% or \$0.1 million to \$4.8 million during the three-month period ended June 30, 2016 from \$4.9 million during the three-month periods ended June 30, 2015. The decrease was attributable to the decreased average number of vessels during the three-month period ended June 30, 2016 compared to the three-month period ended June 30, 2015.

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

General and administrative expenses – non-cash component for the three-month period ended June 30, 2016 amounted to \$1.4 million, representing the value of the shares issued to Costamare Services on June 30, 2016, pursuant to the Services Agreement. For the three-month period ended June 30, 2015, the non-cash component of general and administrative expenses was \$2.7 million,



representing the value of shares issued to Costamare Shipping on June 30, 2015, pursuant to the Group Management Agreement. The decrease was attributable to the decrease in the fair value of the shares issued on June 30, 2016 compared to the shares issued on June 30, 2015.

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

Amortization of deferred dry-docking and special survey costs was \$2.0 million for the three-month period ended June 30, 2016 and \$1.8 million for the three-month period ended June 30, 2015. During the three-month period ended June 30, 2016, three vessels underwent and completed their special surveys. During the three-month period ended June 30, 2015, one vessel underwent and completed its special survey.

#### *Depreciation*

Depreciation expense was \$25.3 million during the three-month periods ended June 30, 2016 and 2015.

#### *Amortization of Prepaid Lease Rentals*

Amortization of prepaid lease rentals was \$1.2 million during the three-month periods ended June 30, 2016 and 2015.

#### *Foreign Exchange Gains/ (Losses)*

Foreign exchange losses were \$0.1 million during the three-month periods ended June 30, 2016 and 2015.

#### *Interest Income*

Interest income amounted to \$0.4 million and \$0.3 million for the three-month periods ended June 30, 2016 and 2015, respectively.

#### *Interest and Finance Costs*

Interest and finance costs decreased by 7.8%, or \$1.5 million, to \$17.8 million during the three-month period ended June 30, 2016, from \$19.3 million during the three-month period ended June 30, 2015. The decrease was mainly attributable to the decreased average loan balance during the three month period ended June 30, 2016 compared to the three month period ended June 30, 2015.

#### *Equity Gain / (Loss) on Investments*

The equity loss on investments of \$0.2 million for the three-month period ended June 30, 2016, represents our share of the net losses of nineteen 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") and is mainly attributable to the pre-delivery expenses charged to nine vessels that are currently under construction. We hold a range of 25% to 49% of the capital stock of these companies.

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

The fair value of our 18 interest rate derivative instruments which were outstanding as of June 30, 2016 equates to the amount that would be paid by us or to us should those instruments be terminated. As of June 30, 2016, the fair value of these 18 interest rate derivative instruments in aggregate amounted to a liability of \$54.2 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 June 30, 2016, a net gain of \$2.1 million has been included in OCI and a net loss of \$1.0 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 June 30, 2016.

## Cash Flows

### *Three-month periods ended June 30, 2016 and 2015*

| <b>Condensed cash flows</b>                           | <b>Three-month period ended</b> |             |
|---|---------------------------------|-------------|
|   | <b>June 30,</b>                 |             |
| (Expressed in millions of U.S. dollars)               | <b>2015</b>                     | <b>2016</b> |
| Net Cash Provided by Operating Activities             | \$ 65.3                         | \$62.4      |
| Net Cash Used in Investing Activities                 | \$ (5.7)                        | \$ (7.2)    |
| Net Cash Provided by / (Used in) Financing Activities | \$ 16.1                         | \$ (36.6)   |

#### ***Net Cash Provided by Operating Activities***

Net cash flows provided by operating activities for the three-month period ended June 30, 2016, decreased by \$2.9 million to \$62.4 million for the three-month period ended June 30, 2016, compared to \$65.3 million for the three-month period ended June 30, 2015. The decrease was mainly attributable to the decreased cash from operations of \$6.1 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 \$2.6 million and increased special survey costs of \$2.8 million, partly offset by decreased payments for interest (including swap payments) during the period of \$1.4 million in the three-month period ended June 30, 2016 compared to the three-month period ended June 30, 2015.

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

Net cash used in investing activities was \$7.2 million in the three-month period ended June 30, 2016, which mainly consisted of \$4.2 million for an advance payment for the construction of one newbuild vessel, ordered pursuant to the Framework Deed and \$1.6 million in payments for upgrades to one of our vessels.

Net cash used in investing activities was \$5.7 million in the three-month period ended June 30, 2015, which mainly consisted of \$4.3 million for an advance payment for the construction of one newbuild vessel, ordered pursuant to the Framework Deed.

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

Net cash used in financing activities was \$36.6 million in the three-month period ended June 30, 2016, which mainly consisted of (a) \$44.8 million of indebtedness that we repaid, (b) \$3.6 million we repaid relating to our sale and leaseback agreements (c) \$39.0 million that we drew down from one of our credit facilities (d) \$21.9 million we paid for dividends to holders of our common stock for the first quarter of 2016 and (e) \$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 8.500% Series C Cumulative Redeemable Perpetual Preferred Stock ("Series C Preferred Stock") and \$2.2 million we paid for dividends to holders of our 8.75% Series D Cumulative Redeemable Perpetual Preferred Stock ("Series D Preferred Stock"), for the period from January 15, 2016 to April 14, 2016.

Net cash provided by financing activities was \$16.1 million in the three-month period ended June 30, 2015, which mainly consisted of (a) \$48.7 million of indebtedness that we repaid, (b) \$3.3 million we repaid relating to our sale and leaseback agreements (c) \$21.7 million we paid for dividends to holders of our common stock for the first quarter of 2015, (d) \$1.0 million we paid for dividends to holders of our Series B Preferred Stock and \$2.1 million we paid for dividends to holders of our Series C Preferred Stock, in both cases for the period from January 15, 2015 to April 14, 2015 and (e) \$96.6 million net proceeds we received in May 2015 from our public offering of 4.0 million shares of our Series D Preferred Stock, net of underwriting discounts and expenses incurred in the offering.

## Results of Operations

### *Six-month period ended June 30, 2016, compared to the six-month period ended June 30, 2015*

During the six-month periods ended June 30, 2016 and 2015, we had an average of 54.0 and 55.0 vessels, respectively in our fleet. In the six-month periods ended June 30, 2016 and 2015, our fleet ownership days totaled 9,828 and 9,955 days, respectively. Ownership days are the primary driver 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,<br>except percentages) | Six-month period ended<br>June 30, |                | Change   | Percentage<br>Change |
|--|------------------------------------|----------------|----------|----------------------|
|  | 2015                               | 2016           |          |                      |
| Voyage revenue   | \$ 244.1                           | \$ 239.8       | \$ (4.3) | (1.8%)               |
| Voyage expenses  | (1.0)                              | (1.0)          | -        | -                    |
| Voyage expenses – related parties                              | (1.8)                              | (1.8)          | -        | -                    |
| Vessels' operating expenses                                    | (59.8)                             | (52.5)         | (7.3)    | (12.2%)              |
| General and administrative expenses                            | (2.7)                              | (2.9)          | 0.2      | 7.4%                 |
| Management fees – related parties                              | (9.7)                              | (9.6)          | (0.1)    | (1.0%)               |
| General and administrative expenses – non-cash component       | (5.4)                              | (2.7)          | (2.7)    | (50.0%)              |
| Amortization of dry-docking and special survey costs           | (3.6)                              | (3.9)          | 0.3      | 8.3%                 |
| Depreciation   | (50.4)                             | (50.6)         | 0.2      | 0.4%                 |
| Amortization of prepaid lease rentals                          | (2.5)                              | (2.5)          | -        | -                    |
| Foreign exchange gains / (losses)                              | 0.2                                | (0.2)          | (0.4)    | (200.0%)             |
| Interest income  | 0.7                                | 0.7            | -        | -                    |
| Interest and finance costs                                     | (41.9)                             | (36.7)         | (5.2)    | (12.4%)              |
| Equity loss on investments                                     | -                                  | (0.4)          | 0.4      | 100.0%               |
| Other  | 0.3                                | 0.6            | 0.3      | 100.0%               |
| Gain / (Loss) on derivative instruments                        | 4.1                                | (4.3)          | (8.4)    | (204.9%)             |
| <b>Net Income</b>  | <b>\$ 70.6</b>                     | <b>\$ 72.0</b> |          |                      |

| (Expressed in millions of U.S. dollars,<br>except percentages) | Six-month period ended<br>June 30, |                 | Change   | Percentage<br>Change |
|--|------------------------------------|-----------------|----------|----------------------|
|  | 2015                               | 2016            |          |                      |
| Voyage revenue   | \$ 244.1                           | \$ 239.8        | \$ (4.3) | (1.8%)               |
| Accrued charter revenue  | 1.4                                | (2.1)           | (3.5)    | (250.0%)             |
| Voyage revenue adjusted on a cash basis                        | <u>\$ 245.5</u>                    | <u>\$ 237.7</u> | \$ (7.8) | (3.2%)               |

| Vessels operational data            | Six-month period ended<br>June 30, |       | Change | Percentage<br>Change |
|-------------------------------------|------------------------------------|-------|--------|----------------------|
|                                     | 2015                               | 2016  |        |                      |
| Average number of vessels           | 55.0                               | 54.0  | (1.0)  | (1.8%)               |
| Ownership days                      | 9,955                              | 9,828 | (127)  | (1.3%)               |
| Number of vessels under dry-docking | 3                                  | 6     | 3      |                      |

### *Voyage Revenue*

Voyage revenue decreased by 1.8%, or \$4.3 million, to \$239.8 million during the six-month period ended June 30, 2016, from \$244.1 million during the six-month period ended June 30, 2015. The decrease was mainly attributable to the decreased average number of vessels and decreased revenue days of our fleet during the six-month period ended June 30, 2016 compared to the six-month period ended June 30, 2015, partly offset by revenue earned due to increased calendar days by one day during the six-month period ended June 30, 2016 (182 calendar days) compared to the six-month period ended June 30, 2015 (181 calendar days).

Voyage revenue adjusted on a cash basis (which eliminates non-cash “Accrued charter revenue”), decreased by 3.2%, or \$7.8 million, to \$237.7 million during the six-month period ended June 30, 2016, from \$245.5 million during the six-month period ended June 30, 2015. The decrease was mainly attributable to the decreased average number of vessels and decreased revenue days of our fleet during the six-month period ended June 30, 2016 compared to the six-month period ended June 30, 2015, partly offset by revenue earned due to increased calendar days by one day during the six-month period ended June 30, 2016 (182 calendar days) compared to the six-month period ended June 30, 2015 (181 calendar days).

#### *Voyage Expenses*

Voyage expenses were \$1.0 million during the six-month periods ended June 30, 2016 and 2015. Voyage expenses mainly include (i) off-hire expenses of our vessels, mainly related to fuel consumption and (ii) third party commissions.

#### *Voyage Expenses – related parties*

Voyage expenses – related parties in the amount of \$1.8 million during the six-month periods ended June 30, 2016 and 2015, represent fees of 0.75% in the aggregate on voyage revenues charged to us by Costamare Shipping and Costamare Services, as provided under the Framework Agreement and Services Agreement, respectively.

#### *Vessels’ Operating Expenses*

Vessels’ operating expenses, which also includes the realized gain / (loss) under derivative contracts entered into in relation to foreign currency exposure, decreased by 12.2% or \$7.3 million to \$52.5 million during the six-month period ended June 30, 2016, from \$59.8 million during the six-month period ended June 30, 2015.

#### *General and Administrative Expenses*

General and administrative expenses increased by 7.4% or \$0.2 million, to \$2.9 million during the six-month period ended June 30, 2016, from \$2.7 million during the six-month period ended June 30, 2015. General and administrative expenses for the six-month periods ended June 30, 2016 and 2015 included \$1.3 million which is part of the annual fee that Costamare Services receives based on the Services Agreement. Prior to November 2, 2015, this annual fee was charged by Costamare Shipping pursuant to the Group Management Agreement, which was effective from January 1, 2015 until November 2, 2015.

#### *Management Fees – related parties*

Management fees paid to our managers decreased by 1.0%, or \$0.1 million, to \$9.6 million during the six-month period ended June 30, 2016, from \$9.7 million during the six-month period ended June 30, 2015. The decrease was attributable to the decreased average number of vessels during the six-month period ended June 30, 2016 compared to the six-month period ended June 30, 2015.

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

General and administrative expenses – non-cash component for the six-month period ended June 30, 2016 amounted to \$2.7 million, representing the value of the shares issued to Costamare Services on March 31, 2016 and June 30, 2016, pursuant to the Services Agreement effected on November 2, 2015. For the six-month period ended June 30, 2015, the non-cash component of general and administrative expenses was \$5.4 million, representing the value of shares issued to Costamare Shipping on March 31, 2015 and June 30, 2015, respectively, pursuant to the Group Management Agreement.

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

Amortization of deferred dry-docking and special survey costs was \$3.9 million for the six-month period ended June 30, 2016 and \$3.6 million for the six-month period ended June 30, 2015. During the six-month period ended June 30, 2016, six vessels underwent and completed their special

survey. During the six-month period ended June 30, 2015, three vessels underwent and completed their special survey.

#### *Depreciation*

Depreciation expense increased by 0.4%, or \$0.2 million, to \$50.6 million during the six-month period ended June 30, 2016, from \$50.4 million during the six-month period ended June 30, 2015.

#### *Amortization of Prepaid Lease Rentals*

Amortization of the prepaid lease rentals was \$2.5 million during the six-month periods ended June 30, 2016 and 2015.

#### *Foreign Exchange Gains/(Losses)*

Foreign exchange losses were \$0.2 million during the six-month period ended June 30, 2016. Foreign exchange gains were \$0.2 million during the six-month period ended June 30, 2015.

#### *Interest Income*

Interest income amounted to \$0.7 million for the six-month periods ended June 30, 2016 and 2015.

#### *Interest and Finance Costs*

Interest and finance costs decreased by 12.4%, or \$5.2 million, to \$36.7 million during the six-month period ended June 30, 2016, from \$41.9 million during the six-month period ended June 30, 2015. The decrease was mainly attributable to the decreased average loan balance during the six-month period ended June 30, 2016 compared to the six-month period ended June 30, 2015.

#### *Equity Loss on Investments*

The equity loss on investments of \$0.4 million for the six-month period ended June 30, 2016 represents our share of the net losses of nineteen jointly owned companies pursuant to the Framework Deed and is mainly attributable to the pre-delivery expenses charged to nine vessels that are currently under construction. We hold a range of 25% to 49% of the capital stock of these companies.

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

The fair value of our 18 interest rate derivative instruments which were outstanding as of June 30, 2016 equates to the amount that would be paid by us or to us should those instruments be terminated. As of June 30, 2016, the fair value of these 18 interest rate derivative instruments in aggregate amounted to a liability of \$54.2 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 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 six-month period ended June 30, 2016, a net loss of \$3.0 million has been included in OCI and a net loss of \$4.1 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 six-month period ended June 30, 2016.

## Cash Flows

### *Six-month periods ended June 30, 2016 and 2015*

| <b>Condensed cash flows</b><br>(Expressed in millions of U.S. dollars) | <b>Six-month period ended June 30,</b> |             |
|--|--|-------------|
|  | <b>2015</b>                            | <b>2016</b> |
| Net Cash Provided by Operating Activities                              | \$ 120.2                               | \$ 119.8    |
| Net Cash Used in Investing Activities                                  | \$ (19.1)                              | \$ (14.2)   |
| Net Cash Used in Financing Activities                                  | \$ (54.3)                              | \$ (105.9)  |

#### ***Net Cash Provided by Operating Activities***

Net cash flows provided by operating activities decreased by \$0.4 million to \$119.8 million for the six-month period ended June 30, 2016, compared to \$120.2 million for the six-month period ended June 30, 2015. The decrease was mainly attributable to decreased cash from operations of \$7.7 million and increased special survey costs of \$3.2 million, partly offset by decreased payments for interest (including swap payments) of \$3.8 million during the six-month period ended June 30, 2016 compared to the six-month period ended June 30, 2015.

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

Net cash used in investing activities was \$14.2 million in the six-month period ended June 30, 2016, which mainly consisted of (i) \$11.0 million (net of \$2.7 million we received as dividend distributions) in advance payments for the construction of two newbuild vessels, the acquisition of a secondhand vessel and working capital injection in certain entities pursuant to the Framework Deed and (ii) \$1.6 million in payments for upgrades to one of our vessels.

Net cash used in investing activities was \$19.1 million in the six-month period ended June 30, 2015, which mainly consisted of \$17.3 million in advance payments for the construction of three newbuild vessels, ordered pursuant to the Framework Deed.

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

Net cash used in financing activities was \$105.9 million in the six-month period ended June 30, 2016, which mainly consisted of (a) \$92.6 million of indebtedness that we repaid, (b) \$7.1 million we repaid relating to our sale and leaseback agreements, (c) \$39 million that we drew down from one of our credit facilities, (d) \$43.8 million we paid for dividends to holders of our common stock for the fourth quarter of 2015 and first quarter of 2016 and (e) \$1.9 million we paid for dividends to holders of our Series B Preferred Stock, \$4.2 million we paid for dividends to holders of our Series C Preferred Stock and \$4.4 million we paid for dividends to holders of our Series D Preferred Stock, for each of the periods from October 15, 2015 to January 14, 2016 and January 15, 2016 to April 14, 2016.

Net cash used in financing activities was \$54.3 million in the six-month period ended June 30, 2015, which mainly consisted of (a) \$98.7 million of indebtedness that we repaid, (b) \$6.6 million we repaid relating to our sale and leaseback agreements, (c) \$42.7 million we paid for dividends to holders of our common stock for the fourth quarter of 2014 and first quarter of 2015, (d) \$1.9 million we paid for dividends to holders of our Series B Preferred Stock and \$4.3 million we paid for dividends to holders of our Series C Preferred Stock, in both cases for each of the periods from October 15, 2014 to January 14, 2015 and January 15, 2015 to April 14, 2015 and (e) \$96.6 million net proceeds we received from our public offering in May 2015 of 4.0 million shares of our Series D Preferred Stock, net of underwriting discounts and expenses incurred in the offering.

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

Effective January 1, 2016, we changed the way we present in the statements of income the interest accrued and realized on non-hedging derivative instruments and have reclassified such from the Interest and Finance costs line item to Gain / (Loss) on derivative instruments, on the 2016 consolidated statements of income and their comparatives.

## Liquidity and Capital Expenditures

### *Cash and cash equivalents*

As of June 30, 2016, we had a total cash liquidity of \$152.6 million, consisting of cash, cash equivalents and restricted cash.

### *Debt-free vessels*

As of July 27, 2016, the following vessels were free of debt.

### **Unencumbered Vessels in the water**

*(refer to fleet list for full charter details)*

| <b>Vessel Name</b>         | <b>Year Built</b> | <b>TEU Capacity</b> |
|----------------------------|-------------------|---------------------|
| NCP0152 <sup>(*)</sup>     | 2017              | 11,010              |
| VENETIKO <sup>(**)</sup>   | 2003              | 5,928               |
| ITEA <sup>(**)</sup>       | 1998              | 3,842               |
| LAKONIA <sup>(**)</sup>    | 2004              | 2,586               |
| ELAFONISSOS <sup>(*)</sup> | 1999              | 2,526               |
| AREOPOLIS <sup>(**)</sup>  | 2000              | 2,474               |
| MONEMVASIA <sup>(*)</sup>  | 1998              | 2,472               |
| MESSINI                    | 1997              | 2,458               |
| NEAPOLIS                   | 2000              | 1,645               |
| ARKADIA <sup>(*)</sup>     | 2001              | 1,550               |

(\*) Vessels ordered or acquired pursuant to the Framework Deed

(\*\*) Vessels to serve as additional security in the Costamare facility

### ***Capital commitments***

As of July 27 2016, we had outstanding equity commitments relating to our ten contracted newbuilds aggregating approximately \$15.8 million payable until the vessels are delivered. The amount represents our interest in the relevant jointly-owned entities under the Framework Deed and excludes approximately \$43.5 million relating to our interest in the delivery installments of the last three 11,000TEU vessels on order.

### **Conference Call details:**

On Thursday, July 28, 2016, 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: 1-866-524-3160 (from the US), 0808 238 9064 (from the UK) or +1-412-317-6760 (from outside the US). Please quote "Costamare".

A replay of the conference call will be available until August 28, 2016. 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: 10090298.

### **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 42 years of history in the international shipping industry and a fleet of 72 containerships, with a total capacity of approximately 467,000 TEU, including 10 newbuild containerships to be delivered. Eighteen of our containerships, including 10 newbuilds on order, have been acquired pursuant to the Framework Agreement 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 and Series D Preferred Stock trade on the New York Stock Exchange under the symbols "CMRE", "CMRE PR B", "CMRE PR C" and "CMRE PR D", 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 Annual Report on Form 20-F (File No. 001-34934) under the caption "Risk Factors".

## **Company Contacts:**

Gregory Zikos - Chief Financial Officer  
Konstantinos Tsakalidis - Business Development

Costamare Inc., Monaco  
Tel: (+377) 93 25 09 40  
Email: [ir@costamare.com](mailto:ir@costamare.com)



## Fleet List

The tables below provide additional information, as of July 27, 2016, 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) | Time Charter Term <sup>(1)</sup> | Current Daily Charter Rate (U.S. dollars) | Expiration of Charter <sup>(1)</sup> | Average Daily Charter Rate Until Earliest Expiry of Charter (U.S. dollars) <sup>(2)</sup> |
|----|----------------------------------|--------------------|------------|----------------|----------------------------------|---|--------------------------------------|---|
| 1  | TRITON <sup>(*)</sup> (****)     | Evergreen          | 2016       | 14,424         | 10 years                         |   | March 2026                           |   |
| 2  | TITAN <sup>(*)</sup> (****)      | Evergreen          | 2016       | 14,424         | 10 years                         |   | April 2026                           |   |
| 3  | COSCO GUANGZHOU                  | COSCO              | 2006       | 9,469          | 12 years                         | 36,400                                    | December 2017                        | 36,400  |
| 4  | COSCO NINGBO                     | COSCO              | 2006       | 9,469          | 12 years                         | 36,400                                    | January 2018                         | 36,400  |
| 5  | COSCO YANTIAN                    | COSCO              | 2006       | 9,469          | 12 years                         | 36,400                                    | February 2018                        | 36,400  |
| 6  | COSCO BEIJING                    | COSCO              | 2006       | 9,469          | 12 years                         | 36,400                                    | April 2018                           | 36,400  |
| 7  | COSCO HELLAS                     | COSCO              | 2006       | 9,469          | 12 years                         | 37,519                                    | May 2018                             | 37,519  |
| 8  | MSC AZOV <sup>(**)</sup>         | MSC                | 2014       | 9,403          | 10 years                         | 43,000                                    | November 2023                        | 43,000  |
| 9  | MSC AJACCIO <sup>(**)</sup>      | MSC                | 2014       | 9,403          | 10 years                         | 43,000                                    | February 2024                        | 43,000  |
| 10 | MSC AMALFI <sup>(**)</sup>       | MSC                | 2014       | 9,403          | 10 years                         | 43,000                                    | March 2024                           | 43,000  |
| 11 | MSC ATHENS                       | MSC                | 2013       | 8,827          | 10 years                         | 42,000                                    | January 2023                         | 42,000  |
| 12 | MSC ATHOS                        | MSC                | 2013       | 8,827          | 10 years                         | 42,000                                    | February 2023                        | 42,000  |
| 13 | VALOR                            | Evergreen          | 2013       | 8,827          | 7.0 years <sup>(i)</sup>         | 41,700                                    | April 2020 <sup>(i)</sup>            | 41,700  |
| 14 | VALUE                            | Evergreen          | 2013       | 8,827          | 7.0 years <sup>(i)</sup>         | 41,700                                    | April 2020 <sup>(i)</sup>            | 41,700  |
| 15 | VALIANT                          | Evergreen          | 2013       | 8,827          | 7.0 years <sup>(i)</sup>         | 41,700                                    | June 2020 <sup>(i)</sup>             | 41,700  |
| 16 | VALENCE                          | Evergreen          | 2013       | 8,827          | 7.0 years <sup>(i)</sup>         | 41,700                                    | July 2020 <sup>(i)</sup>             | 41,700  |
| 17 | VANTAGE                          | Evergreen          | 2013       | 8,827          | 7.0 years <sup>(i)</sup>         | 41,700                                    | September 2020 <sup>(i)</sup>        | 41,700  |
| 18 | NAVARINO                         | PIL                | 2010       | 8,531          | 1.0 year                         | 10,500                                    | November 2016 <sup>(iii)</sup>       | 10,500  |
| 19 | MAERSK KAWASAKI <sup>(iii)</sup> | A.P. Moller-Maersk | 1997       | 7,403          | 10 years                         | 37,000                                    | December 2017                        | 37,000  |
| 20 | MAERSK KURE <sup>(iii)</sup>     | A.P. Moller-Maersk | 1996       | 7,403          | 10 years                         | 37,000                                    | December 2017                        | 37,000  |
| 21 | MAERSK KOKURA <sup>(iii)</sup>   | A.P. Moller-Maersk | 1997       | 7,403          | 10 years                         | 37,000                                    | February 2018                        | 37,000  |
| 22 | MSC METHONI                      | MSC                | 2003       | 6,724          | 10 years                         | 29,000                                    | September 2021                       | 29,000  |
| 23 | SEALAND NEW YORK                 | A.P. Moller-Maersk | 2000       | 6,648          | 11 years                         | 26,100                                    | March 2018                           | 26,100  |
| 24 | MAERSK KOBE                      | A.P. Moller-Maersk | 2000       | 6,648          | 11 years                         | 26,100                                    | May 2018                             | 26,100  |
| 25 | SEALAND WASHINGTON               | A.P. Moller-Maersk | 2000       | 6,648          | 11 years                         | 26,100                                    | June 2018                            | 26,100  |
| 26 | SEALAND MICHIGAN                 | A.P. Moller-Maersk | 2000       | 6,648          | 11 years                         | 26,100                                    | August 2018                          | 26,100  |
| 27 | SEALAND ILLINOIS                 | A.P. Moller-Maersk | 2000       | 6,648          | 11 years                         | 26,100                                    | October 2018                         | 26,100  |
| 28 | MSC KOLKATA                      | A.P. Moller-Maersk | 2003       | 6,644          | 11 years                         | 26,100                                    | November 2019                        | 26,100  |
| 29 | MSC KINGSTON                     | A.P. Moller-Maersk | 2003       | 6,644          | 11 years                         | 26,100                                    | February 2020                        | 26,100  |
| 30 | MSC KALAMATA                     | A.P. Moller-Maersk | 2003       | 6,644          | 11 years                         | 26,100                                    | April 2020                           | 26,100  |
| 31 | VENETIKO                         |                    | 2003       | 5,928          |                                  |   |                                      |   |
| 32 | ENSENADA EXPRESS <sup>(*)</sup>  |                    | 2001       | 5,576          |                                  |   |                                      |   |
| 33 | MSC ROMANOS                      | MSC                | 2003       | 5,050          | 5.3 years                        | 28,000                                    | November 2016                        | 28,000  |
| 34 | ZIM NEW YORK                     | ZIM                | 2002       | 4,992          | 14 years                         | 14,534                                    | September 2017 <sup>(4)</sup>        |   |
| 35 | ZIM SHANGHAI                     | ZIM                | 2002       | 4,992          | 14 years                         | 14,534                                    | September 2017 <sup>(4)</sup>        |   |
| 36 | ZIM PIRAEUS                      | ZIM                | 2004       | 4,992          | 10 years                         | 12,500 <sup>(5)</sup>                     | December 2016                        | 5,532   |
| 37 | OAKLAND EXPRESS                  | Hapag Lloyd        | 2000       | 4,890          | 8.0 years                        | 30,500 <sup>(6)</sup>                     | November 2016                        | 28,051  |

| Vessel Name | Charterer                     | Year Built         | Capacity (TEU) | Time Charter Term <sup>(1)</sup> | Current Daily Charter Rate (U.S. dollars) | Expiration of Charter <sup>(1)</sup> | Average Daily Charter Rate Until Earliest Expiry of Charter (U.S. dollars) <sup>(2)</sup> |        |
|-------------|-------------------------------|--------------------|----------------|----------------------------------|---|--------------------------------------|---|--------|
| 38          | HALIFAX EXPRESS               | Hapag Lloyd        | 2000           | 4,890                            | 8.0 years                                 | 30,500 <sup>(7)</sup>                | November 2016   | 28,754 |
| 39          | SINGAPORE EXPRESS             | Hapag Lloyd        | 2000           | 4,890                            | 8.0 years                                 | 6,300                                | November 2016   | 6,300  |
| 40          | MSC MANDRAKI                  | MSC                | 1988           | 4,828                            | 7.8 years                                 | 20,000                               | August 2017   | 20,000 |
| 41          | MSC MYKONOS                   | MSC                | 1988           | 4,828                            | 8.2 years                                 | 20,000                               | September 2017  | 20,000 |
| 42          | MSC ULSAN                     | MSC                | 2002           | 4,132                            | 5.3 years                                 | 16,500                               | March 2017  | 16,500 |
| 43          | MSC KORONI                    | MSC                | 1998           | 3,842                            | 9.5 years                                 | 13,500 <sup>(8)</sup>                | September 2018  | 13,500 |
| 44          | ITEA                          | ACL                | 1998           | 3,842                            | 0.2 years                                 | 6,250                                | September 2016  | 6,250  |
| 45          | KARMEN                        | Evergreen          | 1991           | 3,351                            | 1.9 years                                 | 6,500                                | July 2016   | 6,500  |
| 46          | MARINA                        | Evergreen          | 1992           | 3,351                            | 0.8 years                                 | 6,000                                | August 2016   | 6,000  |
| 47          | LAKONIA                       | Evergreen          | 2004           | 2,586                            | 2.0 years                                 | 8,600                                | February 2017   | 8,600  |
| 48          | ELAFONISOS <sup>(9)</sup>     |                    | 1999           | 2,526                            |   |                                      |   |        |
| 49          | AREOPOLIS                     | Evergreen          | 2000           | 2,474                            | 0.5 years                                 | 5,950                                | August 2016   | 5,950  |
| 50          | MONEMVASIA <sup>(9)(iv)</sup> | A.P. Moller-Maersk | 1998           | 2,472                            | 0.8 years                                 | 8,750                                | November 2016   | 8,750  |
| 51          | MESSINI                       | Evergreen          | 1997           | 2,458                            | 3.3 years                                 | 6,000                                | August 2016   | 6,000  |
| 52          | MSC REUNION                   | MSC                | 1992           | 2,024                            | 9.0 years                                 | 11,200 <sup>(9)</sup>                | July 2017   | 7,174  |
| 53          | MSC NAMIBIA II                | MSC                | 1991           | 2,023                            | 9.8 years                                 | 11,200 <sup>(10)</sup>               | July 2017   | 6,878  |
| 54          | MSC SIERRA II                 | MSC                | 1991           | 2,023                            | 8.7 years                                 | 6,800                                | June 2017   | 6,800  |
| 55          | MSC PYLOS                     | MSC                | 1991           | 2,020                            | 6.0 years                                 | 6,300                                | January 2017  | 6,300  |
| 56          | PADMA <sup>(9)</sup>          | Yang Ming          | 1998           | 1,645                            | 1.2 years                                 | 7,250                                | August 2016   | 7,250  |
| 57          | NEAPOLIS                      | Evergreen          | 2000           | 1,645                            | 0.5 years                                 | 6,900                                | January 2017  | 6,900  |
| 58          | ARKADIA <sup>(9)</sup>        | Evergreen          | 2001           | 1,550                            | 2.0 years                                 | 10,600                               | August 2017   | 10,600 |
| 59          | PROSPER                       | Evergreen          | 1996           | 1,504                            | 0.3 years                                 | 6,600                                | August 2017   | 6,600  |
| 60          | ZAGORA                        | MSC                | 1995           | 1,162                            | 5.8 years                                 | 6,300                                | June 2017   | 6,300  |
| 61          | PETALIDI <sup>(9)</sup>       | CMA CGM            | 1994           | 1,162                            | 2.0 years                                 | 7,600                                | August 2016   | 7,600  |
| 62          | STADT LUEBECK                 | CMA CGM            | 2001           | 1,078                            | 2.7 years                                 | 8,000 <sup>(11)</sup>                | August 2016   | 8,000  |

#### Newbuilds

| Vessel Name | Shipyard                    | Capacity (TEU)     | Charterer | Expected Delivery <sup>(3)</sup> |         |
|-------------|-----------------------------|--------------------|-----------|----------------------------------|---------|
| 1           | NCP0113 <sup>(9)</sup>      | Hanjin Subic Bay   | 11,010    | Q3 2016                          |         |
| 2           | NCP0114 <sup>(9)</sup>      | Hanjin Subic Bay   | 11,010    | Q3 2016                          |         |
| 3           | NCP0115 <sup>(9)</sup>      | Hanjin Subic Bay   | 11,010    | Q4 2016                          |         |
| 4           | NCP0116 <sup>(9)</sup>      | Hanjin Subic Bay   | 11,010    | Q4 2016                          |         |
| 5           | NCP0152 <sup>(9)</sup>      | Hanjin Subic Bay   | 11,010    | Q1 2017                          |         |
| 6           | S2123 <sup>(9)(***)</sup>   | Samsung Heavy      | 14,424    | Evergreen                        | Q3 2016 |
| 7           | S2124 <sup>(9)(***)</sup>   | Samsung Heavy      | 14,424    | Evergreen                        | Q4 2016 |
| 8           | S2125 <sup>(9)(***)</sup>   | Samsung Heavy      | 14,424    | Evergreen                        | Q4 2016 |
| 9           | YZJ1206 <sup>(9)(***)</sup> | Jiangsu New Yangzi | 3,800     | Hamburg Süd                      | Q1 2018 |
| 10          | YZJ1207 <sup>(9)(***)</sup> | Jiangsu New Yangzi | 3,800     | Hamburg Süd                      | Q2 2018 |

- (1) 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.
- (2) This average rate is calculated based on contracted charter rates for the days remaining between July 27, 2016 and the earliest expiration of each charter. Certain of our charter rates change until their earliest expiration dates, as indicated in the footnotes below.
- (3) Based on latest shipyard production schedule, subject to change.

- (4) The amounts in the table reflect the current charter terms, giving effect to our agreement with Zim under the 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 July the Company exercised its option to extend the charters of *Zim New York* and *Zim Shanghai* for one year pursuant to its option to extend the charter of two of the three vessels chartered to Zim for successive one year periods at market rate plus \$1,100 per day per vessel while the notes remain outstanding. The rate for the first year has been determined at \$14,534 per day. The Company exercised its option for a second year of extension.
  - (5) This charter rate changes on August 1, 2016 to \$5,350 per day until the earliest redelivery date.
  - (6) This charter rate changes on September 8, 2016 to \$6,300 per day until the earliest redelivery date.
  - (7) This charter rate changes on October 25, 2016 to \$6,300 per day until the earliest redelivery date.
  - (8) As from December 1, 2012 until redelivery, the charter rate is to be a minimum of \$13,500 per day plus 50% of the difference between the market rate and the charter rate of \$13,500. The market rate is to be determined annually based on the Hamburg ConTex type 3500 TEU index published on October 1 of each year until redelivery.
  - (9) This charter rate changes on August 27, 2016 to \$6,800 per day until the earliest redelivery date.
  - (10) This charter rate changes on August 2, 2016 to \$6,800 per day until the earliest redelivery date.
  - (11) The charter rate will be \$8,000 per day provided that the vessel trades within the Red Sea once every 20 days, while it will change to \$7,400 for non-Red Sea trading. As of July 27, 2016, the vessel was earning \$8,000 per day.
- 
- (i) Assumes exercise of owner's unilateral options to extend the charter of these vessels for two one year periods at the same charter rate. The charterer also has corresponding options to unilaterally extend the charter for the same periods at the same charter rate.
  - (ii) The charterer has a unilateral option to extend the charter of the vessel for a period of 12 months.
  - (iii) The charterer has a unilateral option to extend the charter of the vessel for two periods of 30 months each +/-90 days on the final period performed, at a rate of \$41,700 per day.
  - (iv) We have entered into a five year charter agreement with Maersk upon the expiry of the current charter agreement, at a rate of \$9,250 daily.
  - (\*) Denotes vessels acquired pursuant to the Framework Deed with York. The Company holds an equity interest ranging between 25% and 49% in each of the vessel-owning entities.
  - (\*\*) Denotes vessels subject to a sale and leaseback transaction
  - (\*\*\*) Denotes vessels acquired pursuant to the Framework Deed which are subject to sale and leaseback transactions.

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

| (Expressed in thousands of U.S. dollars,<br>except share and per share amounts) | Six-months ended June 30, |                    | Three-months ended June 30, |                    |
|---|---------------------------|--------------------|-----------------------------|--------------------|
|   | 2015                      | 2016               | 2015                        | 2016               |
| <b>REVENUES:</b>  |                           |                    |                             |                    |
| Voyage revenue  | \$ 244,069                | \$ 239,799         | \$ 123,219                  | \$ 119,525         |
| <b>EXPENSES:</b>  |                           |                    |                             |                    |
| Voyage expenses   | (1,028)                   | (1,040)            | (392)                       | (468)              |
| Voyage expenses – related parties   | (1,829)                   | (1,798)            | (924)                       | (896)              |
| Vessels' operating expenses   | (59,780)                  | (52,459)           | (30,229)                    | (25,468)           |
| General and administrative expenses   | (2,682)                   | (2,868)            | (1,367)                     | (1,642)            |
| Management fees - related parties   | (9,690)                   | (9,570)            | (4,872)                     | (4,785)            |
| General and administrative expenses – non-cash component                        | (5,383)                   | (2,746)            | (2,749)                     | (1,402)            |
| Amortization of dry-docking and special survey costs                            | (3,583)                   | (3,940)            | (1,758)                     | (2,006)            |
| Depreciation  | (50,411)                  | (50,569)           | (25,345)                    | (25,288)           |
| Amortization of prepaid lease rentals   | (2,470)                   | (2,477)            | (1,242)                     | (1,239)            |
| Foreign exchange gains / (losses)   | 230                       | (229)              | (60)                        | (105)              |
| <b>Operating income</b>   | <b>\$ 107,443</b>         | <b>\$ 112,103</b>  | <b>\$ 54,281</b>            | <b>\$ 56,226</b>   |
| <b>OTHER INCOME / (EXPENSES):</b>   |                           |                    |                             |                    |
| Interest income   | \$ 732                    | \$ 737             | \$ 294                      | \$ 376             |
| Interest and finance costs  | (41,870)                  | (36,676)           | (19,363)                    | (17,770)           |
| Equity gain / (loss) on investments   | (47)                      | (405)              | 148                         | (198)              |
| Other   | 305                       | 538                | 27                          | 40                 |
| Gain / (Loss) on derivative instruments   | 4,050                     | (4,259)            | 8,942                       | (1,632)            |
| <b>Total other income / (expenses)</b>  | <b>\$ (36,830)</b>        | <b>\$ (40,065)</b> | <b>\$ (9,952)</b>           | <b>\$ (19,184)</b> |
| <b>Net Income</b>   | <b>\$ 70,613</b>          | <b>\$ 72,038</b>   | <b>\$ 44,329</b>            | <b>\$ 37,042</b>   |
| Earnings allocated to Preferred Stock   | (7,313)                   | (10,473)           | (4,303)                     | (5,266)            |
| <b>Net Income available to common stockholders</b>                              | <b>\$ 63,300</b>          | <b>\$ 61,565</b>   | <b>\$ 40,026</b>            | <b>\$ 31,776</b>   |
| <br>  |                           |                    |                             |                    |
| Earnings per common share, basic and diluted                                    | \$ 0.85                   | \$ 0.82            | \$ 0.53                     | \$ 0.42            |
| Weighted average number of shares, basic and diluted                            | 74,876,866                | 75,474,844         | 74,951,244                  | 75,549,644         |

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

(Expressed in thousands of U.S. dollars)

|   | <u>As of December 31,</u><br><u>2015</u> | <u>As of June 30,</u><br><u>2016</u> |
|---|--|--------------------------------------|
|   | (Unaudited)                              |                                      |
| <b><u>ASSETS</u></b>                                  |  |                                      |
| <b>CURRENT ASSETS:</b>                                |  |                                      |
| Cash and cash equivalents                             | \$ 100,105                               | \$ 99,739                            |
| Restricted cash                                       | 14,007                                   | 6,138                                |
| Accounts receivable                                   | 1,111                                    | 2,200                                |
| Inventories   | 10,578                                   | 10,774                               |
| Due from related parties                              | 6,012                                    | 3,747                                |
| Fair value of derivatives                             | 352                                      | 194                                  |
| Insurance claims receivable                           | 3,906                                    | 5,946                                |
| Prepaid lease rentals                                 | 4,982                                    | 4,975                                |
| Accrued charter revenue                               | 457                                      | 456                                  |
| Prepayments and other                                 | 3,546                                    | 4,187                                |
| <b>Total current assets</b>                           | <u>\$ 145,056</u>                        | <u>\$ 138,356</u>                    |
| <b>FIXED ASSETS, NET:</b>                             |  |                                      |
| Capital leased assets                                 | \$ 242,966                               | \$ 239,196                           |
| Vessels, net  | 2,004,650                                | 1,960,465                            |
| <b>Total fixed assets, net</b>                        | <u>\$ 2,247,616</u>                      | <u>\$ 2,199,661</u>                  |
| <b>NON-CURRENT ASSETS:</b>                            |  |                                      |
| Investment in affiliates                              | \$ 117,931                               | \$ 129,241                           |
| Prepaid lease rentals, non-current                    | 35,829                                   | 33,359                               |
| Deferred charges, net                                 | 22,809                                   | 24,737                               |
| Accounts receivable, non-current                      | 1,425                                    | 1,425                                |
| Restricted cash                                       | 48,708                                   | 46,741                               |
| Accrued charter revenue                               | 569                                      | 391                                  |
| Other non-current assets                              | 12,612                                   | 12,762                               |
| <b>Total assets</b>                                   | <u><u>\$ 2,632,555</u></u>               | <u><u>\$ 2,586,673</u></u>           |
| <b><u>LIABILITIES AND STOCKHOLDERS' EQUITY</u></b>    |  |                                      |
| <b>CURRENT LIABILITIES:</b>                           |  |                                      |
| Current portion of long-term debt (*)                 | \$ 183,828                               | \$ 188,116                           |
| Accounts payable                                      | 4,047                                    | 5,285                                |
| Due to related parties                                | 371                                      | 232                                  |
| Capital lease obligations (*)                         | 14,307                                   | 14,790                               |
| Accrued liabilities                                   | 15,225                                   | 16,111                               |
| Unearned revenue                                      | 18,356                                   | 15,618                               |
| Fair value of derivatives                             | 32,462                                   | 36,174                               |
| Other current liabilities                             | 1,712                                    | 1,641                                |
| <b>Total current liabilities</b>                      | <u>\$ 270,308</u>                        | <u>\$ 277,967</u>                    |
| <b>NON-CURRENT LIABILITIES</b>                        |  |                                      |
| Long-term debt, net of current portion (*)            | \$ 1,134,764                             | \$ 1,076,936                         |
| Capital lease obligations, net of current portion (*) | 217,810                                  | 210,315                              |
| Fair value of derivatives, net of current portion     | 19,655                                   | 18,070                               |
| Unearned revenue, net of current portion              | 26,508                                   | 22,405                               |
| <b>Total non-current liabilities</b>                  | <u>\$ 1,398,737</u>                      | <u>\$ 1,327,726</u>                  |
| <b>COMMITMENTS AND CONTINGENCIES</b>                  |  |                                      |
| <b>STOCKHOLDERS' EQUITY:</b>                          |  |                                      |
| Preferred stock                                       | \$ -                                     | \$ -                                 |
| Common stock  | 8  | 8                                    |
| Additional paid-in capital                            | 963,904                                  | 966,651                              |
| Retained earnings                                     | 44,247                                   | 61,980                               |
| Accumulated other comprehensive loss                  | (44,649)                                 | (47,659)                             |
| <b>Total stockholders' equity</b>                     | <u>\$ 963,510</u>                        | <u>\$ 980,980</u>                    |
| <b>Total liabilities and stockholders' equity</b>     | <u><u>\$ 2,632,555</u></u>               | <u><u>\$ 2,586,673</u></u>           |

(\*) Amounts net of deferred financing costs