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# UNITED STATES
# SECURITIES AND EXCHANGE COMMISSION
**WASHINGTON, D.C. 20549**

# FORM 6-K

**REPORT OF FOREIGN PRIVATE ISSUER**
**PURSUANT TO RULE 13A-16 OR 15D-16**
**OF THE SECURITIES EXCHANGE ACT OF 1934**

**DATED: May 21, 2018**

**Commission File No. 001-33811**

# NAVIOS MARITIME PARTNERS L.P.

**7 Avenue de Grande Bretagne, Office 11B2**
**Monte Carlo, MC 98000 Monaco**
**(Address of Principal Executive Offices)**

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.

Form 20-F ☒ Form 40-F ☐

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1):

Yes ☐ No ☒

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7):

Yes ☐ No ☒

Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes ☐ No ☒

If “Yes” is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b):

N/A

**NAVIOS MARITIME PARTNERS L.P.**

**FORM 6-K**

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This Report on Form 6-K is hereby incorporated by reference into the Navios Maritime Partners L.P. Registration Statement on Form F-3, File No. 333-215529.

**Operating and Financial Review and Prospects**

The following is a discussion of the financial condition and results of operations for the three month periods ended March 31, 2018 and 2017 of Navios Maritime Partners L.P. (referred to herein as "we", "us", "Company" or "Navios Partners"). All of the financial statements have been stated in accordance with generally accepted accounting principles in the United States of America ("U.S. GAAP"). You should read this section together with the consolidated financial statements and the accompanying notes included in Navios Partners' 2017 Annual Report filed on Form 20-F with the U.S. Securities and Exchange Commission (the "SEC") on April 4, 2018.

This Report contains forward-looking statements (as defined in Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended) concerning future events and expectations including Navios Partners' future distributions and its ability to sustain the revised distribution, opportunities to reinvest cash accretively in a fleet renewal program or otherwise and Navios Partners' growth strategy and measures to implement such strategy; including expected vessel acquisitions and entering into further time charters. Words such as "may", "expects", "intends", "plans", "believes", "anticipates", "hopes", "estimates", and variations of such words and similar expressions are intended to identify forward-looking statements. Such statements include comments regarding expected revenue and time charters. These forward-looking statements are based on the information available to, and the expectations and assumptions deemed reasonable by, Navios Partners at the time this filing was made. Although Navios Partners believes that the expectations reflected in such forward-looking statements are reasonable, no assurance can be given that such expectations will prove to have been correct. These statements involve known and unknown risks and are based upon a number of assumptions and estimates, which are inherently subject to significant uncertainties and contingencies, many of which are beyond the control of Navios Partners. Actual results may differ materially from those expressed or implied by such forward-looking statements. Factors that could cause actual results to differ materially include, but are not limited to, uncertainty relating to global trade, including prices of seaborne commodities and continuing issues related to seaborne volume and ton miles, our continued ability to enter into long-term time charters, our ability to maximize the use of our vessels, expected demand in the dry cargo shipping sector in general and the demand for our Panamax, Capesize, Ultra-Handymax and Container vessels in particular, fluctuations in charter rates for dry cargo carriers and container vessels, the aging of our fleet and resultant increases in operation and dry docking costs, the loss of any customer or charter or vessel, changes in the availability and costs of funding due to conditions in the bank market, capital markets and other factors, increases in costs and expenses, including but not limited to: crew wages, insurance, provisions, port expenses, lube oil, bunkers, repairs, maintenance and general and administrative expenses, the expected cost of, and our ability to comply with, governmental regulations and maritime self-regulatory organization standards, as well as standard regulations imposed by our charterers applicable to our business, potential liability from litigation and our vessel operations, including discharge of pollutants, general domestic and international political conditions, competitive factors in the market in which Navios Partners operates; risks associated with operations outside the United States; and other factors listed from time to time in Navios Partners' filings with the SEC, including its annual and interim reports filed on Form 20-F and Form 6-K. Navios Partners expressly disclaims any obligations or undertaking to release publicly any updates or revisions to any forward-looking statements contained herein to reflect any change in Navios Partners' expectations with respect thereto or any change in events, conditions or circumstances on which any statement is based. Navios Partners makes no prediction or statement about the performance of its common units.

**Recent Developments**

***Cash Distribution***

The Board of Directors of Navios Partners declared a cash distribution for the first quarter of 2018 of $0.02 per unit. The cash distribution was paid on May 14, 2018 to unitholders of record as of May 10, 2018. The aggregate amount of the declared distribution was $3.4 million. Any future distributions will be at the discretion of the Board of Directors after taking into account Navios Partners' cash flow, earnings, financial position, among other relevant matters.

***Drybulk Fleet Renewal and Expansion***

On May 9, 2018, Navios Partners acquired from an unrelated third party the Navios Apollon I, a 2005-built Panamax vessel of 87,052 dwt, for a purchase price of $13.0 million. The acquisition of the vessel was financed with cash on the balance sheet.

In January 2018, Navios Partners agreed to acquire from unrelated third parties two 2006-built Panamax vessels of approximately 74,500 dwt each, the Navios Altair I and the Navios Symmetry, for a purchase price of $22.0 million. The Navios Altair I is expected to be delivered to Navios Partners' owned fleet within the second quarter of 2018. The Navios Symmetry was delivered to Navios Partners' owned fleet on May 21, 2018.

Following the above acquisitions, during 2017 and through the date of this filing, Navios Partners has added a net total of nine vessels in its drybulk fleet, increasing its capacity by 40% and reducing the average age by 12%.

***Sale of Vessels***

On April 27, 2018, Navios Partners agreed to sell the YM Utmost and the YM Unity, two 2006-built Container vessels of 8,204 TEU each, to its affiliate, Navios Maritime Containers Inc. ("Navios Containers") for a total sale price of approximately $67.0 million. The transaction was unanimously approved by the Conflicts Committee of the Board of Directors of Navios Partners. The Company is expected to recognize a book loss from the sale of the two vessels of approximately $38.0 million in the second quarter of 2018. The sale is expected to be completed by the end of May 2018.

***Private Placement of Navios Containers***

On March 13, 2018, Navios Containers closed a private placement of 5,454,546 shares at a subscription price of $5.50 per share, resulting in gross proceeds of approximately $30.0 million. Navios Partners invested $14.5 million and received 2,629,095 shares. Navios Partners also received 370,909 warrants, with a five-year term. Following this transaction, Navios Partners owns approximately 36.0% of Navios Containers' equity.

## Overview

Navios Partners is an international owner and operator of dry cargo vessels, formed on August 7, 2007 under the laws of the Republic of the Marshall Islands by Navios Maritime Holdings Inc. ("Navios Holdings"), a vertically integrated seaborne shipping and logistics company with over 60 years of operating history in the dry cargo shipping industry. Navios GP L.L.C. (the "General Partner"), a wholly owned subsidiary of Navios Holdings, was also formed on that date to act as the general partner of Navios Partners and received a 2.0% general partner interest in Navios Partners.

As of May 18, 2018, there were outstanding 167,589,764 common units and 3,420,203 general partnership units. Navios Holdings currently owns a 20.2% interest in Navios Partners, which includes the 2.0% general partner interest.

**Fleet**

Navios Partners' fleet consists of 17 Panamax vessels, 13 Capesize vessels, three Ultra-Handymax vessels and five Container vessels, including the two Panamax vessels, which are expected to be delivered during the second quarter of 2018, one Panamax charter-in vessel, which is expected to be delivered within the second half of 2019 and excluding the two Container vessels, which are expected to be sold by the end of May 2018.

In general, the vessels in our fleet are chartered-out under time charters, which range in length from one to ten years at inception. From time to time, we operate vessels in the spot market until the vessels have been chartered under long-term charters.

The following table provides summary information about our fleet as of May 18, 2018:

| Owned Drybulk Vessels | Type | Built | Capacity (DWT) | Charter Expiration Date(2) | Charter-Out Rate(1) |
|---|---|---|---|---|---|
| Navios Soleil | Ultra-Handymax | 2009 | 57,337 | August 2018 | $ 11,875 |
| Navios La Paix | Ultra-Handymax | 2014 | 61,485 | June 2018 | $ Index(3) |
| Navios Christine B | Ultra-Handymax | 2009 | 58,058 | December 2018 | $ Index(4) |
| Navios Libra II | Panamax | 1995 | 70,136 | September 2018 | $ 9,500 |
| Navios Felicity | Panamax | 1997 | 73,867 | June 2018 | $ 10,260 |
| Navios Galaxy I | Panamax | 2001 | 74,195 | November 2018 | $ 11,163 |
| Navios Hyperion | Panamax | 2004 | 75,707 | June 2018 | $ 9,500 |
| Navios Alegria | Panamax | 2004 | 76,466 | July 2018 | $ 10,450 |
| Navios Orbiter | Panamax | 2004 | 76,602 | September 2018 | $ Index(5) |
| Navios Helios | Panamax | 2005 | 77,075 | August 2018 | $ 12,350 |
| Navios Sun | Panamax | 2005 | 76,619 | September 2018 | $ Index(5) |
| Navios Hope | Panamax | 2005 | 75,397 | June 2018 | $ 11,080 |
| | | | | August 2018 | $ Index(5) |
| Navios Sagittarius | Panamax | 2006 | 75,756 | September 2018 | $ 26,125 |
| Navios Harmony | Panamax | 2006 | 82,790 | June 2018 | $ 9,500 |
| Navios Prosperity I | Panamax | 2007 | 75,527 | August 2018 | $ 12,350 |
| Navios Libertas | Panamax | 2007 | 75,511 | May 2018 | $ 11,068 |
| Navios Apollon I | Panamax | 2005 | 87,052 | June 2018 | $ 11,400 |
| Navios Fantastiks | Capesize | 2005 | 180,265 | March 2019 | $ Index(6) |
| Navios Aurora II | Capesize | 2009 | 169,031 | June 2018 | $ Index(7) |
| Navios Pollux | Capesize | 2009 | 180,727 | July 2018 | $ 100% of pool earnings |
| Navios Fulvia | Capesize | 2010 | 179,263 | February 2019 | $ Index(8) |
| Navios Melodia | Capesize | 2010 | 179,132 | September 2022 | $ 29,356(9) |
| Navios Luz | Capesize | 2010 | 179,144 | February 2019 | $ Index(10) |
| Navios Buena Ventura | Capesize | 2010 | 179,259 | February 2019 | $ Index(8) |
| Navios Joy | Capesize | 2013 | 181,389 | February 2019 | $ 16,150 |
| Navios Beaufiks | Capesize | 2004 | 180,310 | January 2019 | $ Index(11) |
| Navios Ace | Capesize | 2011 | 179,016 | April 2019 | $ 18,169 |
| Navios Sol | Capesize | 2009 | 180,274 | October 2018 | $ Index(12) |
| Navios Symphony | Capesize | 2010 | 178,132 | February 2019 | $ Index(11) |
| Navios Aster | Capesize | 2010 | 179,314 | September 2018 | $ Index(13) |

| Owned Container Vessels(14) | Type | Built | TEU | Charter Expiration Date(2) | Charter-Out Rate(1) |
|---|---|---|---|---|---|
| Hyundai Hongkong | Container | 2006 | 6,800 | December 2019 | $ 24,095 |
| | | | | December 2023 | $ 30,119(15) |
| Hyundai Singapore | Container | 2006 | 6,800 | December 2019 | $ 24,095 |
| | | | | December 2023 | $ 30,119(15) |
| Hyundai Tokyo | Container | 2006 | 6,800 | December 2019 | $ 24,095 |
| | | | | December 2023 | $ 30,119(15) |
| Hyundai Shanghai | Container | 2006 | 6,800 | December 2019 | $ 24,095 |
| | | | | December 2023 | $ 30,119(15) |
| Hyundai Busan | Container | 2006 | 6,800 | December 2019 | $ 24,095 |
| | | | | December 2023 | $ 30,119(15) |

| Drybulk Vessels to be delivered | Type | Built | Capacity (DWT) | Charter Expiration Date(2) | Charter-Out Rate(1) |
|---|---|---|---|---|---|
| Navios Altair I(16) | Panamax | 2006 | 74,475 | — | $ — |
| Navios Symmetry(16) | Panamax | 2006 | 74,477 | — | $ — |

| Charter-in vessels | Type | Built | Capacity (DWT) | Charter Expiration Date(2) | Charter-Out Rate(1) |
|---|---|---|---|---|---|
| TBN I(17) | Panamax | 2019 | 81,000 | — | $ — |

(1) Daily charter-out rate per day, net of commissions or settlement and insurance proceeds, where applicable.
(2) Expected redelivery basis midpoint of full redelivery period, excluding Navios Partners' extension options, not declared yet.
(3) 110% average BSI.
(4) 100% average BSI.
(5) Average BPI 4TC minus $2,488 net per day.
(6) 103% average BCI 5TC.
(7) 98.75% average BCI C5.
(8) 101% average BCI 5TC.
(9) Profit sharing 50% above $37,500/day based on Baltic Exchange Capesize TC Average.
(10) 102% average BCI 5TC.
(11) 100% average BCI 5TC.
(12) 108% average BCI 5TC.
(13) 107% average BCI 5TC.
(14) Excludes the two Container vessels, the YM Utmost and YM Unity, which are expected to be sold by the end of May 2018.
(15) Upon acquisition, the vessels are fixed on ten/twelve year charters with Navios Partners' option to terminate after year seven.
(16) Expected to be delivered within the second quarter of 2018.
(17) Expected to be delivered within the second half of 2019.

**Our Charters**

We generate revenues by charging our customers for the use of our vessels to transport their dry cargos. In general, the vessels in our fleet are chartered-out under time charters, which range in length from one to ten years at inception. From time to time, we operate vessels in the spot market until the vessels have been chartered under long-term charters.

For the three month period ended March 31, 2018, our customers representing 10% or more of total revenues were Hyundai Merchant Marine Co., Ltd. ("HMM") and Yang Ming Marine Transport Corporation ("Yang Ming") which accounted for approximately 26.3% and 11.8%, respectively, of total revenues. For the year ended December 31, 2017, our customers representing 10% or more of total revenues were HMM and Yang Ming, which accounted for 26.8% and 12.0%, respectively, of total revenues. We believe that the combination of the long-term nature of our charters (which provide for the receipt of a fixed fee for the life of the charter) and our management agreement with the Manager, (which provides for a fixed management fee until December 31, 2019), provides us with a strong base of stable cash flows.

Our revenues are driven primarily by the number of vessels in the fleet, the number of days during which such vessels operate and the amount of daily charter hire rates that the vessels earn under charters, which, in turn, are affected by a number of factors, including:

- the duration of the charters;
- the level of spot and long-term market rates at the time of charters;
- decisions relating to vessel acquisitions and disposals;
- the amount of time spent positioning vessels;
- the amount of time that vessels spend in dry dock undergoing repairs and upgrades;
- the age, condition and specifications of the vessels; and
- the aggregate level of supply and demand in the dry cargo shipping industry.

Time charters are available for varying periods, ranging from a single trip (spot charter) to long-term which may be many years. In general, a long-term time charter assures the vessel owner of a consistent stream of revenue. Operating the vessel in the spot market affords the owner greater spot market opportunity, which may result in high rates when vessels are in high demand or low rates when vessel availability exceeds demand. We intend to operate our vessels in the long-term charter market. Vessel charter rates are affected by world economics, international events, weather conditions, strikes, governmental policies, supply and demand and many other factors that might be beyond our control. Please read "Risk Factors" in our 2017 Annual Report on Form 20-F for a discussion of certain risks inherent in our business.

We could lose a customer or the benefits of a charter if:

- the customer fails to make charter payments because of its financial inability, disagreements with us or otherwise;
- the customer exercises certain rights to terminate the charter of the vessel;
- the customer terminates the charter because we fail to deliver the vessel within a fixed period of time, the vessel is lost or damaged beyond repair, there are serious deficiencies in the vessel or prolonged periods of off-hire, or we default under the charter; or
- a prolonged force majeure event affecting the customer, including damage to or destruction of relevant production facilities, war or political unrest prevents us from performing services for that customer.

Under some of our time charters, either party may terminate the charter contract in the event of war in specified countries or in locations that would significantly disrupt the free trade of the vessel. Some of the time charters covering our vessels require us to return to the charterer, upon the loss of the vessel, all advances paid by the charterer but not earned by us.

### Trends and Factors Affecting Our Future Results of Operations

We believe the principal factors that will affect our future results of operations are the economic, regulatory, political and governmental conditions that affect the shipping industry generally and that affect conditions in countries and markets in which our vessels engage in business. Please read “Risk Factors” in our 2017 Annual Report on Form 20-F for a discussion of certain risks inherent in our business.

### Results of Operations

#### Overview

The financial condition and the results of operations presented for the three month periods ended March 31, 2018 and 2017 of Navios Partners presented discussed below include the following entities:

| Company name | Vessel name | Country of incorporation | Statements of operations 2018 | Statements of operations 2017 |
|---|---|---|---|---|
| Libra Shipping Enterprises Corporation | Navios Libra II | Marshall Is. | 1/01 – 03/31 | 1/01 – 03/31 |
| Alegria Shipping Corporation | Navios Alegria | Marshall Is. | 1/01 – 03/31 | 1/01 – 03/31 |
| Felicity Shipping Corporation | Navios Felicity | Marshall Is. | 1/01 – 03/31 | 1/01 – 03/31 |
| Gemini Shipping Corporation(****) | Navios Gemini S | Marshall Is. | — | 1/01 – 03/31 |
| Galaxy Shipping Corporation | Navios Galaxy I | Marshall Is. | 1/01 – 03/31 | 1/01 – 03/31 |
| Aurora Shipping Enterprises Ltd. | Navios Hope | Marshall Is. | 1/01 – 03/31 | 1/01 – 03/31 |
| Palermo Shipping S.A. (***) | Navios Apollon | Marshall Is. | — | 1/01 – 03/31 |
| Fantastiks Shipping Corporation | Navios Fantastiks | Marshall Is. | 1/01 – 03/31 | 1/01 – 03/31 |
| Sagittarius Shipping Corporation | Navios Sagittarius | Marshall Is. | 1/01 – 03/31 | 1/01 – 03/31 |
| Hyperion Enterprises Inc. | Navios Hyperion | Marshall Is. | 1/01 – 03/31 | 1/01 – 03/31 |
| Chilali Corp. | Navios Aurora II | Marshall Is. | 1/01 – 03/31 | 1/01 – 03/31 |
| Surf Maritime Co. | Navios Pollux | Marshall Is. | 1/01 – 03/31 | 1/01 – 03/31 |
| Pandora Marine Inc. | Navios Melodia | Marshall Is. | 1/01 – 03/31 | 1/01 – 03/31 |
| Customized Development S.A. | Navios Fulvia | Liberia | 1/01 – 03/31 | 1/01 – 03/31 |
| Kohylia Shipmanagement S.A. | Navios Luz | Marshall Is. | 1/01 – 03/31 | 1/01 – 03/31 |
| Orbiter Shipping Corp. | Navios Orbiter | Marshall Is. | 1/01 – 03/31 | 1/01 – 03/31 |
| Floral Marine Ltd. | Navios Buena Ventura | Marshall Is. | 1/01 – 03/31 | 1/01 – 03/31 |
| Golem Navigation Limited | Navios Soleil | Marshall Is. | 1/01 – 03/31 | 1/01 – 03/31 |
| Kymata Shipping Co. | Navios Helios | Marshall Is. | 1/01 – 03/31 | 1/01 – 03/31 |
| Joy Shipping Corporation | Navios Joy | Marshall Is. | 1/01 – 03/31 | 1/01 – 03/31 |
| Micaela Shipping Corporation | Navios Harmony | Marshall Is. | 1/01 – 03/31 | 1/01 – 03/31 |
| Pearl Shipping Corporation | Navios Sun | Marshall Is. | 1/01 – 03/31 | 1/01 – 03/31 |
| Velvet Shipping Corporation | Navios La Paix | Marshall Is. | 1/01 – 03/31 | 1/01 – 03/31 |
| Perigiali Navigation Limited | Navios Beaufiks | Marshall Is. | 1/01 – 03/31 | 1/01 – 03/31 |
| Finian Navigation Co. | Navios Ace | Marshall Is. | 1/01 – 03/31 | — |
| Ammos Shipping Corp. | Navios Prosperity I | Marshall Is. | 1/01 – 03/31 | — |
| Wave Shipping Corp. | Navios Libertas | Marshall Is. | 1/01 – 03/31 | — |
| Casual Shipholding Co. | Navios Sol | Marshall Is. | 1/01 – 03/31 | — |
| Avery Shipping Company | Navios Symphony | Marshall Is. | 1/01 – 03/31 | — |

| Company name | Vessel name | Country of incorporation | Statements of operations 2018 | Statements of operations 2017 |
|---|---|---|---|---|
| Coasters Ventures Ltd | Navios Christine B | Marshall Is. | 1/01 – 03/31 | — |
| Ianthe Maritime S.A. | Navios Aster | Marshall Is. | 1/01 – 03/31 | — |
| Rubina Shipping Corporation | Hyundai Hongkong | Marshall Is. | 1/01 – 03/31 | 1/01 – 03/31 |
| Topaz Shipping Corporation | Hyundai Singapore | Marshall Is. | 1/01 – 03/31 | 1/01 – 03/31 |
| Beryl Shipping Corporation | Hyundai Tokyo | Marshall Is. | 1/01 – 03/31 | 1/01 – 03/31 |
| Cheryl Shipping Corporation | Hyundai Shanghai | Marshall Is. | 1/01 – 03/31 | 1/01 – 03/31 |
| Christal Shipping Corporation | Hyundai Busan | Marshall Is. | 1/01 – 03/31 | 1/01 – 03/31 |
| Fairy Shipping Corporation | YM Utmost | Marshall Is. | 1/01 – 03/31 | 1/01 – 03/31 |
| Limestone Shipping Corporation | YM Unity | Marshall Is. | 1/01 – 03/31 | 1/01 – 03/31 |
| Dune Shipping Corp. (**) | MSC Cristina | Marshall Is. | — | 1/01 – 01/12 |
| Citrine Shipping Corporation | — | Marshall Is. | — | — |
| Cavalli Navigation Inc. | — | Marshall Is. | — | — |
| Cavos Navigation Co. | — | Marshall Is. | — | — |
| Seymour Trading Limited | — | Marshall Is. | — | — |
| Goldie Services Company | — | Marshall Is. | — | — |
| Andromeda Shiptrade Limited | — | Marshall Is. | — | — |
| **Chartered-in vessels** | | | | |
| Prosperity Shipping Corporation | Navios Prosperity | Marshall Is. | — | — |
| Aldebaran Shipping Corporation | Navios Aldebaran | Marshall Is. | — | — |
| **Other** | | | | |
| JTC Shipping and Trading Ltd (*) | Holding Company | Malta | 1/01 – 03/31 | 1/01 – 03/31 |
| Navios Maritime Partners L.P. | N/A | Marshall Is. | 1/01 – 03/31 | 1/01 – 03/31 |
| Navios Maritime Operating LLC | N/A | Marshall Is. | 1/01 – 03/31 | 1/01 – 03/31 |
| Navios Partners Finance (US) Inc. | Co-Borrower | Delaware | 1/01 – 03/31 | 1/01 – 03/31 |
| Navios Partners Europe Finance Inc. | Sub-Holding Company | Marshall Is. | 1/01 – 03/31 | 1/01 – 03/31 |

(*) Not a vessel-owning subsidiary and only holds right to charter-in contracts.
(**) The vessel was classified as held for sale as at December 31, 2016 and was sold on January 12, 2017 (see Note 4 — Vessels, net).
(***) The vessel was sold on April 21, 2017 (see Note 4 – Vessels, net).
(****)The vessel was sold on December 21, 2017 (see Note 4 – Vessels, net).

The accompanying interim condensed consolidated financial statements of Navios Partners are unaudited, but, in the opinion of management, contain all adjustments necessary to present a fair statement of results, in all material respects, of Navios Partners' condensed consolidated financial position as of March 31, 2018 and the condensed consolidated results of operations for the three month periods ended March 31, 2018 and 2017. The footnotes are condensed as permitted by the requirements for interim financial statements and, accordingly, do not include information and disclosures required under U.S. GAAP for complete financial statements. All such adjustments are deemed to be of a normal, recurring nature. The results of operations for the interim periods are not necessarily indicative of the results to be expected for the full year. These financial statements should be read in conjunction with the consolidated financial statements and related notes included in Navios Partners' Annual Report on Form 20-F for the year ended December 31, 2017.

**Fleet Employment Profile**

The following table reflects certain key indicators indicative of the performance of Navios Partners and its core fleet performance for the three month periods ended March 31, 2018 and 2017.

| | Three Month Period Ended March 31, 2018 (unaudited) | Three Month Period Ended March 31, 2017 (unaudited) |
|---|---|---|
| Available Days(1) | 3,186 | 2,794 |
| Operating Days(2) | 3,142 | 2,790 |
| Fleet Utilization(3) | 98.63% | 99.83% |
| Time Charter Equivalent Combined (per day) (4) | $ 16,108 | $ 14,671 |
| Time Charter Equivalent Drybulk (per day) (4) | $ 12,265 | $ 9,421 |
| Time Charter Equivalent Containers (per day) (4) | $ 31,700 | $ 32,290 |
| Vessels operating at period end | 36 | 31 |

(1) ***Available days:*** Available days for the fleet represent total calendar days the vessels were in Navios Partners' possession for the relevant period after subtracting off-hire days associated with scheduled repairs, dry dockings or special surveys and ballast days relating to voyages. The shipping industry uses available days to measure the number of days in a relevant period during which a vessel is capable of generating revenues.

(2) ***Operating days:*** Operating days are the number of available days in the relevant period less the aggregate number of days that the vessels are off-hire due to any reason, including unforeseen circumstances. The shipping industry uses operating days to measure the aggregate number of days in a relevant period during which vessels actually generate revenues.

(3) ***Fleet utilization:*** Fleet utilization is the percentage of time that Navios Partners' vessels were available for revenue generating available days, and is determined by dividing the number of operating days during a relevant period by the number of available days during that period. The shipping industry uses fleet utilization to measure efficiency in finding employment for vessels and minimizing the amount of days that its vessels are off-hire for reasons other than scheduled repairs, dry dockings or special surveys.

(4) ***TCE rate:*** Time Charter Equivalent rate per day ("TCE") is defined as voyage and time charter revenues less voyage expenses during a period divided by the number of available days during the period. The TCE rate per day is a standard shipping industry performance measure used primarily to present the actual daily earnings generated by vessels on various types of charter contracts for the number of available days of the fleet.

**FINANCIAL HIGHLIGHTS**

The following table presents consolidated revenue and expense information for the three month periods ended March 31, 2018 and 2017.

| | Three Month Period Ended March 31, 2018 (unaudited) | Three Month Period Ended March 31, 2017 (unaudited) |
|---|---|---|
| Time charter and voyage revenues (includes related party revenue of $(9) and $610 for the three month periods ended March 31, 2018 and 2017, respectively) | $ 53,052 | $ 42,411 |
| Time charter and voyage expenses | (1,730) | (1,413) |
| Direct vessel expenses | (1,625) | (1,702) |
| Management fees (entirely through related parties transactions) | (16,691) | (14,343) |
| General and administrative expenses | (3,531) | (3,212) |
| Depreciation and amortization | (14,917) | (16,775) |
| Interest expense and finance cost, net | (9,853) | (10,355) |
| Interest income | 962 | 523 |
| Other income | 574 | 3,120 |
| Other expense | (1,803) | (3,909) |
| Equity in net earnings of affiliated companies | 1,040 | — |
| **Net income/ (loss)** | **$ 5,478** | **$ (5,655)** |

| | Three Month Period Ended March 31, 2018 (unaudited) | Three Month Period Ended March 31, 2017 (unaudited) |
|---|---|---|
| **EBITDA (1)** | **$ 30,911** | **$ 22,654** |
| **Adjusted EBITDA (1)** | **$ 31,525** | **$ 25,873** |
| **Operating Surplus (1)** | **$ 17,460** | **$ 17,566** |

(1) EBITDA, Adjusted EBITDA and Operating Surplus are non-GAAP financial measures. See "Reconciliation of EBITDA and Adjusted EBITDA to Net Cash from Operating Activities, EBITDA, Operating Surplus and Available Cash for Distribution" for a description of EBITDA, Adjusted EBITDA and Operating Surplus and a reconciliation of EBITDA, Adjusted EBITDA and Operating Surplus to the most comparable measure under U.S. GAAP.

**Period over Period Comparisons**

**For the Three Month Period ended March 31, 2018 compared to the Three Month Period ended March 31, 2017**

**Time charter and voyage revenues:** Time charter and voyage revenues for the three month period ended March 31, 2018 increased by $10.6 million, or 25.1%, to $53.1 million, as compared to $42.4 million for the same period in 2017. The increase in time charter and voyage revenues was mainly attributable to: (i) the increase in revenue following the acquisition of seven vessels in 2017; and (ii) the increase in TCE combined rate per day to $16,108 per day for the three month period ended March 31, 2018, from $14,671 per day for the three month period ended March 31, 2017. That increase was partially mitigated by the decrease in revenue due to the sales of the MSC Cristina, the Navios Apollon and the Navios Gemini S in 2017. The available days of the fleet increased to 3,186 days for the three month period ended March 31, 2018, as compared to 2,794 days for the three month period ended March 31, 2017, mainly due to the increased fleet.

**Time charter and voyage expenses:** Time charter and voyage expenses for the three month period ended March 31, 2018 increased by $0.3 million to $1.7 million, as compared to $1.4 million for the three month period ended March 31, 2017. The increase was mainly attributable to a: (i) $0.5 million increase in loading and discharging port expenses related to the freight voyage in the first quarter of 2018; and (ii) $0.1 million increase in brokers' commissions due to the increased fleet and other voyage expenses. The increase was partially mitigated by a $0.3 million decrease in bunkers expenses.

**Direct vessel expenses:** Direct vessel expenses, comprising of the amortization of dry dock and special survey costs of certain vessels in our fleet amounted to $1.6 million for the three month period ended March 31, 2018, as compared to $1.7 million for the three month period ended March 31, 2017.

**Management fees:** Management fees for the three month period ended March 31, 2018, increased by $2.3 million, or 16.4%, to $16.7 million, as compared to $14.3 million for the same period in 2017. The increase was mainly attributable to a: (i) $3.0 million increase in management fees paid to the Manager due to the increased number of owned vessels in Navios Partners' fleet; and (ii) $0.1 million increase in management fees due to the increase in daily rate pursuant to the amended management agreement in November 2017. The increase was partially mitigated by $0.8 million decrease in management fees due to the sale of the MSC Cristina in January 2017, the Navios Apollon in April 2017 and the Navios Gemini S in December 2017.

**General and administrative expenses:** General and administrative expenses increased by $0.3 million to $3.5 million for the three month period ended March 31, 2018, as compared to $3.2 million for the three month period ended March 31, 2017. The increase was mainly due to a: (i) $0.1 million increase related to equity compensation expense; and (ii) $0.3 million increase in administrative fees paid to the Manager mainly due to the increased number of vessels in Navios Partners' fleet. The increase was partially mitigated by a $0.1 million decrease in legal and professional fees, as well as audit and recurring directors' fees.

**Depreciation and amortization:** Depreciation and amortization amounted to $14.9 million for the three month period ended March 31, 2018 compared to $16.8 million for the three month period ended March 31, 2017. The decrease of $1.9 million was mainly attributable to a: (i) $2.2 million decrease in amortization of the Navios Aurora II favorable lease intangible which was fully amortized during the fourth quarter of 2017; (ii) $0.7 million decrease in depreciation expense due to the sale of the Navios Apollon in April 2017 and the Navios Gemini S in December 2017; and (iii) $0.6 million decrease in depreciation expense of one of our vessels as a result of the impairment test performed in the fourth quarter of the fiscal year 2017. The above decrease was partially mitigated by a: (i) $0.4 million increase in depreciation expense due to the delivery of the Navios Prosperity I and the Navios Ace in the second quarter of 2017; (ii) $1.2 million increase in depreciation expense due to the delivery of the Navios Libertas, the Navios Sol, the Navios Christine B, the Navios Aster and the Navios Symphony in the third quarter of 2017. Depreciation of vessels is calculated using an estimated useful life of 25 and 30 years for drybulk and container vessels, respectively, from the date the vessel was originally delivered from the shipyard. Intangible assets are amortized over the contract periods, which range from one to ten years, at inception.

**Interest expense and finance cost, net:** Interest expense and finance cost, net for the three month period ended March 31, 2018 decreased by $0.5 million or 4.8% to $9.9 million, as compared to $10.4 million for the three month period ended March 31, 2017. The decrease was mainly due to a: (i) $2.3 million net decrease in the amortization of the deferred finance fees mainly due to the write-off of the deferred finance fees and discount following the refinancing of the Term Loan B Credit Facility on March 14, 2017; and (ii) $0.5 million write-off of the deferred finance fees following the repayment of the April 2015 Credit Facility on January 12, 2017. The above decrease was partially mitigated by a $2.3 million increase in the interest expense related to Navios Partners' credit facilities, mainly due to the increase of the weighted average interest rate for the three month period ended March 31, 2018 to 6.4% from 5.4% for the same period in 2017. As of March 31, 2018 and 2017, the outstanding loan balance under Navios Partners' credit facilities was $486.8 million and $424.5 million.

**Interest income:** Interest income increased by $0.4 million to $1.0 million for the three month period ended March 31, 2018, as compared to $0.5 million for the three month period ended March 31, 2017. The increase of $0.4 million was mainly attributable to a $0.4 million increase of the interest income accrued under the loans granted to Navios Europe I Inc. ("Navios Europe I") and Navios Europe II Inc. ("Navios Europe II").

**Other income:** Other income for the three month period ended March 31, 2018 amounted to $0.6 million, as compared to $3.1 million for the three month period ended March 31, 2017. The decrease was mainly attributable to a $2.9 million decrease in relation to the claims submitted under the Navios Holdings Guarantee agreement. The above decrease was partially mitigated by a $0.3 million increase in other miscellaneous income.

**Other expense:** Other expense for the three month period ended March 31, 2018 decreased by $2.1 million to $1.8 million, as compared to $3.9 million for the three month period ended March 31, 2017. The decrease of $2.1 million was mainly attributable to a: (i) $1.5 million allowance for doubtful accounts; and (ii) $1.3 million loss related to the disposal of the MSC Cristina, both recognized in the first quarter of 2017. The above decrease was partially mitigated by a $0.7 million increase in other miscellaneous expenses.

**Equity in net earnings of affiliated companies:** Equity net earnings of affiliated companies amounted to $1.0 million for the three month period ended March 31, 2018. The amount of $1.0 million mainly consisted of the income related to the investment in Navios Containers.

**Net income/ (loss):** Net income/ (loss) for the three month period ended March 31, 2018 amounted to $5.5 million compared to $(5.7) million for the three month period ended March 31, 2017. The increase in net income of $11.1 million was due to the factors discussed above.

**Operating surplus:** Navios Partners generated Operating Surplus for the three month period ended March 31, 2018 of $17.5 million, as compared to $17.6 million for the three month period ended March 31, 2017. Operating Surplus is a non-GAAP financial measure used by certain investors to assist in evaluating a partnership's ability to make quarterly cash distributions (See "Reconciliation of EBITDA and Adjusted EBITDA to Net Cash from Operating Activities, EBITDA, Operating Surplus and Available Cash for Distribution" contained herein).

**Seasonality:** Since Navios Partners' vessels generally operate under long-term charters, the results of operations are not generally subject to the effect of seasonable variations in demand.

**Liquidity and Capital Resources**

In addition to distributions on our units, our primary short-term liquidity needs are to fund general working capital requirements, cash reserve requirements including those under our credit facilities and debt service, while our long-term liquidity needs primarily relate to expansion and investment capital expenditures and other maintenance capital expenditures and debt repayment. Expansion capital expenditures are primarily for the purchase or construction of vessels to the extent the expenditures increase the operating capacity of or revenue generated by our fleet, while maintenance capital expenditures primarily consist of drydocking expenditures and expenditures to replace vessels in order to maintain the operating capacity of or revenue generated by our fleet. Investment capital expenditures are those capital expenditures that are neither maintenance capital expenditures nor expansion capital expenditures. We anticipate that our primary sources of funds for our short-term liquidity needs will be cash flows from our equity offerings, operations, proceeds from asset sales, long term bank borrowings and other debt raisings. As of March 31, 2018, Navios Partners' current assets totaled $80.1 million, while current liabilities totaled $52.5 million, resulting in a positive working capital position of $27.6 million. Generally, our long-term sources of funds derive from cash from operations, long-term bank borrowings and other debt or equity financings to fund acquisitions and expansion and investment capital expenditures, including opportunities we may pursue under the Omnibus Agreement. We cannot assure you that we will be able to raise the size of our credit facilities or be able to obtain additional funds on favorable terms.

Cash deposits and cash equivalents in excess of amounts covered by government provided insurance are exposed to loss in the event of non-performance by financial institutions. Navios Partners does maintain cash deposits and equivalents in excess of government provided insurance limits. Navios Partners also minimizes exposure to credit risk by dealing with a diversified group of major financial institutions.

Navios Partners' cash forecast indicates that it will generate sufficient cash to make the required principal and interest payments on its indebtedness, provide for the normal working capital requirements of the business and remain in a positive working capital position through twelve months from May 21, 2018.

**Credit Facilities**

As of March 31, 2018, the total borrowings, net of deferred finance fees and discount under the Navios Partners' credit facilities, were $486.8 million.

**Term Loan B Credit Facility:** In June 2013, Navios Partners completed the issuance of the $250.0 million Term Loan B facility. On October 31, 2013 and November 1, 2013, Navios Partners completed the issuance of a $189.5 million add-on to its existing Term Loan B facility.

On March 14, 2017, Navios Partners completed the issuance of a new $405.0 million Term Loan B facility. The new Term Loan B facility bears an interest rate of LIBOR plus 500 bps, it is set to mature on September 14, 2020 and is repayable in equal quarterly installments of 1.25% of the initial principal amount of the Term Loan B. Navios Partners used the net proceeds of the new Term Loan B facility to: (i) refinance its prior Term Loan B facility; and (ii) pay fees and expenses related to the new Term Loan B facility. Following the refinancing of the Term Loan B Credit Facility, an amount of $1.9 million and $1.3 million, was written-off from the deferred finance fees and discount, respectively. On August 10, 2017, Navios Partners completed the issuance of a $53.0 million add-on to its existing Term Loan B Credit Facility. The add-on to the new Term Loan B Credit Facility bore the same terms as the Term Loan B Credit Facility. Navios Partners used the net proceeds to partially finance the acquisition of three vessels.

The Term Loan B Credit Facility is secured by first priority mortgages covering certain vessels owned by subsidiaries of Navios Partners, in addition to other collateral, and guaranteed by each subsidiary of Navios Partners.

The Term Loan B Credit Facility requires maintenance of a loan to value ratio of 0.8 to 1.0, and other restrictive covenants customary for facilities of this type (subject to negotiated exceptions and baskets), including restrictions on indebtedness, liens, acquisitions and investments, restricted payments and dispositions. The Term Loan B Agreement also provides for customary events of default, prepayment and cure provisions.

As of March 31, 2018, the outstanding balance of the Term Loan B Credit Facility was $426.0 million, net of discount of $9.8 million, and is repayable in nine quarterly installments of $5.7 million with a final payment of $384.1 million on the last repayment date. The final maturity date is September 14, 2020.

**ABN AMRO Credit Facility:** On June 23, 2016, Navios Partners entered into a new credit facility with ABN AMRO Bank N.V. (the "June 2016 Credit Facility") of up to $30.0 million to be used for general corporate purposes of the Borrower. The June 2016 Credit Facility bore interest at LIBOR plus 400 bps per annum. The final maturity date was January 30, 2017. On January 12, 2017, Navios Partners fully repaid the June 2016 Credit Facility. As of March 31, 2018, there was no outstanding amount under this facility.

**BNP Credit Facility:** On June 26, 2017, Navios Partners entered into a new credit facility with BNP PARIBAS (the "BNP Credit Facility") of up to $32.0 million (divided into two tranches) in order to finance a portion of the purchase price payable in connection with the acquisition of the Navios Ace and the Navios Sol. On June 28, 2017, the first tranche of BNP Credit Facility of $17.0 million was drawn. The first tranche is repayable in 13 equal consecutive quarterly installments of $0.4 million each, with a final balloon payment of $10.8 million to be repaid on the last repayment date. On July 18, 2017, the second tranche of BNP Credit Facility of $15.0 million was drawn. The second tranche is repayable in 14 equal consecutive installments of $0.4 million each, with a final balloon payment of $8.3 million to be repaid on the last repayment date. The facility matures with respect to the first and second tranches in the second and third quarter of 2021, respectively, and bears interest at LIBOR plus 300 bps per annum. As of March 31, 2018, the outstanding balance of the BNP Credit Facility was $30.0 million.

**DVB Credit Facility:** On June 28, 2017, Navios Partners entered into a new credit facility with DVB Bank S.E. (the "DVB Credit Facility") of up to $39.0 million (divided into four tranches) in order to refinance the Commerzbank/DVB Credit Facility dated July 2012 and an additional amount of $7.0 million to partially finance the acquisition of the Navios Prosperity I. The facility matures in the third and second quarter of 2020 and bears interest at LIBOR plus 310 bps per annum. The amounts of $7.0 million and $32.0 million were drawn on June 30, 2017 and November 3, 2017, respectively. The three of the four tranches (total $32.0 million) are repayable in eleven quarterly installments of between approximately $1.1 million and $1.5 million each, with a final balloon payment of $16.5 million to be repaid on the last repayment date. The fourth tranche is repayable in two equal consecutive quarterly installments of $0.33 million each and seven equal consecutive installments of $0.25 million, with a final balloon of $3.6 million to be repaid on the last repayment date. As of March 31, 2018, the outstanding balance of the DVB Credit Facility was $36.5 million.

**HSH Credit Facility:** On April 16, 2015, Navios Partners, through certain of its wholly-owned subsidiaries, entered into a term loan facility agreement of up to $164.0 million (divided into two tranches) with HSH Nordbank AG (the "April 2015 Credit Facility"), in order to finance a portion of the purchase price payable in connection with the acquisition of the MSC Cristina and one more super-post-panamax 13,100 TEU container vessel. On September 30, 2015, the second tranche of April 2015 Credit Facility of $83.0 million was cancelled. The final maturity date was April 20, 2022. On January 12, 2017, Navios Partners fully repaid the April 2015 Credit Facility. Following the repayment, an amount of $0.5 million was written-off from the deferred finance fees. As of March 31, 2018, there was no outstanding amount under this facility.

**Nordea/Skandinaviska Enskilda/NIBC Credit Facility:** On March 26, 2018, Navios Partners entered into a new credit facility with Nordea Bank AB, Skandinaviska Enskilda Banken AB and NIBC Bank N.V. (the "March 2018 Credit Facility") of up to $14.3 million (divided into two tranches) in order to finance a portion of the purchase price payable in connection with the acquisition of the two Panamax vessels. As of March 31, 2018, the facility has not been drawn. On May 18, 2018, the first tranche of the March 2018 Credit Facility of $7.15 million was drawn. The facility matures in the second quarter of 2023 and bears interest at LIBOR plus 300 bps per annum.

Amounts drawn under the credit facilities are secured by first preferred mortgages on certain Navios Partners' vessels and other collateral and are guaranteed by the respective vessel-owning subsidiaries. The credit facilities contain a number of restrictive covenants that prohibit or limit Navios Partners from, among other things: incurring or guaranteeing indebtedness; entering into affiliate transactions; charging, pledging or encumbering the vessels; changing the flag, class, management or ownership of Navios Partners' vessels; changing the commercial and technical management of Navios Partners' vessels; selling or changing the beneficial ownership or control of Navios Partners' vessels; not maintaining Navios Holdings' (or its affiliates) ownership in Navios Partners of at least 15.0%; and subordinating the obligations under the credit facilities to any general and administrative costs relating to the vessels, including the fixed daily fee payable under the management agreement.

The credit facilities require compliance with a number of financial covenants, including: (i) maintain a required security amount ranging over 120% to 140%; (ii) minimum free consolidated liquidity in an amount equal to at least $0.7 million per owned vessel; (iii) maintain a ratio of EBITDA to interest expense of at least 2.00:1.00; (iv) maintain a ratio of total liabilities or total debt to total assets (as defined in our credit facilities) ranging of less than 0.75; and (v) maintain a minimum net worth to $135.0 million.

It is an event of default under the credit facilities if such covenants are not complied with in accordance with the terms and subject to the prepayments or cure provisions of the facilities.

As of March 31, 2018, Navios Partners was in compliance with the financial covenants and/or the prepayments and/or the cure provisions, as applicable, in each of its credit facilities.

The following table presents cash flow information derived from the unaudited condensed consolidated statements of cash flows of Navios Partners for the three month periods ended March 31, 2018 and 2017.

| | Three Month Period Ended March 31, 2018 (Unaudited) | Three Month Period Ended March 31, 2017 (Unaudited) |
|---|---|---|
| Net cash provided by/ (used in) operating activities | $ 6,427 | $ (2,180) |
| Net cash (used in)/ provided by investing activities | (13,635) | 98,045 |
| Net cash provided by/ (used in) financing activities | 25,936 | (3,004) |
| **Net increase in cash, cash equivalents and restricted cash** | **$ 18,728** | **$ 92,861** |

**Cash provided by operating activities for the three month period ended March 31, 2018 as compared to the cash used in operating activities for the three month period ended March 31, 2017:**

Net cash provided by operating activities increased by $8.6 million to $6.4 million inflow for the three month period ended March 31, 2018, as compared to $2.2 million outflow for the same period in 2017.

Net income increased by $11.1 million to a net income of $5.5 million for the three month period ended March 31, 2018, from a net loss of $5.7 million for the three month period ended March 31, 2017. In determining net cash provided by operating activities for the three month ended March 31, 2018, net income was adjusted for the effects of certain non-cash items, including $14.9 million depreciation and amortization, $3.1 million non-cash accrued interest income and amortization of deferred revenue, $0.1 million non-cash interest income from receivable from affiliates, $1.7 million amortization and write-off of deferred finance costs and discount, $1.6 million amortization of deferred dry dock and special survey costs, $1.0 million equity in net earnings of affiliated companies and $0.6 million equity compensation expense. For the three month period ended March 31, 2017, net loss was adjusted for the effects of certain non-cash items, including $16.8 million depreciation and amortization, $3.1 million non-cash accrued interest income and amortization of deferred revenue, $0.1 million non-cash interest income from receivable from affiliates, $4.6 million amortization and write-off of deferred financing cost and discount, $1.7 million amortization of deferred dry dock and special survey costs, $0.5 million equity compensation expense, $1.5 million allowance for doubtful accounts and $1.3 million loss related to the disposal of the MSC Cristina.

Accounts receivable decreased by $2.4 million, from $14.1 million at December 31, 2017, to $11.8 million at March 31, 2018 due to the increase in amounts due from charterers.

Accounts payable increased by $0.4 million, from $3.7 million at December 31, 2017, to $4.2 million at March 31, 2018. The increase was mainly attributable to an increase in brokers' payable by $0.3 million and an increase in other payables by $0.1 million.

Accrued expenses decreased by $2.6 million, from $8.8 million at December 31, 2017 to $6.2 million at March 31, 2018. The decrease was mainly attributable to a decrease in accrued legal and professional fees by $4.2 million, partially mitigated by an increase in accrued voyage expenses by $1.5 million.

Deferred revenue primarily related to cash received from charterers prior to it being earned. Deferred revenue, net of commissions increased by $0.4 million from $3.0 million at December 31, 2017, to $3.5 million at March 31, 2018.

Amounts due from related parties consisted of management fees and drydocking expenses prepaid to Navios Holdings in accordance with the Management and Administrative service agreements and the Navios Holdings Guarantee of up to $20.0 million. Amounts due from related parties increased by $10.9 million from $45.4 million at December 31, 2017, to $56.3 million at March 31, 2018.

Payments for dry dock and special survey costs incurred for certain vessels of the fleet in the three month period ended March 31, 2018 and December 31, 2017 were $1.0 million and $3.3 million, respectively.

**Cash used in investing activities for the three month period ended March 31, 2018 as compared to the cash provided by investing activities for the three month period ended March 31, 2017:**

Net cash used in investing activities increased by $111.7 million to $13.6 million outflow for the three month period ended March 31, 2018, as compared to $98.0 million inflow for the same period in 2017.

Cash used in investing activities of $13.6 million for the three month period ended March 31, 2018 was mainly due to: (i) a $0.3 million deposit for the acquisition of the Panamax vessels expected to be delivered within the second quarter of 2018; and (ii) a $14.5 million investment in Navios Containers on March 13, 2018. The above decrease was partially mitigated by a $1.2 million of proceeds from the note receivable related to the sale of the MSC Cristina.

Cash provided by investing activities of $98.0 million for the three month period ended March 31, 2017 was mainly due to:
(i) a $107.3 million proceeds from the sale of the MSC Cristina; and (ii) a $1.2 million proceeds from the note receivable related to the sale of the MSC Cristina. The above increase was partially mitigated by: (i) a $6.0 million loan granted to Navios Europe II and a $0.3 million loan granted to Navios Europe I; and (ii) a $4.1 million payment for the transfer to Navios Partners the rights of Navios Holdings on the Navios Europe I Navios Term Loans I and Revolving Loans I.

**Cash provided by financing activities for the three month period ended March 31, 2018 as compared to cash used in financing activities for the three month period ended March 31, 2017:**

Net cash provided by financing activities increased by $28.9 million to $25.9 million inflow for the three month period ended March 31, 2018, as compared to $3.0 million outflow for the same period in 2017.

Cash provided by financing activities of $25.9 million for the three month period ended March 31, 2018 was due to: (i) $34.3 million proceeds from the issuance of 18,422,000 common units and 375,959 additional general partner units, net of offering costs, related to the public offering in February 21, 2018. This overall increase was partially offset by loan repayments of $8.4 million.

Cash used in financing activities of $3.0 million for the three month period ended March 31, 2017 was due to: (i) loan repayments of $489.9 million; (ii) a payment of $4.4 million of deferred finance fees relating to the refinancing of the Term Loan B Facility; and (iii) $0.6 million issuance cost relating to the transfer of Navios Europe I Loans. This overall decrease was partially offset by: (i) proceeds of $391.1 million on March 14, 2017, under the Term Loan B Facility, net of discount; (ii) $98.0 million proceeds from the issuance of 47,795,000 common units and 975,408 additional general partner units, net of offering costs, related to the public offering in March 20, 2017; (iii) $2.3 million proceeds from the issuance of 1,200,442 common units and 24,498 additional general partner units related to the Continuous Offering Program Sales Agreement; and (iv) $0.5 million proceeds from the issuance of 266,876 additional general partner units relating to the transfer of Navios Europe I Loans.

**Reconciliation of EBITDA and Adjusted EBITDA to Net Cash from Operating Activities, EBITDA, Operating Surplus and Available Cash for Distribution**

| | Three Month Period Ended March 31, 2018 ($ '000) (unaudited) | Three Month Period Ended March 31, 2017 ($ '000) (unaudited) |
|---|---|---|
| Net cash provided by/ (used in) operating activities | $ 6,427 | $ (2,180) |
| Net increase in operating assets | 11,756 | 10,034 |
| Net decrease in operating liabilities | 1,969 | 9,617 |
| Net interest cost | 8,891 | 9,832 |
| Amortization and write-off of deferred financing cost | (1,710) | (4,554) |
| Non cash accrued interest income and amortization of deferred revenue | 3,087 | 3,085 |
| Equity compensation expense | (614) | (464) |
| Non cash accrued interest income from receivable from affiliates | 65 | 80 |
| Allowance for doubtful accounts | — | (1,495) |
| Loss on vessel disposal | — | (1,260) |
| Equity in net earnings of affiliated companies | 1,040 | (41) |
| **EBITDA(1)** | **$ 30,911** | **$ 22,654** |
| Allowance for doubtful accounts | — | 1,495 |
| Loss on vessel disposal | — | 1,260 |
| Equity compensation expense | 614 | 464 |
| **Adjusted EBITDA** | **$ 31,525** | **$ 25,873** |
| Cash interest income | 118 | 101 |
| Cash interest paid | (8,121) | (5,143) |
| Maintenance and replacement capital expenditures | (6,062) | (3,265) |
| **Operating Surplus** | **$ 17,460** | **$ 17,566** |
| Cash reserves | (14,040) | (17,566) |
| **Available cash for distribution** | **$ 3,420** | **$ —** |

(1)

| | Three Month Period Ended March 31, 2018 (Unaudited) | Three Month Period Ended March 31, 2017 (Unaudited) |
|---|---|---|
| Net cash provided by/ (used in) operating activities | $ 6,427 | $ (2,180) |
| Net cash (used in)/ provided by investing activities | $ (13,635) | $ 98,045 |
| Net cash provided by/ (used in) financing activities | $ 25,936 | $ (3,004) |

**EBITDA and Adjusted EBITDA**

EBITDA represents net income/(loss) attributable to Navios Partners' unitholders before interest and finance costs, before depreciation and amortization (including intangible accelerated amortization) and income taxes. Adjusted EBITDA represents EBITDA before equity compensation expense, loss on sale of vessel, impairment losses and allowance for doubtful accounts, reactivation costs, write-off of deferred finance charges and gain on change in control. Navios Partners uses Adjusted EBITDA as a liquidity measure and reconcile EBITDA and Adjusted EBITDA to net cash provided by/(used in) operating activities, the most comparable U.S. GAAP liquidity measure. EBITDA in this document is calculated as follows: net cash provided by/(used in) operating activities adding back, when applicable and as the case may be, the effect of (i) net increase/(decrease) in operating assets, (ii) net (increase)/decrease in operating liabilities, (iii) net interest cost, (iv) amortization and write-off of deferred finance charges and other related expenses, (v) allowance for doubtful accounts, (vi) equity in net earnings of affiliated companies, (vii) payments for dry dock and special survey costs, (viii) gain/(loss) on sale of assets/subsidiaries, (ix) impairment charges, (x) non-cash accrued interest income and amortization of deferred revenue, (xi) gain/(loss) on debt repayments, (xii) equity compensation expense, (xiii) gain on change in control and (xiv) noncontrolling interest. Navios Partners believes that EBITDA and Adjusted EBITDA are each the basis upon which liquidity can be assessed and presents useful information to investors regarding Navios Partners' ability to service and/or incur indebtedness, pay capital expenditures, meet working capital requirements and make cash distributions. Navios Partners also believes that EBITDA and Adjusted EBITDA are used: (i) by potential lenders to evaluate potential transactions; (ii) to evaluate and price potential acquisition candidates; and (iii) by securities analysts, investors and other interested parties in the evaluation of companies in our industry.

EBITDA and Adjusted EBITDA have limitations as an analytical tool, and should not be considered in isolation or as a substitute for the analysis of Navios Partners' results as reported under U.S. GAAP. Some of these limitations are: (i) EBITDA and Adjusted EBITDA do not reflect changes in, or cash requirements for, working capital needs; and (ii) although depreciation and amortization are non-cash charges, the assets being depreciated and amortized may have to be replaced in the future. EBITDA and Adjusted EBITDA do not reflect any cash requirements for such capital expenditures. Because of these limitations, EBITDA and Adjusted EBITDA should not be considered as a principal indicator of Navios Partners' performance. Furthermore, our calculation of EBITDA and Adjusted EBITDA may not be comparable to that reported by other companies due to differences in methods of calculation.

EBITDA for the three month period ended March 31, 2018 was negatively affected by the accounting effect of a $0.6 million equity compensation expense. EBITDA for the three months ended March 31, 2017 was negatively affected by the accounting effect of a: (i) $1.5 million allowance for doubtful accounts; (ii) $1.3 million loss on the disposal due to the sale of one of our vessels; and (iii) $0.5 million equity compensation expense. Excluding these items, Adjusted EBITDA increased by $5.7 million to $31.5 million for the three month period ended March 31, 2018, as compared to $25.9 million for the same period in 2017. The increase in Adjusted EBITDA was primarily due to a: (i) $10.6 million increase in revenue; and (ii) $1.0 million increase in equity in net earnings of affiliated companies. The above increase was partially mitigated by a: (i) $0.3 million increase in time charter and voyage expenses; (ii) $2.3 million increase in management fees due to the increased fleet; (iii) $0.2 million increase in general and administrative expenses due to the increased fleet; (iv) $2.5 million decrease in other income; and (v) $0.6 million increase in other expenses.

**Operating Surplus**

Operating Surplus represents net income adjusted for depreciation and amortization expense, non-cash interest expense, non-cash interest income, equity compensation expense, estimated maintenance and replacement capital expenditures and one-off items. Maintenance and replacement capital expenditures are those capital expenditures required to maintain over the long term the operating capacity of, or the revenue generated by, Navios Partners' capital assets.

Operating Surplus is a quantitative measure used in the publicly-traded partnership investment community to assist in evaluating a partnership's ability to make quarterly cash distributions. Operating Surplus is not required by accounting principles generally accepted in the United States and should not be considered a substitute for net income, cash flow from operating activities and other operations or cash flow statement data prepared in accordance with accounting principles generally accepted in the United States or as a measure of profitability or liquidity.

**Available Cash**

Available Cash generally means, for each fiscal quarter, all cash on hand at the end of the quarter:

- less the amount of cash reserves established by the Board of Directors to:
- provide for the proper conduct of Navios Partners' business (including reserve for maintenance and replacement capital expenditures);
- comply with applicable law, any of Navios Partners' debt instruments, or other agreements; or
- provide funds for distributions to the unitholders and to the general partner for any one or more of the next four quarters;

- plus all cash on hand on the date of determination of available cash for the quarter resulting from working capital borrowings made after the end of the quarter. Working capital borrowings are generally borrowings that are made under any revolving credit or similar agreement used solely for working capital purposes or to pay distributions to partners.

Available Cash is a quantitative measure used in the publicly traded partnership investment community to assist in evaluating a partnership's ability to make quarterly cash distributions. Available Cash is not required by U.S. GAAP and should not be considered as an alternative to net income or any other indicator of Navios Partners' performance required by U.S. GAAP.

**Borrowings**

Navios Partners' long-term third party borrowings are presented under the caption "Long-term debt, net" and "Current portion of long-term debt, net". As of March 31, 2018 and December 31, 2017, total debt, net amounted to $486.8 million and $493.5 million, respectively. The current portion of long-term debt, net amounted to $26.6 million at each of March 31, 2018 and December 31, 2017.

**Capital Expenditures**

Navios Partners finances its capital expenditures with cash flow from operations, equity raisings, long term bank borrowings and other debt raisings. Capital expenditures for the three month periods ended March 31, 2018 and 2017 amounted to $0.3 million and $0, respectively. The reserve for estimated maintenance and replacement capital expenditures for the three month periods ended March 31, 2018 and 2017 was $6.1 million and $3.3 million, respectively.

Maintenance for our vessels and expenses related to drydocking expenses are reimbursed at cost by Navios Partners to our Manager under the amended management agreement. In October 2011, Navios Partners extended the duration of its existing Management Agreement with the Manager until December 31, 2017. In each of October 2013, August 2014, February 2015 and February 2016, Navios Partners amended its existing Management Agreement with the Manager to fix the fees for ship management services of its owned fleet, excluding drydocking expenses, which are reimbursed at cost by Navios Partners at: (a) $4,100 daily rate per Ultra-Handymax vessel; (b) $4,200 daily rate per Panamax vessel; (c) $5,250 daily rate per Capesize vessel; (d) $6,700 daily rate per Container vessel of TEU 6,800; (e) $7,400 daily rate per Container vessel of more than TEU 8,000; and (f) $8,750 daily rate per very large Container vessel of more than TEU 13,000 through December 31, 2017. In November 2017, Navios Partners extended the duration of its existing Management Agreement with the Manager until December 31, 2022 and the fixed rate for ship management services of its owned fleet through December 31, 2019, effective from January 1, 2018. The management fees, excluding drydocking expenses will be: (a) $4,225 daily rate per Ultra-Handymax vessel; (b) $4,325 daily rate per Panamax vessel; (c) $5,250 daily rate per Capesize vessel; (d) $6,700 daily rate per Container vessel of TEU 6,800; (e) $7,400 daily rate per Container vessel of more than TEU 8,000; and (f) $8,750 daily rate per very large Containers vessel of more than TEU 13,000.

**Maintenance and Replacement Capital Expenditures Reserve**

We estimate that our annual replacement reserve for the year ending December 31, 2018 will be approximately $24.7 million, for replacing our vessels at the end of their useful lives.

The amount for estimated replacement capital expenditures attributable to future vessel replacement was based on the following assumptions: (i) current market price to purchase a five year old vessel of similar size and specifications; (ii) a 25-year useful life for drybulk vessels and a 30-year useful life for container vessels; and (iii) a relative net investment rate.

The amount for estimated maintenance capital expenditures attributable to future vessel drydocking and special survey was based on certain assumptions including the remaining useful life of the owned vessels of our fleet, market costs of drydocking and special survey and a relative net investment rate.

Our Board of Directors, with the approval of the Conflicts Committee, may determine that one or more of our assumptions should be revised, which could cause our Board of Directors to increase or decrease the amount of estimated maintenance and replacement capital expenditures. The actual cost of replacing the vessels in our fleet will depend on a number of factors, including prevailing market conditions, charter hire rates and the availability and cost of financing at the time of replacement. We may elect to finance some or all of our maintenance and replacement capital expenditures through the issuance of additional common units, which could be dilutive to existing unitholders.

### Off-Balance Sheet Arrangements

We have no off-balance sheet arrangements that have or are reasonably likely to have, a current or future material effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources.

### Contractual Obligations and Contingencies

The following table summarizes our long-term contractual obligations as of March 31, 2018.

| | Payments due by period (Unaudited) | | | | |
|---|---|---|---|---|---|
| | Less than 1 year | 1-3 years | 3-5 years | More than 5 years | Total |
| | (In thousands of U.S. dollars) | | | | |
| Loan obligations[1] | $33,295 | $448,603 | $20,372 | — | $502,270 |
| Operating Lease Obligations (Time Charters) for vessel to be delivered[2] | — | $ 3,261 | $ 4,298 | $ 13,258 | $ 20,817 |
| Deposit for option to acquire vessel[2] | $ 2,770 | — | — | — | $ 2,770 |
| Vessels deposits[3] | $34,975 | — | — | — | $ 34,975 |
| **Total contractual obligations** | **$71,040** | **$451,864** | **$24,670** | **$ 13,258** | **$560,832** |

(1) Represents principal payments on amounts drawn on our credit facilities that bear interest at applicable fixed interest rates ranging from 3.0% to 5.0% plus LIBOR per annum. The amounts in the table exclude expected interest payments of $33.8 million (less than 1 year), $45.9 million (1-3 years), $0.3 million (3-5 years) and $0 (more than 5 years). Expected interest payments are based on outstanding principal amounts, applicable currently effective interest rates and margins as of March 31, 2018, timing of scheduled payments and the term of the debt obligations.

(2) In November 2017, Navios Partners entered into a 10-year bareboat charter-in agreement for a Panamax vessel of approximately 81,000 dwt. Navios Partners has the option to acquire the vessel after the end of the fourth year. The vessel is expected to be delivered within the second half of 2019. During the year ended December 31, 2017, the Company paid a deposit of $2.77 million, presented under the caption “Other long-term assets”. As of March 31, 2018, the Company is contingently liable to pay an additional deposit of $2.77 million during the fourth quarter of 2018.

(3) Represents Navios Partners’ future remaining contractual payments for the acquisition of the Navios Apollon I, which was delivered in May 2018 and future remaining contractual payments for the acquisition of the Navios Altair I and the Navios Symmetry, which are expected to be delivered within the second quarter of 2018.

Navios Holdings, Navios Maritime Acquisition Corp. (“Navios Acquisition”) and Navios Partners have made available to Navios Europe I revolving loans up to $24.1 million to fund working capital requirements (collectively, the “Navios Revolving Loans I”). As of March 31, 2018, there was no amount undrawn under the Navios Revolving Loans I (see Note 12 — Transactions with related parties and affiliates).

Navios Holdings, Navios Acquisition and Navios Partners have made available to Navios Europe II revolving loans up to $43.5 million to fund working capital requirements (collectively, the “Navios Revolving Loans II”). In March 2017, the availability under the Navios Revolving Loans II was increased by $14.0 million. As of March 31, 2018, the amounts undrawn from the Navios Revolving Loans II were $15.0 million, of which Navios Partners may be required to fund an amount ranging from $0 to $15.0 million (see Note 12 — Transactions with related parties and affiliates).

### Limitations on Cash Distributions and Our Ability to Change Our Cash Distribution Policy

There is no guarantee that unitholders will receive quarterly distributions from us and beginning with the quarter ending December 31, 2015, our Board of Directors elected to suspend distributions on our common units in order to preserve cash and improve our liquidity. In March 2018, the Company’s Board of Directors announced a new distribution policy under which it declared quarterly cash distribution in the amount of $0.02 per unit, or $0.08 annually. The Company announced the first quarterly distribution of $0.02 per unit for the first quarter of 2018, which was paid on May 14, 2018 to unitholders of record as of May 10, 2018. Our distribution policy is subject to certain restrictions and may be changed at any time, including:

- Our unitholders have no contractual or other legal right to receive distributions other than the obligation under our partnership agreement to distribute available cash on a quarterly basis, which is subject to the broad discretion of our Board of Directors to establish reserves and other limitations.
- While our partnership agreement requires us to distribute all of our available cash, our partnership agreement, including provisions requiring us to make cash distributions contained therein, may be amended. Although during the subordination

period, with certain exceptions, our partnership agreement could not have been amended without the approval of non-affiliated common unitholders, however, our partnership agreement can be amended with the approval of a majority of the outstanding common units now that the subordination period has ended. Upon the closing of the IPO, Navios Holdings did not own any of our outstanding common units and owned 100.0% of our outstanding subordinated units.

- Even if our cash distribution policy is not modified or revoked, the amount of distributions we pay under our cash distribution policy and the decision to make any distribution is determined by our Board of Directors, taking into consideration the terms of our partnership agreement.
- Under Section 51 of the Marshall Islands Limited Partnership Act, we may not make a distribution to our unitholders if the distribution would cause our liabilities to exceed the fair value of our assets.
- We may lack sufficient cash to pay distributions to our unitholders due to decreases in net revenues or increases in operating expenses, principal and interest payments on outstanding debt, tax expenses, working capital requirements, maintenance and replacement capital expenditures or anticipated cash needs.
- Our distribution policy is affected by restrictions on distributions under our credit facilities that we entered into in connection with the closing of the IPO. Specifically, our credit facilities contain material financial tests that must be satisfied and we will not pay any distributions that will cause us to violate our credit facilities or other debt instruments. Should we be unable to satisfy these restrictions included in our credit facilities or if we are otherwise in default under our credit facilities, our ability to make cash distributions to unitholders, notwithstanding our cash distribution policy, would be materially adversely affected.
- If we make distributions out of capital surplus, as opposed to Operating Surplus, such distributions will constitute a return of capital and will result in a reduction in the minimum quarterly distribution and the target distribution levels. We do not anticipate that we will make any distributions from capital surplus.

Our ability to make distributions to our unitholders depends on the performance of our subsidiaries and their ability to distribute funds to us. The ability of our subsidiaries to make distributions to us may be restricted by, among other things, the provisions of existing and future indebtedness, applicable partnership and limited liability company laws and other laws and regulations.

**Quarterly Distribution**

There is no guarantee that we will pay the quarterly distribution on the common units in any quarter. The amount of distributions paid under our policy and the decision to make any distribution is determined by our Board of Directors, taking into consideration the terms of our partnership agreement. We are prohibited from making any distributions to unitholders if it would cause an event of default, or an event of default exists, under our existing credit facilities.

Quarterly distributions were paid by the Company through September 2015. For the quarter ended December 31, 2015, the Company's Board of Directors determined to suspend payment of the Company's quarterly distributions in order to preserve cash and improve our liquidity. In March 2018, the Company's Board of Directors announced a new distribution policy under which it declared quarterly cash distribution in the amount of $0.02 per unit, or $0.08 annually. The Company announced the first quarterly distribution of $0.02 per unit for the first quarter of 2018, which was paid on May 14, 2018 to unitholders of record as of May 10, 2018.

**Incentive Distribution Rights**

The following description of our incentive distribution rights reflects such rights in the event the distributions are reinstated and the indicated levels are achieved, of which there can be no assurance. Incentive distribution rights represent the right to receive an increasing percentage of quarterly distributions of available cash from Operating Surplus after the minimum quarterly distribution and the target distribution levels have been achieved. Our general partner currently holds the incentive distribution rights, but may transfer these rights separately from its general partner interest, subject to restrictions in the partnership agreement.

The following table illustrates the percentage allocations of the additional available cash from Operating Surplus among the unitholders and our general partner up to the various target distribution levels. The amounts set forth under "Marginal Percentage Interest in Distributions" are the percentage interests of the unitholders and our general partner in any available cash from Operating Surplus we distribute up to and including the corresponding amount in the column "Total Quarterly Distribution Target Amount," until available cash from Operating Surplus we distribute reaches the next target distribution level, if any. The percentage interests shown for the unitholders and our general partner for the minimum quarterly distribution are also applicable to quarterly distribution amounts that are less than the minimum quarterly distribution. The percentage interests shown for our general partner assume that our general partner maintains its 2.0% general partner interest and assume our general partner has not transferred the incentive distribution rights.

| | Total Quarterly Distribution Target Amount | Marginal Percentage Interest in Distributions | |
|---|---|---|---|
| | | Common Unitholders | General Partner |
| Minimum Quarterly Distribution | up to $ 0.35 | 98% | 2% |
| First Target Distribution | up to $ 0.4025 | 98% | 2% |
| Second Target Distribution | above $0.4025 up to $0.4375 | 85% | 15% |
| Third Target Distribution | above $0.4375 up to $0.525 | 75% | 25% |
| Thereafter | above $ 0.525 | 50% | 50% |

**Related Party Transactions**

**Management fees:** Pursuant to the amended Management Agreement, in each of October 2013, August 2014, February 2015 and February 2016, the Manager, a wholly owned subsidiary of Navios Holdings, provides commercial and technical management services to Navios Partners' vessels for a daily fee of: (a) $4,100 daily rate per Ultra-Handymax vessel; (b) $4,200 daily rate per Panamax vessel; (c) $5,250 daily rate per Capesize vessel; (d) $6,700 daily rate per Container vessel of TEU 6,800; (e) $7,400 daily rate per Container vessel of more than TEU 8,000; and (f) $8,750 daily rate per very large Container vessel of more than TEU 13,000 through December 31, 2017. On November 14, 2017, Navios Partners agreed to extend the duration of its existing Management Agreement with the Manager until December 31, 2022 and to fix the rate for shipmanagement services of its owned fleet through December 31, 2019, effective from January 1, 2018. The new management fees, excluding drydocking expenses which are reimbursed at cost by Navios Partners, are: (a) $4,225 daily rate per Ultra-Handymax vessel; (b) $4,325 daily rate per Panamax vessel; (c) $5,250 daily rate per Capesize vessel; (d) $6,700 daily rate per Container vessel of TEU 6,800; (e) $7,400 daily rate per Container vessel of more than TEU 8,000 and (f) $8,750 daily rate per very large Container vessel of more than TEU 13,000. Drydocking expenses under this agreement are reimbursed by Navios Partners at cost at occurrence. Effective August 31, 2016, Navios Partners could, upon request to Navios Holdings, partially or fully defer the reimbursement of dry docking and other extraordinary fees and expenses under the Management Agreement to a later date, but not later than January 5, 2018, and if reimbursed on a later date, such amounts would bear interest at a rate of 1% per annum over LIBOR.

Total management fees for the three month periods ended March 31, 2018 and 2017 amounted to $16.7 million and $14.3 million, respectively.

**General and administrative expenses:** Pursuant to the Administrative Services Agreement, the Manager also provides administrative services to Navios Partners, which include bookkeeping, audit and accounting services, legal and insurance services, administrative and clerical services, banking and financial services, advisory services, client and investor relations and other. The Manager is reimbursed for reasonable costs and expenses incurred in connection with the provision of these services. Navios Partners extended the duration of its existing Administrative Services Agreement with the Manager, until December 31, 2022.

Total general and administrative expenses charged by Navios Holdings for the three month periods ended March 31, 2018 and 2017 amounted to $2.3 million and $1.9 million, respectively.

**Balance due from related parties (excluding Navios Europe I and Navios Europe II):** Balance due from related parties as of March 31, 2018 and December 31, 2017 amounted to $53.5 million and $43.1 million, respectively, of which current receivable was $8.9 million and the long-term receivable was $44.6 million. The balance mainly consisted of management fees, drydocking expenses prepaid to Navios Holdings in accordance with the Management Agreement and the Navios Holdings Guarantee of up to $20.0 million, of which the fair value was estimated at $19.3 million as of March 31, 2018.

**Vessel Chartering:** In November 2016, Navios Partners entered into a charter with a subsidiary of Navios Holdings for the Navios Fulvia, a 2010-built Capesize vessel. The term of this charter was approximately three months that commenced in November 2016, at a net daily rate of $11,500. The vessel was redelivered as of February 2017.

Total revenue of Navios Partners from the subsidiaries of Navios Holdings for the three month periods ended March 31, 2018 and 2017 amounted to $0 and $0.6 million, respectively.

**Share Purchase Agreements:** On February 4, 2015, Navios Partners entered into a share purchase agreement with Navios Holdings pursuant to which Navios Holdings made an investment in Navios Partners by purchasing common units, and general partnership interests.

**Registration Rights Agreement:** On February 4, 2015, in connection with the share purchase agreement as discussed above, Navios Partners entered into a registration rights agreement with Navios Holdings pursuant to which Navios Partners provided Navios Holdings with certain rights relating to the registration of the common units.

**Balance due from Navios Europe I:** Navios Holdings, Navios Acquisition and Navios Partners have made available to Navios Europe I revolving loans up to $24.1 million to fund working capital requirements (collectively, the "Navios Revolving Loans I") (see Note 14 — Investment in Affiliates). The Navios Revolving Loans I and the Navios Term Loans I earn interest and an annual preferred return, respectively, at 12.7% per annum, on a quarterly compounding basis and are repaid from free cash flow (as defined in the loan agreement) to the fullest extent possible at the end of each quarter.

As of March 31, 2018, Navios Partners' portion of the outstanding amount relating to portion of the investment in Navios Europe I (5.0% of the $10.0 million) was $0.5 million, under the caption "Investment in affiliates" and the outstanding amount relating to the Navios Revolving Loans I capital was $1.2 million (December 31, 2017: $1.2 million), under the caption "Loans receivable from affiliates". The accrued interest income earned under the Navios Revolving Loans I was $0.5 million (December 31, 2017: $0.5 million) under the caption "Balance due from related parties" and the accrued interest income earned under the Navios Term Loans I was $0.4 million (December 31, 2017: $0.3 million) under the caption "Loans receivable from affiliates". As of March 31, 2018, there was no amount undrawn under the Navios Revolving Loans I.

**Balance due from Navios Europe II:** Navios Holdings, Navios Acquisition and Navios Partners have made available to Navios Europe II revolving loans up to $43.5 million to fund working capital requirements (collectively, the "Navios Revolving Loans II"). In March 2017, the availability under the Navios Revolving Loans II was increased by $14.0 million (see Note 14 — Investment in Affiliates). The Navios Revolving Loans II and the Navios Term Loans II each earn interest and an annual preferred return at 18% per annum, on a quarterly compounding basis and are repaid from free cash flow (as defined in the loan agreement) to the fullest extent possible at the end of each quarter.

As of March 31, 2018, Navios Partners' portion of the outstanding amount relating to portion of the investment in Navios Europe II (5.0% of the $14.0 million) was $0.7 million, under the caption "Investment in affiliates" and the outstanding amount relating to the Navios Revolving Loans II capital was $9.8 million (December 31, 2017: $9.8 million), under the caption "Loans receivable from affiliates". The accrued interest income earned under the Navios Revolving Loans II was $2.3 million (December 31, 2017: $1.8 million) under the caption "Balance due from related parties" and the accrued interest income earned under the Navios Term Loans II was $0.4 million (December 31, 2017: $0.4 million) under the caption "Loans receivable from affiliates". As of March 31, 2018, the amount undrawn under the Navios Revolving Loans II was $15.0 million, of which Navios Partners may be required to fund an amount ranging from $0 to $15.0 million.

**Note receivable from affiliates:** On March 17, 2017, Navios Holdings transferred to Navios Partners its rights to the fixed 12.7% interest on the Navios Europe I Navios Term Loans I and Navios Revolving Loans I (including the respective accrued receivable interest) in the amount of $33.5 million, which included a cash consideration of $4.1 million and 13,076,923 newly issued common units of Navios Partners. At the date of this transaction, the Company recognized a receivable at the fair value of its newly issued common units totaling to $29.4 million based on the closing price of $2.25 per unit as of March 16, 2017 given as consideration (see Note 8 — Issuance of Units). The receivable relating to the consideration settled with the issuance of 13,076,923 Navios Partners' common units in the amount of $29.4 million has been classified contra equity within the consolidated Statements of Changes in Partners' Capital as "Note receivable". The receivable from Navios Holdings is payable on maturity in December 2023 and Navios Partners will receive approximately $50.9 million. Interest will accrue through maturity and will be recognized within "Interest income" for the receivable relating to the cash consideration of $4.1 million. As of March 31, 2018, the long-term note receivable from Navios Holdings amounted to $4.3 million (including the non-cash interest income of $0.3 million), presented under the caption "Note receivable from affiliates". Navios Partners may require Navios Holdings, under certain conditions, to repurchase the loans after the third anniversary of the date of the transaction based on the then outstanding balance of the loans.

**Others:** Navios Partners has entered into an omnibus agreement with Navios Holdings (the "Partners Omnibus Agreement") in connection with the closing of Navios Partners' IPO governing, among other things, when Navios Holdings and Navios Partners may compete against each other as well as rights of first offer on certain drybulk carriers. Pursuant to the Partners Omnibus Agreement, Navios Partners generally agreed not to acquire or own Panamax or Capesize drybulk carriers under time charters of three or more years without the consent of an independent committee of Navios Partners. In addition, Navios Holdings has agreed to offer to Navios Partners the opportunity to purchase vessels from Navios Holdings when such vessels are fixed under time charters of three or more years.

Navios Partners entered into an omnibus agreement with Navios Acquisition and Navios Holdings (the "Acquisition Omnibus Agreement") in connection with the closing of Navios Acquisition's initial vessel acquisition, pursuant to which, among other things, Navios Holdings and Navios Partners agreed not to acquire, charter-in or own liquid shipment vessels, except for container vessels and vessels that are primarily employed in operations in South America, without the consent of an independent committee of Navios

Acquisition. In addition, Navios Acquisition, under the Acquisition Omnibus Agreement, agreed to cause its subsidiaries not to acquire, own, operate or charter drybulk carriers subject to specific exceptions. Under the Acquisition Omnibus Agreement, Navios Acquisition and its subsidiaries granted to Navios Holdings and Navios Partners, a right of first offer on any proposed sale, transfer or other disposition of any of its drybulk carriers and related charters owned or acquired by Navios Acquisition. Likewise, Navios Holdings and Navios Partners agreed to grant a similar right of first offer to Navios Acquisition for any liquid shipment vessels it might own. These rights of first offer will not apply to a (i) sale, transfer or other disposition of vessels between any affiliated subsidiaries, or pursuant to the terms of any charter or other agreement with a counterparty, or (ii) merger with or into, or sale of substantially all of the assets to, an unaffiliated third party.

In connection with the Navios Maritime Midstream Partners L.P. ("Navios Midstream") initial public offering and effective November 18, 2014, Navios Partners entered into an omnibus agreement with Navios Midstream, Navios Acquisition and Navios Holdings pursuant to which Navios Acquisition, Navios Holdings and Navios Partners have agreed not to acquire or own any VLCCs, crude oil tankers, refined petroleum product tankers, LPG tankers or chemical tankers under time charters of five or more years and also providing rights of first offer on certain tanker vessels.

In connection with the Navios Containers private placement and listing on the Norwegian over-the-counter market effective June 8, 2017, Navios Partners entered into an omnibus agreement with Navios Containers, Navios Holdings, Navios Acquisition and Navios Midstream (the "Navios Containers Omnibus Agreement"), pursuant to which Navios Partners, Navios Holdings, Navios Acquisition and Navios Midstream have granted to Navios Containers a right of first refusal over any container vessels to be sold or acquired in the future. The omnibus agreement contains significant exceptions that will allow Navios Partners, Navios Holdings, Navios Acquisition and Navios Midstream to compete with Navios Containers under specified circumstances.

On November 15, 2012 (as amended in March 2014), Navios Holdings and Navios Partners entered into an agreement (the "Navios Holdings Guarantee") by which Navios Holdings will provide supplemental credit default insurance with a maximum cash payment of $20.0 million. The final settlement of the amount due will take place at anytime but in no case later than December 31, 2019, in accordance with a letter of agreement effective as of December 29, 2017. During the three month periods ended March 31, 2018 and 2017, the Company submitted claims for charterers' default under this agreement to Navios Holdings for a total amount in each period of $0 and $2.3 million, respectively, net of applicable deductions, of which $0 and $2.4 million, respectively, was presented under the caption "Other income". As of March 31, 2018, the outstanding balance of the claim, including accrued interest and discount unwinding, amounted to $19.3 million.

As of March 31, 2018, Navios Holdings held an 18.2% common unit interest in Navios Partners, represented by 31,053,233 common units and it also held a general partner interest of 2.0%.

In connection with the recent filing of the Company's 2017 Annual Report on Form 20-F, the disclosures regarding director fees paid to non-management directors contained a typographical error indicating fees of $0.45 million, rather than fees of $0.045 million. All other director fee disclosures, including aggregate director fees, were correctly disclosed.

**Quantitative and Qualitative Disclosures about Market Risks**

**Foreign Exchange Risk**

Our functional and reporting currency is the U.S. dollar. We engage in worldwide commerce with a variety of entities. Although our operations may expose us to certain levels of foreign currency risk, our transactions are predominantly U.S. dollar denominated. Transactions in currencies other than U.S. dollars are translated at the exchange rate in effect at the date of each transaction. Differences in exchange rates during the period between the date a transaction denominated in a foreign currency is consummated and the date on which it is either settled or translated, are recognized.

**Interest Rate Risk**

Borrowings under our credit facilities bear interest at rate based on a premium over U.S. $ LIBOR. Therefore, we are exposed to the risk that our interest expense may increase if interest rates rise. For the three month period ended March 31, 2018, we paid interest on our outstanding debt at a weighted average interest rate of 6.40%. A 1% increase in LIBOR would have increased our interest expense for the three month period ended March 31, 2018 by $1.3 million. For the three month period ended March 31, 2017, we paid interest on our outstanding debt at a weighted average interest rate of 5.36%. A 1% increase in LIBOR would have increased our interest expense for the three month period ended March 31, 2017 by $1.1 million.

**Concentration of Credit Risk**

Financial instruments, which potentially subject us to significant concentrations of credit risk, consist principally of trade accounts receivable. We closely monitor our exposure to customers for credit risk. We have policies in place to ensure that we trade with customers with an appropriate credit history.

For the three month period ended March 31, 2018, our customers representing 10% or more of total revenues were HMM and Yang Ming which accounted for approximately 26.3% and 11.8%, respectively, of total revenues. For the year ended December 31, 2017, Navios Partners' customers representing 10% or more of total revenues were HMM and Yang Ming which accounted for approximately 26.8% and 12.0%, respectively, of total revenues. No other customers accounted for 10% or more of total revenue for any of the years presented.

Following the termination of the credit default insurance through its third party insurer, Navios Partners entered into an agreement by which Navios Holdings will provide supplemental credit default insurance with a maximum cash payment of $20.0 million. The final settlement of the amount due will take place at anytime but in no case later than December 31, 2019, in accordance with a letter of agreement effective as of December 29, 2017. During the three month periods ended March 31, 2018 and 2017, the Company submitted claims for charterers' default under this agreement to Navios Holdings for a total amount in each period of $0 and $2.3 million, respectively, net of applicable deductions, of which $0 and $2.4 million, respectively, was presented under the caption "Other income". As of March 31, 2018, the outstanding balance of the claim, including accrued interest and discount unwinding, amounted to $19.3 million.

If we lose a charter, we may be unable to re-deploy the related vessel on terms as favorable to us due to the long-term nature of most charters and the cyclical nature of the industry or we may be forced to charter the vessel on the spot market at then market rates which may be less favorable than the charter that has been terminated. If we are unable to re-deploy a vessel for which the charter has been terminated, we will not receive any revenues from that vessel, but we may be required to pay expenses necessary to maintain the vessel in proper operating condition. If we lose a vessel, any replacement or newbuilding would not generate revenues during its construction acquisition period, and we may be unable to charter any replacement vessel on terms as favorable to us as those of the terminated charter.

Even if we successfully charter our vessels in the future, our charterers may go bankrupt or fail to perform their obligations under the charter agreements, they may delay payments or suspend payments altogether, they may terminate the charter agreements prior to the agreed-upon expiration date or they may attempt to renegotiate the terms of the charters. The permanent loss of a customer, time charter or vessel, or a decline in payments under our charters, could have a material adverse effect on our business, results of operations and financial condition and our ability to make cash distributions in the event we are unable to replace such customer, time charter or vessel. For further details, please read "Risk Factors" in our 2017 Annual Report on Form 20-F.

**Inflation**

Inflation has had a minimal impact on vessel operating expenses, drydocking expenses and general and administrative expenses. Our management does not consider inflation to be a significant risk to direct expenses in the current and foreseeable economic environment.

**Recent Accounting Pronouncements**

The Company's recent accounting pronouncements are included in the accompanying notes to the unaudited condensed consolidated financial statements included elsewhere in this report.

**Critical Accounting Policies**

Our financial statements have been prepared in accordance with U.S. GAAP. The preparation of these financial statements requires us to make estimates in the application of our accounting policies based on the best assumptions, judgments and opinions of management. Following is a discussion of the accounting policies that involve a higher degree of judgment and the methods of their application that affect the reported amount of assets and liabilities, revenues and expenses and related disclosure of contingent assets and liabilities at the date of our financial statements. Actual results may differ from these estimates under different assumptions or conditions.

Critical accounting policies are those that reflect significant judgments or uncertainties, and potentially result in materially different results under different assumptions and conditions. Other than as described below, all significant accounting policies are as described in Note 2 to the Notes to the consolidated financial statements included in the Company's Annual Report on Form 20-F for the year ended December 31, 2017 filed with the SEC on April 4, 2018.

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**Exhibit List**

| Exhibit No. | Exhibit |
|---|---|
| 10.1 | Loan Agreement, dated March 26, 2018, by and among Goldie Services Company and Seymour Trading Limited; Nordea Bank AB (Publ), Filial I. Norge Skandinaviska Enskilda Banken AB (Publ) and NIBC Bank N.V. |

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**NAVIOS MARITIME PARTNERS L.P.**
**CONDENSED CONSOLIDATED BALANCE SHEETS**
(Expressed in thousands of U.S. Dollars except unit data)

| | Notes | March 31, 2018 (unaudited) | December 31, 2017 (unaudited) |
|---|---|---|---|
| **ASSETS** | | | |
| **Current assets** | | | |
| Cash and cash equivalents | 3 | $ 48,271 | $ 24,047 |
| Restricted cash | 3 | 390 | 5,886 |
| Accounts receivable, net | | 11,771 | 14,121 |
| Amounts due from related parties | 12 | 11,792 | 10,545 |
| Prepaid expenses and other current assets | | 3,090 | 905 |
| Notes receivable | 13 | 4,788 | 4,802 |
| **Total current assets** | | **80,102** | **60,306** |
| Vessels, net | 4 | 1,085,114 | 1,099,015 |
| Other long-term assets | 11 | 3,126 | 2,779 |
| Deferred dry dock and special survey costs, net | | 15,648 | 16,253 |
| Investment in affiliates | 14 | 67,623 | 52,122 |
| Loans receivable from affiliates | 12 | 11,781 | 11,706 |
| Intangible assets | 5 | 7,064 | 8,080 |
| Amounts due from related parties | 12 | 44,548 | 34,891 |
| Notes receivable, net of current portion | 13 | 14,827 | 15,897 |
| Note receivable from affiliates | 12 | 4,319 | 4,253 |
| **Total non-current assets** | | **1,254,050** | **1,244,996** |
| **Total assets** | | **$1,334,152** | **$1,305,302** |
| **LIABILITIES AND PARTNERS' CAPITAL** | | | |
| **Current liabilities** | | | |
| Accounts payable | | $ 4,156 | $ 3,718 |
| Accrued expenses | | 6,175 | 8,800 |
| Deferred revenue | 13 | 15,571 | 15,143 |
| Current portion of long-term debt, net | 6 | 26,610 | 26,586 |
| **Total current liabilities** | | **52,512** | **54,247** |
| Long-term debt, net | 6 | 460,202 | 466,877 |
| Deferred revenue | 13 | 13,484 | 16,468 |
| **Total non-current liabilities** | | **473,686** | **483,345** |
| **Total liabilities** | | **$ 526,198** | **$ 537,592** |
| **Commitments and contingencies** | 11 | | |
| **Partners' capital:** | | | |
| Common Unitholders (167,589,764 and 147,797,720 units issued and outstanding at March 31, 2018 and December 31, 2017, respectively) | 8 | 831,025 | 791,669 |
| General Partner (3,420,203 and 3,016,284 units issued and outstanding at March 31, 2018 and December 31, 2017, respectively) | 8 | 6,352 | 5,464 |
| Notes receivable | 12 | (29,423) | (29,423) |
| **Total partners' capital** | | **807,954** | **767,710** |
| **Total liabilities and partners' capital** | | **$1,334,152** | **$1,305,302** |

See unaudited condensed notes to the condensed consolidated financial statements

**NAVIOS MARITIME PARTNERS L.P.**
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**
(Expressed in thousands of U.S. Dollars except unit and per unit data)

| | Notes | Three Month Period Ended March 31, 2018 (unaudited) | Three Month Period Ended March 31, 2017 (unaudited) |
|---|---|---|---|
| Time charter and voyage revenues (includes related party revenue of $(9) and $610 for the three month periods ended March 31, 2018 and 2017, respectively) | 9,12 | $ 53,052 | $ 42,411 |
| Time charter and voyage expenses | | (1,730) | (1,413) |
| Direct vessel expenses | | (1,625) | (1,702) |
| Management fees (entirely through related parties transactions) | 12 | (16,691) | (14,343) |
| General and administrative expenses | 12 | (3,531) | (3,212) |
| Depreciation and amortization | 4,5 | (14,917) | (16,775) |
| Interest expense and finance cost, net | | (9,853) | (10,355) |
| Interest income | | 962 | 523 |
| Other income | 16 | 574 | 3,120 |
| Other expense | 17 | (1,803) | (3,909) |
| Equity in net earnings of affiliated companies | 14 | 1,040 | — |
| **Net (loss)/ income** | | **$ 5,478** | **$ (5,655)** |

**Earnings per unit (see note 15):**

| | Three Month Period Ended March 31, 2018 (unaudited) | Three Month Period Ended March 31, 2017 (unaudited) |
|---|---|---|
| Earnings per unit: | | |
| Common unit (basic and diluted) | $ 0.03 | $ (0.06) |

See unaudited condensed notes to the condensed consolidated financial statements

**NAVIOS MARITIME PARTNERS L.P.**
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**
(Expressed in thousands of U.S. Dollars)

| | Notes | Three Month Period Ended March 31, 2018 (unaudited) | Three Month Period Ended March 31, 2017 (unaudited) |
|---|---|---|---|
| **OPERATING ACTIVITIES:** | | | |
| Net income/ (loss) | | $ 5,478 | $ (5,655) |
| **Adjustments to reconcile net (loss)/ income to net cash (used in)/ provided by operating activities:** | | | |
| Depreciation and amortization | 4,5 | 14,917 | 16,775 |
| Non cash accrued interest income and amortization of deferred revenue | | (3,087) | (3,085) |
| Non cash accrued interest income from receivable from affiliates | | (65) | (80) |
| Amortization and write-off of deferred financing cost and discount | | 1,710 | 4,554 |
| Amortization of deferred dry dock and special survey costs | | 1,625 | 1,702 |
| Equity in earnings of affiliates | | (1,040) | 41 |
| Equity compensation expense | 8 | 614 | 464 |
| Allowance for doubtful accounts | | — | 1,495 |
| Loss on vessel disposal | | — | 1,260 |
| **Changes in operating assets and liabilities:** | | | |
| Net decrease in accounts receivable | | 2,350 | 440 |
| Net increase in prepaid expenses and other current assets | | (2,171) | (822) |
| Net increase in accounts payable | | 438 | 1,603 |
| (Decrease)/ increase in accrued expenses | | (2,835) | 897 |
| Increase/ (decrease) in deferred revenue | | 428 | (1,012) |
| Net decrease in amounts due to related parties | | — | (11,105) |
| Net increase in amounts due from related parties | | (10,916) | (8,841) |
| Payments for dry dock and special survey costs | | (1,019) | (811) |
| **Net cash provided/ (used in) by operating activities** | | **6,427** | **(2,180)** |
| **INVESTING ACTIVITIES:** | | | |
| Net cash proceeds from sale of vessels | 13 | — | 107,250 |
| Deposits for vessels acquisitions | | (336) | — |
| Deposit for option to acquire vessel | | (11) | — |
| Investment in affiliates | 14 | (14,460) | — |
| Repayments of notes receivable | 13 | 1,172 | 1,172 |
| Loans receivable from affiliates | | — | (6,327) |
| Note receivable from affiliates | 12 | — | (4,050) |
| **Net cash (used in)/ provided by investing activities** | | **(13,635)** | **98,045** |
| **FINANCING ACTIVITIES:** | | | |
| Net proceeds from issuance of general partner units | 8 | 714 | 2,626 |
| Proceeds from issuance of common units, net of offering costs | 8 | 33,583 | 98,207 |
| Common units issuance cost for Navios Europe I loans | 8 | — | (561) |
| Proceeds from long-term debt | 6 | — | 391,100 |
| Repayment of long-term debt and payment of principal | 6 | (8,361) | (489,942) |
| Deferred financing cost | | — | (4,434) |
| **Net cash provided by/ (used in) financing activities** | | **25,936** | **(3,004)** |
| **Net increase in cash, cash equivalents and restricted cash** | | **18,728** | **92,861** |
| **Cash, cash equivalents and restricted cash, beginning of period** | | **29,933** | **25,088** |
| **Cash, cash equivalents and restricted cash, end of period** | | **$ 48,661** | **$ 117,949** |

See unaudited condensed notes to the condensed consolidated financial statements

| | Three Month Period Ended March 31, 2018 (unaudited) | Three Month Period Ended March 31, 2017 (unaudited) |
|---|---|---|
| **Supplemental disclosures of cash flow information** | | |
| Cash interest paid | $ 8,121 | $ 5,143 |
| **Non cash financing activities** | | |
| Equity compensation expense | $ 614 | $ 464 |
| Accrued deferred financing costs | $ — | $ 569 |
| Issuance of common units for transfer of Navios Europe I loans | $ — | $ 28,862 |
| **Non cash investing activities** | | |
| Notes receivable | $ — | $ 18,750 |
| Commissions payable relating to the sale of vessel | $ — | $ (2,260) |
| Accrued interest on loan receivable from affiliates | $ 76 | $ 41 |
| Receivable from affiliates (including amortization of premium) | $ — | $ 29,503 |
| Accrued offering costs | $ 209 | $ — |
| Receivable from related parties (proceeds from issuance of general partner units) | $ 64 | $ — |

**NAVIOS MARITIME PARTNERS L.P.**
**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN PARTNERS' CAPITAL**
(Expressed in thousands of U.S. Dollars except unit data)

| | Limited Partners | | | | | |
|---|---|---|---|---|---|---|
| | General Partner | | Common Unitholders | | | |
| | Units | Amount | Units | Amount | Note Receivable | Total Partners' Capital |
| **Balance, December 31, 2016** | 1,700,493 | **$3,128** | 83,323,911 | **$677,081** | **$ —** | **$680,209** |
| Issuance of restricted common units (see Note 8) | — | — | 2,040,000 | 464 | — | 464 |
| Proceeds from public offering and issuance of common units, net of offering costs (see Note 8) | — | — | 48,995,442 | 98,207 | — | 98,207 |
| Net proceeds from issuance of general partner units (see Note 8) | 1,308,415 | 2,626 | — | — | — | 2,626 |
| Issuance of common units for transfer of Navios Europe I Loans (see Notes 8 & 12) | — | — | 13,076,923 | 28,862 | — | 28,862 |
| Net loss | — | (113) | — | (5,542) | — | (5,655) |
| **Balance, March 31, 2017** | **3,008,908** | **$5,641** | **147,436,276** | **$799,072** | **—** | **$804,713** |
| **Balance, December 31, 2017** | **3,016,284** | **$5,464** | **147,797,720** | **$791,669** | **$ (29,423)** | **$767,710** |
| Proceeds from public offering and issuance of common units, net of offering costs (see Note 8) | — | — | 18,422,000 | 33,374 | — | 33,374 |
| Net proceeds from issuance of general partner units (see Note 8) | 375,959 | 714 | — | — | — | 714 |
| Issuance of restricted common units (see Note 8) | 27,960 | 64 | 1,370,044 | 614 | — | 678 |
| Net income | — | 110 | — | 5,368 | — | 5,478 |
| **Balance, March 31, 2018** | **3,420,203** | **$6,352** | **167,589,764** | **$831,025** | **$ (29,423)** | **$807,954** |

**NAVIOS MARITIME PARTNERS L.P.**
**UNAUDITED CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**
(Expressed in thousands of U.S. Dollars except unit and per unit data)

## NOTE 1 – DESCRIPTION OF BUSINESS

Navios Maritime Partners L.P. ("Navios Partners" or the "Company"), is an international owner and operator of dry cargo vessels, formed on August 7, 2007 under the laws of the Republic of the Marshall Islands. Navios GP L.L.C. (the "General Partner"), a wholly owned subsidiary of Navios Maritime Holdings Inc. ("Navios Holdings"), was also formed on that date to act as the general partner of Navios Partners and received a 2.0% general partner interest in Navios Partners.

Navios Partners is engaged in the seaborne transportation services of a wide range of dry cargo commodities including iron ore, coal, grain, fertilizer and also containers, chartering its vessels under medium to long-term charters. The operations of Navios Partners are managed by Navios ShipManagement Inc., a subsidiary of Navios Holdings (the "Manager"), from its offices in Piraeus, Greece, Singapore and Monaco.

Pursuant to the initial public offering ("IPO") on November 16, 2007, Navios Partners entered into the following agreements:

(a) a management agreement with the Manager (the "Management Agreement"), pursuant to which the Manager provides Navios Partners commercial and technical management services;

(b) an administrative services agreement with the Manager (the "Administrative Services Agreement"), pursuant to which the Manager provides Navios Partners administrative services; and

(c) an omnibus agreement with Navios Holdings (the "Omnibus Agreement"), governing, among other things, when Navios Partners and Navios Holdings may compete against each other as well as rights of first offer on certain drybulk carriers.

As of March 31, 2018, there were outstanding: 167,589,764 common units and 3,420,203 general partnership units. As of March 31, 2018, Navios Holdings owned a 20.2% interest in Navios Partners, which included a 2.0% general partner interest.

*Navios Containers*

Navios Maritime Containers Inc. ("Navios Containers"), an affiliate of the Company, was established in the Republic of the Marshall Islands on April 28, 2017. The Company is a growth vehicle dedicated to the container sector of the maritime industry. On June 12, 2017, Navios Containers also registered and began trading on the Norwegian Over-The-Counter Market under the ticker NMCI.

On June 8, 2017, Navios Containers closed its private placement and issued 10,057,645 shares for total gross proceeds of $50,288 at a subscription price of $5.00 per share. Navios Partners invested $30,000 and received 59.7% of the equity, and Navios Holdings invested $5,000 and received 9.9% of the equity of Navios Containers. Each of Navios Partners and Navios Holdings also received warrants, with a five-year term, for 6.8% and 1.7% of the equity, respectively. Navios Containers used the proceeds to acquire five 4,250 TEU vessels from Navios Partners for a total purchase price of $64,000. These vessels, first acquired by Navios Partners from Rickmers Maritime Trust Pte. ("Rickmers Trust"), are employed on charters with a net daily charter rate of $26,850. The charters expire in 2018 and early 2019. In addition, Navios Containers acquired all the rights under the acquisition agreements entered into between Navios Partners and Rickmers Trust to purchase the remaining nine vessels (the "RMT Fleet") in the original 14-vessel container fleet.

On August 29, 2017, Navios Containers closed its private placement of 10,000,000 shares at a subscription price of $5.00 per share, resulting in gross proceeds of $50,000. Navios Partners invested $10,000 and received 2,000,000 shares. Navios Partners and Navios Holdings also received warrants, with a five-year term, for 6.8% and 1.7% of the equity, respectively. As a result, from August 29, 2017, Navios Containers is considered an affiliate entity and the investment in Navios Containers is accounted for under the equity method due to the Company's significant influence over Navios Containers.

On November 9, 2017, Navios Containers closed a private placement of 9,090,909 shares at a subscription price of $5.50 per share, resulting in gross proceeds of approximately $50,000. Navios Partners invested $10,000 and received 1,818,182 shares. Navios Partners also received warrants, with a five-year term, for 6.8% of the newly issued equity.

On March 13, 2018, Navios Containers closed a private placement of 5,454,546 shares at a subscription price of $5.50 per share, resulting in gross proceeds of approximately $30,000. Navios Partners invested $14,460 and received 2,629,095 shares. Navios Partners also received 370,909 warrants, with a five-year term.

**NAVIOS MARITIME PARTNERS L.P.**
**UNAUDITED CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**
(Expressed in thousands of U.S. Dollars except unit and per unit data)

As of March 31, 2018, Navios Partners held 12,447,277 common shares and received 36.0% of the equity, and Navios Holdings held 1,090,909 common shares and received 3.2% of the equity of Navios Containers.

## NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

***(a) Basis of presentation:*** The accompanying interim condensed consolidated financial statements are unaudited, but, in the opinion of management, reflect all adjustments for a fair statement of Navios Partners' consolidated balance sheets, statement of partner's capital, statements of operations and cash flows for the periods presented. The results of operations for the interim periods are not necessarily indicative of results for the full year. The footnotes are condensed as permitted by the requirements for interim financial statements and accordingly, do not include information and disclosures required under United States generally accepted accounting principles ("U.S. GAAP") for complete financial statements. All such adjustments are deemed to be of a normal recurring nature. These interim financial statements should be read in conjunction with the Company's consolidated financial statements and notes included in Navios Partners' Annual Report for the year ended December 31, 2017 filed on Form 20-F with the U.S. Securities and Exchange Commission ("SEC").

***Change in accounting principles:*** On January 1, 2018, the Company adopted ASU 2016-18, "Restricted Cash" ("ASU 2016-18"), which updated ASC Topic 230, "Statement of Cash Flows." ASU 2016-18 required companies to include restricted cash and restricted cash equivalents with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. The recognition and measurement guidance for restricted cash is not affected. The Company applied this guidance retrospectively to all prior periods presented in the Company's financial statements. The reclassification of restricted cash in the statement of cash flows does not impact net income as previously reported or any prior amounts reported on the statements of comprehensive income, or balance sheet. The effect of the retrospective application of this change in accounting principle on the Company's statement of cash flows for the three month period ended March 31, 2017 resulted in an increase in net cash used in operating activities of $443 and an increase in net cash used in financing activities of $985 with a corresponding decrease in cash and cash equivalents of $1,428. (Please see Note 3).

**NAVIOS MARITIME PARTNERS L.P.**
**UNAUDITED CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**
(Expressed in thousands of U.S. Dollars except unit and per unit data)

***(b) Principles of consolidation:*** The accompanying interim condensed consolidated financial statements include Navios Partners' wholly owned subsidiaries incorporated under the laws of Marshall Islands, Malta, and Liberia from their dates of incorporation or, for chartered-in vessels, from the dates charter-in agreements were in effect. All significant inter-company balances and transactions have been eliminated in Navios Partners' consolidated financial statements.

Navios Partners also consolidates entities that are determined to be variable interest entities ("VIE") as defined in the accounting guidance, if it determines that it is the primary beneficiary. A VIE is defined as a legal entity where either (i) equity interest holders as a group lack the characteristics of a controlling financial interest, including decision making ability and an interest in the entity's residual risks and rewards, (ii) the equity holders have not provided sufficient equity investment to permit the entity to finance its activities without additional subordinated financial support, or (iii) the voting rights of some investors are not proportional to their obligations to absorb the expected losses of the entity, their rights to receive the expected residual returns of the entity, or both and substantially all of the entity's activities either involve or are conducted on behalf of an investor that has disproportionately few voting rights.

Based on internal forecasts and projections that take into account reasonably possible changes in our trading performance, management believes that the Company has adequate financial resources to continue in operation and meet its financial commitments, including but not limited to capital expenditures and debt service obligations, for a period of at least twelve months from the date of issuance of these interim condensed consolidated financial statements. Accordingly, the Company continues to adopt the going concern basis in preparing its financial statements.

***Investments in Affiliates:*** Affiliates are entities over which the Company generally has between 20% and 50% of the voting rights, or over which the Company has significant influence, but it does not exercise control. Investments in these entities are accounted for under the equity method of accounting. Under this method, the Company records an investment in the stock of an affiliate at cost, and adjusts the carrying amount for its share of the earnings or losses of the affiliate subsequent to the date of investment and reports the recognized earnings or losses in income. Dividends received from an affiliate reduce the carrying amount of the investment. The Company recognizes gains and losses in earnings for the issuance of shares by its affiliates, provided that the issuance of such shares qualifies as a sale of such shares. When the Company's share of losses in an affiliate equals or exceeds its interest in the affiliate, the Company does not recognize further losses, unless the Company has incurred obligations or made payments on behalf of the affiliate.

***Affiliates included in the financial statements accounted for under the equity method:*** In the consolidated financial statements of Navios Partners, the following entities are included as affiliates and are accounted for under the equity method for such periods: (i) Navios Containers and its subsidiaries (ownership interest as of March 31, 2018 was 36.0%); (ii) Navios Europe I and its subsidiaries (ownership interest as of March 31, 2018 was 5.0%); and (iii) Navios Europe II and its subsidiaries (ownership interest as of March 31, 2018 was 5.0%).

***Subsidiaries:*** Subsidiaries are those entities in which Navios Partners has an interest of more than one half of the voting rights or otherwise has power to govern the financial and operating policies of the entity.

**NAVIOS MARITIME PARTNERS L.P.**
**UNAUDITED CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**
(Expressed in thousands of U.S. Dollars except unit and per unit data)

**The accompanying consolidated financial statements include the following entities:**

| Company name | Vessel name | Country of incorporation | Statements of operations 2018 | Statements of operations 2017 |
|---|---|---|---|---|
| Libra Shipping Enterprises Corporation | Navios Libra II | Marshall Is. | 1/01 – 03/31 | 1/01 – 03/31 |
| Alegria Shipping Corporation | Navios Alegria | Marshall Is. | 1/01 – 03/31 | 1/01 – 03/31 |
| Felicity Shipping Corporation | Navios Felicity | Marshall Is. | 1/01 – 03/31 | 1/01 – 03/31 |
| Gemini Shipping Corporation(****) | Navios Gemini S | Marshall Is. | — | 1/01 – 03/31 |
| Galaxy Shipping Corporation | Navios Galaxy I | Marshall Is. | 1/01 – 03/31 | 1/01 – 03/31 |
| Aurora Shipping Enterprises Ltd. | Navios Hope | Marshall Is. | 1/01 – 03/31 | 1/01 – 03/31 |
| Palermo Shipping S.A. (***) | Navios Apollon | Marshall Is. | — | 1/01 – 03/31 |
| Fantastiks Shipping Corporation | Navios Fantastiks | Marshall Is. | 1/01 – 03/31 | 1/01 – 03/31 |
| Sagittarius Shipping Corporation | Navios Sagittarius | Marshall Is. | 1/01 – 03/31 | 1/01 – 03/31 |
| Hyperion Enterprises Inc. | Navios Hyperion | Marshall Is. | 1/01 – 03/31 | 1/01 – 03/31 |
| Chilali Corp. | Navios Aurora II | Marshall Is. | 1/01 – 03/31 | 1/01 – 03/31 |
| Surf Maritime Co. | Navios Pollux | Marshall Is. | 1/01 – 03/31 | 1/01 – 03/31 |
| Pandora Marine Inc. | Navios Melodia | Marshall Is. | 1/01 – 03/31 | 1/01 – 03/31 |
| Customized Development S.A. | Navios Fulvia | Liberia | 1/01 – 03/31 | 1/01 – 03/31 |
| Kohylia Shipmanagement S.A. | Navios Luz | Marshall Is. | 1/01 – 03/31 | 1/01 – 03/31 |
| Orbiter Shipping Corp. | Navios Orbiter | Marshall Is. | 1/01 – 03/31 | 1/01 – 03/31 |
| Floral Marine Ltd. | Navios Buena Ventura | Marshall Is. | 1/01 – 03/31 | 1/01 – 03/31 |
| Golem Navigation Limited | Navios Soleil | Marshall Is. | 1/01 – 03/31 | 1/01 – 03/31 |
| Kymata Shipping Co. | Navios Helios | Marshall Is. | 1/01 – 03/31 | 1/01 – 03/31 |
| Joy Shipping Corporation | Navios Joy | Marshall Is. | 1/01 – 03/31 | 1/01 – 03/31 |
| Micaela Shipping Corporation | Navios Harmony | Marshall Is. | 1/01 – 03/31 | 1/01 – 03/31 |
| Pearl Shipping Corporation | Navios Sun | Marshall Is. | 1/01 – 03/31 | 1/01 – 03/31 |
| Velvet Shipping Corporation | Navios La Paix | Marshall Is. | 1/01 – 03/31 | 1/01 – 03/31 |
| Perigiali Navigation Limited | Navios Beaufiks | Marshall Is. | 1/01 – 03/31 | 1/01 – 03/31 |
| Finian Navigation Co. | Navios Ace | Marshall Is. | 1/01 – 03/31 | — |
| Ammos Shipping Corp. | Navios Prosperity I | Marshall Is. | 1/01 – 03/31 | — |
| Wave Shipping Corp. | Navios Libertas | Marshall Is. | 1/01 – 03/31 | — |
| Casual Shipholding Co. | Navios Sol | Marshall Is. | 1/01 – 03/31 | — |
| Avery Shipping Company | Navios Symphony | Marshall Is. | 1/01 – 03/31 | — |
| Coasters Ventures Ltd | Navios Christine B | Marshall Is. | 1/01 – 03/31 | — |
| Ianthe Maritime S.A. | Navios Aster | Marshall Is. | 1/01 – 03/31 | — |
| Rubina Shipping Corporation | Hyundai Hongkong | Marshall Is. | 1/01 – 03/31 | 1/01 – 03/31 |
| Topaz Shipping Corporation | Hyundai Singapore | Marshall Is. | 1/01 – 03/31 | 1/01 – 03/31 |
| Beryl Shipping Corporation | Hyundai Tokyo | Marshall Is. | 1/01 – 03/31 | 1/01 – 03/31 |
| Cheryl Shipping Corporation | Hyundai Shanghai | Marshall Is. | 1/01 – 03/31 | 1/01 – 03/31 |
| Christal Shipping Corporation | Hyundai Busan | Marshall Is. | 1/01 – 03/31 | 1/01 – 03/31 |
| Fairy Shipping Corporation | YM Utmost | Marshall Is. | 1/01 – 03/31 | 1/01 – 03/31 |
| Limestone Shipping Corporation | YM Unity | Marshall Is. | 1/01 – 03/31 | 1/01 – 03/31 |
| Dune Shipping Corp. (**) | MSC Cristina | Marshall Is. | — | 1/01 – 01/12 |
| Citrine Shipping Corporation | — | Marshall Is. | — | — |
| Cavalli Navigation Inc. | — | Marshall Is. | — | — |
| Cavos Navigation Co. | — | Marshall Is. | — | — |
| Seymour Trading Limited | — | Marshall Is. | — | — |
| Goldie Services Company | — | Marshall Is. | — | — |
| Andromeda Shiptrade Limited | — | Marshall Is. | — | — |
| **Chartered-in vessels** | | | | |
| Prosperity Shipping Corporation | Navios Prosperity | Marshall Is. | — | — |
| Aldebaran Shipping Corporation | Navios Aldebaran | Marshall Is. | — | — |
| **Other** | | | | |
| JTC Shipping and Trading Ltd (*) | Holding Company | Malta | 1/01 – 03/31 | 1/01 – 03/31 |
| Navios Maritime Partners L.P. | N/A | Marshall Is. | 1/01 – 03/31 | 1/01 – 03/31 |
| Navios Maritime Operating LLC | N/A | Marshall Is. | 1/01 – 03/31 | 1/01 – 03/31 |
| Navios Partners Finance (US) Inc. | Co-Borrower | Delaware | 1/01 – 03/31 | 1/01 – 03/31 |
| Navios Partners Europe Finance Inc. | Sub-Holding Company | Marshall Is. | 1/01 – 03/31 | 1/01 – 03/31 |

(*) Not a vessel-owning subsidiary and only holds right to charter-in contracts.
(**) The vessel was classified as held for sale as at December 31, 2016 and was sold on January 12, 2017 (see Note 4 — Vessels, net).
(***) The vessel was sold on April 21, 2017 (see Note 4 — Vessels, net).
(****) The vessel was sold on December 21, 2017 (see Note 4 — Vessels, net).

**NAVIOS MARITIME PARTNERS L.P.**
**UNAUDITED CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**
(Expressed in thousands of U.S. Dollars except unit and per unit data)

***Revenue Recognition:*** On January 1, 2018, the Company adopted the provisions of ASC 606, Revenue from Contracts with Customers (ASC 606). The guidance provides a unified model to determine how revenue is recognized. In doing so, the Company makes judgments including identifying performance obligations in the contract, estimating the amount of variable consideration to include in the transaction price, and allocating the transaction price to each performance obligation. Revenue is recognized when (or as) the Company transfers promised goods or services to its customers in amounts that reflect the consideration to which the company expects to be entitled to in exchange for those goods or services, which occurs when (or as) the Company satisfies its contractual obligations and transfers control of the promised goods or services to its customers. Revenues are recognized to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. In determining the appropriate amount of revenue to be recognized as it fulfills its obligations under its agreements, the Company performs the following steps: (i) identification of the promised goods or services in the contract; (ii) determination of whether the promised goods or services are performance obligations, including whether they are distinct in the context of the contract; (iii) measurement of the transaction price, including the constraint on variable consideration; (iv) allocation of the transaction price to the performance obligations based on estimated selling prices; and (v) recognition of revenue when (or as) the Company satisfies each performance obligation.

The Company's contract revenues from time chartering and pooling arrangements are governed by ASC 840 "Leases". Upon adoption of ASC 606, the timing and recognition of earnings from the pool arrangements and time charter contracts to which the Company is party did not change significantly from previous practice. As a result, the adoption of this standard had no effect on the Company's opening retained earnings, consolidated balance sheets and consolidated statements of operations.

The Company's revenues earned under voyage contracts (revenues for the transportation of cargo) were previously recognized ratably over the estimated relative transit time of each voyage. A voyage was deemed to commence when a vessel was available for loading and was deemed to end upon the completion of the discharge of the current cargo. Estimated losses on voyages are provided for in full at the time such losses become evident. Under a voyage charter, a vessel is provided for the transportation of specific goods between specific ports in return for payment of an agreed upon freight per ton of cargo. Upon adoption of ASC 606, the Company will recognize revenue ratably from port of loading to when the charterer's cargo is discharged as well as defer costs that meet the definition of "costs to fulfill a contract" and relate directly to the contract. During 2017, no freight voyages existed and therefore, there was no impact on the Company's results of operations, financial position or cash flows. Revenue from voyage contracts amounted to $1,413 and $0 for the three month periods ended March 31, 2018 and 2017, respectively.

Revenues from time chartering of vessels are accounted for as operating leases and are thus recognized on a straight-line basis as the average revenue over the rental periods of such charter agreements, as service is performed. A time charter involves placing a vessel at the charterers' disposal for a period of time during which the charterer uses the vessel in return for the payment of a specified daily hire rate. Under time charters, operating costs such as for crews, maintenance and insurance are typically paid by the owner of the vessel. Revenue from time chartering of vessels amounted to $50,212 and $41,022 for the three month periods ended March 31, 2018 and 2017, respectively.

Profit sharing revenues are calculated at an agreed percentage of the excess of the charterer's average daily income (calculated on a quarterly or half-yearly basis) over an agreed amount and accounted for on an accrual basis based on provisional amounts and for those contracts that provisional accruals cannot be made due to the nature of the profit share elements, these are accounted for on the actual cash settlement or when such revenue becomes determinable.

For vessels operating in pooling arrangements, the Company earns a portion of total revenues generated by the pool, net of expenses incurred by the pool. The amount allocated to each pool participant vessel, including the Company's vessels, is determined in accordance with an agreed-upon formula, which is determined by points awarded to each vessel in the pool based on the vessel's age, design and other performance characteristics. Revenue under pooling arrangements is accounted for as variable rate operating leases on the accrual basis and is recognized when an agreement with the pool exists, price is fixed, service is provided and the collectability is reasonably assured. The allocation of such net revenue may be subject to future adjustments by the pool however, such changes are not expected to be material. The Company recognizes net pool revenue on a monthly and quarterly basis, when the vessel has participated in a pool during the period and the amount of pool revenue can be estimated reliably based on the pool report.

Revenue from vessels operating in pooling and profit sharing arrangements amounted to $1,427 and $1,389 for the three month periods ended March 31, 2018 and 2017, respectively.

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Revenues are recorded net of address commissions. Address commissions represent a discount provided directly to the charterers based on a fixed percentage of the agreed upon charter or freight rate. Since address commissions represent a discount (sales incentive) on services rendered by the Company and no identifiable benefit is received in exchange for the consideration provided to the charterer, these commissions are presented as a reduction of revenue.

***Adoption of new accounting standards:*** On January 1, 2018, the Company adopted ASU No. 2014-09, "Revenue from Contracts with Customers" and the related amendments ("ASC 606" or "the new revenue standard") using the modified retrospective method, requiring to recognize the cumulative effect of adopting this guidance as an adjustment to the 2018 opening balance of retained earnings and not retrospectively adjusting prior periods.

Under the new guidance, there is a five-step model to apply to revenue recognition. The five-steps consist of: (1) determination of whether a contract, an agreement between two or more parties that creates legally enforceable rights and obligations, exists; (2) identification of the performance obligations in the contract; (3) determination of the transaction price; (4) allocation of the transaction price to the performance obligations in the contract; and (5) recognition of revenue when (or as) the performance obligation is satisfied.

As a result of adoption, there was no cumulative impact to the Company's retained earnings at January 1, 2018. The comparative information has not been restated and continues to be reported under the accounting standards in effect for those periods. The Company expects the impact of the adoption of the new standard to be immaterial to its net income on an ongoing basis. In August 2016, the FASB issued Accounting Standards Update No. 2016-15, "Statement of Cash Flows: Classification of Certain Cash Receipts and Cash Payments" ("ASU 2016-15"). This Update addresses eight specific cash flow issues with the objective of reducing the existing diversity in practice. The Company adopted the new guidance on January 1, 2018 and it did not have a material impact on the consolidated results of operations, financial condition, or cash flows.

***Recent Accounting Pronouncements:*** In January 2017, FASB issued Accounting Standard Update No. 2017-03 "Accounting Changes and Error Corrections (Topic 250) and Investments-Equity Method and Joint Ventures (Topic 323)." The ASU amends the Codification for SEC staff announcements made at recent Emerging Issues Task Force (EITF) meetings. The SEC guidance that specifically relates to our Consolidate Financial Statement was from the September 2016 meeting, where the SEC staff expressed its expectations about the extent of disclosures registrants should make about the effects of the new FASB guidance as well as any amendments issued prior to adoption, on revenue (ASU 2014-09), leases (ASU 2016-02) and credit losses on financial instruments (ASU 2016-13) in accordance with SAB Topic 11.M. Registrants are required to disclose the effect that recently issued accounting standards will have on their financial statements when adopted in a future period. In cases where a registrant cannot reasonably estimate the impact of the adoption, then additional qualitative disclosures should be considered. The ASU incorporates these SEC staff views into ASC 250 and adds references to that guidance in the transition paragraphs of each of the three new standards. The adoption of this new accounting guidance did not have a material effect on the Company's Consolidated Financial Statements.

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In February 2016, FASB issued ASU 2016-02, “Leases (Topic 842)”. ASU 2016-02 will apply to both capital (or finance) leases and operating leases. According to ASU 2016-02, lessees will be required to recognize assets (right of use asset) and liabilities (lease liability) on the balance sheet for both types of leases – capital (or finance) leases and operating leases – with terms greater than 12 months. ASU 2016 – 02 is effective for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years. Early application is permitted.

This guidance requires companies to identify lease and non-lease components of a lease agreement. Lease components relate to the right to use the leased asset and non-lease components relate to payments for goods or services that are transferred separately from the right to use the underlying asset. Total lease consideration is allocated to lease and non-lease components on a relative standalone basis. The recognition of revenues related to lease components will be governed by ASC 842 while revenue related to non-lease components will be subject to ASC 606.

In January 2018, the FASB issued a proposed amendment to ASU 842, Leases, that would provide an entity the optional transition method to initially account for the impact of the adoption with a cumulative adjustment to accumulated deficit on the effective date of the ASU, January 1, 2019 rather than January 1, 2017, which would eliminate the need to restate amounts presented prior to January 1, 2019. In addition, this proposed amendment, lessors can elect, as a practical expedient, not to allocate the total consideration to lease and non-lease components based on their relative standalone selling prices. If adopted, this practical expedient will allow lessors to elect a combined single lease component presentation if (i) the timing and pattern of the revenue recognition of the combined single lease component is the same, and (ii) the related lease component and, the combined single lease component would be classified as an operating lease.

ASC 842 provides practical expedients that allow entities to not (i) reassess whether any expired or existing contracts are considered or contain leases; (ii) reassess the lease classification for any expired or existing leases; and (iii) reassess initial direct costs for any existing leases.

The Company plans to adopt the standard on January 1, 2019 and expects to elect the use of practical expedients. If the proposed amendment to ASU 842 is adopted, the Company would elect the transition method for adoption as described above.

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The Company has not completed its analysis of this ASU. Based on a preliminary assessment, the Company is expecting that the adoption will not have a material effect on its financial statements since the Company is primarily a lessor and the changes are fairly minor. If the proposed practical expedient mentioned above is adopted and elected, goods and services embedded in the charter contract that qualify as non-lease components will be combined under a single lease component presentation. However, without the proposed practical expedient, the Company expects that it will continue to recognize the lease revenue component using an approach that is substantially equivalent to existing guidance. The components of the charter hire that are categorized as lease components will generally be a fixed rate per day with revenue recognized straight line over the lease contract. Other goods and services that are categorized as non-lease components will be recognized at either a point in time or over time based on the pattern of transfer of the underlying goods or services to our charterers.

The Company is continuing its assessment of other miscellaneous leases and may identify additional impacts this guidance will have on its consolidated financial statements and disclosures. The Company currently does not have any other miscellaneous leases that are greater than 12 months and the Company is the lessee that would be impacted by the adoption of this standard.

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## NOTE 3 – CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of the following:

| | March 31, 2018 | December 31, 2017 |
|---|---|---|
| Cash and cash equivalents | $ 48,271 | $ 24,047 |
| Restricted cash | 390 | 5,886 |
| **Total cash and cash equivalents and restricted cash** | **$ 48,661** | **$ 29,933** |

Short-term deposits and highly liquid funds relate to amounts held in banks for general financing purposes and represent deposits with an original maturity of less than three months.

Cash deposits and cash equivalents in excess of amounts covered by government-provided insurance are exposed to loss in the event of non-performance by financial institutions. Navios Partners does maintain cash deposits and equivalents in excess of government-provided insurance limits. Navios Partners also minimizes exposure to credit risk by dealing with a diversified group of major financial institutions.

Restricted cash, at each of March 31, 2018 and December 31, 2017, included $390 and $386, respectively, which related to amounts held in retention accounts in order to service debt and interest payments, as required by certain of Navios Partners' credit facilities. Also, as of December 31, 2017, an amount of $5,500 was held as security in the form of a letter of guarantee, relating to the chartering of a vessel, which was released in March 2018.

## NOTE 4 – VESSELS, NET

| Vessels | Cost | Accumulated Depreciation | Net Book Value |
|---|---|---|---|
| **Balance December 31, 2016** | **$1,354,298** | **$ (317,092)** | **$1,037,206** |
| Additions | 158,241 | (56,210) | 102,031 |
| Disposals | (26,233) | 18,688 | (7,545) |
| Vessel impairment losses | (66,228) | 33,551 | (32,677) |
| **Balance December 31, 2017** | **$1,420,078** | **$ (321,063)** | **$1,099,015** |
| Additions | — | (13,901) | (13,901) |
| **Balance March 31, 2018** | **$1,420,078** | **$ (334,964)** | **$1,085,114** |

***Acquisition of Vessels***

***2017***

On September 20, 2017, Navios Partners acquired from an unrelated third party the Navios Symphony, a 2010-built Capesize vessel of 178,132 dwt, for an acquisition cost of approximately $27,961.

On August 21, 2017, Navios Partners acquired from an unrelated third party the Navios Aster, a 2010 Hyundai-built Capesize vessel of 179,314 dwt, for an acquisition cost of approximately $28,855.

On August 11, 2017, Navios Partners acquired from a related third party the Navios Christine B, a 2009 Tsuneishi Zhoushan-built Ultra-Handymax vessel of 58,058 dwt, for an acquisition cost of approximately $14,030.

On July 17, 2017, Navios Partners acquired from an unrelated third party the Navios Sol, a 2009 Japanese-built Capesize vessel of 180,274 dwt, for an acquisition cost of approximately $28,607.

On July 10, 2017, Navios Partners acquired from an unrelated third party the Navios Libertas, a 2007 South Korean-built Panamax vessel of 75,511 dwt, for an acquisition cost of approximately $13,737.

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On June 9, 2017, Navios Partners acquired from an unrelated third party the Navios Ace, a 2011 South Korean-built Capesize vessel of 179,016 dwt, for an acquisition cost of approximately $31,364.

On June 7, 2017, Navios Partners acquired from an unrelated third party the Navios Prosperity I, a 2007 South Korean-built Panamax vessel of 75,527 dwt, for an acquisition cost of approximately $13,687.

***Sale of Vessels***

***2017***

On December 21, 2017, Navios Partners sold the Navios Gemini S to an unrelated third party for a net sale price of $4,078. The aggregate net carrying amount of the vessel including the remaining carrying balance of dry dock and special survey costs of $502 amounted to $6,451 as at the date of sale.

On April 21, 2017, Navios Partners sold the Navios Apollon to an unrelated third party for a net sale price of $4,750. The aggregate net carrying amount of the vessel including the remaining carrying balance of dry dock and special survey costs of $782 amounted to $14,758 as at the date of sale.

On January 12, 2017, Navios Partners sold the MSC Cristina to an unrelated third party for a net sale price of $125,000. The aggregate net carrying amount of the vessel amounted to $142,193 as at the date of sale. The loss on sale of the vessel was $1,260 (see Note 17 — Other expense).

***Vessel impairment losses***

As of December 31, 2017, Navios Partners concluded that step two of the impairment assessment was required for one of its vessels held and used, as the undiscounted projected net operating cash flows did not exceed the carrying value. As a result, the Company recorded an impairment loss of $30,304 for this vessel, being the difference between the fair value and the vessel's carrying value.

On November 27, 2017, Navios Partners entered into a Memorandum of Agreement with an unrelated third party for the disposal of the Navios Gemini S for a net sale price of $4,078. As of December 31, 2017, the Company had a current expectation that the vessel would be sold before the end of its previously estimated useful life, and as a result performed an impairment test of the specific asset group. An impairment loss of $2,373 was recognized under the caption "Vessel impairment losses" in the Consolidated Statements of Operations as of December 31, 2017. The vessel was sold on December 21, 2017.

On January 9, 2017, Navios Partners entered into a Memorandum of Agreement with an unrelated third party for the disposal of the Navios Apollon for a net sale price of $4,750. The vessel was subject to an existing time charter with an unrelated charterer and was not immediately available for sale and therefore did not qualify as an asset held for sale as of December 31, 2016. As of December 31, 2016, the Company had a current expectation that the vessel would be sold before the end of its previously estimated useful life, and as a result performed an impairment test of the specific asset group. An impairment loss of $10,008 was recognized under the caption "Vessel impairment losses" in the Consolidated Statements of Operations as of December 31, 2016. The vessel was sold on April 21, 2017.

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## NOTE 5 – INTANGIBLE ASSETS

Intangible assets as of March 31, 2018 and December 31, 2017 consisted of the following:

| | Cost | Accumulated Amortization | Net Book Value |
|---|---|---|---|
| **Favorable lease terms December 31, 2016** | **$83,716** | **$ (64,764)** | **$ 18,952** |
| Additions | — | (10,872) | (10,872) |
| **Favorable lease terms December 31, 2017** | **$83,716** | **$ (75,636)** | **$ 8,080** |
| Additions | — | (1,016) | (1,016) |
| **Favorable lease terms March 31, 2018** | **$83,716** | **$ (76,652)** | **$ 7,064** |

Amortization expense of favorable lease terms for the three month periods ended March 31, 2018 and 2017 is presented in the following table:

| | March 31, 2018 | March 31, 2017 |
|---|---|---|
| Favorable lease terms | $ (1,016) | $ (3,171) |
| **Total** | **$ (1,016)** | **$ (3,171)** |

The aggregate amortization of the intangibles for the 12-month periods ended March 31 is estimated to be as follows:

| Year | Amount |
|---|---|
| 2019 | 3,023 |
| 2020 | 1,166 |
| 2021 | 1,166 |
| 2022 and thereafter | 1,709 |
| | **$7,064** |

Intangible assets subject to amortization are amortized using straight line method over their estimated useful lives to their estimated residual value of zero. The weighted average useful lives are 10.3 years for the remaining favorable lease terms, at inception.

## NOTE 6 – BORROWINGS

Borrowings as of March 31, 2018 and December 31, 2017 consisted of the following:

| | March 31, 2018 | December 31, 2017 |
|---|---|---|
| Term Loan B facility | $435,737 | $ 441,471 |
| Credit facilities | 66,533 | 69,161 |
| **Total borrowings** | **$502,270** | **$ 510,632** |
| Less: Long-term unamortized discount | (9,768) | (10,824) |
| Less: Current portion of long-term debt, net | (26,610) | (26,586) |
| Less: Deferred finance costs, net | (5,690) | (6,345) |
| **Long-term debt, net** | **$460,202** | **$ 466,877** |

As of March 31, 2018, the total borrowings, net of deferred finance fees and discount under the Navios Partners' credit facilities were $486,812.

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**Term Loan B Credit Facility:** In June 2013, Navios Partners completed the issuance of the $250,000 Term Loan B Credit Facility. On October 31, 2013 and November 1, 2013, Navios Partners completed the issuance of an $189,500 add-on to its existing Term Loan B Credit Facility.

On March 14, 2017, Navios Partners completed the issuance of a new $405,000 Term Loan B Credit Facility. The new Term Loan B Credit Facility bears an interest rate of LIBOR plus 500 bps, it is set to mature on September 14, 2020 and is repayable in equal quarterly installments of 1.25% of the initial principal amount. Navios Partners used the net proceeds of the Term Loan B Credit Facility to: (i) refinance the existing Term Loan B; and (ii) pay fees and expenses related to the Term Loan B. Following the refinancing of the Term Loan B Credit Facility, an amount of $1,880 and $1,275, was written-off from the deferred finance fees and discount, respectively. On August 10, 2017, Navios Partners completed the issuance of a $53,000 add-on to its existing Term Loan B Credit Facility. The add-on to the Term Loan B Credit Facility bore the same terms as the Term Loan B Credit Facility. Navios Partners used the net proceeds to partially finance the acquisition of three vessels.

The Term Loan B Credit Facility is secured by first priority mortgages covering certain vessels owned by subsidiaries of Navios Partners, in addition to other collateral, and guaranteed by each subsidiary of Navios Partners.

The Term Loan B Credit Facility requires maintenance of a loan to value ratio of 0.8 to 1.0, and other restrictive covenants customary for facilities of this type (subject to negotiated exceptions and baskets), including restrictions on indebtedness, liens, acquisitions and investments, restricted payments and dispositions. The Term Loan B Agreement also provides for customary events of default, prepayment and cure provisions.

As of March 31, 2018, the outstanding balance of the Term Loan B Credit Facility was $425,970, net of discount of $9,768, and is repayable in nine quarterly installments of $5,733 with a final payment of $384,138 on the last repayment date. The final maturity date is September 14, 2020.

**ABN AMRO Credit Facility:** On June 23, 2016, Navios Partners entered into a new credit facility with ABN AMRO Bank N.V. (the “June 2016 Credit Facility”) of up to $30,000 to be used for the general corporate purposes of the Borrower. The June 2016 Credit Facility bore interest at LIBOR plus 400 bps per annum. The final maturity date was January 30, 2017. On January 12, 2017, Navios Partners fully repaid the June 2016 Credit Facility. As of March 31, 2018, there was no outstanding amount under this facility.

**BNP Credit Facility:** On June 26, 2017, Navios Partners entered into a new credit facility with BNP PARIBAS (the “BNP Credit Facility”) of up to $32,000 (divided into two tranches) in order to finance a portion of the purchase price payable in connection with the acquisition of the Navios Ace and the Navios Sol. On June 28, 2017, the first tranche of BNP Credit Facility of $17,000 was drawn. The first tranche is repayable in 13 equal consecutive quarterly installments of $386 each, with a final balloon payment of $10,824 to be repaid on the last repayment date. On July 18, 2017, the second tranche of BNP Credit Facility of $15,000 was drawn. The second tranche is repayable in 14 equal consecutive installments of $417 each, with a final balloon payment of $8,328 to be repaid on the last repayment date. The facility matures with respect to the first and second tranches in the second and third quarter of 2021, respectively, and bears interest at LIBOR plus 300 bps per annum. As of March 31, 2018, the outstanding balance of the BNP Credit Facility was $30,008.

**DVB Credit Facility:** On June 28, 2017, Navios Partners entered into a new credit facility with DVB Bank S.E. (the “DVB Credit Facility”) of up to $39,000 (divided into four tranches) in order to refinance the Commerzbank/DVB Credit Facility dated July 2012 and an additional amount of $7,000 to partially finance the acquisition of the Navios Prosperity I. The facility matures in the third and second quarter of 2020 and bears interest at LIBOR plus 310 bps per annum. The amounts of $7,000 and $32,000 were drawn on June 30, 2017 and November 3, 2017, respectively. The three of the four tranches (total $32,000) are repayable in eleven quarterly installments of between approximately $1,143 and $1,500 each, with a final balloon payment of $16,500 to be repaid on the last repayment date. The fourth tranche is repayable in two equal consecutive quarterly installments of $325 each and seven equal consecutive installments of $250, with a final balloon of $3,625 to be repaid on the last repayment date. As of March 31, 2018, the outstanding balance of the DVB Credit Facility was $36,525.

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**HSH Credit Facility:** On April 16, 2015, Navios Partners, through certain of its wholly-owned subsidiaries, entered into a term loan facility agreement of up to $164,000 (divided into two tranches) with HSH Nordbank AG (the "April 2015 Credit Facility"), in order to finance a portion of the purchase price payable in connection with the acquisition of the MSC Cristina and one more super-post-panamax 13,100 TEU container vessel. On September 30, 2015, the second tranche of April 2015 Credit Facility of $83,000 was cancelled. The final maturity date was April 20, 2022. On January 12, 2017, Navios Partners fully repaid the April 2015 Credit Facility. Following the repayment, an amount of $516 was written-off from the deferred finance fees. As of March 31, 2018, there was no outstanding amount under this facility.

**Nordea/Skandinaviska Enskilda/NIBC Credit Facility:** On March 26, 2018, Navios Partners entered into a new credit facility with Nordea Bank AB, Skandinaviska Enskilda BanKen AB and NIBC Bank N.V. (the "March 2018 Credit Facility") of up to $14,300 (divided into two tranches) in order to finance a portion of the purchase price payable in connection with the acquisition of the two Panamax vessels. The facility matures in the second quarter of 2023 and bears interest at LIBOR plus 300 bps per annum. As of March 31, 2018, the facility has not been drawn.

Amounts drawn under the credit facilities are secured by first preferred mortgages on certain Navios Partners' vessels and other collateral and are guaranteed by the respective vessel-owning subsidiaries. The credit facilities contain a number of restrictive covenants that prohibit or limit Navios Partners from, among other things: incurring or guaranteeing indebtedness; entering into affiliate transactions; charging, pledging or encumbering the vessels; changing the flag, class, management or ownership of Navios Partners' vessels; changing the commercial and technical management of Navios Partners' vessels; selling or changing the beneficial ownership or control of Navios Partners' vessels; not maintaining Navios Holdings' (or its affiliates) ownership in Navios Partners of at least 15.0%; and subordinating the obligations under the credit facilities to any general and administrative costs relating to the vessels, including the fixed daily fee payable under the management agreement.

The credit facilities require compliance with a number of financial covenants, including: (i) maintain a required security amount ranging over 120% to 140%; (ii) minimum free consolidated liquidity in an amount equal to at least $650 per owned vessel; (iii) maintain a ratio of EBITDA to interest expense of at least 2.00:1.00; (iv) maintain a ratio of total liabilities or total debt to total assets (as defined in our credit facilities) ranging of less than 0.75; and (v) maintain a minimum net worth to $135,000.

It is an event of default under the credit facilities if such covenants are not complied with in accordance with the terms and subject to the prepayments or cure provisions of the facilities.

As of March 31, 2018, Navios Partners was in compliance with the financial covenants and/or the prepayment and/or the cure provisions as applicable in each of its credit facilities.

The maturity table below reflects the gross principal payments due under its credit facilities for the 12-month periods ended March 31:

| Year | Amount |
|---|---|
| 2019 | $ 33,295 |
| 2020 | 31,716 |
| 2021 | 416,887 |
| 2022 | 20,372 |
| 2023 and thereafter | — |
| | **$502,270** |

## NOTE 7 – FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying value amounts of many of Navios Partners' financial instruments, including cash and cash equivalents, restricted cash, accounts receivable and accounts payable and amounts due to related parties approximate their fair value due primarily to the short-term maturity of the related instruments.

The following methods and assumptions were used to estimate the fair value of each class of financial instrument:

**Cash and cash equivalents:** The carrying amounts reported in the consolidated balance sheets for interest bearing deposits approximate their fair value because of the short maturity of these investments.

**Restricted Cash:** The carrying amounts reported in the consolidated balance sheets for interest bearing deposits approximate their fair value because of the short maturity of these investments.

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**Other long-term debt, net:** The book value has been adjusted to reflect the net presentation of deferred finance costs. The outstanding balance of floating rate loans continues to approximate its fair value, excluding the effect of any deferred finance costs.

**Term Loan B Credit Facility:** The fair value of the Company's debt is estimated based on currently available debt with similar contract terms, interest rate and remaining maturities, as well as taking into account our creditworthiness. The book value has been adjusted to reflect the net presentation of deferred finance fees.

**Amounts due from related parties, long-term:** The carrying amount of due from related parties long-term reported in the balance sheet approximates its fair value due to the long-term nature of these receivables.

**Amounts due from related parties, short-term:** The carrying amount of due from related parties, short-term reported in the balance sheet approximates its fair value due to the short-term nature of these receivables.

**Loans receivable from affiliates:** The carrying amount of the fixed rate loan approximates its fair value.

**Notes receivable, net of current portion:** The carrying amount of the fixed rate notes receivable approximate its fair value.

**Receivables from affiliates:** The carrying amount of the long-term receivable from affiliates approximates its fair value.

The estimated fair values of the Navios Partners' financial instruments are as follows:

| | March 31, 2018 | | December 31, 2017 | |
|---|---|---|---|---|
| | Book Value | Fair Value | Book Value | Fair Value |
| Cash and cash equivalents | $ 48,271 | $ 48,271 | $ 24,047 | $ 24,047 |
| Restricted cash | $ 390 | $ 390 | $ 5,886 | $ 5,886 |
| Loans receivable from affiliates | $ 11,781 | $ 11,781 | $ 11,706 | $ 11,706 |
| Amounts due from related parties, long-term | $ 44,548 | $ 44,548 | $ 34,891 | $ 34,891 |
| Amounts due from related parties, short-term | $ 11,792 | $ 11,792 | $ 10,545 | $ 10,545 |
| Term Loan B Credit Facility, net | $(421,033) | $(439,550) | $(425,144) | $(441,471) |
| Other long-term debt, net | $ (65,779) | $ (66,533) | $ (68,319) | $ (69,161) |
| Notes receivable, net of current portion | $ 14,827 | $ 14,827 | $ 15,897 | $ 15,897 |
| Receivable from affiliates | $ 4,319 | $ 4,319 | $ 4,253 | $ 4,253 |

**Fair Value Measurements**

The estimated fair value of our financial instruments that are not measured at fair value on a recurring basis, categorized based upon the fair value hierarchy, are as follows:

Level I: Inputs are unadjusted, quoted prices for identical assets or liabilities in active markets that we have the ability to access. Valuation of these items does not entail a significant amount of judgment.

Level II: Inputs other than quoted prices included in Level I that are observable for the asset or liability through corroboration with market data at the measurement date.

Level III: Inputs that are unobservable. The Company did not use any Level III inputs as of March 31, 2018 and December 31, 2017.

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| | Fair Value Measurements at March 31, 2018 | | | |
|---|---|---|---|---|
| | Total | Level I | Level II | Level III |
| Cash and cash equivalents | $ 48,271 | $48,271 | $ — | $ — |
| Restricted cash | $ 390 | $ 390 | $ — | $ — |
| Loans receivable from affiliates | $ 11,781 | $ — | $ 11,781 | $ — |
| Term Loan B facility, net(1) | $(439,550) | $ — | $(439,550) | $ — |
| Other long-term debt, net(1) | $ (66,533) | $ — | $ (66,533) | $ — |
| Notes receivable, net of current portion(2) | $ 14,827 | $ — | $ 14,827 | $ — |
| Amounts due from related parties, long-term | $ 44,548 | $ — | $ 44,548 | $ — |
| Amounts due from related parties, short-term | $ 11,792 | $ — | $ 11,792 | $ — |
| Receivable from affiliates | $ 4,319 | $ — | $ 4,319 | $ — |

| | Fair Value Measurements at December 31, 2017 | | | |
|---|---|---|---|---|
| | Total | Level I | Level II | Level III |
| Cash and cash equivalents | $ 24,047 | $24,047 | $ — | $ — |
| Restricted cash | $ 5,886 | $ 5,886 | $ — | $ — |
| Loans receivable from affiliates | $ 11,706 | $ — | $ 11,706 | $ — |
| Term Loan B facility, net(1) | $(441,471) | $ — | $(441,471) | $ — |
| Other long-term debt, net(1) | $ (69,161) | $ — | $ (69,161) | $ — |
| Notes receivable, net of current portion(2) | $ 15,897 | $ — | $ 15,897 | $ — |
| Amounts due from related parties, long-term | $ 34,891 | $ — | $ 34,891 | $ — |
| Amounts due from related parties, short-term | $ 10,545 | $ — | $ 10,545 | $ — |
| Receivable from affiliates | $ 4,253 | $ — | $ 4,253 | $ — |

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The estimated fair value of our financial instruments that are measured at fair value on a non-recurring basis, categorized based upon the fair value hierarchy, are as follows:

| | Fair Value Measurements at December 31, 2017 | | | |
|---|---|---|---|---|
| | Total | Level I | Level II | Level III |
| Vessels, net (for Navios Gemini S) | $ 4,078 | $ — | $ 4,078 | $ — |

(1) The fair value of the Company's debt is estimated based on currently available debt with similar contract terms, interest rate and remaining maturities as well as taking into account our creditworthiness.
(2) The fair value is estimated based on currently available information on the Company's counterparty with similar contract terms, interest rate and remaining maturities.

**NOTE 8 – ISSUANCE OF UNITS**

On February 21, 2018, Navios Partners completed its public offering of 18,422,000 common units at $1.90 per unit and raised gross proceeds of approximately $35,002. The net proceeds of this offering, including the underwriting discount and the offering costs of $1,628 in total, were approximately $33,374. Pursuant to this offering, Navios Partners issued 375,959 general partnership units to its general partner. The net proceeds from the issuance of the general partnership units were $714.

In December 2017, Navios Partners authorized the granting of 1,370,044 restricted common units, which were issued on January 11, 2018, to its directors and/or officers, which are based on service conditions only and vest over three years. The fair value of restricted units was determined by reference to the quoted stock price on the date of grant. Compensation expense, net of estimated forfeitures, is recognized when it is probable that the performance criteria will be met based on a graded expense model over the vesting period. Navios Partners also issued 27,960 general partnership units to its general partner for net proceeds of $64. As of March 31, 2018, the effect of compensation expense arising from the restricted units described above amounted to $403 and was presented under the caption "General and administrative expenses" in the consolidated Statements of Operations. There were no restricted common units exercised, forfeited or expired during the three month period ended March 31, 2018 and the year ended December 31, 2017. Restricted common units outstanding and not vested amounted to 1,370,044 units as of March 31, 2018.

On September 1, 2017 and as part of the acquisition agreement entered into between the Company and Rickmers Trust, Navios Partners authorized and issued 361,444 restricted common units and 7,376 general partnership units to its general partner for net proceeds of $600 and $12, respectively. The fair value of restricted units was determined by reference to the quoted stock price on the date of grant. On September 25, 2017, the fair value of the restricted units described above amounted to $600 and Navios Partners was compensated by Navios Containers in full amount. There were no restricted common units exercised, forfeited or expired during the three month period ended March 31, 2018. Restricted common units outstanding amounted to 361,444 units as of March 31, 2018.

On March 20, 2017, Navios Partners completed its public offering of 47,795,000 common units at $2.10 per unit and raised gross proceeds of approximately $100,369. The net proceeds of this offering, including the underwriting discount and the offering costs of $4,383 in total, were approximately $95,986. Pursuant to this offering, Navios Partners issued 975,408 general partnership units to its general partner. The net proceeds from the issuance of the general partnership units were $2,049.

On March 17, 2017, Navios Holdings transferred to Navios Partners it rights to the fixed 12.7% interest on the Navios Europe I Navios Term Loans I and Navios Revolving Loans I (including the respective accrued receivable interest) for a total amount of $33,473 for a cash consideration of $4,050 and 13,076,923 newly issued common units of Navios Partners, with fair value net of costs at date of issuance of $28,862 (see Note 12 — Transactions with related parties and affiliates). Pursuant to this transaction, Navios Partners issued 266,876 general partnership units to its general partner for net cash proceeds of $468.

In December 2016, Navios Partners authorized the granting of 2,040,000 restricted common units, which were issued on January 31, 2017, to its directors and/or officers, which are based on service conditions only and vest over three years. The fair value of restricted units was determined by reference to the quoted stock price on the date of grant. Compensation expense, net of estimated forfeitures, is recognized when it is probable that the performance criteria will be met based on a graded expense model over the vesting period. Navios Partners also issued 41,633 general partnership units to its general partner for net proceeds of $63. The effect of compensation expense arising from the restricted units described above amounted to $211 and $464 as of March 31, 2018 and 2017, respectively, and was presented under the caption "General and administrative expenses" in the consolidated Statements of Operations. There were no restricted common units exercised, forfeited or expired during the three month period ended March 31, 2018. As of March 31, 2018, 686,665 restricted common units were vested.

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As of March 31, 2018, the estimated compensation cost relating to service conditions of non-vested restricted common units not yet recognized was $3,608.

Navios Holdings currently owns a 20.2% interest in Navios Partners, which includes the 2.0% interest through Navios Partners' general partner, which Navios Holdings owns and controls.

## NOTE 9 – SEGMENT INFORMATION

Navios Partners reports financial information and evaluates its operations by charter revenues. Navios Partners does not use discrete financial information to evaluate operating results for each type of charter or by sector. As a result, management reviews operating results solely by revenue per day and operating results of the fleet and thus Navios Partners has determined that it operates under one reportable segment.

The following table sets out operating revenue by geographic region for Navios Partners' reportable segment. Revenue is allocated on the basis of the geographic region in which the customer is located. Drybulk and container vessels operate worldwide. Revenues from specific geographic region, which contribute over 10% of total revenue, are disclosed separately.

### Revenue by Geographic Region

Vessels operate on a worldwide basis and are not restricted to specific locations. Accordingly, it is not possible to allocate the assets of these operations to specific countries.

| | Three Month Period Ended March 31, 2018 ($'000) (unaudited) | Three Month Period Ended March 31, 2017 ($'000) (unaudited) |
|---|---|---|
| Asia | $ 29,900 | $ 24,797 |
| Europe | 15,991 | 9,466 |
| North America | 5,825 | 4,493 |
| Australia | 1,336 | 3,655 |
| **Total** | **$ 53,052** | **$ 42,411** |

## NOTE 10 – INCOME TAXES

Marshall Islands, Malta and Liberia do not impose a tax on international shipping income. Under the laws of Marshall Islands, Malta and Liberia, the countries of the vessel-owning subsidiaries' incorporation and vessels' registration, the vessel-owning subsidiaries are subject to registration and tonnage taxes, which have been included in vessel operating expenses in the accompanying consolidated Statements of Operations.

In accordance with the currently applicable Greek law, foreign flagged vessels that are managed by Greek or foreign ship management companies having established an office in Greece are subject to duties towards the Greek state, which are calculated on the basis of the relevant vessel's tonnage. The payment of said duties exhausts the tax liability of the foreign ship owning company and the relevant manager against any tax, duty, charge or contribution payable on income from the exploitation of the foreign flagged vessel.

Pursuant to Section 883 of the Internal Revenue Code of the United States, U.S. source income from the international operation of ships is generally exempt from U.S. income tax if the company operating the ships meets certain incorporation and ownership requirements. Among other things, in order to qualify for this exemption, the company operating the ships must be incorporated in a country, which grants an equivalent exemption from income taxes to U.S. corporations. All the vessel-owning subsidiaries satisfy these initial criteria.

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In addition, these companies must meet an ownership test. The management of Navios Partners believes that this ownership test was satisfied prior to the IPO by virtue of a special rule applicable to situations where the ship operating companies are beneficially owned by a publicly traded company. Although not free from doubt, management also believes that the ownership test will be satisfied based on the trading volume and ownership of Navios Partners' units, but no assurance can be given that this will remain so in the future.

## NOTE 11 – COMMITMENTS AND CONTINGENCIES

Navios Partners is involved in various disputes and arbitration proceedings arising in the ordinary course of business. Provisions have been recognized in the financial statements for all such proceedings where Navios Partners believes that a liability may be probable, and for which the amounts are reasonably estimable, based upon facts known at the date the financial statements were prepared. Management believes the ultimate disposition of these matters will be immaterial individually and in the aggregate to Navios Partners' financial position, results of operations or liquidity.

On May 9, 2018, Navios Partners acquired from an unrelated third party the Navios Apollon I, a 2005-built Panamax vessel of 87,052 dwt, for a purchase price of $12,975.

In January 2018, Navios Partners agreed to acquire from unrelated third parties two 2006-built Panamax vessels of approximately 74,500 dwt each, the Navios Altair I and the Navios Symmetry, for a total purchase price of $22,000. The vessels are expected to be delivered to Navios Partners' owned fleet within the second quarter of 2018.

In November 2017, Navios Partners entered into a 10-year bareboat charter-in agreement for a Panamax vessel of approximately 81,000 dwt. Navios Partners has the option to acquire the vessel after the end of the fourth year. The vessel is expected to be delivered within the second half of 2019. During the year ended December 31, 2017, the Company paid a deposit of $2,770, presented under the caption "Other long-term assets". As of March 31, 2018, the Company is contingently liable to pay an additional deposit of $2,770 during the fourth quarter of 2018.

The future minimum commitments for the 12-month periods ended March 31, of Navios Partners under its charter-in contract and for vessel delivery are as follows:

| | Amount |
|---|---|
| 2019 | $37,745 |
| 2020 | 1,089 |
| 2021 | 2,172 |
| 2022 | 2,172 |
| 2023 | 2,126 |
| 2024 and thereafter | 13,258 |
| | **$58,562** |

## NOTE 12 – TRANSACTIONS WITH RELATED PARTIES AND AFFILIATES

**Management fees:** Pursuant to the amended Management Agreement, in each of October 2013, August 2014, February 2015 and February 2016, the Manager, a wholly owned subsidiary of Navios Holdings, provides commercial and technical management services to Navios Partners' vessels for a daily fee of: (a) $4.10 daily rate per Ultra-Handymax vessel; (b) $4.20 daily rate per Panamax vessel; (c) $5.25 daily rate per Capesize vessel; (d) $6.70 daily rate per Container vessel of TEU 6,800; (e) $7.40 daily rate per Container vessel of more than TEU 8,000; and (f) $8.75 daily rate per very large Container vessel of more than TEU 13,000 through December 31, 2017. On November 14, 2017, Navios Partners agreed to extend the duration of its existing Management Agreement with the Manager until December 31, 2022 and to fix the rate for shipmanagement services of its owned fleet through December 31, 2019, effective from January 1, 2018. The new management fees, excluding drydocking expenses which are reimbursed at cost by Navios Partners, will be: (a) $4.23 daily rate per Ultra-Handymax vessel; (b) $4.33 daily rate per Panamax vessel; (c) $5.25 daily rate per Capesize vessel; (d) $6.70 daily rate per Container vessel of TEU 6,800; (e) $7.40 daily rate per Container vessel of more than TEU 8,000 and (f) $8.75 daily rate per very large Container vessel of more than TEU 13,000. Drydocking expenses under this agreement are reimbursed by Navios Partners at cost at occurrence. Effective August 31, 2016, Navios Partners could, upon request to Navios Holdings, partially or fully defer the reimbursement of dry docking and other extraordinary fees and expenses under the Management Agreement to a later date, but not later than January 5, 2018, and if reimbursed on a later date, such amounts would bear interest at a rate of 1% per annum over LIBOR.

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Total management fees for the three month periods ended March 31, 2018 and 2017 amounted to $16,691 and $14,343, respectively.

**General and administrative expenses:** Pursuant to the Administrative Services Agreement, the Manager also provides administrative services to Navios Partners, which include bookkeeping, audit and accounting services, legal and insurance services, administrative and clerical services, banking and financial services, advisory services, client and investor relations and other. The Manager is reimbursed for reasonable costs and expenses incurred in connection with the provision of these services. Navios Partners extended the duration of its existing Administrative Services Agreement with the Manager, until December 31, 2022.

Total general and administrative expenses charged by Navios Holdings for the three month periods ended March 31, 2018 and 2017 amounted to $2,250 and $1,946, respectively.

**Balance due from related parties (excluding Navios Europe I and Navios Europe II):** Balance due from related parties as of March 31, 2018 and December 31, 2017 amounted to $53,476 and $43,146, respectively, of which current receivable was $8,928 and the long-term receivable was $44,548. The balance mainly consisted of management fees, drydocking expenses prepaid to Navios Holdings in accordance with the Management service agreement and the Navios Holdings Guarantee of up to $20,000, of which the fair value was estimated at $19,319 as of March 31, 2018.

**Vessel Chartering:** In November 2016, Navios Partners entered into a charter with a subsidiary of Navios Holdings for the Navios Fulvia, a 2010-built Capesize vessel. The term of this charter is approximately three months that commenced in November 2016, at a net daily rate of $11.5. The vessel was redelivered in February 2017.

Total loss/revenue of Navios Partners from the subsidiaries of Navios Holdings for the three month periods ended March 31, 2018 and 2017 amounted to a $9 loss and $610 in revenue, respectively.

**Share Purchase Agreements:** On February 4, 2015, Navios Partners entered into a share purchase agreement with Navios Holdings pursuant to which Navios Holdings made an investment in Navios Partners by purchasing common units, and general partnership interests.

**Registration Rights Agreement:** On February 4, 2015, in connection with the share purchase agreement as discussed above, Navios Partners entered into a registration rights agreement with Navios Holdings pursuant to which Navios Partners provided Navios Holdings with certain rights relating to the registration of the common units.

**Balance due from Navios Europe I:** Navios Holdings, Navios Maritime Acquisition Corp. (“Navios Acquisition”) and Navios Partners have made available to Navios Europe I revolving loans up to $24,100 to fund working capital requirements (collectively, the “Navios Revolving Loans I”) (see Note 14 — Investment in Affiliates). The Navios Revolving Loans I and the Navios Term Loans I earn interest and an annual preferred return, respectively, at 12.7% per annum, on a quarterly compounding basis and are repaid from free cash flow (as defined in the loan agreement) to the fullest extent possible at the end of each quarter.

As of March 31, 2018, Navios Partners’ portion of the outstanding amount relating to portion of the investment in Navios Europe I (5.0% of the $10,000) was $500, under the caption “Investment in affiliates” and the outstanding amount relating to the Navios Revolving Loans I capital was $1,205 (December 31, 2017: $1,205), under the caption “Loans receivable from affiliates”. The accrued interest income earned under the Navios Revolving Loans I was $542 (December 31, 2017: $489) under the caption “Balance due from related parties” and the accrued interest income earned under the Navios Term Loans I was $360 (December 31, 2017: $334) under the caption “Loans receivable from affiliates”. As of March 31, 2018, there was no amount undrawn under the Navios Revolving Loans I.

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**Balance due from Navios Europe II:** Navios Holdings, Navios Acquisition and Navios Partners have made available to Navios Europe II revolving loans up to $43,500 to fund working capital requirements (collectively, the "Navios Revolving Loans II"). In March 2017, the availability under the Navios Revolving Loans II was increased by $14,000 (see Note 14 — Investment in Affiliates). The Navios Revolving Loans II and the Navios Term Loans II earn interest and an annual preferred return, respectively, at 18% per annum, on a quarterly compounding basis and are repaid from free cash flow (as defined in the loan agreement) to the fullest extent possible at the end of each quarter.

As of March 31, 2018, Navios Partners' portion of the outstanding amount relating to portion of the investment in Navios Europe II (5.0% of the $14,000) was $700, under the caption "Investment in affiliates" and the outstanding amount relating to the Navios Revolving Loans II capital was $9,772 (December 31, 2017: $9,772), under the caption "Loans receivable from affiliates". The accrued interest income earned under the Navios Revolving Loans II was $2,322 (December 31, 2017: $1,801) under the caption "Balance due from related parties" and the accrued interest income earned under the Navios Term Loans II was $444 (December 31, 2017: $395) under the caption "Loans receivable from affiliates". As of March 31, 2018, the amount undrawn under the Navios Revolving Loans II was $15,003, of which Navios Partners may be required to fund an amount ranging from $0 to $15,003.

**Note receivable from affiliates:** On March 17, 2017, Navios Holdings transferred to Navios Partners its rights to the fixed 12.7% interest on the Navios Europe I Navios Term Loans I and Navios Revolving Loans I (including the respective accrued receivable interest) in the amount of $33,473, which included a cash consideration of $4,050 and 13,076,923 newly issued common units of Navios Partners. At the date of this transaction, the Company recognized a receivable at the fair value of its newly issued common units totaling to $29,423 based on the closing price of $2.25 per unit as of March 16, 2017 given as consideration (see Note 8 — Issuance of Units). The receivable relating to the consideration settled with the issuance of 13,076,923 Navios Partners' common units in the amount of $29,423 has been classified contra equity within the consolidated Statements of Changes in Partners' Capital as "Note receivable". The receivable from Navios Holdings is payable on maturity in December 2023 and Navios Partners will receive approximately $50,937. Interest will accrue through maturity and will be recognized within "Interest income" for the receivable relating to the cash consideration of $4,050. As of March 31, 2018, the long-term note receivable from Navios Holdings amounted to $4,319 (including the non-cash interest income of $269), presented under the caption "Note receivable from affiliates". Navios Partners may require Navios Holdings, under certain conditions, to repurchase the loans after the third anniversary of the date of the transaction based on the then outstanding balance of the loans.

**Others:** Navios Partners has entered into an omnibus agreement with Navios Holdings (the "Partners Omnibus Agreement") in connection with the closing of Navios Partners' IPO governing, among other things, when Navios Holdings and Navios Partners may compete against each other as well as rights of first offer on certain drybulk carriers. Pursuant to the Partners Omnibus Agreement, Navios Partners generally agreed not to acquire or own Panamax or Capesize drybulk carriers under time charters of three or more years without the consent of an independent committee of Navios Partners. In addition, Navios Holdings has agreed to offer to Navios Partners the opportunity to purchase vessels from Navios Holdings when such vessels are fixed under time charters of three or more years.

Navios Partners entered into an omnibus agreement with Navios Acquisition and Navios Holdings (the "Acquisition Omnibus Agreement") in connection with the closing of Navios Acquisition's initial vessel acquisition, pursuant to which, among other things, Navios Holdings and Navios Partners agreed not to acquire, charter-in or own liquid shipment vessels, except for container vessels and vessels that are primarily employed in operations in South America, without the consent of an independent committee of Navios Acquisition. In addition, Navios Acquisition, under the Acquisition Omnibus Agreement, agreed to cause its subsidiaries not to acquire, own, operate or charter drybulk carriers subject to specific exceptions. Under the Acquisition Omnibus Agreement, Navios Acquisition and its subsidiaries granted to Navios Holdings and Navios Partners, a right of first offer on any proposed sale, transfer or other disposition of any of its drybulk carriers and related charters owned or acquired by Navios Acquisition. Likewise, Navios Holdings and Navios Partners agreed to grant a similar right of first offer to Navios Acquisition for any liquid shipment vessels it might own. These rights of first offer will not apply to a (i) sale, transfer or other disposition of vessels between any affiliated subsidiaries, or pursuant to the terms of any charter or other agreement with a counterparty, or (ii) merger with or into, or sale of substantially all of the assets to, an unaffiliated third party.

In connection with the Navios Maritime Midstream Partners L.P. ("Navios Midstream") initial public offering and effective November 18, 2014, Navios Partners entered into an omnibus agreement with Navios Midstream, Navios Acquisition and Navios Holdings pursuant to which Navios Acquisition, Navios Holdings and Navios Partners have agreed not to acquire or own any VLCCs, crude oil tankers, refined petroleum product tankers, LPG tankers or chemical tankers under time charters of five or more years and also providing rights of first offer on certain tanker vessels.

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In connection with the Navios Containers private placement and listing on the Norwegian over-the-counter market effective June 8, 2017, Navios Partners entered into an omnibus agreement with Navios Containers, Navios Holdings, Navios Acquisition and Navios Midstream, pursuant to which Navios Partners, Navios Holdings, Navios Acquisition and Navios Midstream have granted to Navios Containers a right of first refusal over any container vessels to be sold or acquired in the future. The omnibus agreement contains significant exceptions that will allow Navios Partners, Navios Holdings, Navios Acquisition and Navios Midstream to compete with Navios Containers under specified circumstances.

On November 15, 2012 (as amended in March 2014), Navios Holdings and Navios Partners entered into an agreement (the "Navios Holdings Guarantee") by which Navios Holdings will provide supplemental credit default insurance with a maximum cash payment of $20,000. As of March 31, 2018, the Company recognized the fair value of the claim totaling $19,223 presented under the caption "Amounts due from related parties-long term" in the balance sheet. The final settlement of the amount due will take place at anytime but in no case later than December 31, 2019, in accordance with a letter of agreement effective as of December 29, 2017. During the three month periods ended March 31, 2018 and 2017, the Company submitted claims for charterers' default under this agreement to Navios Holdings for a total amount in each period of $0 and $2,251, respectively, net of applicable deductions, of which $0 and $2,369 was presented under the caption "Other income". As of March 31, 2018, the outstanding balance of the claim, including accrued interest and discount unwinding, amounted to $19,319.

As of March 31, 2018, Navios Holdings held an 18.2% common unit interest in Navios Partners, represented by 31,053,233 common units and it also held a general partner interest of 2.0%.

**NOTE 13 – NOTES RECEIVABLE**

On July 15, 2016, the Company entered into a charter restructuring agreement for the reduction of the hire rate for five Container vessels chartered out to Hyundai Merchant Marine Co. ("HMM") which resulted in a decrease in cash charter hire to be received of approximately $38,461. More specifically, the reduction of the hire rate will be applied as follows:

- With effect from (and including) July 18, 2016 until (and including) December 31, 2019, hire rate shall be reduced to $24,400 per day pro rata.
- With effect from (and including) January 1, 2020, hire rate shall be restored to the rate of $30,500 per day pro rata until redelivery.

In exchange for the reduction of the hire rate, the Company received (i) $7,692 on principal amount of senior, unsecured notes, amortizing subject to available cash flows, accruing interest at 3% per annum payable on maturity in July 2024 and (ii) 3,657 freely tradable securities of HMM (publicly traded at the Stock Market Division of the Korean Exchange).

On July 18, 2016, the Company recognized the fair value of the HMM securities totaling $40,277 and also recognized the fair value of the senior unsecured notes totaling $5,931. The total fair value of the non-cash compensation received was recognized as deferred revenue, which will be amortized over the remaining duration of the each time charter. As of March 31, 2018 and December 31, 2017, the outstanding balance of the notes receivable, including accrued interest and discount unwinding, amounted to $6,624 and $6,522, respectively. For the three month periods ended March 31, 2018 and 2017, the Company recorded an amount of $2,984 respectively, of deferred revenue amortization in the consolidated Statements of Operations under the caption "Time charter and voyage revenues".

As of March 31, 2018, the outstanding balances of the current and non-current portion of deferred revenue in relation to HMM amounted to $12,102 and $13,484, respectively.

During August 2016, the Company sold all the shares for net proceeds on sale of $20,842 resulting in a loss on sale of $19,435, which was presented under the caption "Loss on sale of securities" in the consolidated Statements of Operations for the year ended December 31, 2016 and the proceeds were classified as investing activities in the consolidated Statements of Cash Flows for the year ended December 31, 2016. The Company recognized non-cash interest income and discount unwinding totaling to $102 and $101, respectively, for these instruments under the caption "Interest income" in the consolidated Statements of Operations for the three month periods ended March 31, 2018 and 2017, respectively.

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On January 12, 2017, the Company sold the vessel the MSC Cristina (see Note 4 — Vessels, net) for a gross sale price of $126,000 and received a cash payment of $107,250 and a note receivable of $18,750 accruing interest at 6% per annum payable in 16 quarterly instalments. As of March 31, 2018, the outstanding balances of the current and non-current note receivable amounted to $4,687 and $8,203, respectively. For the three month periods ended March 31, 2018 and 2017, the Company recorded an amount of $202 and $238, respectively, including accrued interest income of $101 for the three month period ended March 31, 2017 under the caption "Interest income" in the consolidated Statements of Operations.

## NOTE 14 – INVESTMENT IN AFFILIATES

**Navios Europe I**: On October 9, 2013, Navios Holdings, Navios Acquisition and Navios Partners established Navios Europe I and have ownership interests of 47.5%, 47.5% and 5.0%, respectively. On December 18, 2013, Navios Europe I acquired ten vessels for aggregate consideration consisting of: (i) cash which was funded with the proceeds of senior loan facilities (the "Senior Loans I") and loans aggregating $10,000 from Navios Holdings, Navios Acquisition and Navios Partners (collectively, the "Navios Term Loans I") and (ii) the assumption of a junior participating loan facility (the "Junior Loan I"). In addition to the Navios Term Loans I, Navios Holdings, Navios Acquisition and Navios Partners will also make available to Navios Europe I revolving loans up to $24,100 to fund working capital requirements (collectively, the "Navios Revolving Loans I").

On an ongoing basis, Navios Europe I is required to distribute cash flows (after payment of operating expenses and amounts due pursuant to the terms of the Senior Loans I and repayments of the Navios Revolving Loans I) according to a defined waterfall calculation. Navios Partners evaluated its investment in Navios Europe I under ASC 810 and concluded that Navios Europe I is a variable interest entity ("VIE") and that they are not the party most closely associated with Navios Europe I and, accordingly, is not the primary beneficiary of Navios Europe I. Navios Partners further evaluated its investment in the common stock of Navios Europe I under ASC 323 and concluded that it has the ability to exercise significant influence over the operating and financial policies of Navios Europe I and, therefore, its investment in Navios Europe I is accounted for under the equity method.

As of March 31, 2018 and December 31, 2017, the estimated maximum potential loss by Navios Partners in Navios Europe I would have been $1,705, respectively, excluding accrued interest which represents the Company's carrying value of the investment of $500 (December 31, 2017: $500) plus the Company's balance of the Navios Revolving Loans I of $1,205 (December 31, 2017: $1,205), excluding accrued interest, and does not include the undrawn portion of the Navios Revolving Loans I.

As of March 31, 2018, the Navios Partners' portion of the Navios Revolving Loan I outstanding was $1,205. Investment income of $0 was recognized for the three month period ended March 31, 2018. Investment loss of $(8) was recognized in the Statements of Operations under the caption of "Other income" for the three month period ended March 31, 2017.

**Navios Europe II**: On February 18, 2015, Navios Holdings, Navios Acquisition and Navios Partners established Navios Europe II and have ownership interests of 47.5%, 47.5% and 5.0%, respectively. From June 8, 2015 through December 31, 2015, Navios Europe II acquired fourteen vessels for aggregate consideration consisting of: (i) cash consideration of $145,550 (which was funded with the proceeds of a $131,550 senior loan facilities net of loan discount amounting to $3,375 (the "Senior Loans II") and loans aggregating $14,000 from Navios Holdings, Navios Acquisition and Navios Partners (collectively, the "Navios Term Loans II"); and (ii) the assumption of a junior participating loan facility (the "Junior Loan II") with a face amount of $182,150 and fair value of $99,147, at the acquisition date. In addition to the Navios Term Loans II, Navios Holdings, Navios Acquisition and Navios Partners have also made available to Navios Europe II revolving loans up to $43,500 to fund working capital requirements (collectively, the "Navios Revolving Loans II"). In March 2017, the availability under the Navios Revolving Loans II was increased by $14,000.

On an ongoing basis, Navios Europe II is required to distribute cash flows (after payment of operating expenses, amounts due pursuant to the terms of the Senior Loans and repayments of the Navios Revolving Loans II) according to a defined waterfall calculation. Navios Partners evaluated its investment in Navios Europe II under ASC 810 and concluded that Navios Europe II is a variable interest entity ("VIE") and that it is not the party most closely associated with Navios Europe II and, accordingly, is not the primary beneficiary of Navios Europe II. Navios Partners further evaluated its investment in the common stock of Navios Europe II under ASC 323 and concluded that it has the ability to exercise significant influence over the operating and financial policies of Navios Europe II and, therefore, its investment in Navios Europe II is accounted for under the equity method.

For each of March 31, 2018 and December 31, 2017, the estimated maximum potential loss by Navios Partners in Navios Europe II would have been $10,472, excluding accrued interest, which represents the Company's carrying value of the investment of $700 for March 31, 2018 (December 31, 2017: $700) plus the Company's balance of the Navios Revolving Loans II of $9,772 for March 31, 2018 (December 31, 2017: $9,772), excluding accrued interest, and does not include the undrawn portion of the Navios Revolving Loans II.

**NAVIOS MARITIME PARTNERS L.P.**
**UNAUDITED CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**
(Expressed in thousands of U.S. Dollars except unit and per unit data)

As of March 31, 2018, the Navios Partners' portion of the Navios Revolving Loan II outstanding was $9,772. Investment income of $0 was recognized for the three month period ended March 31, 2018. Investment loss of $(33) was recognized in the Statements of Operations under the caption of "Other income" for the three month period ended March 31, 2017.

**Navios Containers:** On June 8, 2017, Navios Containers closed its private placement and issued 10,057,645 shares for $50,288 of gross proceeds at a subscription price of $5.00 per share. Navios Partners invested $30,000 and received 6,000,000 shares, and Navios Holdings invested $5,000 and received 1,000,000 shares. Each of Navios Partners and Navios Holdings also received warrants, with a five-year term, for 6.8% and 1.7% of the equity, respectively. On August 29, 2017, Navios Containers closed its private placement and issued 10,000,000 shares for $50,000 of gross proceeds at a subscription price of $5.00 per share. Navios Partners invested $10,000 and received 2,000,000 shares. Navios Partners and Navios Holdings also received warrants, with a five-year term, for 6.8% and 1.7% of the equity, respectively. On November 9, 2017, Navios Containers closed a private placement of 9,090,909 shares at a subscription price of $5.50 per share, resulting in gross proceeds of approximately $50,000. Navios Partners invested $10,000 and received 1,818,182 shares. Navios Partners also received warrants, with a five-year term, for 6.8% of the newly issued equity. On March 13, 2018, Navios Containers closed a private placement of 5,454,546 shares at a subscription price of $5.50 per share, resulting in gross proceeds of approximately $30,000. Navios Partners invested $14,460 and received 2,629,095 shares. Navios Partners also received 370,909 warrants, with a five-year term.

As of March 31, 2018, Navios Partners held 12,447,277 common shares and received 36.0% of the equity, and Navios Holdings held 1,090,909 common shares and received 3.2% of the equity of Navios Containers. As of March 31, 2018 and December 31, 2017, the carrying value of the investment in Navios Containers was $66,423 and $50,922, respectively. As of March 31, 2018, the market value of the investment in Navios Containers was $70,035. Investment income of $1,040 was recognized in the Statements of Operations under the caption of "Equity in net earnings of affiliated companies" for the three month period ended March 31, 2018.

## NOTE 15 – CASH DISTRIBUTIONS AND EARNINGS PER UNIT

Navios Partners intends to make distributions to the holders of common units on a quarterly basis, to the extent and as may be declared by the Board and to the extent it has sufficient cash on hand to pay the distribution after the Company establishes cash reserves and pays fees and expenses. There is no guarantee that Navios Partners will pay a quarterly distribution on the common units in any quarter. On February 3, 2016, Navios Partners announced that its Board of Directors decided to suspend the quarterly cash distributions to its unitholders, including the distribution for the quarter ended December 31, 2015. In March 2018, the board determined to reinstate a distribution and any continued distribution will be at the discretion of our Board of Directors, taking into consideration the terms of its partnership agreement. The Company is prohibited from making any distributions to unitholders if it would cause an event of default, or an event of default exists, under its existing credit facilities.

There is incentive distribution rights held by the General Partner, which are analyzed as follows:

| | | Marginal Percentage Interest in Distributions | |
|---|---|---|---|
| | Total Quarterly Distribution Target Amount | Common Unitholders | General Partner |
| Minimum Quarterly Distribution | up to $0.35 | 98% | 2% |
| First Target Distribution | up to $0.4025 | 98% | 2% |
| Second Target Distribution | above $0.4025 up to $0.4375 | 85% | 15% |
| Third Target Distribution | above $0.4375 up to $0.525 | 75% | 25% |
| Thereafter | above $0.525 | 50% | 50% |

The first 98% of the quarterly distribution is paid to all common units holders. The incentive distributions rights (held by the General Partner) apply only after a minimum quarterly distribution of $0.4025.

In March 2018, the Board of Directors of Navios Partners authorized its quarterly cash distribution for the three month period ended March 31, 2018 of $0.02 per unit. The distribution was paid on May 14, 2018 to all holders of record of common and general partner units on May 10, 2018. The aggregate amount of the declared distribution was $3,420.

**NAVIOS MARITIME PARTNERS L.P.**
**UNAUDITED CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**
(Expressed in thousands of U.S. Dollars except unit and per unit data)

Navios Partners calculates earnings per unit by allocating reported net income for each period to each class of units based on the distribution waterfall for available cash specified in Navios Partners' partnership agreement, net of the unallocated earnings (or losses). Basic earnings/(losses) per unit is determined by dividing net income/(loss) attributable to Navios Partners common unitholders by the weighted average number of common units outstanding during the period. Diluted earnings per unit is calculated in the same manner as basic earnings per unit, except that the weighted average number of outstanding units increased to include the dilutive effect of outstanding unit options or phantom units. Net loss per unit undistributed is determined by taking the distributions in excess of net income and allocating between common units and general partner units on a 98%-2% basis. There were no options or phantom units outstanding during the three month periods ended March 31, 2018 and 2017.

The calculations of the basic and diluted earnings per unit are presented below.

| | Three Month Period Ended | |
|---|---|---|
| | March 31, 2018 | March 31, 2017 |
| Net income/ (loss) | $ 5,478 | $ (5,655) |
| Earnings attributable to: | | |
| Common unit holders | 5,368 | (5,542) |
| Weighted average units outstanding (basic and diluted) | | |
| Common unit holders | 154,427,252 | 92,338,280 |
| Earnings per unit (basic and diluted): | | |
| Common unit holders | $ 0.03 | $ (0.06) |
| Earnings per unit — distributed (basic and diluted): | | |
| Common unit holders | $ 0.02 | $ — |
| Earnings per unit — undistributed (basic and diluted): | | |
| Common unit holders | $ 0.01 | $ (0.06) |

Potential common units of 1,353,335 and 2,040,000 relating to unvested restricted common units for each of the three month periods ended March 31, 2018 and 2017, respectively, have an anti-dilutive effect (i.e. those that increase income per unit or decrease loss per unit) and are therefore excluded from the calculation of diluted earnings per unit.

**NOTE 16 – OTHER INCOME**

On November 15, 2012 (as amended in March 2014), Navios Holdings and Navios Partners entered into an agreement (the "Navios Holdings Guarantee") by which Navios Holdings will provide supplemental credit default insurance with a maximum cash payment of $20,000. As of March 31, 2018, the Company recognized the fair value of the claim totaling $19,223 presented under the caption "Amounts due from related parties-long term" in the balance sheet. The final settlement of the amount due will take place at anytime but in no case later than December 31, 2019, in accordance with a letter of agreement effective as of December 29, 2017. During the three month periods ended March 31, 2018 and 2017, the Company submitted claims for charterers' default under this agreement to Navios Holdings for a total amount in each period of $0 and $2,251, respectively, net of applicable deductions, of which $0 and $2,369 was presented under the caption "Other income". As of March 31, 2018, the outstanding balance of the claim, including accrued interest and discount unwinding, amounted to $19,319.

**NOTE 17 – OTHER EXPENSE**

As of March 31, 2017, the amount of $1,495 relating to an allowance for doubtful accounts is included in line item "Other expense" of the interim condensed Statements of Operations.

On January 12, 2017, Navios Partners sold the vessel MSC Cristina, which was classified as held for sale as of December 31, 2016, to an unrelated third party. The carrying value of the vessel was $125,000 and sale proceeds less costs to sell totaled $123,740. As of March 31, 2017, a loss of $1,260 had been recognized under the line item "Other expense" of the interim condensed Statements of Operations.

**NAVIOS MARITIME PARTNERS L.P.**
**UNAUDITED CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**
(Expressed in thousands of U.S. Dollars except unit and per unit data)

## NOTE 18 – SUBSEQUENT EVENTS

The Board of Directors of Navios Partners declared a cash distribution for the first quarter of 2018 of $0.02 per unit. The cash distribution was paid on May 14, 2018 to unitholders of record as of May 10, 2018. The aggregate amount of the declared distribution was $3,420.

On May 21, 2018, Navios Symmetry, a 2006-built Panamax vessel of 74,475 dwt, was delivered to Navios Partners' owned fleet for a purchase price of $11,000. The acquisition was financed with cash on the balance sheet and bank debt.

On May 9, 2018, Navios Partners acquired from an unrelated third party the Navios Apollon I, a 2005-built Panamax vessel of 87,052 dwt, for a purchase price of $12,975. The acquisition of the vessel was financed with cash on the balance sheet.

On April 27, 2018, Navios Partners agreed to sell the YM Utmost and the YM Unity, two 2006-built Container vessels of 8,204 TEU each, to its affiliate, Navios Containers for a total sale price of approximately $67,000. The transaction was unanimously approved by the Conflicts Committee of the Board of Directors of Navios Partners. The Company is expected to recognize a book loss from the sale of the two vessels of approximately $37,600 in the second quarter of 2018. The sale is expected to be completed by the end of May 2018.

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**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized.

NAVIOS MARITIME PARTNERS L.P.

By: /s/ Angeliki Frangou
Angeliki Frangou
Chief Executive Officer

Date: May 21, 2018

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## EXHIBIT LIST

| Exhibit No. | Exhibit |
| --- | --- |
| 10.1 | Loan Agreement, dated March 26, 2018, by and among Goldie Services Company and Seymour Trading Limited; Nordea Bank AB (Publ), Filial I. Norge Skandinaviska Enskilda Banken AB (Publ) and NIBC Bank N.V. |

**Dated 26 March 2018**

**GOLDIE SERVICES COMPANY** and
**SEYMOUR TRADING LIMITED**
as joint and several Borrowers

and

**THE BANKS AND FINANCIAL INSTITUTIONS**
**listed in Schedule 1**
as Lenders

and

**NORDEA BANK AB (PUBL), FILIAL I NORGE**
**SKANDINAVISKA ENSKILDA BANKEN AB (PUBL)** and
**NIBC BANK N.V.**
as Mandated Lead Arrangers

and

**SKANDINAVISKA ENSKILDA BANKEN AB (PUBL)**
as Agent and Security Trustee

# LOAN AGREEMENT

relating to
a $14,300,000 term loan facility secured on
m.vs. “SEAS 14” (tbr “NAVIOS SYMMETRY”) and “SEAS 7” (tbr “NAVIOS ALTAIR I”)

WATSON FARLEY
&
WILLIAMS

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**THIS LOAN AGREEMENT** is made on 26 March 2018

**PARTIES**

(1) **GOLDIE SERVICES COMPANY** and **SEYMOUR TRADING LIMITED,** each a corporation incorporated and existing under the laws of the Marshall Islands whose registered office at Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, Marshall Islands MH 96960, as joint and several **Borrowers**.

(2) **THE BANKS AND FINANCIAL INSTITUTIONS** listed in Schedule 1, as **Lenders**.

(3) **NIBC BANK N.V.**, acting through its office at Carnegieplein 4, 2517 KJ, The Hague, Netherlands as **Mandated Lead Arranger A**.

(4) **NORDEA BANK AB (PUBL), FILIAL I NORGE**, acting through its office at Essendropsgate 7, 0368 Oslo, Norway as **Mandated Lead Arranger B**.

(5) **SKANDINAVISKA ENSKILDA BANKEN AB (PUBL)**, acting through its office at Kungsträdgardsgatan 8, 10640 Stockholm, Sweden as **Mandated Lead Arranger C**.

(6) **SKANDINAVISKA ENSKILDA BANKEN AB (PUBL)**, with its registered office at Kungsträdgardsgatan 8, 10640 Stockholm, Sweden as **Agent** and **Security Trustee**.

**WHEREAS**

The Lenders have agreed to make available to the Borrowers, in two advances, a senior secured term loan facility:

(A) Advance A shall be in an amount equal to the lesser of (a) $7,150,000 and (b) 65 per cent. of the Purchase Price of Ship A which shall be made available for the purpose of financing part of the acquisition cost of Ship A; and

(B) Advance B shall be in an amount equal to the lesser of (a) $7,150,000 and (b) 65 per cent. of the Purchase Price of Ship B which shall be made available for the purpose of financing part of the acquisition cost of Ship B.

**IT IS AGREED** as follows:

**1 INTERPRETATION**

**1.1 Definitions**

Subject to Clause 1.5, in this Agreement:

"**Account Bank**" means Skandinaviska Enskilda Banken AB (Publ), acting through its office at One Carter Lane, London EC4V 5AN, United Kingdom;

"**Account Pledge**" means, in relation to each Earnings Account, a deed of pledge of that Earnings Account in such form as the Lenders may approve or require, and in the plural means both of them;

"**Advance A**" means, in relation to Ship A, an amount equal to the lesser of (i) $7,150,000 and (ii) 65 per cent. of the Purchase Price of that Ship, to be made available to the Borrowers in a single amount for the purpose of financing part of the acquisition cost of Ship A;

"**Advance B**" means, in relation to Ship B, an amount equal to the lesser of (i) $7,150,000 and (ii) 65 per cent. of the Purchase Price of that Ship, to be made available to the Borrowers in a single amount for the purpose of financing part of the acquisition cost of Ship B;

**"Advances**" means, together, Advance A and Advance B or the principal amount of each borrowing by the Borrowers under this Agreement and, in the singular, means either of them;

"**Agency and Trust Deed**" means the agency and trust deed executed or to be executed between the Borrowers, the Lenders, the Mandated Lead Arrangers, the Agent and the Security Trustee in such form as the Lenders may approve or require;

"**Agent**" means Skandinaviska Enskilda Banken AB (Publ), with its registered office at Kungsträdgardsgatan 8, 10640 Stockholm, Sweden, or any successor of it appointed under clause 5 of the Agency and Trust Deed;

"**Applicable Person**" has the meaning given in Clause 29.4;

"**Approved Broker**" means any of Arrow Valuations Ltd, Braemar ACM Shipbroking, H Clarkson & Co. Ltd., Fearnleys, Simpson Spencer & Young and Maersk Broker K.S. (to include, in each case, their successors or assigns and such subsidiary or other company in the same corporate group through which valuations are commonly issued by each of these brokers), or such other first-class independent broker as the Borrowers and the Agent (acting on the instructions of the Majority Lenders) may agree in writing from time to time;

**"Approved Flag"** means, in relation to a Ship, the flag of Liberia or such other flag as the Agent (acting on the instructions of the Lenders) may approve as the flag on which that Ship is or, as the case may be, shall be registered;

**"Approved Flag State"** means, in relation to a Ship, the Republic of Liberia or any other country in which the Agent (acting on the instructions of the Lenders) may approve that Ship is or, as the case may be, shall be registered;

"**Approved Manager**" means in respect of the commercial and technical management of either Ship, Navios Shipmanagement Inc., a corporation incorporated in the Marshall Islands having its registered office at Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro MH96960, Marshall Islands, or any other company (for the avoidance of doubt, other than an affiliate of Navios Shipmanagement Inc.) which the Agent (acting on the instructions of the Majority Lenders) may approve from time to time as the commercial and technical manager of either Ship;

"**Approved Manager's Undertaking**" means, in relation to a Ship, a letter of undertaking including, without limitation, an assignment of the Approved Manager's rights, title and interest in the Insurances of the relevant Ship executed or to be executed by the Approved Manager in favour of the Security Trustee agreeing certain matters in relation to the Approved Manager serving as the manager of that Ship and subordinating the rights of the Approved Manager against that Ship and that Borrower to the rights of the Creditor Parties under the Finance Documents, in such form as the Security Trustee, with the authorisation of the Lenders, may approve or require and, in the plural, means both of them;

"**Availability Period**" means the period commencing on the date of this Agreement and ending on:

(a) 18 May 2018, or such later date as the Agent may, with the authorisation of the Majority Lenders, agree with the Borrowers; or

(b) if earlier, the date on which the Total Commitments are fully borrowed, cancelled or terminated;

"**Bail-In Action**" means the exercise of any Write-down and Conversion Powers.

"**Bail-In Legislation**" means:

(a) in relation to an EEA Member Country which has implemented, or which at any time implements, Article 55 of Directive 2014/59/EU establishing a framework for the recovery and resolution of credit institutions and investment firms, the relevant implementing law or regulation as described in the EU Bail-In Legislation Schedule from time to time; and

(b) in relation to any other state, any analogous law or regulation from time to time which requires contractual recognition of any Write-down and Conversion Powers contained in that law or regulation.

"**Balloon Instalment**" has the meaning given to it in Clause 8.1;

"**Basel III**" means:

(a) the agreements on capital requirements, a leverage ratio and liquidity standards contained in "Basel III: A global regulatory framework for more resilient banks and banking systems", "Basel III: International framework for liquidity risk measurement, standards and monitoring" and "Guidance for national authorities operating the countercyclical capital buffer" published by the Basel Committee on Banking Supervision in December 2010, each as amended, supplemented or restated;

(b) the rules for global systemically important banks contained in "Global systemically important banks: assessment methodology and the additional loss absorbency requirement - Rules text" published by the Basel Committee on Banking Supervision in November 2011, as amended, supplemented or restated; and

(c) any further guidance or standards published by the Basel Committee on Banking Supervision relating to "Basel III";

"**Borrower**" means each of Borrower A and Borrower B, and, in the plural, means both of them;

"**Borrower A**" means Goldie Services Company a corporation incorporated and existing under the laws of the Marshall Islands having its registered office at Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, Marshall Islands MH 96960;

"**Borrower B**" means Seymour Trading Company a corporation incorporated and existing under the laws of the Marshall Islands having its registered office at Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, Marshall Islands MH 96960;

"**Break Costs**" means the amount (if any) by which:

(a) the interest which a Lender should have received for the period from the date of receipt of all or any part of its participation in an Advance or an Unpaid Sum to the last day of the current Interest Period in relation to that Advance, the relevant part of that Advance or that Unpaid Sum, had the principal amount or Unpaid Sum received been paid on the last day of that Interest Period;

exceeds

(b) the amount which that Lender would be able to obtain by placing an amount equal to the principal amount or Unpaid Sum received by it on deposit with a leading bank in the London interbank market for a period starting on the Business Day following receipt or recovery and ending on the last day of the current Interest Period;

"**Business Day**" means a day on which banks are open in London, Athens, Oslo, Stockholm and Amsterdam and in respect of a day on which a payment is required to be made under a Finance Document, also in New York City;

"**Charterparty**" means, in relation to a Ship, any charterparty in respect of that Ship of a duration exceeding or capable of exceeding 12 months, made on terms and with a charterer acceptable in all respects to the Lenders;

"**Charterparty Assignment**" means, in relation to a Ship, the deed of assignment of any Charterparty in favour of the Security Trustee, in such form as the Lenders may approve or require;

"**Code**" means the United States Internal Revenue Code of 1986;

"**Commitment**" means, in relation to a Lender, the amount set opposite its name in Schedule 1 or, as the case may require, the amount specified in the relevant Transfer Certificate, as that amount may be reduced, cancelled or terminated in accordance with this Agreement (and "**Total Commitments**" means the aggregate of the Commitments of all the Lenders);

"**Common Units**" has the meaning given to such term in the Third Amended and Restated Agreement of Limited Partnership of the Corporate Guarantor;

"**Confidentiality Undertaking**" means a confidentiality undertaking substantially in a recommended form of the Loan Market Association (LMA) or in any other form agreed between the Borrowers and the Agent;

"**Confidential Information**" means all information relating to the Borrowers, any Security Party, the Group, the Finance Documents or the Loan of which a Creditor Party becomes aware in its capacity as, or for the purpose of becoming, a Creditor Party or which is received by a Creditor Party in relation to, or for the purpose of becoming a Creditor Party under, the Finance Documents or the Loan from either:

(a) any member of the Group or any of its advisers; or

(b) another Creditor Party, if the information was obtained by that Creditor Party directly or indirectly from any member of the Group or any of its advisers, in whatever form, and includes information given orally and any document, electronic file or any other way of representing or recording information which contains or is derived or copied from such information but excludes:

(i) information that:

(A) is or becomes public information other than as a direct or indirect result of any breach by that Creditor Party of Clause 30; or

(B) is identified in writing at the time of delivery as non-confidential by any member of the Group or any of its advisers; or

(C) is known by that Creditor Party before the date the information is disclosed to it in accordance with paragraphs (a) or (b) above or is lawfully obtained by that Creditor Party after that date, from a source which is, as far as that Creditor Party is aware, unconnected with the Group and which, in either case, as far as that Creditor Party is aware, has not been obtained in breach of, and is not otherwise subject to, any obligation of confidentiality; and

(ii) any Funding Rate or any quotation supplied to the Agent by a Reference Bank;

"**Confidential Rate**" means any quotation supplied to the Agent by a Reference Bank or any Funding Rate;

"**Contractual Currency**" has the meaning given in Clause 21.5;

"**Contribution**" means, in relation to a Lender, the part of the Loan which is owing to that Lender;

"**Corporate Guarantee**" means the guarantee to be given by the Corporate Guarantor in favour of the Security Trustee, guaranteeing the obligations of the Borrowers under this Agreement and the other Finance Documents, in such form as the Lenders may approve or require;

"**Corporate Guarantor**" means Navios Maritime Partners L.P. a limited partnership formed in the Marshall Islands whose registered office at Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, Marshall Islands, MH96960 and listed on the New York Stock Exchange;

"**Creditor Party**" means the Agent, the Security Trustee, any Mandated Lead Arranger or any Lender, whether as at the date of this Agreement or at any later time;

"**Designated Unitholders**" means Mrs Angeliki Frangou either directly or indirectly (through entities owned and controlled by her or trusts or foundations of which she is the beneficiary) and/or Navios Maritime Holdings Inc. or any of its affiliates being, either individually or together, the ultimate beneficial owner(s) of, or having ultimate control of the voting rights attaching to, at least 15 per cent. of all the Common Units in the Corporate Guarantor and in the plural means all of them;

"**Dollars**" and "**$**" means the lawful currency for the time being of the United States of America;

"**Drawdown Date**" means, in relation to an Advance, the date requested by the Borrowers for the Advance to be made, or (as the context requires) the date on which the Advance is actually made;

"**Drawdown Notice**" means a notice in the form set out in Schedule 2 (or in any other form which the Agent approves or reasonably requires);

"**Earnings**" means, in relation to a Ship, all moneys whatsoever which are now, or later become, payable (actually or contingently) to the Borrower owning that Ship or the Security Trustee and which arise out of the use or operation of that Ship, including (but not limited to):

(a) all freight, hire and passage moneys, compensation payable to that Borrower or the Security Trustee in the event of requisition of the Ship owned by it for hire, remuneration for salvage and towage services, demurrage and detention moneys and damages for breach (or payments for variation or termination) of any charterparty or other contract for the employment of that Ship;

(b) all moneys which are at any time payable under Insurances in respect of loss of earnings; and

(c) if and whenever that Ship is employed on terms whereby any moneys falling within paragraphs (a) or (b) above are pooled or shared with any other person, that proportion of the net receipts of the relevant pooling or sharing arrangement which is attributable to that Ship;

"**Earnings Account**" means, in relation to a Ship, an account in the name of the Borrower owning that Ship with the Account Bank which is approved by the Lenders in writing as the Earnings Account in respect of that Ship for the purposes of this Agreement, and, in the plural, means both of them;

"**EEA Member Country**" means any member state of the European Union, Iceland, Liechtenstein and Norway;

"**Environmental Claim**" means:

(a) any claim by any governmental, judicial or regulatory authority which arises out of an Environmental Incident or an alleged Environmental Incident or which relates to any Environmental Law; or

(b) any claim by any other person which relates to an Environmental Incident or to an alleged Environmental Incident,

and "**claim**" means a claim for damages, compensation, fines, penalties or any other payment of any kind whether or not similar to the foregoing; an order or direction to take, or not to take, certain action or to desist from or suspend certain action; and any form of enforcement or regulatory action, including the arrest or attachment of any asset;

"**Environmental Incident**" means in relation to a Ship:

(a) any release of Environmentally Sensitive Material from that Ship; or

(b) any incident in which Environmentally Sensitive Material is released from a vessel other than that Ship and which involves a collision between that Ship and such other vessel or some other incident of navigation or operation, in either case, in connection with which that Ship is actually or potentially liable to be arrested, attached, detained and/or injuncted and/or that Ship and/or the Borrower which is the owner thereof and/or any operator or manager of that Ship is at fault or allegedly at fault or otherwise liable to any legal or administrative action; or

(c) any other incident in which Environmentally Sensitive Material is released otherwise than from that Ship and in connection with which that Ship is actually or potentially liable to be arrested and/or where the Borrower which is the owner thereof and/or any operator or manager of that Ship is at fault or allegedly at fault or otherwise liable to any legal or administrative action;

"**Environmental Law**" means any law relating to pollution or protection of the environment, to the carriage of Environmentally Sensitive Material or to actual or threatened releases of Environmentally Sensitive Material;

"**Environmentally Sensitive Material**" means oil, oil products and any other substance (including any chemical, gas or other hazardous or noxious substance) which is (or is capable of being or becoming) polluting, toxic or hazardous;

"**EU Bail-In Legislation Schedule**" means the document described as such and published by the Loan Market Association (or any successor person) from time to time;

"**Event of Default**" means any of the events or circumstances described in Clause 19.1;

"**FATCA**" means:

(a) sections 1471 to 1474 of the Code or any associated regulations;

(b) any treaty, law or regulation of any other jurisdiction, or relating to an intergovernmental agreement between the US and any other jurisdiction, which (in either case) facilitates the implementation of any law or regulation referred to in paragraph (a) above; or

(c) any agreement pursuant to the implementation of any treaty, law or regulation referred to in paragraphs (a) or (b) above with the US Internal Revenue Service, the US government or any governmental or taxation authority in any other jurisdiction;

"**FATCA Deduction**" means a deduction or withholding from a payment under any Finance Document required by or under FATCA;

"**FATCA Exempt Party**" means a party to a Finance Document that is entitled to receive payments free from any FATCA Deduction;

"**FATCA FFI**" means a foreign financial institution as defined in section 1471(d)(4) of the Code which, if any Creditor Party is not a FATCA Exempt Party, could be required to make a FATCA Deduction;

"**Finance Documents**" means:

(a) this Agreement;

(b) the Agency and Trust Deed;

(c) the Corporate Guarantee;

(d) the General Assignments;

(e) the Mortgages;

(f) the Account Pledges;

(g) the Charterparty Assignments;

(h) the Approved Manager's Undertakings;

(i) the Shares Pledges; and

(j) any other document (whether creating a Security Interest or not) which is executed at any time by a Borrower, the Corporate Guarantor, the Approved Manager, the Shareholder or any other person as security for, or to establish any form of subordination or priorities arrangement in relation to, any amount payable to the Lenders under this Agreement or any of the other documents referred to in this definition;

"**Financial Indebtedness**" means, in relation to a person (the "**debtor**"), a liability of the debtor:

(a) for principal, interest or any other sum payable in respect of any moneys borrowed or raised by the debtor;

(b) under any loan stock, bond, note or other security issued by the debtor;

(c) under any acceptance credit, guarantee or letter of credit facility or dematerialised equivalent made available to the debtor;

(d) under a financial lease, a deferred purchase consideration arrangement or any other agreement having the commercial effect of a borrowing or raising of money by the debtor;

(e) under any foreign exchange transaction, any interest or currency swap or any other kind of derivative transaction entered into by the debtor or, if the agreement under which any such transaction is entered into requires netting of mutual liabilities, the liability of the debtor for the net amount; or

(f) under a guarantee, indemnity or similar obligation entered into by the debtor in respect of a liability of another person which would fall within (a) to (e) if the references to the debtor referred to the other person;

"**Funding Rate**" means any rate notified to the Agent by a Lender pursuant to Clause 5.9;

"**General Assignment**" means, in relation to a Ship, a general assignment of the Earnings, the Insurances and any Requisition Compensation, in such form as the Lenders may approve or require and in the plural means both of them;

"**Group**" means together, the Borrowers, the Corporate Guarantor and their wholly- owned subsidiaries (direct or indirect) from time to time during the Security Period and "**member of the Group**" shall be construed accordingly;

"**IACS**" means the International Association of Classification Societies;

"**Insurances**" means in relation to a Ship:

(a) all policies and contracts of insurance, including entries of that Ship in any protection and indemnity or war risks association, which are effected in respect of that Ship, the Earnings or otherwise in relation to it whether before, on or after the date of this Agreement; and

(b) all rights and other assets relating to, or derived from, any of the foregoing, including any rights to a return of a premium and any rights in respect of any claim whether or not the relevant policy, contract of insurance or entry has expired on or before the date of this Agreement;

"**Interest Period**" means a period determined in accordance with Clause 6;

"**Interpolated Screen Rate**" means, in relation to LIBOR for an Interest Period, the rate (rounded to the same number of decimal places as the two relevant Screen Rates) which results from interpolating on a linear basis between:

(a) the applicable Screen Rate for the longest period (for which that Screen Rate is available) which is less than that Interest Period; and

(b) the applicable Screen Rate for the shortest period (for which that Screen Rate is available) which exceeds that Interest Period,

each as of 11.00 a.m. (London time) on the Quotation Date for the currency of the Loan;

each at or about 11 a.m. (London time) on the relevant Quotation Date;

"**ISM Code**" means, in relation to its application to the Borrowers, the Ships and their operation:

(a) 'The International Management Code for the Safe Operation of Ships and for Pollution Prevention', currently known or referred to as the 'ISM Code', adopted by the Assembly of the International Maritime Organisation by Resolution A.741(18) on 4 November 1993 and incorporated on 19 May 1994 into chapter IX of the International Convention for the Safety of Life at Sea 1974 (SOLAS 1974); and

(b) all further resolutions, circulars, codes, guidelines, regulations and recommendations which are now or in the future issued by or on behalf of the International Maritime Organisation or any other entity with responsibility for implementing the ISM Code, including without limitation, the 'Guidelines on implementation or administering of the International Safety Management (ISM) Code by Administrations' produced by the International Maritime Organisations pursuant to Resolution A.788(19) adopted on 25 November 1995,

as the same may be amended, supplemented or replaced from time to time;

"**ISM Code Documentation**" includes, in relation to a Ship:

(a) the document of compliance (DOC) and safety management certificate (SMC) issued pursuant to the ISM Code within the periods specified by the ISM Code; and

(b) all other documents and data which are relevant to the ISM SMS and its implementation and verification which the Agent may require; and

(c) any other documents which are prepared or which are otherwise relevant to establish and maintain that Ship's or that Borrower's compliance with the ISM Code which the Agent may require;

"**ISM SMS**" means the safety management system which is required to be developed, implemented and maintained under the ISM Code;

"**ISPS Code**" means the International Ship and Port Facility Security Code constituted pursuant to resolution A.924 (22) of the International Maritime Organisation ("**IMO**") adopted by a Diplomatic conference of the IMO on Maritime Security on 13 December 2002 and now set out in Chapter XI-2 of the Safety of Life at Sea Convention (SOLAS) 1974 (as amended) to take effect on 1 July 2004;

"**ISSC**" means a valid and current International Ship Security Certificate issued under the ISPS Code;

"**Lender**" means:

(a) a bank or financial institution listed in Schedule 1 and acting through its branch or office indicated in Schedule 1 (or through another branch notified to the Borrowers under Clause 26.13) unless it has delivered a Transfer Certificate or Certificates covering the entire amounts of its Commitment and its Contribution; and

(b) the holder for the time being of a Transfer Certificate;

"**LIBOR**" means, for an Interest Period:

(a) the applicable Screen Rate;

(b) (if no Screen Rate is available for that Interest Period) the Interpolated Screen Rate; or

(c) if:

(i) no Screen Rate is available for the currency of the Loan; or

(ii) no Screen Rate is available for that Interest Period and it is not possible to calculate an Interpolated Screen Rate,

the Reference Bank Rate,

as of, in the case of paragraphs (a) and (c) above, 11.00 a.m. (London time) on the Quotation Date for the currency of the Loan and for a period equal in length to that Interest Period and, if any such rate is below zero, LIBOR will be deemed to be zero;

"**Loan**" means the principal amount for the time being outstanding under this Agreement;

"**Major Casualty**" means, in relation to a Ship, any casualty to that Ship in respect of which the claim or the aggregate of the claims against all insurers, before adjustment for any relevant franchise or deductible, exceeds $500,000 or the equivalent in any other currency;

**Majority Lenders**" means:

(a) before an Advance has been made, Lenders whose Commitments total 66.66 per cent. of the Total Commitments; and

(b) after an Advance has been made, Lenders whose Contributions total 66.66 per cent. of the Loan;

"**Mandated Lead Arranger**" means the Mandated Lead Arranger A, the Mandated Lead Arranger B or the Mandated Lead Arranger C and, in the plural, means all of them;

"**Mandated Lead Arranger A**" means NIBC Bank N.V. acting through its office at Carnegieplein 4, 2517 KJ, The Hague, Netherlands;

"**Mandated Lead Arranger B**" means Nordea Bank AB (Publ), filial i Norge acting through its office at Essendropsgate 7, 0368 Oslo, Norway;

"**Mandated Lead Arranger C**" means Skandinaviska Enskilda Banken AB (Publ) acting through its office at Kungsträdgardsgatan 8, 106 40 Stockholm, Sweden;

"**Margin**" means 3 per cent. per annum;

**"Market Value"** means the market value of the Ship determined from time to time in accordance with Clause 15.4;

**"Maturity Date"** means, in respect of each Advance, the earlier of:

(i) the date falling on the fifth anniversary of the relevant Drawdown Date; and

(ii) 18 May 2023;

"**MOA**" has the meaning given to that term in Schedule 5;

"**Mortgage**" means, in relation to a Ship, the first preferred or, as the case may be, priority ship mortgage and, if applicable, deed of covenant collateral thereto on that Ship, executed by the Borrower which is the owner thereof in favour of the Security Trustee or (as the case may be) the Lenders, in such form as the Lenders may approve or require and in the plural means both of them;

"**Negotiation Period**" has the meaning given in Clause 5.9;

"**Notifying Lender**" has the meaning given in Clause 23.1 or Clause 24.2 as the context requires;

"**Payment Currency**" has the meaning given in Clause 21.5;

"**Permitted Security Interests**" means:

(a) Security Interests created by the Finance Documents;

(b) liens for unpaid crew's wages in accordance with usual maritime practice;

(c) liens for salvage;

(d) liens arising by operation of law for not more than 2 months' prepaid hire under any charter in relation to a Ship not prohibited by this Agreement;

(e) liens for master's disbursements incurred in the ordinary course of trading and any other lien arising by operation of law or otherwise in the ordinary course of the operation, repair or maintenance of a Ship, provided such liens do not secure amounts more than 45 days overdue (unless the overdue amount is being contested by the relevant Borrower in good faith by appropriate steps) and subject, in the case of liens for repair or maintenance, to Clause 14.13(f);

(f) any Security Interest created in favour of a plaintiff or defendant in any action of the court or tribunal before whom such action is brought as security for costs and expenses where the relevant Borrower is prosecuting or defending such action in good faith by appropriate steps; and

(g) Security Interests arising by operation of law in respect of taxes which are not overdue for payment other than taxes being contested in good faith by appropriate steps and in respect of which appropriate reserves have been made;

"**Pertinent Jurisdiction**", in relation to a company, means:

(a) England and Wales;

(b) the country under the laws of which the company is incorporated or formed;

(c) a country in which the company's central management and control is or has recently been exercised;

(d) a country in which the overall net income of the company is subject to corporation tax, income tax or any similar tax;

(e) a country in which assets of the company (other than securities issued by, or loans to, related companies) having a substantial value are situated, in which the company maintains a permanent place of business, or in which a Security Interest created by the company must or should be registered in order to ensure its validity or priority; and

(f) a country the courts of which have jurisdiction to make a winding up, administration or similar order in relation to the company or which would have such jurisdiction if their assistance were requested by the courts of a country referred to in paragraphs (b) or (c) above;

"**Potential Event of Default**" means an event or circumstance which, with the giving of any notice, the lapse of time, a determination of the Majority Lenders and/or the satisfaction of any other condition, would constitute an Event of Default;

"**Purchase Price**" has the meaning given to that term in Schedule 5;

"**Quotation Date**" means, in relation to any Interest Period (or any other period for which an interest rate is to be determined under any provision of a Finance Document), the day on which quotations would ordinarily be given by leading banks in the London Interbank Market for deposits in the currency in relation to which such rate is to be determined for delivery on the first day of that Interest Period or other period.

"**Reference Bank**" means, in relation to the determination of LIBOR and any mandatory costs, Skandinaviska Enskilda Banken AB (Publ) and Nordea Bank Ab (Publ), filial i Norge or such other bank as may be appointed by the Agent after consultation with the Borrower;

"**Reference Bank Rate**" means the arithmetic mean of the rates (rounded upwards to four decimal places) as supplied to the Agent at its request by the Reference Banks, as the rate at which each Reference Bank could borrow funds in the London interbank market, in the relevant currency and for the relevant period, were it to do so by asking for and then accepting interbank offers for deposits in reasonable market size in that currency and for that period.

"**Related Fund**" means in relation to a fund (the "**first fund**"), a fund which is managed or advised by the same investment manager or investment adviser as the first fund or, if it is managed by a different investment manager or investment adviser, a fund whose investment manager or investment adviser is an affiliate of the investment manager or investment adviser of the first fund.

**"Relevant Person"** has the meaning given in Clause 19.9;

"**Repayment Date**" means a date on which a repayment is required to be made under Clause 8;

"**Repayment Instalment**" has the meaning given to it in Clause 8.1;

"**Representative**" means any delegate, agent, manager, administrator, nominee, attorney, trustee or custodian;

"**Requisition Compensation**" includes all compensation or other moneys payable by reason of any act or event such as is referred to in paragraph (b) of the definition of "Total Loss";

"**Resolution Authority**" means any body which has authority to exercise any Write-down and Conversion Powers;

"**Restricted Party**" means a person:

(a) that is listed on any Sanctions List (whether designated by name or by reason of being included in a class of person);

(b) that is domiciled, registered as located or having its main place of business in, or is incorporated under the laws of, a country which is subject to Sanctions Laws; or

(c) that is directly or indirectly owned or controlled by a person referred to in (a) and/or (b) above; or

(d) with which any Lender is prohibited from dealing or otherwise engaging in a transaction with by any Sanctions Laws.

"**Sanctions Authority**" means the Norwegian state, the Swedish state, The Netherlands, the United Nations, the European Union, the United Kingdom, the United States of America, the Monetary Authority of Singapore and the Hong Kong Monetary Authority and any authority acting on behalf of any of them in connection with Sanctions Laws;

"**Sanctions Laws**" means the economic or financial sanctions laws and/or regulations, trade embargoes, prohibitions, restrictive measures, decisions, Executive Orders or notices from regulators implemented, adapted, imposed, administered, enacted and/or enforced by any Sanctions Authority;

"**Sanctions List**" means any list of persons or entities published in connection with Sanctions Laws by or on behalf of any Sanctions Authority;

"**Screen Rate**" means the London interbank offered rate administrated by ICE Benchmark Administration Limited (or any other person which takes over the administration of that rate) for the relevant currency and period displayed on the relevant pages of the Reuters screen (or any replacement Reuters page which displays that rate or on the appropriate page of such other information service which publishes that rate from time to time in place of Reuters). If such page or service ceases to be available, the Agent may specify another page or service displaying the relevant rate after consultation with the Borrowers;

**"Security Cover Ratio"** means, at any relevant time, the aggregate of (i) the aggregate of the Market Value of the Mortgaged Ships and (ii) the net realisable value of any additional security provided at that time under Clause 15, at that time expressed as a percentage of the Loan;

"**Secured Liabilities**" means all liabilities which the Borrowers, the Security Parties or any of them have, at the date of this Agreement or at any later time or times, under or by virtue of the Finance Documents or any judgment relating to the Finance Documents; and for this purpose, there shall be disregarded any total or partial discharge of these liabilities, or variation of their terms, which is effected by, or in connection with, any bankruptcy, liquidation, arrangement or other procedure under the insolvency laws of any country;

"**Security Interest**" means:

(a) a mortgage, charge (whether fixed or floating) or pledge, any maritime or other lien or any other security interest of any kind; and

(b) the rights of the plaintiff under an action *in rem* in which the vessel concerned has been arrested or a writ has been issued or similar step taken.

"**Security Party**" means the Corporate Guarantor, the Approved Manager, the Shareholder and any other person (except a Creditor Party) who, as a surety or mortgagor, as a party to any subordination or priorities arrangement, or in any similar capacity, executes a document falling within the final paragraph of the definition of "Finance Documents";

"**Security Period**" means the period commencing on the date of this Agreement and ending on the date on which the Agent notifies the Borrowers, the Security Parties and the other Creditor Parties that:

(a) all amounts which have become due for payment by a Borrower or any Security Party under the Finance Documents have been paid in full;

(b) no amount is owing or has accrued (without yet having become due for payment) under any Finance Document;

(c) no Borrower nor any Security Party has any future or contingent liability under Clause 20, 21 or 22 below or any other provision of this Agreement or another Finance Document; and

(d) the Agent, the Security Trustee, the Mandated Lead Arrangers and the Lenders do not consider that there is a significant risk that any payment or transaction under a Finance Document would be set aside, or would have to be reversed or adjusted, in any present or possible future bankruptcy of a Borrower or a Security Party or in any present or possible future proceeding relating to a Finance Document or any asset covered (or previously covered) by a Security Interest created by a Finance Document;

"**Security Trustee**" means Skandinaviska Enskilda Banken AB (Publ) with its registered office at Kungsträdgardsgatan 8, 10640 Stockholm, Sweden, or any successor of it appointed under clause 5 of the Agency and Trust Deed;

"**Seller**" has the meaning given to that term in Schedule 5;

"**Shares Pledge**" means, in respect of all the issued shares in either Borrower, a pledge of such shares executed or to be executed by the Shareholder in favour of the Security Trustee, in such form as the Lenders may approve or require and in the plural means both of them;

"**Shareholder**" means Navios Maritime Operating L.L.C., a limited liability company formed and existing in the Republic of the Marshall Islands whose registered office is at Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, The Marshall Islands MH96960;

"**Ship**" means each of Ship A and Ship B, and, in the plural, means both of them;

"**Ship A**" has the meaning given to that term in Schedule 5;

"**Ship B**" has the meaning given to that term in Schedule 5;

"**Term B Loan**" means the credit agreement dated as of 14 March 2017 (as amended, restated, supplemented or otherwise modified from time to time), by and among the Corporate Guarantor and Navios Partners Finance (US) Inc., a Delaware corporation, as borrowers, the lenders from time to time party thereto and Morgan Stanley Senior Funding, Inc., as administrative agent for the lenders;

"**Total Loss**" means in relation to a Ship:

(a) actual, constructive, compromised, agreed or arranged total loss of that Ship;

(b) any expropriation, confiscation, requisition or acquisition of that Ship whether for full consideration, a consideration less than its proper value, a nominal consideration or without any consideration, which is effected by any government or official authority or by any person or persons claiming to be or to represent a government or official authority, excluding a requisition for hire for a fixed period not exceeding one year without any right to an extension unless that Ship is within 30 days redelivered to the full control of the Borrower owning that Ship;

(c) any condemnation of that Ship by any tribunal or by any person or person claiming to be a tribunal; and

(d) any arrest, capture, seizure, confiscation or detention of that Ship (including any hijacking or theft) unless it is within the Relevant Period redelivered to the full control of the Borrower owning that Ship;

"**Relevant Period**" means:

(i) in the case of any arrest of a Ship, 1 month; and

(ii) in the case of piracy or capture, seizure, confiscation or detention of a Ship (including any hijacking or theft), 90 days **Provided that** if the relevant underwriters confirm to the Agent in writing prior to the end of the 90-day period referred to in (i) above that the relevant Ship is subject to an approved piracy insurance cover, the earlier of 270 days after the date on which that Ship is captured by pirates and the date on which the piracy insurance cover expires;

"**Total Loss Date**" means in relation to a Ship:

(a) in the case of an actual loss, the date on which it occurred or, if that is unknown, the date when that Ship was last heard of;

(b) in the case of a constructive, compromised, agreed or arranged total loss of that Ship, the earlier of:

(i) the date on which a notice of abandonment is given to the insurers; and

(ii) the date of any compromise, arrangement or agreement made by or on behalf of the Borrower owning that Ship, with that Ship's insurers in which the insurers agree to treat that Ship as a total loss; and

(c) in the case of any other type of total loss, on the earlier of:

(i) the date at which a total loss is subsequently admitted by such insurers;

(ii) the date at which a total loss is subsequently adjudged by a competent court of law or arbitration tribunal to have occurred, if such insurers do not immediately admit such claim; or

(iii) the date (or the most likely date) on which it appears to the Agent that the event constituting the total loss occurred;

"**Transfer Certificate**" has the meaning given in Clause 26.2;

"**Trust Property**" has the meaning given in clause 3.1 of the Agency and Trust Deed;

"**Unpaid Sum**" means any sum due and payable but unpaid by a Borrower or any Security Party under the Finance Documents;

"**US**" means the United States of America;

"**US GAAP**" means generally accepted international accounting principles as from time to time in effect in the United States of America;

"**US Tax Obligor**" means:

(a) a person which is resident for tax purposes in the United States of America; or

(b) a person some or all of whose payments under the Finance Documents are from sources within the United States for US federal income tax purposes; and

"**Write-down and Conversion Powers**" means:

(a) in relation to any Bail-In Legislation described in the EU Bail-In Legislation Schedule from time to time, the powers described as such in relation to that Bail-In Legislation in the EU Bail-In Legislation Schedule; and

(b) in relation to any other applicable Bail-In Legislation:

(i) any powers under that Bail-In Legislation to cancel, transfer or dilute shares issued by a person that is a bank or investment firm or other financial institution or affiliate of a bank, investment firm or other financial institution, to cancel, reduce, modify or change the form of a liability of such a person or any contract or instrument under which that liability arises, to convert all or part of that liability into shares, securities or obligations of that person or any other person, to provide that any such contract or instrument is to have effect as if a right had been exercised under it or to suspend any obligation in respect of that liability or any of the powers under that Bail-In Legislation that are related to or ancillary to any of those powers; and

(ii) any similar or analogous powers under that Bail-In Legislation.

**1.2 Construction of certain terms**

In this Agreement:

"**approved**" means, for the purposes of the definition of "Total Loss" in Clause 1.1 and in Clause 13, approved in writing by the Agent;

"**asset**" includes every kind of property, asset, interest or right, including any present, future or contingent right to any revenues or other payment;

"**company**" includes any partnership, joint venture and unincorporated association;

"**consent**" includes an authorisation, consent, approval, resolution, licence, exemption, filing, registration, notarisation and legalisation;

"**contingent liability**" means a liability which is not certain to arise and/or the amount of which remains unascertained;

"**document**" includes a deed; also a letter or fax;

"**excess risks**" means, in relation to a Ship, the proportion of claims for general average, salvage and salvage charges not recoverable under the hull and machinery policies in respect of the Ship in consequence of its insured value being less than the value at which the Ship is assessed for the purpose of such claims;

"**expense**" means any kind of cost, charge or expense (including all legal costs, charges and expenses) and any applicable value added or other tax;

"**law**" includes any form of delegated legislation, any order or decree, any treaty or international convention and any regulation or resolution of the Council of the European Union, the European Commission, the United Nations or its Security Council;

"**legal or administrative action**" means any legal proceeding or arbitration and any administrative or regulatory action or investigation;

"**liability**" includes every kind of debt or liability (present or future, certain or contingent), whether incurred as principal or surety or otherwise;

"**months**" shall be construed in accordance with Clause 1.3;

"**obligatory insurances**" means, in relation to a Ship, all insurances effected, or which the Borrower owning that Ship, is obliged to effect, under Clause 13 or any other provision of this Agreement or another Finance Document;

"**parent company**" has the meaning given in Clause 1.4;

"**person**" includes any individual, any entity, any company; any state, political sub-division of a state and local or municipal authority; and any international organisation;

"**policy**", in relation to any insurance, includes a slip, cover note, certificate of entry or other document evidencing the contract of insurance or its terms;

"**protection and indemnity risks**" means the usual risks covered by a protection and indemnity association managed in London, including pollution risks, freight demurrage and defence risks and the proportion (if any) of any sums payable to any other person or persons in case of collision which are not recoverable under the hull and machinery policies by reason of the incorporation therein of clause 1 of the Institute Time Clauses (Hulls) (1/10/83) or clause 8 of the Institute Time Clauses (Hulls) (1/11/1995) or the Institute Amended Running Down Clause (1/10/71) or any equivalent provision;

"**regulation**" includes any regulation, rule, official directive, request or guideline (either having the force of law or compliance with which is reasonable in the ordinary course of business of the party concerned) of any governmental, intergovernmental or supranational body, agency, department or regulatory, self-regulatory or other authority or organisation;

"**subsidiary**" has the meaning given in Clause 1.4;

"**successor**" includes any person who is entitled (by assignment, novation, merger or otherwise) to any other person's rights under this Agreement or any other Finance Document (or any interest in those rights) or who, as administrator, liquidator or otherwise, is entitled to exercise those rights; and in particular references to a successor include a person to whom those rights (or any interest in those rights) are transferred or pass as a result of a merger, division, reconstruction or other reorganisation of it or any other person;

"**tax**" includes any present or future tax, duty, impost, levy or charge of any kind which is imposed by any state, any political sub-division of a state or any local or municipal authority (including any such imposed in connection with exchange controls), and any connected penalty, interest or fine;

"**war risks**" means the risks according to Institute War and Strike Clauses (Hull Time) (1/10/83) or (1/11/95), or equivalent conditions, including, but not limited to risk of mines, blocking and trapping, missing vessel, confiscation, piracy and all risks excluded from the standard form of English or other marine policy; and

"**which is continuing**" or "**is continuing**", a Potential Event of Default is continuing if it has not been remedied or waived and an Event of Default is "**continuing**" if it has not been waived.

**1.3 Meaning of "month"**

A period of one or more "months" ends on the day in the relevant calendar month numerically corresponding to the day of the calendar month on which the period started ("**the numerically corresponding day**"), but:

(a) on the Business Day following the numerically corresponding day if the numerically corresponding day is not a Business Day or, if there is no later Business Day in the same calendar month, on the Business Day preceding the numerically corresponding day; or

(b) on the last Business Day in the relevant calendar month, if the period started on the last Business Day in a calendar month or if the last calendar month of the period has no numerically corresponding day,

and "**month**" and "**monthly**" shall be construed accordingly.

**1.4 Meaning of "subsidiary"**

A company (S) is a subsidiary of another company (P) if:

(a) a majority of the issued shares in S (or a majority of the issued shares in S which carry unlimited rights to capital and income distributions) are directly owned by P or are indirectly attributable to P; or

(b) P has direct or indirect control over a majority of the voting rights attached to the issued shares of S;

and any company of which S is a subsidiary is a parent company of S **Provided** that there shall be excluded from this definition any subsidiaries which are listed on a public stock exchange.

**1.5 General Interpretation**

(a) In this Agreement:

(i) references to, or to a provision of, a Finance Document or any other document are references to it as amended or supplemented, whether before the date of this Agreement or otherwise;

(ii) references to, or to a provision of, any law include any amendment, extension, re-enactment or replacement, whether made before the date of this Agreement or otherwise; and

(iii) words denoting the singular number shall include the plural and vice versa.

(b) Clauses 1.1 to 1.4 and paragraph (a) of this Clause 1.5 apply unless the contrary intention appears.

(c) References in Clause 1.1 to a document being in the form of a particular Appendix include references to that form with any modifications to that form which the Agent (with the authorisation of the Lenders in the case of substantial modifications) approves or requires.

(d) The clause headings shall not affect the interpretation of this Agreement.

## 2 LOAN FACILITY

### 2.1 Amount of loan facility

Subject to the other provisions of this Agreement, the Lenders shall make available to the Borrowers a senior secured term loan facility in 2 Advances as follows:

(a) Advance A shall be in an amount equal to the lesser of (a) $7,150,000 and (b) 65 per cent. of the Purchase Price of Ship A; and

(b) Advance B shall be in an amount equal to the lesser of (a) $7,150,000 and (b) 65 per cent. of the Purchase Price of Ship B .

### 2.2 Lenders' participations in Advances

Subject to the other provisions of this Agreement, each Lender shall participate in each Advance in the proportion which, as at the Drawdown Date, its Commitment bears to the Total Commitments.

### 2.3 Purpose of Advances

The Borrowers undertake with each Creditor Party to use each Advance to finance part of the acquisition cost of the Ship to which that Advance relates.

## 3 POSITION OF THE LENDERS

### 3.1 Interests of Lenders several

The rights of the Creditor Parties under this Agreement are several; accordingly each Lender shall be entitled to sue for any amount which has become due and payable by the Borrowers to it under this Agreement without joining the Security Trustee or any other Creditor Party as additional parties in the proceedings, save that the Security Interests created by any of the Finance Documents may only be enforced in accordance with Clause 19.2.

### 3.2 Proceedings by individual Creditor Party

However, without the prior consent of the Lenders, no Creditor Party may bring proceedings in respect of:

(a) any other liability or obligation of either Borrower or a Security Party under or connected with a Finance Document; or

(b) any misrepresentation or breach of warranty by either Borrower or a Security Party in or connected with a Finance Document.

**3.3 Obligations of Creditor Parties several**

The obligations of the Lenders under this Agreement are several; and a failure of a Lender to perform its obligations under this Agreement shall not result in:

(a) the obligations of the other Lenders being increased; nor

(b) a Borrower, any Security Party or any other Lender being discharged (in whole or in part) from its obligations under any Finance Documents,

and in no circumstances shall a Lender have any responsibility for a failure of another Lender to perform its obligations under this Agreement.

**3.4 Parties bound by certain actions of Lenders**

Every Lender, either Borrower and each Security Party shall be bound by:

(a) any determination made, or action taken, by the Lenders under any provision of a Finance Document;

(b) any instruction or authorisation given by the Lenders to the Agent or the Security Trustee under or in connection with any Finance Document; and

(c) any action taken (or in good faith purportedly taken) by the Agent or the Security Trustee in accordance with such an instruction or authorisation.

**3.5 Reliance on action of Agent**

However, either Borrower and each Security Party:

(a) shall be entitled to assume that the Lenders have duly given any instruction or authorisation which, under any provision of a Finance Document, is required in relation to any action which the Agent has taken or is about to take; and

(b) shall not be entitled to require any evidence that such an instruction or authorisation has been given.

**3.6 Construction**

In Clauses 3.4 and 3.5 references to action taken include (without limitation) the granting of any waiver or consent, an approval of any document and an agreement to any matter.

**4 DRAWDOWN**

**4.1 Request for Advance**

Subject to the following conditions, the Borrowers may request an Advance to be advanced by ensuring that the Agent receives a completed Drawdown Notice not later than 11.00 a.m. (Stockholm time) 2 Business Days prior to the intended Drawdown Date (or such other shorter period as the Lenders may agree).

**4.2 Availability**

The conditions referred to in Clause 4.1 are that:

(a) the Drawdown Date has to be a Business Day during the Availability Period;

(b) the amount of each Advance shall not exceed an amount equal to the lesser of:

(i) 65 per cent. of the Purchase Price of the Ship relevant to such Advance;

(ii) in relation to each Advance, $7,150,000; and

(c) the aggregate amount of the Advances shall not exceed the Total Commitments.

**4.3 Notification to Lenders of receipt of a Drawdown Notice**

The Agent shall promptly notify the Lenders that it has received a Drawdown Notice and shall inform each Lender of:

(a) the amount of the Advance and the Drawdown Date;

(b) the amount of that Lender's participation in the Advance; and

(c) the duration of the first Interest Period.

**4.4 Drawdown Notice irrevocable**

A Drawdown Notice must be signed by an officer or other authorised person of each Borrower; and once served a Drawdown Notice cannot be revoked without the prior consent of the Agent, acting on the authority of the Majority Lenders.

**4.5 Lenders to make available Contributions**

Subject to the provisions of this Agreement, each Lender shall, on and with value on the Drawdown Date, make available to the Agent for the account of the Borrowers the amount due from that Lender under Clause 2.2.

**4.6 Disbursement of Advance**

Subject to the provisions of this Agreement, the Agent shall on the Drawdown Date pay to the Borrowers the amounts which the Agent receives from the Lenders under Clause 4.5; and that payment to the Borrowers shall be made:

(a) to the account which the Borrowers specify in the Drawdown Notice; and

(b) in the like funds as the Agent received the payments from the Lenders.

**5 INTEREST**

**5.1 Payment of normal interest**

Subject to the provisions of this Agreement, interest on the Loan in respect of each Interest Period shall be paid by the Borrowers on the last day of that Interest Period.

**5.2 Normal rate of interest**

Subject to the provisions of this Agreement, the rate of interest on each Advance in respect of an Interest Period shall be the aggregate of (i) the Margin and (ii) LIBOR for that Interest Period subject to Clause 5.6 and 5.7.

**5.3 Payment of accrued interest**

In the case of an Interest Period longer than 3 months, accrued interest shall be paid every 3 months during that Interest Period and on the last day of that Interest Period.

**5.4 Notification of Interest Periods and rates of normal interest**

The Agent shall notify the Borrowers and each Lender of:

(a) each rate of interest; and

(b) the duration of each Interest Period,

as soon as reasonably practicable after each is determined.

**5.5 Obligation of Reference Bank to quote**

Each of the Reference Banks which is a Lender shall use all reasonable efforts to supply the quotation required of it for the purposes of fixing a rate of interest under this Agreement unless that Reference Bank ceases to be a Lender pursuant to Clause 26.2.

**5.6 Absence of quotations by Reference Bank**

If any Reference Bank fails to supply a quotation, the relevant rate of interest shall be set in accordance with the following provisions of this Clause 5.

**5.7 Market disruption**

The following provisions of this Clause 5 apply if:

(a) LIBOR is to be determined by reference to the Reference Banks and no Reference Bank does, before 1.00 p.m. (London time) on the Quotation Date for an Interest Period, provide quotations to the Agent in order to fix LIBOR; or

(b) at least 1 Business Day before the start of an Interest Period, a Lender or Lenders (whose participation in an Advance or the relevant part of such Advance exceeds 35 per cent of that Advance or the relevant part of such Advance) may notify the Agent that LIBOR fixed by the Agent would not accurately reflect the cost to that Lender or, as the case may be, those Lenders of funding its or their respective Contribution(s) (or any part of it) during the Interest Period in the London Interbank Market at or about 11.00 a.m. (London time) on the Quotation Date for the Interest Period.

**5.8 Notification of market disruption**

The Agent shall promptly notify the Borrowers and each of the Lenders stating the circumstances falling within Clause 5.7 which have caused its notice to be given in which case Clause 5.9 shall apply.

**5.9 Cost of funds**

(a) If this Clause 5.9 applies, the rate of interest on the relevant Advance or the relevant part of that Advance for the relevant Interest Period shall be the percentage rate per annum which is the sum of:

(i) the Margin; and

(ii) the weighted average of the rates notified to the Agent by each Lender as soon as practicable and in any event within 5 Business Days of the first day of that Interest Period (or, if earlier, on the date falling 3 Business Days before the date on which interest is due to be paid in respect of that Interest Period) to be that which expresses as a percentage rate per annum the cost to the relevant Lender of funding its participation in that Advance or that part of that Advance from whatever source it may reasonably select.

(b) If this Clause 5.9 applies and the Agent or the Borrowers so require, the Agent, the Lenders and the Borrowers shall enter into negotiations (for a period of not more than 30 days after the date on which the Agent serves its notice under Clause 5.8 (the "**Negotiation Period**")) with a view to agreeing an alternative interest rate or (as the case may be) an alternative basis for the Lenders to fund or continue to fund their or its Contribution during the Interest Period concerned.

(c) Any substitute or alternative basis agreed pursuant to paragraph (b) above shall, with the prior consent of the Lenders and the Borrowers, be binding on all parties.

**5.10 Application of agreed alternative rate of interest**

Any alternative interest rate or an alternative basis which is agreed during the Negotiation Period shall take effect in accordance with the terms agreed.

**5.11 Alternative rate of interest in absence of agreement**

If an alternative interest rate or alternative basis is not agreed within the Negotiation Period, and the relevant circumstances are continuing at the end of the Negotiation Period, the Agent shall set an interest period, with the agreement of each Lender, and interest rate (which shall be determined in accordance with Clause 5.9(a)); and the procedure provided for by this Clause 5.11 shall be repeated if the relevant circumstances are continuing at the end of the interest period so set by the Agent.

**5.12 Notice of prepayment**

If the Borrowers do not agree with an interest rate set by the Agent under Clause 5.11, the Borrowers may give the Agent not less than 10 Business Days' notice of their intention to prepay at the end of the interest period set by the Agent.

**5.13 Prepayment; termination of Commitments**

A notice under Clause 5.12 shall be irrevocable; the Agent shall promptly notify the Lenders of the Borrowers' notice of intended prepayment; and on the last Business Day of the interest period set by the Agent, the Borrowers shall prepay (without premium or penalty) the relevant Advance or, as the case may be, part of such Advance, together with accrued interest thereon at the applicable rate plus the Margin.

**5.14 Application of prepayment**

The provisions of Clause 8 shall apply in relation to the prepayment.

## 6 INTEREST PERIODS

**6.1 Commencement of Interest Periods**

The first Interest Period applicable to an Advance shall commence on the Drawdown Date applicable to that Advance and each subsequent Interest Period shall commence on the expiry of the preceding Interest Period.

**6.2 Duration of normal Interest Periods**

Subject to Clauses 6.3 and 6.4, each Interest Period shall be:

(a) 3 months; or

(b) such other period as the Agent, with the authorisation of all Lenders, may agree with the Borrowers.

**6.3 Duration of Interest Periods for Repayment Instalments**

In respect of an amount due to be repaid under Clause 8 on a particular Repayment Date, an Interest Period shall end on that Repayment Date.

**6.4 Non-availability of matching deposits for Interest Period selected**

If, after the Borrowers have selected an Interest Period longer than 3 months, any Lender notifies the Agent by 11.00 a.m. (London time) on the third Business Day before the commencement of the Interest Period that it is not satisfied that deposits in Dollars for a period equal to the Interest Period will be available to it in the London Interbank Market when the Interest Period commences, the Interest Period shall be 3 months.

## 7 DEFAULT INTEREST

**7.1 Payment of default interest on overdue amounts**

The Borrowers shall pay interest in accordance with the following provisions of this Clause 7 on any amount payable by either Borrower under any Finance Document which the Agent, the Security Trustee or the other designated payee does not receive on or before the relevant date, that is:

(a) the date on which the Finance Documents provide that such amount is due for payment; or

(b) if a Finance Document provides that such amount is payable on demand, the date on which the demand is served; or

(c) if such amount has become immediately due and payable under Clause 19.4, the date on which it became immediately due and payable.

**7.2 Default rate of interest**

(a) If a Borrower fails to pay any amount payable by it under a Finance Document on its due date, interest shall accrue on the Unpaid Sum from the due date up to the date of actual payment (both before and after judgment) at a rate which, subject to paragraph (b) below, is 2 per cent. per annum higher than the rate which would have been payable if the Unpaid Sum had, during the period of non-payment, constituted part of the relevant Advance in the currency of the Unpaid Sum for successive Interest Periods, each of a duration selected by the Agent (acting on the instructions of the Lenders). Any interest accruing under this Clause 7.2 shall be immediately payable by the Borrowers on demand by the Agent.

(b) If an Unpaid Sum consists of all or part of that Advance which became due on a day which was not the last day of an Interest Period relating to that Advance or that part of that Advance:

(i) the first Interest Period for that Unpaid Sum shall have a duration equal to the unexpired portion of the current Interest Period relating to the relevant Advance or that part of that Advance; and

(ii) the rate of interest applying to that Unpaid Sum during that first Interest Period shall be 2 per cent. per annum higher than the rate which would have applied if that Unpaid Sum had not become due.

**7.3 Notification of interest periods and default rates**

(a) The Agent shall promptly notify the Lenders and the Borrowers of the determination of a rate of interest under Clause 7.

(b) The Agent shall promptly notify the Borrower of each Funding Rate relating to the relevant Advance, any part of that Advance or any Unpaid Sum.

**7.4 Payment of accrued default interest**

Subject to the other provisions of this Agreement, any interest due under this Clause shall be paid on the last day of the period by reference to which it was determined; and the payment shall be made to the Agent for the account of the Creditor Party to which the overdue amount is due.

**7.5 Compounding of default interest**

Default interest (if unpaid) arising on an Unpaid Sum will be compounded with the Unpaid Sum at the end of each Interest Period applicable to that Unpaid Sum but will remain immediately due and payable.

**8 REPAYMENT AND PREPAYMENT**

**8.1 Amount of repayment instalments**

The Borrowers shall repay each Advance by:

(a) 20 equal consecutive quarterly instalments, each in the amount of $298,000 (each a "**Repayment Instalment**" and, together, the "**Repayment Instalments**"); and

(b) a balloon instalment in the amount of $1,190,000 (the "**Balloon Instalment**"),

**Provided that** in respect of either Advance, if the amount made available in respect of either Advance is less than $7,150,000 the aggregate amount of the Repayment Instalments and the Balloon Instalment in respect of the relevant Advance shall be reduced by an amount equal to the undrawn amount on a *pro rata* basis.

**8.2 Repayment Dates**

The first Repayment Instalment in respect of each Advance shall be repaid on the date falling 3 months after the Drawdown Date relating to that Advance with the remaining Repayment Instalments to be repaid at 3-monthly intervals thereafter and the last Repayment Instalment together with the Balloon Instalment shall be paid on the relevant Maturity Date.

**8.3 Final Repayment Date**

On the final Repayment Date, the Borrowers shall additionally pay to the Agent for the account of the Creditor Parties all other sums then accrued or owing under any Finance Document.

**8.4 Voluntary prepayment**

Subject to the following conditions, the Borrowers may prepay the whole or any part of the Loan on the last day of an Interest Period in respect thereof.

**8.5 Conditions for voluntary prepayment**

The conditions referred to in Clause 8.3 are that:

(a) a partial prepayment shall be $1,000,000 or an integral multiple of $1,000,000 or such lesser amount as is acceptable to the Agent (acting on the instructions of the Majority Lenders);

(b) the Agent has received from the Borrowers at least 3 Business Days' prior written notice specifying:

(i) the amount to be prepaid and the date on which the prepayment is to be made (such date shall be the last day of an Interest Period);

(ii) whether such prepayment will be applied against one of the Advances, in which case the Borrowers will specify the Advance against which that prepayment should be applied. A failure by the Borrowers to make such a designation shall result in the prepayment being applied proportionately between each Advance and thereafter pro rata against the Instalments in respect of each Advance which are at the time being outstanding and each Balloon Instalment; and

(c) the Borrowers have provided evidence satisfactory to the Agent that any consent required by the Borrowers or any Security Party in connection with the prepayment has been obtained and remains in force, and that any requirement relevant to this Agreement which affects the Borrowers or any Security Party has been complied with and shall include a representation to that effect in the notice referred to in (b) above.

**8.6 Effect of notice of prepayment**

A prepayment notice may not be withdrawn or amended without the consent of the Agent, given with the authority of the Majority Lenders, and the amount specified in the prepayment notice shall become due and payable by the Borrowers on the date for prepayment specified in the prepayment notice.

**8.7 Notification of notice of prepayment**

The Agent shall notify the Lenders promptly upon receiving a prepayment notice, and shall provide any Lender which so requests with a copy of any document delivered by the Borrowers under Clause 8.5(c).

**8.8 Mandatory prepayment**

The Borrowers shall be obliged to prepay the Relevant Amount:

(a) if a Ship is sold, on or before the date on which the sale is completed by delivery of that Ship to the buyer; or

(b) if a Ship becomes a Total Loss, on the earlier of the date falling 90 days after the Total Loss Date and the date of receipt by the Security Trustee of the proceeds of insurance relating to such Total Loss; or

(c) if, without the prior written consent of the Lenders, the Designated Unitholders cease to own, in aggregate, less than 15 per cent. of all the Common Units of the Corporate Guarantor; or

(d) either Borrower ceases to be a wholly owned indirect subsidiary of the Corporate Guarantor.

In this Clause 8.8 "**Relevant Amount**" means, in the case of:

(i) paragraphs (a) and (b) an amount equal to the higher of:

(A) the Loan multiplied by a fraction whose:

(1) numerator is the Market Value of the Ship being sold or which has become a Total Loss on the date on which such sale is completed or, as the case may be, the date on which the Total Loss occurred; and

(2) denominator is the aggregate Market Value of the Ships subject to a Mortgage (including the Ship which is being sold or has become a Total Loss) on the Total Loss Date; and

(B) an amount, which after giving credit to the prepayment required to be made pursuant to this Clause 8.8, results in the Security Cover Ratio to be maintained pursuant to Clause 15.1 being no less than 120 per cent; and

(ii) paragraphs (c) and (d) the whole of the Loan.

**8.9 Amounts payable on prepayment**

A prepayment shall be made together with accrued interest (and any other amount payable under Clause 21 below or otherwise) in respect of the amount prepaid and, if the prepayment is not made on the last day of an Interest Period together with any sums payable under Clause 21.1(b) but (subject to Clause 8.11) without premium or penalty.

**8.10 Application of partial prepayment**

Any prepayment shall be applied:

(a) if made pursuant to Clause 8.4, first pro rata against the Repayment Instalments and secondly in reduction of the Balloon Instalment of the Advance being prepaid or in such other manner as the Agent (acting on the instructions of the Lenders) may agree with the Borrowers;

(b) if made pursuant to Clause 8.8:

(i) FIRSTLY: against the Advance which has been used in part financing the relevant Ship and thereafter any balance shall be applied pro rata against the then outstanding Repayment Instalments and the Balloon Instalment of the other Advance; and

(ii) SECONDLY: pro rata towards repayment of any overdue interest, any Break Costs, any accrued interest relating to the Loan, any other costs, fees, expenses, commissions due under this Agreement; and

(iii) THIRDLY: any surplus shall be released to the Borrowers **Provided that** no Event of Default or Potential Event of Default has occurred or is continuing.

(c) If made pursuant to Clause 15.2, pro rata against the Advances and in relation to each Advance, pro rata against the Balloon Instalment and the Repayment Instalments of the Advance being prepaid or in such other manner as the Agent (acting on the instructions of the Lenders) may agree with the Borrowers.

**8.11 No reborrowing**

No amount repaid or prepaid may be reborrowed.

**9 CONDITIONS PRECEDENT**

**9.1 Documents, fees and no default**

Each Lender's obligation to contribute to an Advance is subject to the following conditions precedent:

(a) that on or before the date of this Agreement, the Lenders receive the documents described in Part A of Schedule 3 in a form and substance satisfactory to the Lenders and their lawyers;

(b) that the Agent has received the arrangement fee on behalf of the Lenders referred to in Clause 20.1 and the first annual agency fee pursuant to Clause 20.2;

(c) that, on or before the service of each Drawdown Notice, the Agent receives the documents described in Part B of Schedule 3 in form and substance satisfactory to the Agent and its lawyers;

(d) that at the date of each Drawdown Notice and at each Drawdown Date:

(i) no Event of Default or Potential Event of Default has occurred or is continuing or would result from the borrowing of the relevant Advance; and

(ii) the representations and warranties in Clause 10 and those of the Borrowers or any Security Party which are set out in the other Finance Documents would be true and not misleading if repeated on each of those dates with reference to the circumstances then existing;

(iii) none of the circumstances contemplated by Clause 5.7 has occurred and is continuing; and

(iv) there has been no material adverse change in the business, management, condition (financial or otherwise), results of operations, state of affairs, operation, performance, prospects or properties of the Borrowers or either of them and/or the Corporate Guarantor and its affiliates applying as at 31 December 2017;

(e) that, if the ratio set out in Clause 15.1 were applied immediately following the making of an Advance, the Borrower would not be obliged to provide additional security or prepay part of the Loan under that Clause; and

(f) that the Agent has received, and found to be acceptable to it, any further opinions, consents, agreements and documents in connection with the Finance Documents which the Agent may, with the authorisation of the Majority Lenders, request by notice to the Borrowers prior to the Drawdown Date.

**9.2 Waiver of conditions precedent**

If the Majority Lenders, at their discretion, permit an Advance to be borrowed before certain of the conditions referred to in Clause 9.1 are satisfied, the Borrowers shall ensure that those conditions are satisfied within 5 Business Days after the Drawdown Date (or such longer period as the Agent may, with the authority of the Majority Lenders, specify).

**10 REPRESENTATIONS AND WARRANTIES**

**10.1 General**

Each Borrower represents and warrants (which representations and warranties (other than the ones in Clauses 10.11 and 10.12) shall survive the execution of this Agreement and shall be deemed to be repeated throughout the Security Period on the first day of each Interest Period with respect to the facts and circumstances then existing) to each Creditor Party as follows.

**10.2 Status**

Each Borrower is duly incorporated and validly existing and in good standing under the laws of the Republic of the Marshall Islands.

**10.3 Share capital and ownership**

Each Borrower is authorised to issue 500 registered and/or bearer shares, without par value, and the ownership of all those shares is held in registered form by the Shareholder, whose sole member is the Corporate Guarantor, free of any Security Interest or other claim.

**10.4 Corporate power**

Each Borrower has the corporate capacity, and has taken all corporate action and obtained all consents necessary for it to:

(a) execute the MOA to which it is a party, to purchase and pay for the Ship under that MOA and register that Ship in its name under Liberian flag;

(b) continue to own the Ship owned by it under the relevant Approved Flag;

(c) execute the Finance Documents to which that Borrower is a party; and

(d) borrow under this Agreement and to make all the payments contemplated by, and to comply with, those Finance Documents to which that Borrower is a party.

**10.5 Consents in force**

All the consents referred to in Clause 10.4 remain in force and nothing has occurred which makes any of them liable to revocation.

**10.6 Legal validity; effective Security Interests**

The Finance Documents to which that Borrower is a party, do now or, as the case may be, will, upon execution and delivery (and, where applicable, registration as provided for in the Finance Documents):

(a) constitute that Borrower's legal, valid and binding obligations enforceable against that Borrower in accordance with their respective terms; and

(b) create legal, valid and binding Security Interests enforceable in accordance with their respective terms over all the assets to which they, by their terms, relate,

subject to any relevant insolvency laws affecting creditors' rights generally.

**10.7 No third party Security Interests**

Without limiting the generality of Clause 10.6, at the time of the execution and delivery of each Finance Document to which a Borrower is a party:

(a) each Borrower will have the right to create all the Security Interests which that Finance Document purports to create; and

(b) no third party will have any Security Interest (except for Permitted Security Interests) or any other interest, right or claim over, in or in relation to any asset to which any such Security Interest, by its terms, relates.

**10.8 No conflicts**

The execution by a Borrower of each Finance Document to which it is a party, and the borrowing by that Borrower of the Loan, and its compliance with each Finance Document to which it is a party will not involve or lead to a contravention of:

(a) any law or regulation; or

(b) the constitutional documents of that Borrower; or

(c) any contractual or other obligation or restriction which is binding on that Borrower or any of its assets.

**10.9 No withholding taxes**

All payments which each Borrower is liable to make under the Finance Documents to which it is a party may be made without deduction or withholding for or on account of any tax payable under any law of any Pertinent Jurisdiction.

**10.10 No default**

No Event of Default or Potential Event of Default has occurred and is continuing or would result from the entry into, the performance of, or any transaction contemplated by, any Finance Document.

**10.11 Information**

All information which has been provided in writing by or on behalf of the Borrowers or any member of the Group to any Creditor Party in connection with any Finance Document satisfied the requirements of Clause 11.5; all audited and unaudited accounts which have been so provided satisfied the requirements of Clause 11.7; and there has been no material adverse change in the financial position or state of affairs, operation, performance or prospects of the Borrowers or either of them or any Security Party (excluding the Approved Manager) as at 31 December 2017 from that disclosed to the Agent.

**10.12 No litigation**

No material, legal or administrative action involving either Borrower or any Security Party (excluding the Approved Manager) has been commenced or taken or, to a Borrower's knowledge, is likely to be commenced or taken.

**10.13 Compliance with certain undertakings**

At the date of this Agreement, each Borrower is in compliance with Clauses 11.2, 11.4, 11.9 and 11.13.

**10.14 Taxes paid**

Each Borrower has paid all taxes applicable to, or imposed on or in relation to that Borrower, its business or the Ship owned by it.

**10.15 No money laundering; anti-bribery**

None of the Borrowers, the Security Parties and the Designated Unitholders nor any of their subsidiaries, directors or officers, or, to their best knowledge, any affiliate or employee of them, have engaged in any activity or conduct which would violate any applicable anti-bribery, anti-corruption or anti-money laundering laws, regulations or rules in any applicable jurisdiction and each of the Borrowers, the Security Parties and the Designated Unitholders has instituted and maintains policies and procedures designed to prevent violation of such laws, regulations and rules.

**10.16 ISM Code, ISPS Code Compliance and Environmental Laws**

All requirements of the ISM Code, ISPS Code and Environmental Laws as they relate to the Borrowers, the Approved Manager and the Ships have been complied with.

**10.17 No immunity**

Neither Borrower, nor any of its assets is entitled to immunity on the grounds of sovereignty or otherwise from any legal action or proceeding (which shall include, without limitation, suit attachment prior to judgement, execution or other enforcement).

**10.18 Sanctions**

(a) Each Borrower, each Security Party and each other member of the Group and to the best of their knowledge (having made due inquiry), their joint ventures, and their respective directors, officers, employees, agents or representatives has been and is in compliance with Sanctions Laws;

(b) No Borrower, nor any Security Party, nor any other member of the Group, their joint ventures, and their respective directors, officers, employees, agents or representatives:

(i) is a Restricted Party, or is involved in any transaction through which it is reasonably likely to become a Restricted Party; or

(ii) is subject to or involved in any inquiry, claim, action, suit, proceeding or investigation against it with respect to Sanctions Laws by any Sanctions Authority.

**10.19 Insolvency**

In relation to each Borrower, no corporate action, legal proceeding or other procedure or step described in Clause 19.1(g) or creditors' process described in that clause has been taken or, to its knowledge, threatened in relation to it, and none of the circumstances described in Clause 19.1(g) applies to it.

**10.20 Validity and completeness of MOA**

(a) Each MOA constitutes valid, binding and enforceable obligations of the relevant Seller and the relevant Borrower respectively in accordance with its terms and:

(b) the copy of that MOA delivered to the Agent before the date of this Agreement is a true and complete copy; and

(c) no amendments or additions to that MOA have been agreed nor has the relevant Borrower or the relevant Seller waived any of their respective rights under that MOA.

**11 GENERAL UNDERTAKINGS**

**11.1 General**

Each Borrower undertakes with each Creditor Party to comply with the following provisions of this Clause 11 at all times during the Security Period except as the Agent may, with the authority of the Majority Lenders, otherwise permit in writing.

**11.2 Title and negative pledge**

Each Borrower will:

(a) hold the legal title to, and own the entire beneficial interest in the Ship owned by it, the Insurances and Earnings, free from all Security Interests and other interests and rights of every kind, except for those created by the Finance Documents and the effect of assignments contained in the Finance Documents;

(b) not create or permit to arise any Security Interest (except for Permitted Security Interests) over any other asset, present or future; and

(c) procure that its liabilities under the Finance Documents to which it is party do and will rank at least pari passu with all other present and future unsecured liabilities, except for liabilities which are mandatorily preferred by law.

**11.3 No disposal of assets**

No Borrower will transfer, lease or otherwise dispose of:

(a) all or a substantial part of its assets, whether by one transaction or a number of transactions, whether related or not; or

(b) any debt payable to it or any other right (present, future or contingent right) to receive a payment, including any right to damages or compensation,

but paragraph (a) does not apply to any charter of a Ship as to which Clause 14.13 applies.

**11.4 No other liabilities or obligations to be incurred**

No Borrower will incur any liability or obligation except:

(a) liabilities and obligations under the MOA and the Finance Documents to which it is a party;

(b) under the unsecured guarantee issued by that Borrower in respect of obligations of the Corporate Guarantor under the Term B Loan;

(c) subject to other provisions of this Agreement, liabilities or obligations reasonably incurred in the ordinary course of trading, maintaining, repairing, operating and chartering the Ship owned by it; and

(d) Financial Indebtedness to any other corporation which is a member of the Group or individual who is a shareholder or majority shareholder in a member of the Group **Provided that** such Financial Indebtedness shall be fully subordinated to the Loan and the Borrower shall, promptly following the Agent's demand, execute or procure the execution of any documents which the Agent specifies to create or maintain the subordination of the rights of the relevant member of the Group against the relevant Borrower to those of the Creditor Parties under the Finance Documents.

**11.5 Information provided to be accurate**

All financial and other information which is provided in writing by or on behalf of a Borrower under or in connection with any Finance Document will be true, correct, accurate and not misleading and will not omit any material fact or consideration.

**11.6 Provision of financial statements**

Each Borrower will send or procure that they are sent to the Agent:

(a) as soon as possible, but in no event later than 120 days after the end of each 6-month period ending on 30 June in each financial year of the Corporate Guarantor (commencing with the 6-month period ending on 30 June 2018), the semi-annual unaudited consolidated accounts (including profit and loss statement, balance sheet and cash flow statement) of the Group duly certified as to their correctness by an officer of the Corporate Guarantor; and

(b) as soon as possible, but in no event later than 180 days after the end of each financial year of the Corporate Guarantor (commencing with the financial year ended on 31 December 2017), the annual audited consolidated financial statements of the Group; and

(c) promptly after each request by the Agent, such further financial information about that Borrower, the Ship owned by it and the Corporate Guarantor or any other member of the Group (including, but not limited to, information regarding the charter arrangements, Financial Indebtedness and operating expenses) as the Agent may require.

**11.7 Form of financial statements**

All accounts (audited and unaudited) delivered under Clause 11.6 will:

(a) be prepared in accordance with all applicable laws and US GAAP;

(b) give a true and fair view of the state of affairs of the relevant person at the date of those accounts and of its profit for the period to which those accounts relate; and

(c) fully disclose or provide for all significant liabilities of the Group.

**11.8 Shareholder notices**

Each Borrower will send to the Agent following a request by the Agent, and at the same time as they are despatched, copies of all communications which are despatched to that Borrower’s shareholders or any class of them.

**11.9 Consents**

Each Borrower will, and will procure that each Security Party will, maintain in force and promptly obtain or renew, and will promptly send certified copies to the Agent of, all consents required:

(a) for that Borrower and that Security Party to perform its obligations under any Finance Document or any Charterparty to which it is party;

(b) for the validity or enforceability of any Finance Document and any Charterparty to which it is party; and

(c) for that Borrower to continue to own and operate the Ship owned by it,

and that Borrower will, and will procure that each Security Party will, comply with the terms of all such consents.

**11.10 Maintenance of Security Interests**

Each Borrower will:

(a) at its own cost, do all that it reasonably can to ensure that any Finance Document validly creates the obligations and the Security Interests which it purports to create; and

(b) without limiting the generality of paragraph (a) above, at its own cost, promptly register, file, record or enrol any Finance Document with any court or authority in all Pertinent Jurisdictions, pay any stamp, registration or similar tax in all Pertinent Jurisdictions in respect of any Finance Document, give any notice or take any other step which, in the opinion of the Majority Lenders, is or has become necessary or desirable for any Finance Document to be valid, enforceable or admissible in evidence or to ensure or protect the priority of any Security Interest which it creates.

**11.11 Notification of litigation**

Each Borrower will provide the Agent with details of any legal or administrative action involving that Borrower, any Security Party, the Approved Manager, the Ship owned by it, the Earnings or the Insurances in respect of that Ship as soon as such action is instituted or it becomes apparent to that Borrower that it is likely to be instituted, unless it is clear that the legal or administrative action cannot be considered material in the context of any Finance Document.

**11.12 Principal place of business**

Each Borrower will maintain its place of business, and keep its corporate documents and records, at the address stated in Clause 28.2(a); and neither Borrower will establish, or do anything as a result of which it would be deemed to have, a place of business in the United States or the United Kingdom or in any place other than its current place of business.

**11.13 Confirmation of no default**

The Borrower will, within 2 Business Days after service by the Agent of a written request, serve on the Agent a notice which is signed by an officer of the Borrower and which:

(a) states that no Event of Default or Potential Event of Default has occurred; or

(b) states that no Event of Default or Potential Event of Default has occurred, except for a specified event or matter, of which all material details are given.

The Agent may serve requests under this Clause 11.13 from time to time; this Clause 11.13 does not affect the Borrowers' obligations under Clause 11.14.

**11.14 Notification of default**

Each Borrower will notify the Agent as soon as that Borrower becomes aware of the occurrence of an Event of Default or a Potential Event of Default and will thereafter keep the Agent fully up-to-date with all developments.

**11.15 Provision of further information**

Each Borrower will, as soon as practicable after receiving the request, provide the Agent with any additional financial or other information relating:

(a) to that Borrower, the Ship owned by it, the Insurances, the Earnings or the Corporate Guarantor; or

(b) to any other matter relevant to, or to any provision of, a Finance Document;

(c) any information requested in respect of that Borrower, the Corporate Guarantor, the Shareholder and the Designated Unitholders in connection with the Creditor Parties' and/or the Account Bank's "Know your customer" regulations, including, but not limited to information required pursuant to all applicable laws and regulations, including, without limitation, the laws of the European Union, Sweden, Norway, The Netherlands, United Kingdom and the United States of America in connection with that Borrower, the Corporate Guarantor and any other Security Party and their respective beneficial owners,

which may be requested by the Agent, the Security Trustee or any Lender at any time.

**11.16 Provision of copies and translation of documents**

Each Borrower will supply the Agent with a sufficient number of copies of the documents referred to above to provide 1 copy for each Creditor Party; if the Agent so requires in respect of any of those documents, that Borrower will provide a certified English translation prepared by a translator approved by the Agent.

**11.17 "Know your customer" checks. If:**

(a) the introduction of or any change in (or in the interpretation, administration or application of) any law or regulation made after the date of this Agreement;

(b) any change in the status of either Borrower or any Security Party after the date of this Agreement; or

(c) a proposed assignment or transfer by a Lender of any of its rights and obligations under this Agreement to a party that is not a Lender prior to such assignment or transfer,

obliges the Agent or any Lender (or, in the case of paragraph (c), any prospective new Lender) to comply with "know your customer" or similar identification procedures in circumstances where the necessary information is not already available to it, the Borrowers shall promptly upon the request of the Agent or any Lender supply, or procure the supply of, such documentation and other evidence as is reasonably requested by the Agent (for itself or on behalf of any Lender) or the Lender concerned (for itself or, in the case of the event described in paragraph (c), on behalf of any prospective new Lender) in order for the Agent, the Lender concerned or, in the case of the event described in paragraph (c), any prospective new Lender to carry out and be satisfied it has complied with all necessary "know your customer" or other similar checks under all applicable laws and regulations pursuant to the transactions contemplated in the Finance Documents.

**11.18 Use of proceeds**

No proceeds of either Advance of the Loan shall be made available, directly or indirectly, to or for the benefit of a Restricted Person nor shall they otherwise be applied in a manner or for a purpose prohibited by Sanctions Laws.

**11.19 Sanctions**

Each Borrower shall ensure that neither of them, nor any Security Party, any other member of the Group or to the best of their knowledge (having made due inquiry) any of their joint ventures, or their respective directors, officers employees, agents or representatives or any other persons acting on any of their behalf, is or will become a Restricted Party.

**11.20 Information: sanctions**

The Borrowers shall, and shall procure that the Security Parties shall, supply to the Agent:

(a) promptly upon becoming aware of them, the details of any inquiry, claim, action, suit, proceeding or investigation pursuant to Sanctions Laws against it, any of its direct or indirect owners, subsidiaries, other members of the Group, any of their joint ventures or any of their respective directors, officers, employees, agents or representatives, as well as information on what steps are being taken with regards to answer or oppose such.

(b) promptly upon becoming aware that it, any of its direct or indirect owners, subsidiaries, other members of the Group, any of their joint ventures or any of their respective directors, officers, employees, agents or representatives has become or is reasonably likely to become a Restricted Party.

**11.21 Hedging of interest rate risks – Right of first refusal**

The Borrowers hereby grant to the Lenders a right of first refusal for the purpose of hedging any part of the interest rate risk under this Agreement throughout the Security Period. In the event that the Borrowers decide to hedge their exposure under this Agreement, they shall enter into such documentation as may be required by the relevant Lender (in such capacity the "**Swap Bank**") and the provisions of this Agreement will be amended to incorporate the amendments required, including, but not limited to, Clause 17 reflecting pari passu sharing in the security and receipts between the Lenders and the Swap Bank.

**11.22 No amendment to MOA**

No Borrower will agree to any material amendment or supplement to, or waive or fail to enforce, the MOA to which it is a party or any of its provisions.

**11.23 Dividends**

The Borrowers may make or pay any dividend or other distribution (in cash or in kind) in respect of their share capital **Provided that** no Event of Default has occurred or is continuing or will result from the making or payment of such dividend or distribution.

**11.24 No change in financial year**

No Borrower shall and shall procure that no Security Party will change the end of its financial year.

## 12 CORPORATE UNDERTAKINGS

### 12.1 General

Each Borrower also undertakes with each Creditor Party to comply with the following provisions of this Clause 12 at all times during the Security Period except as the Agent may, with the authorisation of the Majority Lenders, otherwise permit.

### 12.2 Maintenance of status

Each Borrower will maintain its separate corporate existence as a corporation and remain in good standing under the laws of the Republic of the Marshall Islands.

### 12.3 Negative undertakings

No Borrower will:

(a) carry on any business other than the ownership, chartering and operation of the Ship owned by it; or

(b) provide any form of credit or financial assistance or issue guarantees in favour of any other corporation or individual other than:

(i) in the normal course of its business; and

(ii) the unsecured guarantees issued by that Borrower in respect of obligations of the Corporate Guarantor under the Term B Loan,

**Provided that** the corporation or individual to whom the of credit or financial assistance has been granted or in favour of whom the guarantee has been issued fully subordinates its rights to the rights of the Creditor Parties under the Finance Documents on terms acceptable to the Agent;

(c) provide any form of credit or financial assistance to:

(i) a person who is directly or indirectly interested in that Borrower's share or loan capital; or

(ii) any company in or with which such a person is directly or indirectly interested or connected,

or enter into any transaction with or involving such a person or company on terms which are, in any respect, less favourable to that Borrower than those which it could obtain in a bargain made at arms' length; or

(d) open or maintain any account with any bank or financial institution except accounts with the Account Bank for the purposes of the Finance Documents and any accounts disclosed to the Agent on or prior to the date of this Agreement; or

(e) issue, allot or grant any person a right to any shares in its capital or repurchase or reduce its issued share capital; or

(f) acquire any shares or other securities other than US or UK Treasury bills and certificates of deposit issued by major North American or European banks, or enter into any transaction in a derivative; or

(g) enter into any form of amalgamation, merger or de-merger or any form of reconstruction or reorganisation; or

(h) change its legal name and shall procure that no Security Party will change its legal name.

**13 INSURANCE**

**13.1 General**

Each Borrower undertakes with each Creditor Party to comply with the following provisions of this Clause 13 at all times during the Security Period except as the Agent may, with the authority of the Majority Lenders, otherwise permit in writing.

**13.2 Maintenance of obligatory insurances**

Each Borrower shall keep the Ship owned by it, at all times during the Security Period, insured at the expense of that Borrower against:

(a) fire and usual marine risks (including hull and machinery and excess risks); and

(b) war risks; and

(c) protection and indemnity mean the usual risks including liability for oil pollution and excess war risk P&I cover; and

(d) any other risks against which the Lenders consider, having regard to practices and other circumstances prevailing at the relevant time, it would in the opinion of the Lenders be reasonable for that Borrower to insure and which are specified by the Security Trustee by notice to that Borrower.

**13.3 Terms of obligatory insurances**

Each Borrower shall effect such insurances:

(a) in Dollars;

(b) in the case of fire and usual marine risks and war risks, in such amounts as shall from time to time be approved by the Agent but in any event in an amount not less than the greater of (i) the Market Value of the Ship owned by it and (ii) an amount which, when aggregated with the amount for which the other Ship then subject to a Mortgage is insured, is equal to 120 per cent. of the Loan; and

(c) in the case of hull and machinery risks, in an amount on an agreed value basis for its Ship which is not less than the greater of (i) an amount which, when aggregated with the agreed value of the insurances in respect of hull and machinery risks on the other Ships then subject to a Mortgage is not less than the amount of the Loan; and (ii) 80 per cent. of the Market Value of that Ship (and the remaining 20 per cent of the Market Value of that Ship may be taken out by way of hull and freight interest insurances);

(d) in the case of oil pollution liability risks, for an aggregate amount equal to the highest level of cover from time to time available under basic protection and indemnity club entry (with the international group of protection and indemnity clubs) and the international marine insurance market (currently $1,000,000,000);

(e) in relation to protection and indemnity risks in respect of the relevant Ship's full value and tonnage;

(f) on such terms as shall from time to time be approved in writing by the Agent (including, without limitation, a blocking and trapping clause); and

(g) through approved brokers and with approved insurance companies and/or underwriters or, in the case of war risks and protection and indemnity risks, in approved war risks and protection and indemnity risks associations which are members of the International Group of Protection and Indemnity Associations.

**13.4 Further protections for the Creditor Parties**

In addition to the terms set out in Clause 13.3, each Borrower shall procure that the obligatory insurances shall:

(a) subject always to paragraph (b), name that Borrower as the sole named assured unless the interest of every other named assured is limited:

(i) in respect of any obligatory insurances for hull and machinery and war risks;

(A) to any provable out-of-pocket expenses that it has incurred and which form part of any recoverable claim on underwriters; and

(B) to any third party liability claims where cover for such claims is provided by the policy (and then only in respect of discharge of any claims made against it); and

(ii) in respect of any obligatory insurances for protection and indemnity risks, to any recoveries it is entitled to make by way of reimbursement following discharge of any third party liability claims made specifically against it;

(b) name (or be amended to name) the Security Trustee as mortgagee for its rights and interests, warranted no operational interest and with full waiver of rights of subrogation against the Security Trustee, but without the Security Trustee thereby being liable to pay (but having the right to pay) premiums, calls or other assessments in respect of such insurance;

(c) name the Security Trustee as sole loss payee with such directions for payment as the Security Trustee may specify;

(d) provide that all payments by or on behalf of the insurers under the obligatory insurances to the Security Trustee shall be made without set-off, counterclaim or deductions or condition whatsoever;

(e) provide that the insurers shall waive, to the fullest extent permitted by English law, their entitlement (if any) (whether by statute, common law, equity, or otherwise) to be subrogated to the rights and remedies of the Security Trustee in respect of any rights or interests (secured or not) held by or available to the Security Trustee in respect of the Secured Liabilities, until the Secured Liabilities shall have been fully repaid and discharged, except that the insurers shall not be restricted by the terms of this paragraph (d) from making personal claims against persons (other than either Borrower or any Creditor Party) in circumstances where the insurers have fully discharged their liabilities and obligations under the relevant obligatory insurances;

(f) provide that such obligatory insurances shall be primary without right of contribution from other insurances which may be carried by the Security Trustee;

(g) provide that the Security Trustee may make proof of loss if that Borrower fails to do so; and

(h) provide that if any obligatory insurance is cancelled, or if any substantial change is made in the coverage which adversely affects the interest of the Security Trustee, or if any obligatory insurance is allowed to lapse for non-payment of premium, such cancellation, charge or lapse shall not be effective with respect to the Security Trustee for 30 days (or 7 days in the case of war risks) after receipt by the Security Trustee of prior written notice from the insurers of such cancellation, change or lapse.

**13.5 Renewal of obligatory insurances**

Each Borrower shall:

(a) at least 14 days before the expiry of any obligatory insurance:

(i) notify the Security Trustee of the brokers (or other insurers) and any protection and indemnity or war risks association through or with whom that Borrower proposes to renew that insurance and of the proposed terms of renewal; and

(ii) in case of any substantial change in insurance cover, obtain the Lenders' approval to the matters referred to in paragraph (i) above;

(b) at least 7 days before the expiry of any obligatory insurance, renew the insurance; and

(c) procure that the approved brokers and/or the war risks and protection and indemnity associations with which such a renewal is effected shall promptly after the renewal notify the Security Trustee in writing of the terms and conditions of the renewal.

**13.6 Copies of policies; letters of undertaking**

Each Borrower shall ensure that all approved brokers provide the Security Trustee with copies of all policies relating to the obligatory insurances which they effect or renew and of a letter or letters or undertaking in a form required by the Lenders and including undertakings by the approved brokers that:

(a) they will have endorsed on each policy, immediately upon issue, a loss payable clause and a notice of assignment complying with the provisions of Clause 13.4;

(b) they will hold such policies, and the benefit of such insurances, to the order of the Security Trustee in accordance with the said loss payable clause;

(c) they will advise the Security Trustee immediately of any material change to the terms of the obligatory insurances;

(d) they will notify the Security Trustee, not less than 14 days before the expiry of the obligatory insurances, in the event of their not having received notice of renewal instructions from that Borrower or its agents and, in the event of their receiving instructions to renew, they will promptly notify the Security Trustee of the terms of the instructions; and

(e) they will not set off against any sum recoverable in respect of a claim relating to the Ship owned by it under such obligatory insurances any premiums or other amounts due to them or any other person whether in respect of that Ship or otherwise, they waive any lien on the policies or, any sums received under them, which they might have in respect of such premiums or other amounts, and they will not cancel such obligatory insurances by reason of non-payment of such premiums or other amounts, and will arrange for a separate policy to be issued in respect of that Ship forthwith upon being so requested by the Security Trustee.

**13.7 Copies of certificates of entry**

Each Borrower shall ensure that any protection and indemnity and/or war risks associations in which the Ship owned by it is entered provides the Security Trustee with:

(a) a certified copy of the certificate of entry for that Ship; and

(b) a letter or letters of undertaking in such form as may be required by the Lenders; and

(c) where required to be issued under the terms of insurance/indemnity provided by that Borrower's protection and indemnity association, a certified copy of each United States of America voyage quarterly declaration (or other similar document or documents) made by that Borrower in relation to that Ship in accordance with the requirements of such protection and indemnity association; and

(d) a certified copy of each certificate of financial responsibility for pollution by oil or other Environmentally Sensitive Material issued by the relevant certifying authority in relation to that Ship.

**13.8 Deposit of original policies**

Each Borrower shall ensure that all policies relating to obligatory insurances are deposited with the approved brokers through which the insurances are effected or renewed.

**13.9 Payment of premiums**

Each Borrower shall punctually pay all premiums or other sums payable in respect of the obligatory insurances and produce all relevant receipts when so required by the Security Trustee.

**13.10 Guarantees**

Each Borrower shall ensure that any guarantees required by a protection and indemnity or war risks association are promptly issued and remain in full force and effect.

**13.11 Restrictions on employment**

No Borrower shall employ the Ship owned by it, nor permit her to be employed, outside the cover provided by any obligatory insurances.

**13.12 Compliance with terms of insurances**

No Borrower shall either do or omit to do (or permit to be done or not to be done) any act or thing which would or might render any obligatory insurance invalid, void, voidable or unenforceable or render any sum payable thereunder repayable in whole or in part; and in particular:

(a) each Borrower shall take all necessary action and comply with all requirements which may from time to time be applicable to the obligatory insurances, and (without limiting the obligation contained in Clause 13.6(c) above) ensure that the obligatory insurances are not made subject to any exclusions or qualifications to which the Security Trustee has not given its prior approval;

(b) no Borrower shall make any changes relating to the classification or classification society or manager or operator of the Ship owned by it approved by the underwriters of the obligatory insurances;

(c) each Borrower shall make all quarterly or other voyage declarations which may be required by the protection and indemnity risks association in which the Ship owned by it is entered to maintain cover for trading to the United States of America and Exclusive Economic Zone (as defined in the United States Oil Pollution Act 1990 or any other applicable legislation); and

(d) no Borrower shall employ the Ship owned by it, nor allow it to be employed, otherwise than in conformity with the terms and conditions of the obligatory insurances (including but not limited to any applicable laws and Sanctions), without first obtaining the consent of the insurers and complying with any requirements (as to extra premium or otherwise) which the insurers specify.

**13.13 Alteration to terms of insurances**

No Borrower shall make or agree to any alteration to the terms of any obligatory insurance or waive any right relating to any obligatory insurance without the prior written consent of the Security Trustee.

**13.14 Settlement of claims**

No Borrower shall settle, compromise or abandon any claim under any obligatory insurance for Total Loss or for a Major Casualty, and shall do all things necessary and provide all documents, evidence and information to enable the Security Trustee to collect or recover any moneys which at any time become payable in respect of the obligatory insurances.

**13.15 Provision of copies of communications**

Each Borrower shall provide the Security Trustee, at the time of each such communication, copies of all written communications in case of, but not limited to, an Event of Default, Total Loss or Major Casualty between that Borrower and:

(a) the approved brokers; and

(b) the approved protection and indemnity and/or war risks associations; and

(c) the approved insurance companies and/or underwriters, which relate directly or indirectly to:

(i) that Borrower's obligations relating to the obligatory insurances including, without limitation, all requisite declarations and payments of additional premiums or calls; and

(ii) any credit arrangements made between that Borrower and any of the persons referred to in paragraphs (a) or (b) above relating wholly or partly to the effecting or maintenance of the obligatory insurances.

**13.16 Provision of information**

In addition, each Borrower shall promptly provide the Security Trustee (or any persons which it may designate) with any information which the Security Trustee (or any such designated person) requests for the purpose of:

(a) obtaining or preparing any report from an independent marine insurance broker appointed by the Agent as to the adequacy of the obligatory insurances effected or proposed to be effected; and/or

(b) effecting, maintaining or renewing any such insurances as are referred to in Clause 13.17 below or dealing with or considering any matters relating to any such insurances,

and that Borrower shall, forthwith upon demand, indemnify the Security Trustee in respect of all fees and other expenses incurred by or for the account of the Security Trustee in connection with any such report as is referred to in paragraph (a) above.

**13.17 Mortgagee's interest and additional perils insurances**

The Security Trustee shall be entitled from time to time to effect, maintain and renew all or any of the following insurances in such amounts, on such terms, through such insurers and generally in such manner as the Majority Lenders may from time to time consider appropriate:

(a) a mortgagee's interest marine insurance in relation to the Ships in an amount equal to 100 per cent. of the Loan, providing for the indemnification of the Creditor Parties for any losses under or in connection with any Finance Document which directly or indirectly result from loss of or damage to a Ship or a liability of that Ship or of the Borrower owning that Ship, being a loss or damage which is prima facie covered by an obligatory insurance but in respect of which there is a non-payment (or reduced payment) by the underwriters by reason of, or on the basis of an allegation concerning:

(i) any act or omission on the part of that Borrower, of any operator, charterer, manager or sub-manager of that Ship or of any officer, employee or agent of that Borrower or of any such person, including any breach of warranty or condition or any non-disclosure relating to such obligatory insurance;

(ii) any act or omission, whether deliberate, negligent or accidental, or any knowledge or privity of that Borrower, any other person referred to in paragraph (i) above, or of any officer, employee or agent of that Borrower or of such a person, including the casting away or damaging of that Ship and/or that Ship being unseaworthy; and/or

(iii) any other matter capable of being insured against under a mortgagee's interest marine insurance policy whether or not similar to the foregoing;

(b) a mortgagee's interest additional perils policy in relation to the Ships in an amount equal to 100 per cent. of the Loan, providing for the indemnification of the Security Trustee against, among other things, any possible losses or other consequences of any Environmental Claim, including the risk of expropriation, arrest or any form of detention of a Ship, the imposition of any Security Interest over that Ship and/or any other matter capable of being insured against under a mortgagee's interest additional perils policy whether or not similar to the foregoing,

and the Borrowers shall upon demand fully indemnify the Security Trustee in respect of all premiums and other expenses which are incurred in connection with or with a view to effecting, maintaining or renewing any such insurance or dealing with, or considering, any matter arising out of any such insurance.

**13.18 Review of insurance requirements**

The Lenders shall be entitled to review the requirements of this Clause 13 from time to time in order to take account of any changes in circumstances after the date of this Agreement which are, in the opinion of the Lenders, significant and capable of affecting either Borrower or either Ship and its or their Insurances (including, without limitation, changes in the availability or the cost of Insurances or the risks to which the Borrower owning that Ship may be subject), and may appoint insurance consultants in relation to this review at the cost of the Borrowers, such review to be carried out at the Agent's request, at any time during the Security Period if the Agent (acting on the instructions of the Lenders) considers necessary (the reasonable fees of the insurance consultants to conduct such review shall be deducted from the Earnings Accounts (or either of them) and each Borrower hereby irrevocably authorises the Agent to debit its Earnings Account in order to pay such fees) **Provided that** the Borrowers shall not be required to pay the fees of the insurance consultants to conduct such review more often than once a year unless an Event of Default has occurred.

**13.19 Modification of insurance requirements**

The Security Trustee shall notify the Borrowers of any proposed modification under Clause 13.18 to the requirements of this Clause 13 which the Lenders consider appropriate in the circumstances, and such modification shall take effect on and from the date it is notified in writing to the Borrowers as an amendment to this Clause 13 and shall bind the Borrowers accordingly.

**13.20 Compliance with mortgagee's instructions**

The Security Trustee shall be entitled (without prejudice to or limitation of any other rights which it may have or acquire under any Finance Document) to require a Ship to remain at any safe port or to proceed to and remain at any safe port designated by the Security Trustee until the Borrower owning that Ship implements any amendments to the terms of the obligatory insurances and any operational changes required as a result of a notice served under Clause 13.19.

## 14 SHIP COVENANTS

### 14.1 General

Each Borrower also undertakes with each Creditor Party to comply with the following provisions of this Clause 14 at all times during the Security Period except as the Agent, with the authorisation of the Majority Lenders, may otherwise permit in writing.

### 14.2 Ship's name and registration

Each Borrower shall keep the Ship owned by it registered in its name under an Approved Flag; shall not do or allow to be done anything as a result of which such registration might be cancelled or imperilled; and shall not change the name or port of registry of that Ship.

### 14.3 Repair and classification

Each Borrower shall keep the Ship owned by it in a good, safe and seaworthy condition and state of repair:

(a) consistent with first-class ship ownership and management practice;

(b) so as to maintain the highest class with a classification society which is a member of IACS acceptable to the Agent (acting with the authorisation of the Lenders) free of overdue recommendations and conditions of such classification society;

(c) so as to comply with all laws and regulations applicable to vessels registered at ports of the Approved Flag State or to vessels trading to any jurisdiction to which such Ship may trade from time to time, including but not limited to the ISM Code and the ISM Code Documentation and the ISPS Code; and

(d) each Borrower shall use its best efforts to allow the Agent (or its agents), at any time, to inspect the original class and related records of that Borrower and the Ship owned by it electronically (through the classification society directly) and to take copies of such records.

### 14.4 Modification

Neither Borrower shall make any modification or repairs to, or replacement of, the Ship or equipment installed on the Ship owned by it which would or might materially alter the structure, type or performance characteristics of that Ship or materially reduce its value.

### 14.5 Removal of parts

Neither Borrower shall remove any material part of the Ship owned by it, or any item of equipment installed on, that Ship unless the part or item so removed is forthwith replaced by a suitable part or item which is in the same condition as or better condition than the part or item removed, is free from any Security Interest or any right in favour of any person other than the Security Trustee and becomes on installation on the relevant Ship the property of that Borrower and subject to the security constituted by the relevant Mortgage **Provided that** each Borrower may install equipment owned by a third party if the equipment can be removed without any risk of damage to its Ship.

**14.6 Surveys**

Each Borrower shall submit the Ship owned by it regularly to all periodical or other surveys which may be required for classification purposes and, if so required by the Lenders provide the Security Trustee, with copies of all survey reports.

**14.7 Technical Survey**

Without prejudice to each Borrower's obligations pursuant to Clause 14.6, each Borrower promptly following the request of the Agent (acting on the instructions of the Majority Lenders) will, submit the Ship for a technical survey by an independent surveyor or surveyors appointed by the Agent (provided such technical survey does not interfere with the ordinary trading of the Ship owned by it). All fees and expenses incurred in relation to the appointment of the surveyor or surveyors and the preparation and issue of all technical reports pursuant to this Clause 14.7 shall be for the account of the Borrowers.

**14.8 Inspection**

Each Borrower shall permit the Security Trustee (by surveyors or other persons appointed by it for that purpose) to board the Ship owned by it at all times (but in any event without interfering with the ordinary trading of the Ship owned by it) to inspect its condition or to satisfy themselves about proposed or executed repairs, shall afford all proper facilities for such inspections and pay to the Agent the amount of all fees, costs and expenses incurred in respect of such inspections **Provided that** so long as no Event of Default shall have occurred that Borrower shall not be obliged to pay any fees and expenses in respect of more than one inspection of its Ship in any calendar year.

**14.9 Prevention of and release from arrest**

Each Borrower shall promptly discharge:

(a) all liabilities which give or may give rise to maritime or possessory liens on or claims enforceable against the Ship owned by it, the Earnings or the Insurances;

(b) all taxes, dues and other amounts charged in respect of the Ship owned by it, the Earnings or the Insurances; and

(c) all other outgoings whatsoever in respect of the Ship owned by it, the Earnings or the Insurances,

and, forthwith upon receiving notice of the arrest of that Ship, or of her detention in exercise or purported exercise of any lien or claim, that Borrower shall procure her release by providing bail or otherwise as the circumstances may require.

**14.10 Compliance with laws etc.**

The Borrowers shall (and shall ensure that each Security Party and each other member of the Group and their respective directors, officers, employees, as well as any manager and charterer of either Ship):

(a) comply with all laws or regulations:

(i) applicable to its business; and

(ii) applicable to the Ship owned, chartered or managed by it, its ownership, employment, operation, management and registration.

including the ISM Code, the ISPS Code, all Environmental Laws, all Sanctions Laws and the laws of the state of registration of that Ship;

(b) obtain, comply with and do all that is necessary to maintain in full force and effect any Environment Approvals;

(c) without limiting paragraph (a) above, not employ that Ship nor allow its employment, operation or management in any manner contrary to any law or regulation including but not limited to the ISM Code, the ISPS Code, all Environmental Laws and all Sanctions Laws; and

(d) in the event of hostilities in any part of the world (whether war is declared or not), not cause or permit it to enter or trade to any zone which is declared a war zone by any government or by that Ship's war risks insurers unless the prior written consent of the Lenders has been given and that Borrower has (at its expense) effected any special, additional or modified insurance cover which the Lenders may require.

**14.11 Provision of information**

Each Borrower shall promptly provide the Security Trustee with any information which the Lenders request regarding:

(a) the Ship owned by it, its employment, position and engagements;

(b) the Earnings and payments and amounts due to that Ship's master and crew of that Ship;

(c) any expenses incurred, or likely to be incurred, in connection with the operation, maintenance or repair of that Ship and any payments made in respect of that Ship;

(d) any towages and salvages;

(e) any intended dry-docking of that Ship;

(f) that Borrower's, the Approved Manager's compliance or the compliance of that Ship with the ISM Code and the ISPS Code; and

(g) any other information which the Creditor Parties (or any of them) may reasonably request,

and, upon the Security Trustee's request, provide copies of any current charter relating to that Ship, and copies of that Borrower's or the Approved Manager's Document of Compliance or any other document issued under ISM Code Documentation.

**14.12 Notification of certain events**

Each Borrower shall immediately notify the Security Trustee by letter of:

(a) any casualty which is or is likely to be or to become a Major Casualty;

(b) any occurrence as a result of which the Ship owned by it has become or is, by the passing of time or otherwise, likely to become a Total Loss;

(c) any requirement or recommendation made by any insurer or classification society or by any competent authority which is not complied with in accordance with its terms;

(d) any arrest or detention of the Ship owned by it, any exercise or purported exercise of any lien on the Ship or its Earnings or any requisition of such Ship for hire;

(e) any dry docking of the Ship owned by it;

(f) any Environmental Claim made against that Borrower or in connection with the Ship owned by it, or any Environmental Incident;

(g) any claim for breach of the ISM Code or the ISPS Code being made against that Borrower, the Approved Manager or otherwise in connection with the Ship owned by it; or

(h) any other matter, event or incident, actual or threatened, the effect of which will or could lead to the ISM Code or the ISPS Code not being complied with,

and that Borrower shall keep the Security Trustee advised in writing on a regular basis and in such detail as the Security Trustee shall require of that Borrower's, the Approved Manager's or any other person's response to any of those events or matters.

**14.13 Restrictions on chartering, appointment of managers etc.**

Neither Borrower shall, in relation to the Ship owned by it:

(a) let that Ship on demise charter for any period;

(b) enter into any charter in relation to that Ship under which more than 2 months' hire (or the equivalent) is payable in advance;

(c) charter that Ship otherwise than on bona fide arm's length terms at the time when that Ship is fixed;

(d) appoint a manager of that Ship other than the Approved Manager or agree to any material alteration to the terms of the Approved Manager's appointment which could lead to an Event of Default ("material alterations" to include, without limitation, alterations concerning fees, duration and parties);

(e) de-activate or lay up that Ship; or

(f) put that Ship into the possession of any person for the purpose of work being done upon her in an amount exceeding or likely to exceed $500,000 (or the equivalent in any other currency) unless that person has first given to the Security Trustee and in terms satisfactory to it a written undertaking not to exercise any lien on that Ship or her Earnings for the cost of such work or otherwise.

**14.14 Notice of Mortgage**

Each Borrower shall keep the Mortgage relative to its Ship registered against its Ship as a valid first priority or the case may be preferred mortgage, carry on board that Ship a certified copy of that Mortgage and place and maintain in a conspicuous place in the navigation room and the Master's cabin of that Ship a framed printed notice stating that that Ship is mortgaged by that Borrower to the Security Trustee.

**14.15 Sharing of Earnings**

Neither Borrower shall:

(a) enter into any agreement or arrangement for the sharing of any Earnings;

(b) enter into any agreement or arrangement for the postponement of any date on which any Earnings are due; the reduction of the amount of any Earnings or otherwise for the release or adverse alteration of any right of that Borrower to any Earnings; or

(c) enter into any agreement or arrangement for the release of, or adverse alteration to, any guarantee or Security Interest relating to any Earnings.

**14.16 Time Charter Assignment**

If a Borrower enters into any Charterparty, that Borrower shall, at the request of the Agent, execute in favour of the Security Trustee a Charterparty Assignment, and shall deliver to the Agent such other documents equivalent to those referred to at paragraphs 3, 4 and 5 of Part A and 6 of Part B of Schedule 3 hereof as the Agent may require.

**14.17 ISM Code, ISPS Code compliance and Environmental Laws**

All requirements of the ISM Code, ISPS Code and Environmental Laws as they relate to each Borrower, the Approved Manager, the Ship owned by the relevant Borrower shall be complied with at all times.

**15 SECURITY COVER**

**15.1 Minimum required security cover**

Clause 15.2 applies if the Agent (acting on the instructions of the Lenders) notifies the Borrowers that the Security Cover Ratio is below 120 per cent..

**15.2 Provision of additional security; prepayment**

If the Agent serves a notice on the Borrowers under Clause 15.1 the Borrowers shall prepay such part (at least) of the Loan as will eliminate the shortfall on or before the date falling 45 days after the date on which the Agent's notice is served under Clause 15.1 (the "**Prepayment Date**") unless at least 1 Business Day before the Prepayment Date it has provided, or ensured that a third party has provided, additional security which, in the reasonable opinion of the Lenders, has a net realisable value at least equal to the shortfall is documented in such terms as the Agent, acting reasonably, may approve or require and, for this purpose, it is agreed that acceptable additional security shall include cash collateral in Dollars (which shall be valued at par).

In this Clause 15.2 "**security**" means a Security Interest over an asset or assets (whether securing a Borrower's liabilities under the Finance Documents or a guarantee in respect of those liabilities), or a guarantee, letter of credit or other security (including any cash pledged to the Security Trustee) in respect of that Borrower's liabilities under the Finance Documents.

**15.3 Requirement for additional documents**

The Borrowers shall not be deemed to have complied with Clause 15.2 above until the Agent has received in connection with the additional security certified copies of documents of the kinds referred to in paragraphs 3, 4 and 5 of Schedule 3, Part A and such legal opinions in terms acceptable to the Majority Lenders from such lawyers as they may select.

**15.4 Valuation of Ship**

The market value of a Ship at any date is that shown (i) in a valuation or (ii) (at the Lenders' request acting in their sole discretion) by taking the average of 2 valuations, in each case prepared:

(a) as at a date not more than 30 days previously;

(b) by an Approved Broker selected by and appointed by the Borrower (unless the Borrower has not appointed an Approved Broker within 14 days of the Agent's request in which case the Agent will be entitled to select and appoint an Approved Broker);

(c) with or without physical inspection of that Ship (as the Agent may require); and

(d) on the basis of a sale for prompt delivery for cash on normal arm's length commercial terms as between a willing seller and a willing buyer, free of any existing charter or other contract of employment (as the Agent may require).

**15.5 Value of additional security**

The net realisable value of any additional security which is provided under Clause 15.1 and which consists of a Security Interest over a vessel shall be that shown by a valuation complying with the requirements of Clause 15.4.

**15.6 Valuations binding**

Any valuation under Clause 15.2, 15.4 or 15.5 shall be binding and conclusive as regards the Borrowers, as shall be any valuation which the Majority Lenders make of a security which does not consist of or include a Security Interest.

**15.7 Provision of information**

The Borrowers shall promptly provide the Agent and any Approved Broker or expert acting under Clause 15.4 or 15.5 with any information which the Agent or the Approved Broker or expert may request for the purposes of the valuation; and, if the Borrowers fail to provide the information by the date specified in the request, the valuation may be made on any basis and assumptions which the Approved Broker or the Majority Lenders (or the expert appointed by them) consider prudent.

**15.8 Payment of valuation expenses**

Without prejudice to the generality of the Borrowers' obligations under Clauses 20.3, 20.4 and 20.5, the Borrowers shall, on demand, pay the Agent the amount of the fees and expenses of any Approved Broker or expert instructed by the Agent under this Clause and all legal and other expenses incurred by any Creditor Party in connection with any matter arising out of this Clause **Provided that** so long as no Event of Default shall have occurred and is

continuing all valuations of each Ship commissioned by the Agent for the purposes of this Clause 15 which confirm that the Borrowers have satisfied the test in Clause 15.1, neither Borrower shall be obliged to pay the fees and expenses in respect of more than one valuation or (as applicable) one set of valuations of the Ship owned by it in any calendar year.

**15.9 Frequency of valuations**

The Borrowers acknowledge and agree that the Agent may commission valuation(s) of either Ship on a quarterly basis or at such times as the Agent may reasonably request (including, without limitation, on the occurrence of an Event of Default).

## 16 PAYMENTS AND CALCULATIONS

**16.1 Currency and method of payments**

All payments to be made:

(a) by the Lenders to the Agent; or

(b) by either Borrower to the Agent, the Security Trustee or any Lender,

under a Finance Document shall be made to the Agent or to the Security Trustee, in the case of an amount payable to it:

(i) by not later than 11.00 a.m. (New York City time) on the due date;

(ii) in same day Dollar funds settled through the New York Clearing House Interbank Payments System (or in such other Dollar funds and/or settled in such other manner as the Agent shall specify as being customary at the time for the settlement of international transactions of the type contemplated by this Agreement);

(iii) to the account of Agent, as the Agent may from time to time notify to the Borrowers and the other Creditor Parties; and

(iv) in the case of an amount payable to the Security Trustee, to such account as it may from time to time notify to the Borrowers and the other Creditor Parties.

**16.2 Payment on non-Business Day**

If any payment by either Borrower under a Finance Document would otherwise fall due on a day which is not a Business Day:

(a) the due date shall be extended to the next succeeding Business Day; or

(b) if the next succeeding Business Day falls in the next calendar month, the due date shall be brought forward to the immediately preceding Business Day,

and interest shall be payable during any extension under paragraph (a) at the rate payable on the original due date.

**16.3 Basis for calculation of periodic payments**

All interest and any other payments under any Finance Document which are of an annual or periodic nature shall accrue from day to day and shall be calculated on the basis of the actual number of days elapsed and a 360 day year.

**16.4 Distribution of payments to Creditor Parties**

Subject to Clauses 16.5, 16.6 and 16.7:

(a) any amount received by the Agent under a Finance Document for distribution or remittance to a Lender or the Security Trustee shall be made available by the Agent to that Lender or, as the case may be, the Security Trustee by payment, with funds having the same value as the funds received, to such account as the Lender or the Security Trustee may have notified to the Agent not less than 5 Business Days previously; and

(b) amounts to be applied in satisfying amounts of a particular category which are due to the Lenders generally shall be distributed by the Agent to each Lender pro rata to the amount in that category which is due to it.

**16.5 Permitted deductions by Agent**

Notwithstanding any other provision of this Agreement or any other Finance Document, the Agent may, before making an amount available to a Lender, deduct and withhold from that amount any sum which is then due and payable to the Agent from that Lender under any Finance Document or any sum which the Agent is then entitled under any Finance Document to require that Lender to pay on demand.

**16.6 Agent only obliged to pay when monies received**

Notwithstanding any other provision of this Agreement or any other Finance Document, the Agent shall not be obliged to make available to the Borrowers or any Lender any sum which the Agent is expecting to receive for remittance or distribution to the Borrowers or that Lender until the Agent has satisfied itself that it has received that sum.

**16.7 Refund to Agent of monies not received**

If and to the extent that the Agent makes available a sum to the Borrowers or a Lender, without first having received that sum, the Borrowers or (as the case may be) the Lender concerned shall, on demand:

(a) refund the sum in full to the Agent; and

(b) pay to the Agent the amount (as certified by the Agent) which will indemnify the Agent against any funding or other loss, liability or expense incurred by the Agent as a result of making the sum available before receiving it.

**16.8 Agent may assume receipt**

Clause 16.7 shall not affect any claim which the Agent has under the law of restitution, and applies irrespective of whether the Agent had any form of notice that it had not received the sum which it made available.

**16.9 Creditor Party accounts**

Each Creditor Party shall maintain accounts showing the amounts owing to it by the Borrowers and each Security Party under the Finance Documents and all payments in respect of those amounts made by the Borrowers and any Security Party.

**16.10 Agent's memorandum account**

The Agent shall maintain a memorandum account showing the amounts advanced by the Lenders and all other sums owing to the Agent, the Security Trustee and each Lender from the Borrowers and each Security Party under the Finance Documents and all payments in respect of those amounts made by the Borrowers and any Security Party.

**16.11 Accounts prima facie evidence**

If any accounts maintained under Clauses 16.9 and 16.10 show an amount to be owing by a Borrower or a Security Party to a Creditor Party, those accounts shall be prima facie evidence that that amount is owing to that Creditor Party.

**17 APPLICATION OF RECEIPTS**

**17.1 Normal order of application**

Except as any Finance Document may otherwise provide, any sums which are received or recovered by any Creditor Party under or by virtue of any Finance Document shall be applied:

(a) FIRST: in or towards satisfaction of any amounts then due and payable under the Finance Documents in the following proportions:

(i) first, in or towards satisfaction pro rata of all amounts then due and payable to the Creditor Parties under the Finance Documents other than those amounts referred to at (ii) and (iii) below (including, but without limitation, all amounts payable by either Borrower under Clauses 20, 21 and 22 of this Agreement or by either Borrower or any Security Party under any corresponding or similar provision in any other Finance Document);

(ii) secondly, in or towards satisfaction pro rata of any and all amounts of interest or default interest payable to the Creditor Parties under the Finance Documents; and

(iii) thirdly, in or towards satisfaction of the Loan;

(b) SECONDLY: in retention of an amount equal to any amount not then due and payable under any Finance Document but which the Agent, by notice to the Borrowers (or either of them), the Security Parties and the other Creditor Parties, states in its opinion will or may become due and payable in the future and, upon those amounts becoming due and payable, in or towards satisfaction of them in accordance with the foregoing provisions of this Clause 17.1(a);

(c) THIRDLY: in or towards satisfaction of any amounts representing management fees then due and payable by the Borrowers (or either of them) to the Approved Manager in connection with the Ships; and

(d) FOURTHLY: any surplus shall be paid to the Borrowers (or either of them) or to any other person appearing to be entitled to it.

**17.2 Variation of order of application**

The Agent may, with the authorisation of the Majority Lenders by notice to the Borrowers, the Security Parties and the other Creditor Parties provide for a different manner of application from that set out in Clause 17.1 either as regards a specified sum or sums or as regards sums in a specified category or categories.

**17.3 Notice of variation of order of application**

The Agent may give notices under Clause 17.2 from time to time; and such a notice may be stated to apply not only to sums which may be received or recovered in the future, but also to any sum which has been received or recovered on or after the third Business Day before the date on which the notice is served.

**17.4 Appropriation rights overridden**

This Clause 17 and any notice which the Agent gives under Clause 17.2 shall override any right of appropriation possessed, and any appropriation made, by either Borrower or any Security Party.

**18 APPLICATION OF EARNINGS**

**18.1 Payment of Earnings**

Each Borrower undertakes with each Creditor Party that, throughout the Security Period (and subject only to the provisions of the General Assignment to which it is a party):

(a) it shall maintain the Earnings Accounts opened in its name (whether individually or jointly) with the Account Bank; and

(b) it shall ensure that all Earnings of the Ship owned by it are paid to the Earnings Account for that Ship.

**18.2 Application of Earnings**

Each Borrower undertakes with the Lenders that money from time to time credited to, or for the time being standing to the credit of, its Earnings Account shall, unless and until an Event of Default shall have occurred (whereupon the provisions of Clause 17.1 shall be and become applicable), be available for application in the following manner:

(a) in or towards making payments of all amounts due and payable by the Borrowers under this Agreement (other than payments of principal and interest);

(b) in or towards satisfaction of all amounts of interest or default interest payable to the Creditor Parties under the Finance Documents;

(c) in or towards satisfaction of the Loan;

(d) in or towards making payments of all fees due to the Approved Manager and thereafter meeting the costs and expenses from time to time incurred by or on behalf of a Borrower in connection with the operation of the Ship owned by it; and

(e) as to any surplus from time to time arising on an Earnings Account following application as aforesaid, to be paid to the Borrower owning that Ship or to whomsoever it may direct.

**18.3 Location of account**

Each Borrower shall promptly:

(a) comply with any requirement of the Agent as to the location or re-location of its Earnings Account; and

(b) execute any documents which the Agent specifies to create or maintain in favour of the Security Trustee a Security Interest over (and/or rights of set-off, consolidation or other rights in relation to) its Earnings Account.

**18.4 Debits for expenses etc.**

The Agent shall be entitled (but not obliged) from time to time to debit the Earnings Accounts without prior notice in order to discharge any amount due and payable under Clause 20 or 21 to a Creditor Party or payment of which any Creditor Party has become entitled to demand under Clause 20 or 21.

**18.5 Borrowers' obligations unaffected**

The provisions of this Clause 18 (as distinct from a distribution effected under Clause **Error! Reference source not found.**) do not affect:

(a) the liability of the Borrowers to make payments of principal and interest on the due dates; or

(b) any other liability or obligation of the Borrowers or any Security Party under any Finance Document.

**18.6 Restriction on withdrawal**

During the Security Period a Borrower may withdraw any sum from its Earnings Account unless and until an Event of Default has occurred and is continuing.

**19 EVENTS OF DEFAULT**

**19.1 Events of Default**

An Event of Default occurs if:

(a) either Borrower or any Security Party fails to pay when due or (if so payable) on demand any sum payable under a Finance Document or under any document relating to a Finance Document; or

(b) any breach occurs of Clause 9.2, 10.15, 10.18, 11.2, 11.3, 11.19, 11.20, 12.2, 12.3, 13.2, 13.3, 14.2, 14.10 (insofar as that Clause relates to Sanctions Laws) or 15.2 or clause 12.3 (*Financial Covenants*) of the Corporate Guarantee; or

(c) any breach by either Borrower or any Security Party occurs of any provision of a Finance Document (other than a breach covered by paragraphs (a) or (b) above) if, in the opinion of the Majority Lenders, such default is capable of remedy, and such default continues unremedied 14 days after the earlier of (i) written notice from the Agent requesting action to remedy the same and (ii) either Borrower becoming aware of such breach; or

(d) (subject to any applicable grace period specified in the Finance Document) any breach by either Borrower or any Security Party occurs of any provision of a Finance Document (other than a breach covered by paragraphs (a), (b) or (c) above); or

(e) any representation, warranty or statement made or repeated by, or by an officer of, either Borrower or a Security Party in a Finance Document or in a Drawdown Notice or any other notice or document relating to a Finance Document is untrue or misleading when it is made or repeated; or

(f) any of the following occurs in relation to any Financial Indebtedness of a Relevant Person (for an amount exceeding, in the case of the Corporate Guarantor $10,000,000 (or the equivalent in any other currency) in aggregate):

(i) any Financial Indebtedness of a Relevant Person is not paid when due or, if so payable, on demand; or

(ii) any Financial Indebtedness of a Relevant Person becomes due and payable or capable of being declared due and payable prior to its stated maturity date as a consequence of any event of default unless the Relevant Person is contesting the declaration of an event of default or of the Financial Indebtedness becoming due and payable in good faith and on substantial grounds by appropriate proceedings and adequate reserves have been set aside for its payment if such proceedings fail; or

(iii) a lease, hire purchase agreement or charter creating any Financial Indebtedness of a Relevant Person is terminated by the lessor or owner as a consequence of any termination event; or

(iv) any overdraft, loan, note issuance, acceptance credit, letter of credit, guarantee, foreign exchange or other facility, or any swap or other derivative contract or transaction, relating to any Financial Indebtedness of a Relevant Person ceases to be available or becomes capable of being terminated as a result of any event of default, or cash cover is required, or becomes capable of being required, in respect of such a facility as a result of any event of default; or

(v) any Security Interest securing any Financial Indebtedness of a Relevant Person becomes enforceable; or

(g) any of the following occurs in relation to a Relevant Person:

(i) a Relevant Person becomes, in the reasonable opinion of the Lenders, unable to pay its debts as they fall due; or

(ii) any assets of a Relevant Person are subject to any form of execution, attachment, arrest, sequestration or distress (in respect of a sum of, or sums aggregating, $10,000,000 or more, in the case of the Corporate Guarantor, or the equivalent in another currency) and such execution, attachment, arrest, sequestration or distress is not withdrawn or discharged within thirty (30) days; or

(iii) any administrative or other receiver is appointed over any asset of a Relevant Person; or

(iv) an administrator is appointed (whether by the court or otherwise) in respect of a Relevant Person; or

(v) any formal declaration of bankruptcy or any formal statement to the effect that a Relevant Person is insolvent or likely to become insolvent is made by a Relevant Person or by the directors of a Relevant Person or, in any proceedings, by a lawyer acting for a Relevant Person; or

(vi) a provisional liquidator is appointed in respect of a Relevant Person, a winding up order is made in relation to a Relevant Person or a winding up resolution is passed by a Relevant Person; or

(vii) a resolution is passed, an administration notice is given or filed, an application or petition to a court is made or presented or any other step is taken by (aa) a Relevant Person, (bb) the members or directors of a Relevant Person, (cc) a holder of Security Interests which together relate to all or substantially all of the assets of a Relevant Person, or (dd) a government minister or public or regulatory authority of a Pertinent Jurisdiction for or with a view to the winding up of that or another Relevant Person or the appointment of a provisional liquidator or administrator in respect of that or another Relevant Person, or that or another Relevant Person ceasing or suspending business operations or payments to creditors, save that this paragraph does not apply to a fully solvent winding up of a Relevant Person other than either Borrower or the Corporate Guarantor which is, or is to be, effected for the purposes of an amalgamation or reconstruction previously approved by the Majority Lenders and effected not later than 3 months after the commencement of the winding up; or

(viii) an administration notice is given or filed, an application or petition to a court is made or presented or any other step is taken by a creditor of a Relevant Person (other than a holder of Security Interests which together relate to all or substantially all of the assets of a Relevant Person) for the winding up of a Relevant Person or the appointment of a provisional liquidator or administrator in respect of a Relevant Person in any Pertinent Jurisdiction, unless the proposed winding up, appointment of a provisional liquidator or administration is being contested in good faith, on substantial grounds and not with a view to some other insolvency law procedure being implemented instead and either (aa) the application or petition is dismissed or withdrawn within 60 days of being made or presented, or (bb) within 60 days of the administration notice being given or filed, or the other relevant steps being taken, other action is taken which will ensure that there will be no administration and (in both cases (aa) or (bb)) the Relevant Person will continue to carry on business in the ordinary way and without being the subject of any actual, interim or pending insolvency law procedure; or

(ix) a Relevant Person or its directors take any steps (whether by making or presenting an application or petition to a court, or submitting or presenting a document setting out a proposal or proposed terms, or otherwise) with a view to obtaining, in relation to that or another Relevant Person, any form of moratorium, suspension or deferral of payments, reorganisation of debt (or certain debt) or arrangement with all or a substantial proportion (by number or value) of creditors or of any class of them or any such moratorium, suspension or deferral of payments, reorganisation or arrangement is effected by court order, by the filing of documents with a court, by means of a contract or in any other way at all; or

(x) any meeting of the members or directors, or of any committee of the board or senior management, of a Relevant Person is held or summoned for the purpose of considering a resolution or proposal to authorise or take any action of a type described in paragraphs (iv) to (ix) or a step preparatory to such action, or (with or without such a meeting) the members, directors or such a committee resolve or agree that such an action or step should be taken or should be taken if certain conditions materialise or fail to materialise; or

(xi) in a country other than England, any event occurs, any proceedings are opened or commenced or any step is taken which, in the reasonable opinion of the Majority Lenders is similar to any of the foregoing; or

(h) either Borrower or any Security Party ceases or suspends carrying on its business or a part of its business which, in the reasonable opinion of the Majority Lenders, is material in the context of this Agreement; or

(i) it becomes unlawful in any Pertinent Jurisdiction or impossible:

(i) for either Borrower or any Security Party to discharge any liability under a Finance Document or to comply with any other obligation which the Majority Lenders consider material under a Finance Document; or

(ii) for the Agent, the Security Trustee or the Lenders to exercise or enforce any right under, or to enforce any Security Interest created by, a Finance Document; or

(j) any official consent necessary to enable either Borrower to own, operate or charter the Ship owned by it or to enable either Borrower or any Security Party to comply with any provision which the Majority Lenders reasonably consider material of a Finance Document or an MOA is not granted, expires without being renewed, is revoked or becomes liable to revocation or any condition of such a consent is not fulfilled, unless the relevant Borrower contests any denial, expiration or revocation (other than with respect to a Finance Documents) and on the condition that, in the reasonable opinion of the Majority Lenders (i) there are real prospects of such contest being successfully granted/upheld by the relevant Borrower (ii) such contest being made in good faith; or

(k) it appears to the Majority Lenders that, without their prior written consent:

(i) a change has occurred or probably has occurred after the date of this Agreement in the legal or direct beneficial ownership of any of the shares in either Borrower or the Shareholder in the voting rights attaching to any of those shares; or

(ii) the units of the Corporate Guarantor cease to be listed on the New York Stock Exchange (NYSE) or any other US or European stock exchange acceptable to the Agent; or

(l) any provision which the Majority Lenders consider material of a Finance Document proves to have been or becomes invalid or unenforceable, or a Security Interest created by a Finance Document proves to have been or becomes invalid or unenforceable or such a Security Interest proves to have ranked after, or loses its priority to, another Security Interest or any other third party claim or interest; or

(m) the security constituted by a Finance Document is in any way imperilled or in jeopardy; or

(n) any other event occurs or any other circumstances arise or develop including, without limitation:

(i) a material adverse change in the business, condition (financial or otherwise), operation, state of affairs or prospects of either Borrower, the Corporate Guarantor or the Group; or

(ii) any accident or other event involving either Ship or another vessel owned, chartered or operated by a Relevant Person,

in the light of which the Majority Lenders reasonably consider that there is a significant risk that any Security Party is, or will later become, unable to discharge its liabilities under the Finance Documents as they fall due or the enforceability of any Finance Document may be adversely affected.

**19.2 Actions following an Event of Default**

On, or at any time after, the occurrence of an Event of Default:

(a) the Agent may, and if so instructed by the Majority Lenders, the Agent shall:

(i) serve on the Borrowers a notice stating that all or part of the Commitments and all other obligations of each Lender to the Borrowers under this Agreement are terminated; and/or

(ii) serve on the Borrowers a notice stating that all or part of the Loan, all accrued interest and all other amounts accrued or owing under this Agreement are immediately due and payable or are due and payable on demand; and/or

(iii) take any other action which, as a result of the Event of Default or any notice served under paragraph (i) or (ii) above, the Agent and/or the Lenders are entitled to take under any Finance Document or any applicable law; and/or

(b) the Security Trustee may, and if so instructed by the Agent, acting with the authorisation of the Lenders, the Security Trustee shall take any action which, as a result of the Event of Default or any notice served under paragraph (a) (i) or (ii) above, the Security Trustee, the Agent, the Mandated Lead Arrangers and/or the Majority Lenders are entitled to take under any Finance Document or any applicable law.

**19.3 Termination of Commitments**

On the service of a notice under paragraph (a)(i) of Clause 19.2, the Commitments and all other obligations of each Lender to the Borrowers under this Agreement shall terminate.

**19.4 Acceleration of Loan**

On the service of a notice under paragraph (a)(ii) of Clause 19.2, the Loan, all accrued interest and all other amounts accrued or owing from the Borrowers or any Security Party under this Agreement and every other Finance Document shall become immediately due and payable or, as the case may be, payable on demand.

**19.5 Multiple notices; action without notice**

The Agent may serve notices under paragraphs (a) (i) and (ii) of Clause 19.2 simultaneously or on different dates and it and/or the Security Trustee may take any action referred to in that Clause if no such notice is served or simultaneously with or at any time after the service of both or either of such notices.

**19.6 Notification of Creditor Parties and Security Parties**

The Agent shall send to each Lender, the Security Trustee and each Security Party a copy or the text of any notice which the Agent serves on the Borrowers under Clause 19.2; but the notice shall become effective when it is served on the Borrowers, and no failure or delay by the Agent to send a copy or the text of the notice to any other person shall invalidate the notice or provide the Borrowers or any Security Party with any form of claim or defence.

**19.7 Creditor Party's rights unimpaired**

Nothing in this Clause shall be taken to impair or restrict the exercise of any right given to individual Lenders under a Finance Document or the general law; and, in particular, this Clause is without prejudice to Clause 3.1.

**19.8 Exclusion of Creditor Party Liability**

No Creditor Party, and no receiver or manager appointed by the Security Trustee, shall have any liability to the Borrowers or a Security Party:

(a) for any loss caused by an exercise of rights under, or enforcement of a Security Interest created by, a Finance Document or by any failure or delay to exercise such a right or to enforce such a Security Interest; or

(b) as mortgagee in possession or otherwise, for any income or principal amount which might have been produced by or realised from any asset comprised in such a Security Interest or for any reduction (however caused) in the value of such an asset,

except that this does not exempt a Creditor Party or a receiver or manager from liability for losses shown to have been caused by the gross negligence or the wilful misconduct of such Creditor Party's own officers and employees or (as the case may be) such receiver's or manager's own partners or employees.

**19.9 Relevant Persons**

In this Clause 19, a "**Relevant Person**" means a Borrower, a Security Party (excluding the Approved Manager), and any company which is a subsidiary of either Borrower or of a Security Party or of which either Borrower is a subsidiary.

**19.10 Interpretation**

In Clause 19.1(g) references to an event of default or a termination event include any event, howsoever described, which is similar to an event of default in a facility agreement or a termination event in a finance lease; and in Clause 19.1(h) "**petition**" includes an application.

## 20 FEES AND EXPENSES

### 20.1 Arrangement fee

The Borrowers shall pay to the Agent within 2 Business Days of the date of this Agreement, a non-refundable arrangement fee in the amount of $143,000 (representing 1.00 per cent. of the Total Commitments) for distribution among the Lenders pro rata to their Commitments.

### 20.2 Agency fee

The Borrowers shall pay to the Agent within 2 Business Days of the date of this Agreement and on each anniversary thereof a non-refundable annual fee in the amount of $20,000.

### 20.3 Costs of negotiation, preparation etc.

The Borrowers shall pay to the Agent on its demand the amount of all expenses incurred by the Agent or the Security Trustee in connection with the negotiation, preparation, execution or registration of any Finance Document or any related document or with any transaction contemplated by a Finance Document or a related document (including, without limitation, out of pocket expenses, legal fees and any related VAT).

### 20.4 Costs of variations, amendments, enforcement etc.

The Borrowers shall pay to the Agent, on the Agent's demand, the amount of all documented expenses incurred by a Creditor Party in connection with:

(a) any amendment or supplement to a Finance Document, or any proposal for such an amendment to be made;

(b) any consent or waiver by the Lenders, the Majority Lenders or the Creditor Party concerned under or in connection with a Finance Document, or any request for such a consent or waiver;

(c) the valuation of any security provided or offered under Clause 15 or any other matter relating to such security;

(d) where the Agent, acting on the instructions of the Majority Lenders, considers that there has been a material change to the insurances in respect of a Ship, the review of the insurances of a Ship pursuant to Clause 13.18;

(e) the opinions of the independent insurance consultant referred to in paragraph 5 of Part B, Schedule 3; and

(f) any step taken by any Lender concerned with a view to the protection, exercise or enforcement of any right or Security Interest created by a Finance Document or for any similar purpose.

There shall be recoverable under paragraph (d) the full amount of all legal expenses, whether or not such as would be allowed under rules of court or any taxation or other procedure carried out under such rules.

**20.5 Documentary taxes**

The Borrowers shall promptly pay any tax payable on or by reference to any Finance Document, and shall, on the Agent's demand, fully indemnify each Creditor Party against any liabilities, claims losses and expenses resulting from any failure or delay by the Borrowers to pay such a tax.

**20.6 Certification of amounts**

A notice which is signed by two officers of a Creditor Party, which states that a specified amount, or aggregate amount, is due to that Creditor Party under this Clause 20 and which indicates (without necessarily specifying a detailed breakdown) the matters in respect of which the amount, or aggregate amount, is due shall be prima facie evidence that the amount, or aggregate amount, is due.

**21 INDEMNITIES**

**21.1 Indemnities regarding borrowing and repayment of Loan**

The Borrowers shall fully indemnify the Agent and each Lender on the Agent's demand and the Security Trustee on its demand in respect of all claims, expenses, liabilities and losses which are made or brought against or incurred by that Creditor Party, or which that Creditor Party reasonably and with due diligence estimates that it will incur, as a result of or in connection with:

(a) an Advance not being borrowed on the date specified in the Drawdown Notice for any reason other than a default by the Lender claiming the indemnity;

(b) the receipt or recovery of all or any part of the Loan or an overdue sum otherwise than on the last day of an Interest Period or other relevant period including, without limitation, where such receipt or recovery is made as a result of the voluntary or mandatory repayment or prepayment of the Loan, or any part thereof;

(c) any failure (for whatever reason) by the Borrowers to make payment of any amount due under a Finance Document on the due date or, if so payable, on demand (after giving credit for any default interest paid by the Borrowers on the amount concerned under Clause 7);

(d) any claim, action, civil penalty or fine against, any settlement, and any other kind of loss or liability, and all reasonable costs and expenses (including reasonable counsel fees and disbursements) incurred by the Agent or any Lender as a result of conduct of any Borrower any Security Party or any of their partners, directors, officers, employees, agents or advisors, that violates any Sanctions Laws; and

(e) the occurrence and/or continuance of an Event of Default and/or the acceleration of repayment of the Loan under Clause 19,

and in respect of any tax (other than tax on its overall net income or a FATCA Deduction) for which a Creditor Party is liable in connection with any amount paid or payable to that Creditor Party (whether for its own account or otherwise) under any Finance Document.

Without prejudice to its generality, this Clause 21.1 covers any claims, expenses, liabilities and losses which arise, or are asserted, under or in connection with any law relating to safety at sea, the ISM Code, the ISPS Code, any Environmental Law or any Sanctions Laws.

**21.2 Break costs**

(a) The Borrowers shall, within 3 Business Days of demand by a Creditor Party, pay to that Creditor Party its Break Costs attributable to all or any part of the relevant Advance or Unpaid Sum being paid by a Borrower on a day other than the last day of an Interest Period for that Advance, the relevant part of that Advance or that Unpaid Sum.

(b) Each Lender shall, as soon as reasonably practicable after a demand by the Agent, provide a certificate confirming the amount of its Break Costs for any Interest Period in which they accrue.

**21.3 Miscellaneous indemnities**

The Borrowers shall fully indemnify each Creditor Party severally on their respective demands in respect of all claims, demands, proceedings, liabilities, taxes, losses and expenses of every kind ("**liability items**") which may be made or brought against, or incurred by, a Creditor Party, in any country, in relation to:

(a) any action taken, or omitted or neglected to be taken, under or in connection with any Finance Document by the Agent, the Security Trustee or any other Creditor Party or by any receiver appointed under a Finance Document; and

(b) any other event, matter or question which occurs or arises at any time during the Security Period and which has any connection with, or any bearing on, any Finance Document, any payment or other transaction relating to a Finance Document or any asset covered (or previously covered) by a Security Interest created (or intended to be created) by a Finance Document,

other than claims, expenses, liabilities and losses which are shown to have been directly and mainly caused by the dishonesty or wilful misconduct of the officers or employees of the Creditor Party concerned.

**21.4 Extension of indemnities; environmental indemnity**

Without prejudice to its generality, Clause 21.2(a) covers:

(a) any matter which would be covered by Clause 21.2(a) if any of the references in that Clause to a Lender were a reference to the Agent or (as the case may be) to the Security Trustee; and

(b) any liability items which arise, or are asserted, under or in connection with any law relating to safety at sea, pollution or the protection of the environment, the ISM Code, the ISPS Code or any Environmental Law.

**21.5 Currency indemnity**

If any sum due from a Borrower or any Security Party to a Creditor Party under a Finance Document or under any order or judgment relating to a Finance Document has to be converted from the currency in which the Finance Document provided for the sum to be paid (the "**Contractual Currency**") into another currency (the "**Payment Currency**") for the purpose of:

(a) making or lodging any claim or proof against a Borrower or any Security Party, whether in its liquidation, any arrangement involving it or otherwise; or

(b) obtaining an order or judgment from any court or other tribunal; or

(c) enforcing any such order or judgment,

the Borrowers shall indemnify the Creditor Party concerned against the loss arising when the amount of the payment actually received by that Creditor Party is converted at the available rate of exchange into the Contractual Currency.

In this Clause 21.5, the "**available rate of exchange**" means the rate at which the Creditor Party concerned is able at the opening of business (London time) on the Business Day after it receives the sum concerned to purchase the Contractual Currency with the Payment Currency.

This Clause 21.5 creates a separate liability of each Borrower which is distinct from its other liabilities under the Finance Documents and which shall not be merged in any judgment or order relating to those other liabilities.

**21.6 Certification of amounts**

A notice which is signed by 2 officers of a Creditor Party, which states that a specified amount, or aggregate amount, is due to that Creditor Party under this Clause 21 and which indicates (without necessarily specifying a detailed breakdown of the amounts due) the matters in respect of which the amount, or aggregate amount, is due shall be prima facie evidence that the amount, or aggregate amount, is due.

**21.7 Sums deemed due to a Lender**

For the purposes of this Clause 21, a sum payable by the Borrowers to the Agent or the Security Trustee for distribution to a Lender shall be treated as a sum due to that Lender.

**21.8 Sanctions**

(a) The Borrowers shall, within three (3) Business Days of demand by a Creditor Party, indemnify each Creditor Party against any cost, loss or liability incurred by it as a result of any civil penalty or fine against, and all reasonable costs and expenses (including reasonable counsel fees and disbursements) incurred in connection with the defence thereof by, the Agent or any Lender as a result of conduct of the Borrowers or any Security Party or any of their partners, directors, officers, employees, agents or advisors, that violates any Sanctions.

(b) The indemnity in Clause 21.8(a) above shall cover any losses incurred by each Creditor Party in any jurisdiction arising or asserted under or in connection with any law relating to any Sanctions.

**22 NO SET-OFF OR TAX DEDUCTION**

**22.1 No deductions**

All amounts due from the Borrowers under a Finance Document shall be paid:

(a) without any form of set-off, cross-claim or condition; and

(b) free and clear of any tax deduction except a tax deduction which a Borrower is required by law to make.

**22.2 Grossing-up for taxes**

If a Borrower is required by law to make a tax deduction from any payment:

(a) that Borrower shall notify the Agent as soon as it becomes aware of the requirement;

(b) that Borrower shall pay the tax deducted to the appropriate taxation authority promptly, and in any event before any fine or penalty arises; and

(c) the amount due in respect of the payment shall be increased by the amount necessary to ensure that each Creditor Party receives and retains (free from any liability relating to the tax deduction) a net amount which, after the tax deduction, is equal to the full amount which it would otherwise have received.

**22.3 Evidence of payment of taxes**

Within 1 month after making any tax deduction, the Borrower concerned shall deliver to the Agent documentary evidence satisfactory to the Agent that the tax had been paid to the appropriate taxation authority.

**22.4 Exclusion of tax on overall net income**

In this Clause 22 "**tax deduction**" means any deduction or withholding for or on account of any present or future tax except tax on a Creditor Party's overall net income or a FATCA Deduction.

**22.5 FATCA information**

(a) Subject to paragraph (c) below, each party to the Finance Documents shall, within 5 Business Days of a reasonable request by another party to the Finance Documents:

(i) confirm to that other party whether it is:

(A) a FATCA Exempt Party; or

(B) not a FATCA Exempt Party; and

(ii) supply to that other party such forms, documentation and other information relating to its status under FATCA as that other party reasonably requests for the purposes of that other party's compliance with FATCA; and

(iii) supply to that other party such forms, documentation and other information relating to its status as that other party reasonably requests for the purposes of that other party's compliance with any other law, regulation or exchange of information regime;

(b) if a party to any Finance Document confirms to another party pursuant to sub-paragraph (i) of paragraph (a) above that it is a FATCA Exempt Party and it subsequently becomes aware that it is not, or has ceased to be a FATCA Exempt Party, that party shall notify that other party reasonably promptly;

(c) paragraph (a) above shall not oblige any Creditor Party, and paragraph (a)(iii) above shall not oblige any other Party to a Finance Document, to do anything which would or might in its reasonable opinion constitute a breach of:

(i) any law or regulation;

(ii) any fiduciary duty; or

(iii) any duty of confidentiality;

(d) if a party to any Finance Document fails to confirm whether or not it is a FATCA Exempt Party or to supply forms, documentation or other information requested in accordance with paragraph (a)(i) or (ii) above (including, for the avoidance of doubt, where paragraph (c) above applies), then such party shall be treated for the purposes of the Finance Documents as if it is not a FATCA Exempt Party until such time as the party in question provides the requested confirmation, forms, documentation or other information.

(e) If a Borrower is or becomes a US Tax Obligor or a FATCA FFI, it shall as soon as reasonably practicable inform the Agent of the same;

(f) Where the Agent reasonably believes that its obligations under FATCA require it, the relevant Borrower or the relevant Security Party shall provide the Agent, upon request, with a W-8 BEN-E form (or any successor form) or any other forms or documentation the Agent may reasonably require, as soon as reasonably practicable. The Agent shall not be liable for any action which it takes or refrains from taking under or in connection with this paragraph (f);

(g) If a Borrower is or becomes a US Tax Obligor or a FATCA FFI, or where the Agent reasonably believes that its obligations under FATCA require it, each Creditor Party shall, within 10 Business Days of the date of a request from the Agent supply to the Agent:

(i) a withholding certificate on Form W-8 or Form W-9 (or any successor form) (as applicable); and/or

(ii) any withholding statement and other documentation, authorisations and waivers as the Agent may require to certify or establish the status of such Creditor Party under FATCA,

the Agent shall provide any withholding certificate, withholding statement, documentation, authorisations and waivers it receives from a Creditor Party pursuant to this paragraph (g) to that Borrower or the relevant Security Party and shall be entitled to rely on any such withholding certificate, withholding statement, documentation, authorisations and waivers provided without further verification. The Agent shall not be liable for any action which it takes or refrains from taking under or in connection with this paragraph (g); and

(h) The Borrowers, each Security Party and each Creditor Party agrees that if any withholding certificate, withholding statement, documentation, authorisations and waivers provided to the Agent pursuant to paragraphs (f) to (g) above is or becomes materially inaccurate or incomplete, it shall promptly update such withholding certificate, withholding statement, documentation, authorisations and waivers or promptly notify the Agent in writing of its legal inability to do so. The Agent shall, if applicable, provide any such updated withholding certificate, withholding statement, documentation, authorisations and waivers to the Borrowers or the relevant Security Party. The Agent shall not be liable for any action which it takes or refrains from taking under or in connection with this paragraph (h).

**22.6 FATCA Deduction**

(a) Each party to a Finance Document may make any FATCA Deduction it is required to make by FATCA, and any payment required in connection with that FATCA Deduction, and shall not be required to increase any payment in respect of which it makes such a FATCA Deduction or otherwise compensate the recipient of the payment for that FATCA Deduction.

(b) Each party to a Finance Document shall promptly, upon becoming aware that it must make a FATCA Deduction (or that there is any change in the rate or the basis of such FATCA Deduction), notify the party to a Finance Document to whom it is making the payment and, in addition, shall notify the Borrowers and the Agent and the Agent shall notify the other Creditor Parties.

**23 ILLEGALITY, ETC**

**23.1 Illegality**

This Clause 23 applies if a Lender (the "**Notifying Lender**") notifies the Agent that it has become, or will with effect from a specified date, become:

(a) unlawful or prohibited as a result of the introduction of a new law, an amendment to an existing law or a change in the manner in which an existing law is or will be interpreted or applied; or

(b) contrary to, or inconsistent with, any regulation,

for the Notifying Lender to maintain or give effect to any of its obligations under this Agreement in the manner contemplated by this Agreement.

**23.2 Notification of illegality**

The Agent shall promptly notify the Borrowers, the Security Parties, the Security Trustee and the other Lenders of the notice under Clause 23.1 which the Agent receives from the Notifying Lender.

**23.3 Prepayment; termination of Commitment**

On the Agent notifying the Borrowers under Clause 23.2, the Notifying Lender's Commitment shall terminate; and thereupon or, if later, on the date specified in the Notifying Lender's notice under Clause 23.1 as the date on which the notified event would become effective the Borrowers shall prepay the Notifying Lender's Contribution in accordance with Clause 8.

**24 INCREASED COSTS**

**24.1 Increased costs**

(a) Each Borrower shall, within 3 Business Days of a demand by the Agent, pay for the account of a Creditor Party the amount of any Increased Costs incurred by that Creditor Party or any of its affiliates as a result of:

(i) the introduction of or any change in (or in the interpretation, administration or application of) any law or regulation; or

(ii) compliance with any law or regulation made,

after the date of this Agreement.

(b) In this Agreement, "**Increased Costs**" means:

(i) a reduction in the rate of return from the Loan or on a Creditor Party's (or its affiliate's) overall capital;

(ii) an additional or increased cost; or

(iii) a reduction of any amount due and payable under any Finance Document,

which is incurred or suffered by a Creditor Party or any of its affiliates to the extent that it is attributable to that Creditor Party having entered into its Commitment or funding or performing its obligations under any Finance Document and, for the avoidance of doubt, includes any Increased Costs incurred or suffered by a Creditor Party or any of its affiliates as a result of or with connection to Basel III or any other changes in relevant reporting standards,

but not an item attributable to a change in the rate of tax on the overall net income of the Notifying Lender (aa) (or a parent company of it) or (bb) an item covered by the indemnity for tax in Clause 21.1 or by Clause 22 or (cc) a FATCA Deduction.

**24.2 Increased cost claims**

(a) A Creditor Party (the "**Notifying Lender**") intending to make a claim pursuant to Clause 24.1 shall notify the Agent of the event giving rise to the claim, following which the Agent shall promptly notify the Borrower.

(b) Each Creditor Party shall, as soon as practicable after a demand by the Agent, provide a certificate confirming the amount of its Increased Costs.

**24.3 Notification to Borrowers of claim for increased costs**

The Agent shall promptly notify the Borrowers and the Security Parties of the notice which the Agent received from the Notifying Lender under Clause 24.2.

**24.4 Payment of increased costs**

The Borrowers shall pay to the Agent, on the Agent's demand, for the account of the Notifying Lender the amounts which the Agent from time to time notifies the Borrowers that the Notifying Lender has specified to be necessary to compensate the Notifying Lender for the increased cost.

**24.5 Notice of prepayment**

If the Borrowers are not willing to continue to compensate the Notifying Lender for the increased cost under Clause 24.4, the Borrowers may give the Agent not less than 15 days' notice of their intention to prepay the Notifying Lender's Contribution at the end of an Interest Period and/or to cancel the Notifying Lender's Available Commitment.

**24.6 Prepayment; termination of Commitment**

A notice under Clause 24.5 shall be irrevocable; the Agent shall promptly notify the Notifying Lender of the Borrowers' notice of intended prepayment; and:

(a) on the date on which the Agent serves that notice, the Commitment of the Notifying Lender shall be cancelled; and

(b) on the date specified in its notice of intended prepayment, the Borrowers shall prepay (without premium or penalty) the Notifying Lender's Contribution, together with accrued interest thereon at the applicable rate plus the Margin.

**24.7 Application of prepayment**

Clause 8 shall apply in relation to the prepayment.

**25 SET-OFF**

**25.1 Application of credit balances**

Each Creditor Party may without prior notice:

(a) apply any balance (whether or not then due) which at any time stands to the credit of any account in the name of a Borrower at any office in any country of that Creditor Party in or towards satisfaction of any sum then due from that Borrower to that Creditor Party under any of the Finance Documents; and

(b) for that purpose:

(i) break, or alter the maturity of, all or any part of a deposit of that Borrower;

(ii) convert or translate all or any part of a deposit or other credit balance into Dollars; and

(iii) enter into any other transaction or make any entry with regard to the credit balance which the Creditor Party concerned considers appropriate.

**25.2 Existing rights unaffected**

No Creditor Party shall be obliged to exercise any of its rights under Clause 25.1; and those rights shall be without prejudice and in addition to any right of set-off, combination of accounts, charge, lien or other right or remedy to which a Creditor Party is entitled (whether under the general law or any document).

**25.3 Sums deemed due to a Lender**

For the purposes of this Clause 25, a sum payable by the Borrowers to the Agent or the Security Trustee for distribution to, or for the account of, a Lender shall be treated as a sum due to that Lender; and each Lender's proportion of a sum so payable for distribution to, or for the account of, the Lenders shall be treated as a sum due to such Lender.

**25.4 No Security Interest**

This Clause 25 gives the Creditor Parties a contractual right of set off only and does not create any equitable charge or other Security Interest over any credit balance of either Borrower.

## 26 TRANSFERS AND CHANGES IN LENDING OFFICES

**26.1 Transfer by Borrowers and the Corporate Guarantor**

No Borrower may and the Borrowers shall procure that the Corporate Guarantor will not, without the consent of the Agent, given on the instructions of all the Lenders:

(a) transfer any of its rights or obligations under any Finance Document; or

(b) enter into any merger, de-merger or other reorganisation, or carry out any other act, as a result of which any of its rights or liabilities would vest in, or pass to, another person.

**26.2 Transfer by a Lender**

Subject to Clause 26.4, a Lender (the "**Transferor Lender**") may, with the prior written consent of the Borrowers acting on the instructions of the Corporate Guarantor (such consent not to be unreasonably withheld or delayed), at any time allow:

(a) its rights in respect of all or part of its Contribution; or

(b) its obligations in respect of all or part of its Commitment; or

(c) a combination of (a) and (b),

to be (in the case of its rights) transferred to, or (in the case of its obligations) assumed by, another bank or financial institution (a "**Transferee Lender**") by delivering to the Agent a completed certificate in the form set out in Schedule 4 with any modifications approved or required by the Agent (a "**Transfer Certificate**") executed by the Transferor Lender and the Transferee Lender **Provided that** the consent of the Borrowers shall not be required:

(i) if an Event of Default has occurred; or

(ii) the Transferee Lender is an existing Lender or an affiliate of an existing Lender or a bank or financial institution which is regularly engaged in or established for the purpose of making, purchasing or investing in loans, securities or other financial assets in the shipping sector.

However any rights and obligations of the Transferor Lender in its capacity as Agent or Security Trustee will have to be dealt with separately in accordance with the Agency and Trust Deed.

**26.3 Transfer Certificate, delivery and notification**

As soon as reasonably practicable after a Transfer Certificate is delivered to the Agent, it shall (unless it has reason to believe that the Transfer Certificate may be defective):

(a) sign the Transfer Certificate on behalf of itself, each Borrower, the Security Parties, the Security Trustee and each of the other Lenders, upon completion of its "know your customer" checks in relation to the relevant Transferee Lender;

(b) on behalf of the Transferee Lender, send to each Borrower and each Security Party letters or faxes notifying them of the Transfer Certificate and attaching a copy of it; and

(c) send to the Transferee Lender copies of the letters or faxes sent under paragraph (b) above.

**26.4 Effective Date of Transfer Certificate**

A Transfer Certificate becomes effective on the date, if any, specified in the Transfer Certificate as its effective date **Provided that** it is signed by the Agent under Clause 26.3 on or before that date.

**26.5 No transfer without Transfer Certificate**

No assignment or transfer of any right or obligation of a Lender under any Finance Document is binding on, or effective in relation to, either Borrower, any Security Party, the Agent or the Security Trustee unless it is effected, evidenced or perfected by a Transfer Certificate.

**26.6 Effect of Transfer Certificate**

A Transfer Certificate takes effect in accordance with English law as follows:

(a) to the extent specified in the Transfer Certificate, all rights and interests (present, future or contingent) which the Transferor Lender has under or by virtue of the Finance Documents are assigned to the Transferee Lender absolutely, free of any defects in the Transferor Lender's title and of any rights or equities which the Borrowers or any Security Party had against the Transferor Lender;

(b) the Transferor Lender's Commitment is discharged to the extent specified in the Transfer Certificate;

(c) the Transferee Lender becomes a Lender with the Contribution previously held by the Transferor Lender and a Commitment of an amount specified in the Transfer Certificate;

(d) the Transferee Lender becomes bound by all the provisions of the Finance Documents which are applicable to the Lenders generally, including those about pro-rata sharing and the exclusion of liability on the part of, and the indemnification of, the Agent and the Security Trustee and, to the extent that the Transferee Lender becomes bound by those provisions (other than those relating to exclusion of liability), the Transferor Lender ceases to be bound by them;

(e) any part of the Loan which the Transferee Lender advances after the Transfer Certificate's effective date ranks in point of priority and security in the same way as it would have ranked had it been advanced by the transferor, assuming that any defects in the transferor's title and any rights or equities of either Borrower or any Security Party against the Transferor Lender had not existed;

(f) the Transferee Lender becomes entitled to all the rights under the Finance Documents which are applicable to the Lenders generally, including but not limited to those relating to the Majority Lenders and those under Clause 5.7 and Clause 20, and to the extent that the Transferee Lender becomes entitled to such rights, the Transferor Lender ceases to be entitled to them; and

(g) in respect of any breach of a warranty, undertaking, condition or other provision of a Finance Document or any misrepresentation made in or in connection with a Finance Document, the Transferee Lender shall be entitled to recover damages by reference to the loss incurred by it as a result of the breach or misrepresentation, irrespective of whether the original Lender would have incurred a loss of that kind or amount.

The rights and equities of either Borrower or any Security Party referred to above include, but are not limited to, any right of set off and any other kind of cross-claim.

**26.7 Maintenance of register of Lenders**

During the Security Period the Agent shall maintain a register in which it shall record the name, Commitment, Contribution and administrative details (including the lending office) from time to time of each Lender holding a Transfer Certificate and the effective date (in accordance with Clause 26.4) of the Transfer Certificate; and the Agent shall make the register available for inspection by any Lender, the Security Trustee and the Borrowers during normal banking hours, subject to receiving at least 3 Business Days prior notice not more than once a month.

**26.8 Reliance on register of Lenders**

The entries on that register shall, in the absence of manifest error, be conclusive in determining the identities of the Lenders and the amounts of their Commitments and Contributions and the effective dates of Transfer Certificates and may be relied upon by the Agent and the other parties to the Finance Documents for all purposes relating to the Finance Documents.

**26.9 Authorisation of Agent to sign Transfer Certificates**

The Borrowers, the Security Trustee and each Lender irrevocably authorise the Agent to sign Transfer Certificates on its behalf.

**26.10 Registration fee**

In respect of any Transfer Certificate, the Agent shall be entitled to recover a registration fee of $2,500 (and all costs, fees and expenses incidental to the transfer (including, but not limited to legal fees and expenses)) from the Transferor Lender or the Transferee Lender (as agreed by them).

**26.11 Sub-participation; subrogation assignment**

A Lender may sub-participate all or any part of its rights and/or obligations under or in connection with the Finance Documents without the consent of, or any notice to, the Borrowers, any Security Party, the Agent or the Security Trustee; and the Lenders may assign, in any manner and terms agreed by the Majority Lenders, the Agent and the Security Trustee, all or any part of those rights to an insurer or surety who has become subrogated to them.

**26.12 Disclosure of information**

Subject to Clause 26.4, a Lender may, disclose to a potential Transferee Lender or, to any sub-participant any information which the Lender has received in relation to the Borrowers, any Security Party or their affairs under or in connection with any Finance Document, unless the information is clearly of a confidential nature in which case the consent of the Corporate Guarantor would be required **Provided that** a potential Transferee Lender or any sub-participant to whom disclosure is made agrees to be bound by the terms of the confidentiality undertaking in this Clause 26.12 by way of a confidentiality agreement in a form acceptable to the Borrowers.

The Borrowers agree that the terms and conditions of this Agreement shall remain confidential and shall not, or shall procure that the Corporate Guarantor shall not, disclose (whether, without limitation, in writing or orally) to third parties (other than any disclosure to the Corporate Guarantor's shareholders, officers, employees or professional advisers **Provided that** the person to whom disclosure is made agrees to be bound by the terms of the confidentiality undertaking in this Clause 26.12 any information required to be disclosed by law, regulation or any governmental or competent regulatory authority (including without limitation, any securities exchange), provided that, to the extent reasonably practicable, the Corporate Guarantor shall inform the Agent on the proposed form, timing, nature and purpose of the disclosure) the existence of this Agreement or the terms and conditions contained herein without the prior written consent of the Lenders.

**26.13 Change of lending office**

A Lender may change its lending office by giving notice to the Agent and the change shall become effective on the later of:

(a) the date on which the Agent receives the notice; and

(b) the date, if any, specified in the notice as the date on which the change will come into effect.

**26.14 Notification**

On receiving such a notice, the Agent shall notify the Borrowers and the Security Trustee; and, until the Agent receives such a notice, it shall be entitled to assume that a Lender is acting through the lending office of which the Agent last had notice.

**26.15 Security over Lenders' rights.**

In addition to the other rights provided to Lenders under this Clause 26, each Lender may without consulting with or obtaining consent from either Borrower or any Security Party, at any time charge, assign or otherwise create a Security Interest in or over (whether by way of collateral or otherwise) all or any of its rights under any Finance Document to secure obligations of that Lender including, without limitation:

(a) any charge, assignment or other Security Interest to secure obligations to a federal reserve or central bank; and

(b) in the case of any Lender which is a fund, any charge, assignment or other Security Interest granted to any holders (or trustee or representatives of holders) of obligations owed, or securities issued, by that Lender as security for those obligations or securities;

except that no such charge, assignment or Security Interest shall:

(i) release a Lender from any of its obligations under the Finance Documents or substitute the beneficiary of the relevant charge, assignment or Security Interest for the Lender as a party to any of the Finance Documents; or

(ii) require any payments to be made by the Borrowers or any Security Party or grant to any person any more extensive rights than those required to be made or granted to the relevant Lender under the Finance Documents.

## 27 VARIATIONS AND WAIVERS BY MAJORITY LENDERS

### 27.1 Variations, waivers etc. by Lenders

Subject to Clause 27.2, a document shall be effective to vary, waive, suspend or limit any provision of a Finance Document, or any Creditor Party's rights or remedies under such a provision or the general law, only if the document is signed, or specifically agreed to in writing, by the Borrowers and the Agent and/or the Security Trustee (acting on behalf of the requisite Lenders) and, if the document relates to a Finance Document to which a Security Party is party, by that Security Party.

### 27.2 Variations, waivers etc. requiring agreement of all Lenders

However, as regards the following, Clause 27.1 applies as if the words "by the Agent on behalf of the Majority Lenders" were replaced by the words "by or on behalf of every Lender":

(a) a change in the purpose of the Loan;

(b) a reduction in the Margin;

(c) a postponement to the date for, or a reduction in the amount of, any payment of principal, interest, fees or other sum payable under this Agreement;

(d) an increase in any Lender's Commitment;

(e) a change to the definition of "**Majority Lenders**";

(f) a change in any of the provisions in Clause 8.8 dealing with circumstances in which a mandatory prepayment arises;

(g) a change to the financial covenants set out in clause 12.3 (*Financial Covenants*) of the Corporate Guarantee;

(h) a change to the Security Cover Ratio to be maintained pursuant to clause 15.1;

(i) a change to Clause 3, Clause 23 or this Clause 27;

(j) a change of the currency of any amount payable under the Finance Documents;

(k) a waiver of any breach of any of the provisions set out in Clause 10.18, Clause 11.18, Clause 11.19 or Clause 11.20;

(l) any release of, or material variation to, a Security Interest, guarantee, indemnity or subordination arrangement set out in a Finance Document; and

(m) any other change or matter as regards which this Agreement or another Finance Document expressly provides that each Lender's consent is required.

**27.3 Exclusion of other or implied variations**

Except for a document which satisfies the requirements of Clauses 27.1 and 27.2, no document, and no act, course of conduct, failure or neglect to act, delay or acquiescence on the part of the Creditor Parties or any of them (or any person acting on behalf of any of them) shall result in the Creditor Parties or any of them (or any person acting on behalf of any of them) being taken to have varied, waived, suspended or limited, or being precluded (permanently or temporarily) from enforcing, relying on or exercising:

(a) a provision of this Agreement or another Finance Document; or

(b) an Event of Default; or

(c) a breach by either Borrower or a Security Party of an obligation under a Finance Document or the general law; or

(d) any right or remedy conferred by any Finance Document or by the general law, and there shall not be implied into any Finance Document any term or condition requiring any such provision to be enforced, or such right or remedy to be exercised, within a certain or reasonable time.

**28 NOTICES**

**28.1 General**

Unless otherwise specifically provided, any notice under or in connection with any Finance Document shall be given by letter or fax; and references in the Finance Documents to written notices, notices in writing and notices signed by particular persons shall be construed accordingly.

**28.2 Addresses for communications**

A notice shall be sent:

| | | |
|---|---|---|
| (a) | to a Borrower: | c/o Navios Shipmanagement Inc.<br>85 Akti Miaouli<br>Piraeus 185 38<br>Fax No: +30 210 4172070 |
| | for the attention of: | Vassiliki Papaefthymiou<br>E-mail: vpapaefthymiou@Navios.com |
| (b) | to a Lender: | At the address below its name in Schedule 1 or (as the case may require) in the relevant Transfer Certificate. |
| (c) | to the Agent | SKANDINAVISKA ENSKILDA BANKEN AB (PUBL) |

| | |
|---|---|
| and the Security Trustee: | One Carter Lane<br>London EC4V 5AN<br>United Kingdom<br>E-mail: agency@seb.co.uk |
| for the attention of:<br>with a copy to: | Loans Agency |
| for the attention of: | SEB Structured Credit Operations<br>Email: sco@seb.se |

or to such other address as the relevant party may notify the Agent or, if the relevant party is the Agent or the Security Trustee, the Borrowers, the Lenders and the Security Parties.

**28.3 Effective date of notices**

Subject to Clauses 28.4 and 28.5:

(a) a notice which is delivered personally or posted shall be deemed to be served, and shall take effect, at the time when it is delivered; and

(b) a notice which is sent by fax shall be deemed to be served, and shall take effect, 2 hours after its transmission is completed.

**28.4 Service outside business hours**

However, if under Clause 28.3 a notice would be deemed to be served:

(a) on a day which is not a business day in the place of receipt; or

(b) on such a business day, but after 5 p.m. local time,

the notice shall (subject to Clause 28.5) be deemed to be served, and shall take effect, at 9 a.m. on the next day which is such a business day.

**28.5 Illegible notices**

Clauses 28.3 and 28.4 do not apply if the recipient of a notice notifies the sender within 1 hour after the time at which the notice would otherwise be deemed to be served that the notice has been received in a form which is illegible in a material respect.

**28.6 Valid notices**

A notice under or in connection with a Finance Document shall not be invalid by reason that its contents or the manner of serving it do not comply with the requirements of this Agreement or, where appropriate, any other Finance Document under which it is served if:

(a) the failure to serve it in accordance with the requirements of this Agreement or other Finance Document, as the case may be, has not caused any party to suffer any significant loss or prejudice; or

(b) in the case of incorrect and/or incomplete contents, it should have been reasonably clear to the party on which the notice was served what the correct or missing particulars should have been.

**28.7 English language**

Any notice under or in connection with a Finance Document shall be in English.

**28.8 Meaning of "notice"**

In this Clause "notice" includes any demand, consent, authorisation, approval, instruction, waiver or other communication.

**29 SUPPLEMENTAL**

**29.1 Rights cumulative, non-exclusive**

The rights and remedies which the Finance Documents give to each Creditor Party are:

(a) cumulative;

(b) may be exercised as often as appears expedient; and

(c) shall not, unless a Finance Document explicitly and specifically states so, be taken to exclude or limit any right or remedy conferred by any law.

**29.2 Severability of provisions**

If any provision of a Finance Document is or subsequently becomes void, unenforceable or illegal, that shall not affect the validity, enforceability or legality of the other provisions of that Finance Document or of the provisions of any other Finance Document.

**29.3 Third party rights**

A person who is not a party to this Agreement has no right under the Contracts (Rights of Third Parties) Act 1999 to enforce or to enjoy the benefit of any term of this Agreement.

**29.4 Waiver of Banking Secrecy**

The Borrowers hereby irrevocably authorise and give consent to each Creditor Party and, each of its affiliates, and their respective subsidiaries, branches and representative offices and their respective directors, officers, employees and agents (the "**Authorised Persons**" and each an "**Authorised Person**"), to disclose and transmit to the Applicable Persons, whether orally, in writing or by any other means, information and documents which relates to, or are connected with, the Borrowers, their beneficial owner, any other member of the Group, their business, dealings or assets (the "**Information**"), from time to time and to the extent that the Authorised Person deems such disclosure or transmission to be necessary or desirable for or incidental to the carrying out of its duties, obligations, commitments and activities whether arising under contract or by operation of law and/or consolidated supervision and risk management policy, to the extent that the Information is covered by banking secrecy under any applicable law in general and banking secrecy rules in England, the Netherlands, Norway and Sweden in particular and/or:

(a) necessary or desirable for the purposes of its internal cross-selling enabling the Borrowers and/or any other member of the Group to benefit from the Creditor Party's or any other Authorised Person's business activities; and/or

(b) necessary or desirable to insure a risk related to the Borrowers and/or any other member of the Group; and/or

(c) necessary or desirable to syndicate a risk related to the Borrowers and/or any other member of the Group; and/or

(d) necessary or desirable to securitise a risk related to the Borrowers and/or any other member of the Group; and/or

(e) necessary or desirable to open an account or to start a business relation with the Creditor Party's or any other Authorised Person's parent company or any of its subsidiaries or branches.

In this Clause 29.4, "**Applicable Person**" means any or all of the following persons:

(i) any authority or person against which, pursuant to any applicable law, administrative order or court ruling, banking secrecy may not be validly asserted by an Authorised Person;

(ii) each Creditor Party or any other Authorised Person's parent company, any of its subsidiaries, branches or representative offices;

(iii) any rating agency, auditor, insurance and reinsurance company, broker or professional adviser, to the extent such entity or person is bound by a statutory or contractual duty of confidentiality;

(iv) any financial institution and institutional or other investor who is or might be involved in securitisation schemes, hedging agreements, participations, credit derivatives or any other risk transfer or sharing arrangements, including, inter alia, a bank and/or other financial institution's participation in, or syndication in respect of, the Loan;

(v) any potential assignee or transferee or person who has entered into or is proposing to enter into contractual arrangements with the Authorised Person in relation to a Borrower; and

(vi) any external computer services provider, for the purpose of maintenance or repair of a Creditor Party's or any other Authorised Person's computer systems and date provided that such external computer services provider is bound by the confidentiality policy of such Creditor Party.

**29.5 Reference Banks**

If a Reference Bank (or, if a Reference Bank is not a Lender, the Lender of which it is an affiliate) ceases to be a Lender, the Agent may (in consultation with the Borrowers) appoint another Lender or an affiliate of a Lender to replace that Reference Bank.

**29.6 Role of Reference Banks**

(a) No Reference Bank is under any obligation to provide a quotation or any other information to the Agent but may do so at the Agent's request.

(b) No Reference Bank will be liable for any action taken by it under or in connection with any Finance Document, or for any quotation provided to the Agent.

(c) No Party (other than the relevant Reference Bank) may take any proceedings against any officer, employee or agent of any Reference Bank in respect of any claim it might have against that Reference Bank or in respect of any act or omission of any kind by that officer, employee or agent in relation to any Finance Document, or to any quotation provided to the Agent, and any officer, employee or agent of each Reference Bank may rely on this clause subject to clause 29.3 and the provisions of the Third Parties Act.

**29.7 Third party Reference Banks**

Any Reference Bank which is not a party to this Agreement may rely on Clause 29.6 subject to Clause 29.3 and the provisions of the Third Parties Act.

**29.8 Counterparts**

A Finance Document may be executed in any number of counterparts.

**30 CONFIDENTIALITY**

**30.1 Confidential Information**

Each Creditor Party agrees to keep all Confidential Information confidential and not to disclose it to anyone, save to the extent permitted by Clauses 30.2 and 30.3 and to ensure that all Confidential Information is protected with security measures and a degree of care that would apply to its own confidential information taking also into account the public nature of the Corporate Guarantor.

**30.2 Disclosure of Confidential Information**

Any Creditor Party may disclose:

(a) to any of its affiliates and Related Funds and any of its or their officers, directors, employees, professional advisers, auditors, partners and Representatives such Confidential Information as that Creditor Party shall consider appropriate if any person to whom the Confidential Information is to be given pursuant to this paragraph (a) is informed in writing of its confidential nature and that some or all of such Confidential Information may be price-sensitive information except that there shall be no such requirement to so inform if the recipient is subject to professional obligations to maintain the confidentiality of the information or is otherwise bound by requirements of confidentiality in relation to the Confidential Information;

(b) to any person:

(i) to (or through) whom it assigns or transfers (or may potentially assign or transfer) all or any of its rights and/or obligations under one or more Finance Documents or which succeeds (or which may potentially succeed) it as Agent and, in each case, to any of that person's affiliates, Related Funds, Representatives and professional advisers;

(ii) with (or through) whom it enters into (or may potentially enter into), whether directly or indirectly, any sub-participation in relation to, or any other transaction under which payments are to be made or may be made by reference to, one or more Finance Documents and/or the Borrowers and/or any Security Party and to any of that person's affiliates, Related Funds, Representatives and professional advisers;

(iii) appointed by any Creditor Party or by a person to whom paragraph (b)(i) or (ii) above applies to receive communications, notices, information or documents delivered pursuant to the Finance Documents on its behalf;

(iv) who invests in or otherwise finances (or may potentially invest in or otherwise finance), directly or indirectly, any transaction referred to in paragraph (b)(i) or (b)(ii) above;

(v) to whom information is required or requested to be disclosed by any court of competent jurisdiction or any governmental, banking, taxation or other regulatory authority or similar body, the rules of any relevant stock exchange or pursuant to any applicable law or regulation;

(vi) to whom information is required to be disclosed in connection with, and for the purposes of, any litigation, arbitration, administrative or other investigations, proceedings or disputes;

(vii) to whom or for whose benefit that Creditor Party charges, assigns or otherwise creates a Security Interest (or may do so) pursuant to Clause 26;

(viii) who is a party to a Finance Document, a member of the Group or any related entity of the Borrowers or any Security Party; or

(ix) with the consent of the Borrowers;

in each case, such Confidential Information as that Creditor Party shall consider appropriate if:

(A) in relation to paragraphs (b)(i), (b)(ii) and (b)(iii) above, the person to whom the Confidential Information is to be given has entered into a Confidentiality Undertaking except that there shall be no requirement for a Confidentiality Undertaking if the recipient is a professional adviser and is subject to professional obligations to maintain the confidentiality of the Confidential Information;

(B) in relation to paragraph (b)(iv) above, the person to whom the Confidential Information is to be given has entered into a Confidentiality Undertaking or is otherwise bound by requirements of confidentiality in relation to the Confidential Information they receive and is informed that some or all of such Confidential Information may be price-sensitive information;

(C) in relation to paragraphs (b)(v), (b)(vi) and (b)(vii) above, the person to whom the Confidential Information is to be given is informed of its confidential nature and that some or all of such Confidential Information may be price-sensitive information except that there shall be no requirement to so inform if, in the opinion of that Creditor Party, it is not practicable so to do in the circumstances;

(c) to any person appointed by that Creditor Party or by a person to whom paragraph (b)(i) or (b)(ii) above applies to provide administration or settlement services in respect of one or more of the Finance Documents including without limitation, in relation to the trading of participations in respect of the Finance Documents, such Confidential Information as may be required to be disclosed to enable such service provider to provide any of the services referred to in this paragraph (c) if the service provider to whom the Confidential Information is to be given has entered into a confidentiality agreement substantially in the form of the LMA Master Confidentiality Undertaking for Use With Administration/Settlement Service Providers or such other form of confidentiality undertaking agreed between the Borrowers and the relevant Creditor Party; and

(d) to any rating agency (including its professional advisers) such Confidential Information as may be required to be disclosed to enable such rating agency to carry out its normal rating activities in relation to the Finance Documents and/or the Borrowers and/or the Security Parties.

**30.3 Disclosure to numbering service providers**

(a) Any Creditor Party may disclose to any national or international numbering service provider appointed by that Creditor Party to provide identification numbering services in respect of this Agreement, the Loan and/or the Borrowers and/or the Security Parties the following information:

(i) names of the Borrowers and the Security Parties;

(ii) country of domicile of the Borrowers and the Security Parties;

(iii) place of incorporation of the Borrowers and the Security Parties;

(iv) date of this Agreement;

(v) governing law;

(vi) the names of the Agent and each Mandated Lead Arranger;

(vii) date of each amendment and restatement of this Agreement;

(viii) amount of the Loan;

(ix) amount of Total Commitments;

(x) currency of the Loan;

(xi) type of facility;

(xii) ranking of facility;

(xiii) final Repayment Date;

(xiv) changes to any of the information previously supplied pursuant to paragraphs (i) to (xiii) above; and

(xv) such other information agreed between such Creditor Party and the Borrowers,

to enable such numbering service provider to provide its usual syndicated loan numbering identification services.

(b) The parties to this Agreement acknowledge and agree that each identification number assigned to this Agreement, the Loan and/or the Borrowers and/or any Security Party by a numbering service provider and the information associated with each such number may be disclosed to users of its services in accordance with the standard terms and conditions of that numbering service provider.

(c) The Borrowers represent that none of the information set out in paragraphs (a)(i) to (a)(xv) above is, nor will at any time be, unpublished price-sensitive information.

(d) The Agent shall notify the Borrowers and the other Creditor Parties of:

(i) the name of any numbering service provider appointed by the Agent in respect of this Agreement, the Loan and/or the Borrowers and/or the Security Parties; and

(ii) the number or, as the case may be, numbers assigned to this Agreement, the Loan and/or the Borrowers and/or the Security Parties by such numbering service provider.

**30.4 Entire agreement**

This Clause 30 constitutes the entire agreement between the parties to this Agreement in relation to the obligations of the Creditor Parties under the Finance Documents regarding Confidential Information and supersedes any previous agreement, whether express or implied, regarding Confidential Information.

**30.5 Inside information**

Each of the Creditor Parties acknowledges that some or all of the Confidential Information is or may be price-sensitive information and that the use of such information may be regulated or prohibited by applicable legislation including securities law relating to insider dealing and market abuse and each of the Creditor Parties undertakes not to use any Confidential Information for any unlawful purpose.

**30.6 Notification of disclosure**

Each of the Creditor Parties agrees (to the extent permitted by law and regulation) to inform the Borrowers:

(a) of the circumstances of any disclosure of Confidential Information made pursuant to paragraph (b)(v) of Clause 30.2 except where such disclosure is made to any of the persons referred to in that paragraph during the ordinary course of its supervisory or regulatory function; and

(b) upon becoming aware that Confidential Information has been disclosed in breach of this Clause 30.

**30.7 Continuing obligations**

The obligations in this Clause 30 are continuing and, in particular, shall survive and remain binding on each Creditor Party for a period of 12 months from the earlier of:

(a) the date on which all amounts payable by the Borrowers and the Security Parties under or in connection with this Agreement have been paid in full and all Commitments have been cancelled or otherwise cease to be available; and

(b) the date on which such Creditor Party otherwise ceases to be a Creditor Party.

## 31 LAW AND JURISDICTION

**31.1 English law**

This Agreement and any non-contractual obligations arising out of or in connection with it shall be governed by, and construed in accordance with, English law.

**31.2 Exclusive English jurisdiction**

Subject to Clause 31.3, the courts of England shall have exclusive jurisdiction to settle any Dispute.

**31.3 Choice of forum for the exclusive benefit of the Creditor Parties**

Clause 31.2 is for the exclusive benefit of the Creditor Parties, each of which reserves the right:

(a) to commence proceedings in relation to any Dispute in the courts of any country other than England and which have or claim jurisdiction to that Dispute; and

(b) to commence such proceedings in the courts of any such country or countries concurrently with or in addition to proceedings in England or without commencing proceedings in England.

Neither Borrower shall commence any proceedings in any country other than England in relation to a Dispute.

**31.4 Process agent**

Each Borrower irrevocably appoints HFW Nominees Ltd at their office for the time being, presently at Friary Court, 65 Crutched Friars, London, EC3N 2AE, England to act as its agent to receive and accept on its behalf any process or other document relating to any proceedings in the English courts which are connected with a Dispute.

**31.5 Creditor Party rights unaffected**

Nothing in this Clause 31 shall exclude or limit any right which any Creditor Party may have (whether under the law of any country, an international convention or otherwise) with regard to the bringing of proceedings, the service of process, the recognition or enforcement of a judgment or any similar or related matter in any jurisdiction.

**31.6 Meaning of "proceedings" and "Dispute"**

In this Clause 31, "**proceedings**" means proceedings of any kind, including an application for a provisional or protective measure and a "**Dispute**" means any dispute arising out of or in connection with this Agreement (including a dispute relating to the existence, validity or termination of this Agreement or any non-contractual obligation arising out of or in connection with this Agreement.

**32 BAIL-IN**

**32.1 Contractual recognition of bail-in**

Notwithstanding any other term of any Finance Document or any other agreement, arrangement or understanding between the parties to a Finance Document, each party hereto acknowledges and accepts that any liability of any party to a Finance Document under or in connection with the Finance Documents may be subject to Bail-In Action by the relevant Resolution Authority and acknowledges and accepts to be bound by the effect of:

(a) any Bail-In Action in relation to any such liability, including (without limitation):

(i) a reduction, in full or in part, in the principal amount, or outstanding amount due (including any accrued but unpaid interest) in respect of any such liability;

(ii) a conversion of all, or part of, any such liability into shares or other instruments of ownership that may be issued to, or conferred on, it; and

(iii) a cancellation of any such liability; and

(b) a variation of any term of any Finance Document to the extent necessary to give effect to any Bail-In Action in relation to any such liability.

**THIS AGREEMENT** has been entered into on the date stated at the beginning of this Agreement.

**EXECUTION PAGE**

**BORROWERS**

| | |
|---|---|
| **SIGNED** by Maria Trivela, attorney-in-fact<br>for and on behalf of<br>**GOLDIE SERVICES COMPANY** | ) /s/ Maria Trivela<br>)<br>) |
| **SIGNED** by Maria Trivela, attorney-in-fact<br>for and on behalf of<br>**SEYMOUR TRADING LIMITED** | ) /s/ Maria Trivela<br>)<br>) |

**LENDERS**

| | |
|---|---|
| **SIGNED** by Christina Economides<br>for and on behalf of<br>**SKANDINAVISKA ENSKILDA**<br>**BANKEN AB (Publ)** | ) /s/ Christina Economides<br>)<br>)<br>) |
| **SIGNED** by Christina Economides<br>for and on behalf of<br>**NORDEA BANK AB (PUBL),**<br>**FILIAL I NORGE** | ) /s/ Christina Economides<br>)<br>)<br>) |
| **SIGNED** by Christina Economides<br>for and on behalf of<br>**NIBC BANK N.V.** | ) /s/ Christina Economides<br>)<br>) |

**MANDATED LEAD ARRANGERS**

| | |
|---|---|
| **SIGNED** by Christina Economides<br>for and on behalf of<br>**SKANDINAVISKA ENSKILDA**<br>**BANKEN AB (PUBL)** | ) /s/ Christina Economides<br>)<br>)<br>) |

**SIGNED** by Christina Economides ) /s/ Christina Economides
for and on behalf of )
**NORDEA BANK AB (PUBL),** )
**FILIAL I NORGE** )

**SIGNED** by Christina Economides ) /s/ Christina Economides
for and on behalf of )
**NIBC BANK N.V.** )

**AGENT**

**SIGNED** by Christina Economides ) /s/ Christina Economides
for and on behalf of )
**SKANDINAVISKA ENSKILDA** )
**BANKEN AB (Publ)** )

**SECURITY TRUSTEE**

**SIGNED** by Christina Economides ) /s/ Christina Economides
for and on behalf of )
**SKANDINAVISKA ENSKILDA** )
**BANKEN AB (PUBL)** )

Witness to all the above )
Signature /s/ Aikaterina Dimitriou )
Name: Aikaterina Dimitriou
Address: Watson Farley & Williams
348 Syngrou Avenue
176 74 Kallithea
Athens - Greece