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

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**FORM 6-K**

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

**DATED: November 25, 2019**

**Commission File No. 001-33811**

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**NAVIOS MARITIME PARTNERS L.P.**

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

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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

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## **Operating and Financial Review and Prospects**

The following is a discussion of the financial condition and results of operations for the three and nine month periods ended September 30, 2019 and 2018 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’ 2018 Annual Report filed on Form 20-F with the U.S. Securities and Exchange Commission (the “SEC”) on April 9, 2019.

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 including Navios Partners’ 2019 cash flow generation, future contracted revenues, future distributions and its ability to have any distributions going forward, opportunities to reinvest cash accretively in a fleet renewal program or otherwise, potential capital gains, our ability to take advantage of dislocation in the market 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 these statements were 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 risks and are based upon a number of assumptions and estimates that 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 Containerships in particular, fluctuations in charter rates for dry cargo carriers and containerships, the aging of our fleet and resultant increases in operations costs, the loss of any customer or charter or vessel, the financial condition of our customers, 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, 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, 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 U.S. Securities and Exchange Commission, including its reports on Form 20-F and reports on 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 third quarter of 2019 of \$0.30 per unit. The cash distribution was payable on November 14, 2019 to all unitholders of record as of November 7, 2019.

### **Acquisition of vessels**

On October 18, 2019, Navios Partners agreed to bareboat charter-in two newbuilding Kamsarmax vessels, one subject to completion of documentation. Each vessel has approximately 81,000 dwt and is being bareboat chartered-in for ten years. Navios Partners has the option to acquire the vessels after the end of the fourth year for the remaining period of the bareboat charter. Assuming exercise of the option at the end of the ten-year period, the implied fixed interest rate is 4.5%. The vessels are expected to be delivered in each of the second and the third quarter of 2021.

On November 25, 2019, Navios Partners entered into a share purchase agreement for the acquisition of three Panamax and one Ultra-Handymax drybulk vessels from an entity affiliated with its Chairman and CEO for \$37.0 million (plus working capital adjustment) in a transaction approved by the Conflicts Committee of the Board of Directors of Navios Partners.

The vessels are expected to be delivered in Navios Partners' owned fleet by December 2019. The vessels are financed with a \$37.0 million loan from a financial institution with an amortization profile of ten years, annual interest of LIBOR plus 475 basis points ("bps"), and maturity in 2022. The loan facility has no capital repayment until September 2020 and may be prepaid at any time without penalty.

#### **Liquidation of Navios Europe Inc. ("Navios Europe I")**

As of September 30, 2019, Navios Partners had a receivable of \$48.2 million from Navios Europe I. On November 22, 2019, an agreement was reached to liquidate Navios Europe I before its original expired date with Navios Partners waiving its right to an amortizing penalty of approximately \$3.2 million as of December 2019. The agreement is subject to definitive documentation which is expected to be completed by the end of 2019. It is expected that Navios Partners will acquire the five containerships owned by Navios Europe I.

#### **Term Loan B Refinancing**

In October 2019, Navios Partners fully repaid its Term Loan B due in September 2020. The outstanding balance of the Term Loan B at December 31, 2018 was \$418.5 million. Navios Partners funded the refinancing as follows:

- I. \$301.3 million financing from commercial banks, with an average: (a) amortization profile of 7.1 years; and (b) annual interest of LIBOR plus 290 bps;
- II. \$49.5 million financing through sale and leaseback transactions. The sale and leaseback transactions have an average: (a) duration of 9.4 years; and (b) implied interest rate of 6.4%. There are no financial covenants or loan-to-value requirements in the sale and leaseback transactions; and
- III. \$67.7 million from cash on the balance sheet.

As a result of the refinancing, Navios Partners has diversified and extended the maturities of its debt through 2030. Furthermore, there are no debt maturities due until the third quarter of 2021.

## **Amendment of the Management Agreement and the Administrative Services Agreement**

In August 2019, Navios Partners extended the duration of its existing management agreement (the “Management Agreement”) with Navios Ship Management Inc. (the “Manager”) until January 1, 2025. In addition, management fees are fixed for two years commencing from January 1, 2020 at: (a) \$4,450 per day per Panamax Vessel; (b) \$4,350 per day per Ultra-Handymax Vessel; (c) \$5,410 per day per Capesize Vessel; and (d) \$6,900 per day per 6,800 TEU Containership. The agreement also provides for a technical and commercial management fee of \$50 per day per vessel and an annual increase of 3% after January 1, 2022, unless agreed otherwise. Drydocking expenses are reimbursed at cost for all vessels.

In August 2019, Navios Partners extended the duration of its existing administrative services agreement with the Manager until January 1, 2025, which provide for allocable general and administrative costs.

### **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.

In August 2019, Navios Holdings announced that it sold certain assets, including its ship management division and the general partnership interest in Navios Partners to N Shipmanagement Acquisition Corp. and related entities (“NSM”), affiliated with Navios Holdings’ Chairman and Chief Executive Officer, Angeliki Frangou.

As of November 25, 2019, there were 10,983,679 outstanding common units and 230,524 general partnership units. Navios Holdings currently owns a 18.5% interest in Navios Partners and Olympos Maritime Ltd., an entity affiliated with Navios Holdings’ Chairman and Chief Executive Officer, Angeliki Frangou, holds the general partner interest of 2.1%.

### **Fleet**

Navios Partners’ fleet consists of 20 Panamax vessels, 14 Capesize vessels, four Ultra-Handymax vessels and ten Containerships, including: (i) three Panamax and one Ultra-Handymax drybulk vessels, expected to be delivered by December 2019; (ii) five Containerships, expected to be delivered by December 2019; and (iii) two Panamax drybulk charter-in vessels, expected to be delivered by the third quarter of 2021.

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 up to twelve years at inception. From time to time, we operate vessels in the spot market until the vessels have been chartered under longer-term charters.

The following table provides summary information about our fleet as of November 25, 2019:

<b>Owned Drybulk Vessels</b>	<b>Type</b>	<b>Built</b>	<b>Capacity (DWT)</b>	<b>Charter-Out Rate(1)</b>	<b>Profit Share(2)</b>	<b>Expiration Date(3)</b>
Navios Soleil	Ultra-Handymax	2009	57,337	\$ 8,788	No	April 2020
Navios La Paix	Ultra-Handymax	2014	61,485	—	111% average BSI 58 10TC	August 2020
Navios Christine B	Ultra-Handymax	2009	58,058	—	100% average BSI 58 10TC	December 2019
Navios Hyperion	Panamax	2004	75,707	—	100% average BPI 4TC	August 2021
Navios Alegria	Panamax	2004	76,466	—	99.5% average BPI 4TC	March 2022
Navios Orbiter	Panamax	2004	76,602	—	100% average BPI 4TC	December 2021
Navios Helios	Panamax	2005	77,075	—	100% average BPI 4TC	September 2021
Navios Sun	Panamax	2005	76,619	\$ 13,571	No	December 2019
				—	100% average BPI 4TC	December 2021
Navios Hope	Panamax	2005	75,397	\$ 12,849	No	December 2019
				—	100% average BPI 4TC	January 2022
Navios Sagittarius	Panamax	2006	75,756	\$ 10,450	No	December 2019
Navios Harmony	Panamax	2006	82,790	\$ 10,925	No	April 2020
Navios Prosperity I	Panamax	2007	75,527	\$ 9,833	No	January 2020
Navios Libertas	Panamax	2007	75,511	\$ 10,450	No	January 2020
Navios Altair I	Panamax	2006	74,475	\$ 10,118	No	November 2019
Navios Symmetry	Panamax	2006	74,381	\$ 6,650	No	January 2020
Navios Apollon I	Panamax	2005	87,052	—	113% average BPI 4TC	April 2020
Navios Sphera	Panamax	2016	84,872	—	120% average BPI 4TC	March 2021
Navios Beaufiks	Capesize	2004	180,310	\$ 17,338	No	January 2020
Navios Symphony	Capesize	2010	178,132	—	100% average BCI 5TC	January 2021
Navios Fantastiks	Capesize	2005	180,265	\$ 18,911	No	December 2019
				\$ 21,688	No	March 2023
Navios Aurora II	Capesize	2009	169,031	—	99.05% average BCI C5	December 2019
Navios Pollux	Capesize	2009	180,727	—	100% of pool earnings	February 2020
Navios Sol	Capesize	2009	180,274	—	108% average BCI 5TC	December 2019
Navios Fulvia	Capesize	2010	179,263	—	100.25% average BCI 5TC	December 2019
Navios Buena Ventura	Capesize	2010	179,259	—	101% average BCI 5TC	December 2019
Navios Melodia	Capesize	2010	179,132	\$ 29,356	Profit sharing 50% above \$37,500/day based on Baltic Exchange Capesize TC Average	September 2022
Navios Luz	Capesize	2010	179,144	—	100% average BCI 5TC	December 2019
Navios Ace	Capesize	2011	179,016	—	107% average BCI 5TC	January 2020
Navios Aster	Capesize	2010	179,314	\$ 20,710	No	January 2020
Navios Joy	Capesize	2013	181,389	\$ 16,958	No	December 2019
Navios Mars	Capesize	2016	181,259	\$ 22,610	No	February 2022
<b>Owned Drybulk Vessels to be delivered</b>	<b>Type</b>	<b>Built</b>	<b>Capacity (DWT)</b>	<b>Charter-Out Rate(1)</b>	<b>Profit Share(2)</b>	<b>Expiration Date(3)</b>
Navios TBN 1	Panamax	2009	75,162	\$ 15,058	No	December 2019
Navios TBN 2	Ultra-Handymax	2009	58,735	\$ —	92% average BSI 58	January 2020
Navios TBN 3	Panamax	2004	75,798	\$ 13,015	No	December 2019
Navios TBN 4	Panamax	2005	74,759	\$ —	90% average BPI 4TC	November 2019
<b>Chartered-in vessels</b>	<b>Type</b>	<b>Built</b>	<b>Capacity (DWT)</b>	<b>Charter-Out Rate(1)</b>	<b>Profit Share(2)</b>	<b>Expiration Date(3)</b>
Navios Libra	Panamax	2019	82,011	\$ 12,431	No	July 2020
				—	125% average BPI 4TC	July 2021

<u>Chartered-in vessels to be delivered</u>	<u>Type</u>	<u>Built</u>	<u>Capacity (DWT)</u>	<u>Charter-Out Rate(1)</u>	<u>Profit Share(2)</u>	<u>Expiration Date(3)</u>
Navios TBN 5	Panamax	2021	81,000	—	—	—
Navios TBN 6	Panamax	2021	81,000	—	—	—

<u>Owned Containerships</u>	<u>Type</u>	<u>Built</u>	<u>TEU</u>	<u>Charter-Out Rate(1)</u>	<u>Profit Share(2)</u>	<u>Expiration Date(3)(4)</u>
Hyundai Hongkong	Containership	2006	6,800	\$ 24,095	No	December 2019
				\$ 30,119	No	December 2023
Hyundai Singapore	Containership	2006	6,800	\$ 24,095	No	December 2019
				\$ 30,119	No	December 2023
Hyundai Tokyo	Containership	2006	6,800	\$ 24,095	No	December 2019
				\$ 30,119	No	December 2023
Hyundai Shanghai	Containership	2006	6,800	\$ 24,095	No	December 2019
				\$ 30,119	No	December 2023
Hyundai Busan	Containership	2006	6,800	\$ 24,095	No	December 2019
				\$ 30,119	No	December 2023

<u>Owned Containerships to be delivered</u>	<u>Type</u>	<u>Built</u>	<u>TEU</u>	<u>Charter-Out Rate(1)</u>	<u>Profit Share(2)</u>	<u>Expiration Date(3)</u>
Esperanza N	Sub-Panamax	2008	2,007	\$ 8,075	No	March 2020
Protostar N	Sub-Panamax	2007	2,741	\$ 9,085	No	December 2019
Harmony N	Sub-Panamax	2006	2,824	\$ 9,875	No	April 2020
Castor N	Panamax	2007	3,091	\$ 11,702	No	June 2020
Solar N	Panamax	2006	3,398	\$ 11,400	No	June 2020

- (1) Daily charter-out rate per day, net of commissions.
- (2) Index rates exclude commissions.
- (3) Expected redelivery basis midpoint of full redelivery period, excluding Navios Partners' extension options, not declared yet.
- (4) Upon acquisition, the vessels are fixed on ten/twelve year charters with Navios Partners' option to terminate after year seven.

## Our Charters

We provide or will provide seaborne shipping services under long-term time charters with customers that we believe are creditworthy. For the nine month period ended September 30, 2019, Hyundai Merchant Marine Co., Ltd. (“HMM”), Swissmarine Asia Pte. Ltd. (“Swissmarine”) and Cargill International S.A. (“Cargill”) represented approximately 26.9%, 12.3% and 10.6%, respectively, of total revenues. For the nine month period ended September 30, 2018, HMM represented approximately 24.4% of total revenues. No other customers accounted for 10% or more of total revenues for any of the periods presented.

Our revenues are driven primarily by the number of vessels in the fleet, the number of days during which such vessels operate and our charter hire rates, 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 2018 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 2018 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 and nine month periods ended September 30, 2019 and 2018 of Navios Partners presented and discussed below include the following entities:

Company name	Vessel name	Country of incorporation	Statements of Operations	
			2019	2018
Libra Shipping Enterprises Corporation <sup>(1)</sup>	Navios Libra II	Marshall Is.	1/01 – 9/30	1/01 – 9/30
Alegria Shipping Corporation	Navios Alegria	Marshall Is.	1/01 – 9/30	1/01 – 9/30
Felicity Shipping Corporation <sup>(2)</sup>	Navios Felicity	Marshall Is.	1/01 – 9/30	1/01 – 9/30
Gemini Shipping Corporation <sup>(3)</sup>	Navios Gemini S	Marshall Is.	1/01 – 9/30	1/01 – 9/30
Galaxy Shipping Corporation <sup>(4)</sup>	Navios Galaxy I	Marshall Is.	1/01 – 9/30	1/01 – 9/30
Aurora Shipping Enterprises Ltd.	Navios Hope	Marshall Is.	1/01 – 9/30	1/01 – 9/30
Palermo Shipping S.A. <sup>(5)</sup>	Navios Apollon	Marshall Is.	1/01 – 9/30	1/01 – 9/30
Fantastiks Shipping Corporation	Navios Fantastiks	Marshall Is.	1/01 – 9/30	1/01 – 9/30
Sagittarius Shipping Corporation	Navios Sagittarius	Marshall Is.	1/01 – 9/30	1/01 – 9/30
Hyperion Enterprises Inc.	Navios Hyperion	Marshall Is.	1/01 – 9/30	1/01 – 9/30
Chilali Corp.	Navios Aurora II	Marshall Is.	1/01 – 9/30	1/01 – 9/30
Surf Maritime Co.	Navios Pollux	Marshall Is.	1/01 – 9/30	1/01 – 9/30
Pandora Marine Inc.	Navios Melodia	Marshall Is.	1/01 – 9/30	1/01 – 9/30
Customized Development S.A.	Navios Fulvia	Liberia	1/01 – 9/30	1/01 – 9/30
Kohylia Shipmanagement S.A.	Navios Luz	Marshall Is.	1/01 – 9/30	1/01 – 9/30
Orbiter Shipping Corp.	Navios Orbiter	Marshall Is.	1/01 – 9/30	1/01 – 9/30
Floral Marine Ltd.	Navios Buena Ventura	Marshall Is.	1/01 – 9/30	1/01 – 9/30
Golem Navigation Limited	Navios Soleil	Marshall Is.	1/01 – 9/30	1/01 – 9/30
Kymata Shipping Co.	Navios Helios	Marshall Is.	1/01 – 9/30	1/01 – 9/30
Joy Shipping Corporation	Navios Joy	Marshall Is.	1/01 – 9/30	1/01 – 9/30
Micaela Shipping Corporation	Navios Harmony	Marshall Is.	1/01 – 9/30	1/01 – 9/30
Pearl Shipping Corporation	Navios Sun	Marshall Is.	1/01 – 9/30	1/01 – 9/30
Velvet Shipping Corporation	Navios La Paix	Marshall Is.	1/01 – 9/30	1/01 – 9/30
Perigiali Navigation Limited	Navios Beaufiks	Marshall Is.	1/01 – 9/30	1/01 – 9/30
Finian Navigation Co.	Navios Ace	Marshall Is.	1/01 – 9/30	1/01 – 9/30
Ammos Shipping Corp.	Navios Prosperity I	Marshall Is.	1/01 – 9/30	1/01 – 9/30
Wave Shipping Corp.	Navios Libertas	Marshall Is.	1/01 – 9/30	1/01 – 9/30
Casual Shipholding Co.	Navios Sol	Marshall Is.	1/01 – 9/30	1/01 – 9/30
Avery Shipping Company	Navios Symphony	Marshall Is.	1/01 – 9/30	1/01 – 9/30
Coasters Ventures Ltd.	Navios Christine B	Marshall Is.	1/01 – 9/30	1/01 – 9/30
Ianthe Maritime S.A.	Navios Aster	Marshall Is.	1/01 – 9/30	1/01 – 9/30
Rubina Shipping Corporation	Hyundai Hongkong	Marshall Is.	1/01 – 9/30	1/01 – 9/30

Company name	Vessel name	Country of incorporation	Statements of Operations	
			2019	2018
Topaz Shipping Corporation	Hyundai Singapore	Marshall Is.	1/01 – 9/30	1/01 – 9/30
Beryl Shipping Corporation	Hyundai Tokyo	Marshall Is.	1/01 – 9/30	1/01 – 9/30
Cheryl Shipping Corporation	Hyundai Shanghai	Marshall Is.	1/01 – 9/30	1/01 – 9/30
Christal Shipping Corporation	Hyundai Busan	Marshall Is.	1/01 – 9/30	1/01 – 9/30
Fairy Shipping Corporation <sup>(6)</sup>	YM Utmost	Marshall Is.	—	1/01 – 9/30
Limestone Shipping Corporation <sup>(6)</sup>	YM Unity	Marshall Is.	—	1/01 – 9/30
Dune Shipping Corp. <sup>(7)</sup>	MSC Cristina	Marshall Is.	1/01 – 9/30	1/01 – 9/30
Citrine Shipping Corporation	—	Marshall Is.	1/01 – 9/30	1/01 – 9/30
Cavalli Navigation Inc.	—	Marshall Is.	1/01 – 9/30	1/01 – 9/30
Seymour Trading Limited	Navios Altair I	Marshall Is.	1/01 – 9/30	1/01 – 9/30
Goldie Services Company	Navios Symmetry	Marshall Is.	1/01 – 9/30	1/01 – 9/30
Andromeda Shiptrade Limited	Navios Apollon I	Marshall Is.	1/01 – 9/30	1/29 – 9/30
Esmeralda Shipping Corporation	Navios Sphera	Marshall Is.	1/01 – 9/30	—
Triangle Shipping Corporation	Navios Mars	Marshall Is.	1/01 – 9/30	—
<b>Chartered-in vessels</b>				
Cavos Navigation Co. <sup>(8)</sup>	Navios Libra	Marshall Is.	1/01 – 9/30	1/01 – 9/30
<b>Other</b>				
Prosperity Shipping Corporation	—	Marshall Is.	1/01 – 9/30	1/01 – 9/30
Aldebaran Shipping Corporation	—	Marshall Is.	1/01 – 9/30	1/01 – 9/30
JTC Shipping and Trading Ltd. <sup>(9)</sup>	Holding Company	Malta	1/01 – 9/30	1/01 – 9/30
Navios Maritime Partners L.P.	N/A	Marshall Is.	1/01 – 9/30	1/01 – 9/30
Navios Maritime Operating LLC.	N/A	Marshall Is.	1/01 – 9/30	1/01 – 9/30
Navios Partners Finance (US) Inc.	Co-Borrower	Delaware	1/01 – 9/30	1/01 – 9/30
Navios Partners Europe Finance Inc.	Sub-Holding Company	Marshall Is.	1/01 – 9/30	1/01 – 9/30

(1) The vessel was sold on December 14, 2018 (see Note 4 – Vessels, net).

(2) The vessel was sold on December 4, 2018 (see Note 4 – Vessels, net).

(3) The vessel was sold on December 21, 2017.

(4) The vessel was sold on April 23, 2019 (see Note 4 – Vessels, net).

(5) The vessel was sold on April 21, 2017.

(6) The vessels were sold on July 2, 2018 (see Note 4 – Vessels, net).

(7) The vessel was sold on January 12, 2017.

(8) The vessel was delivered on July 24, 2019 (see Note 17 – Leases).

(9) Not a vessel-owning subsidiary and only holds right to charter-in contracts.

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 September 30, 2019 and the condensed consolidated results of operations for the three and nine month periods ended September 30, 2019 and 2018. 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, 2018.

## Fleet Employment Profile

The following table reflects certain key indicators of Navios Partners' core fleet performance for the three and nine month periods ended September 30, 2019 and 2018.

	Three Month Period Ended September 30, 2019 <u>(unaudited)</u>	Three Month Period Ended September 30, 2018 <u>(unaudited)</u>	Nine Month Period Ended September 30, 2019 <u>(unaudited)</u>	Nine Month Period Ended September 30, 2018 <u>(unaudited)</u>
Available Days <sup>(1)</sup>	3,240	3,428	9,720	9,980
Operating Days <sup>(2)</sup>	3,189	3,389	9,586	9,875
Fleet Utilization <sup>(3)</sup>	98.4%	98.9%	98.6%	98.9%
Time Charter Equivalent Combined (per day) <sup>(4)</sup>	\$ 18,778	\$ 17,606	\$ 15,369	\$ 16,745
Time Charter Equivalent Drybulk (per day) <sup>(4)</sup>	\$ 16,817	\$ 15,559	\$ 12,880	\$ 13,658
Time Charter Equivalent Containers (per day) <sup>(4)</sup>	\$ 30,631	\$ 30,687	\$ 30,605	\$ 31,458
Vessels operating at end of periods	37	39	37	39

- (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 and nine month periods ended September 30, 2019 and 2018.

	Three Month Period Ended September 30, 2019 (\$ '000) (unaudited)	Three Month Period Ended September 30, 2018 (\$ '000) (unaudited)	Nine Month Period Ended September 30, 2019 (\$ '000) (unaudited)	Nine Month Period Ended September 30, 2018 (\$ '000) (unaudited)
Time charter and voyage revenues	\$ 63,548	\$ 62,571	\$ 158,111	\$ 173,819
Time charter and voyage expenses	(2,708)	(2,217)	(8,721)	(6,705)
Direct vessel expenses	(1,710)	(1,516)	(4,823)	(4,685)
Management fees (entirely through related parties transactions)	(16,695)	(17,220)	(49,801)	(51,292)
General and administrative expenses	(3,897)	(3,490)	(14,425)	(12,534)
Depreciation and amortization	(13,171)	(14,543)	(39,903)	(43,815)
Vessel impairment losses	—	(5,258)	(7,345)	(43,118)
Interest expense and finance cost, net	(11,432)	(10,739)	(35,192)	(31,386)
Interest income	1,858	1,159	5,392	3,106
Other income	105	160	696	880
Other expense	(403)	(398)	(4,725)	(2,470)
Equity in net earnings of affiliated companies	1,364	1,948	1,549	4,602
<b>Net income/ (loss)</b>	<b>\$ 16,859</b>	<b>\$ 10,457</b>	<b>\$ 813</b>	<b>\$ (13,598)</b>
<b>EBITDA (1)</b>	<b>\$ 41,309</b>	<b>\$ 36,096</b>	<b>\$ 75,321</b>	<b>\$ 63,182</b>
<b>Adjusted EBITDA (1)</b>	<b>\$ 41,309</b>	<b>\$ 41,981</b>	<b>\$ 86,304</b>	<b>\$ 108,162</b>
<b>Operating Surplus (1)</b>	<b>\$ 25,726</b>	<b>\$ 25,791</b>	<b>\$ 37,635</b>	<b>\$ 63,034</b>

- (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 September 30, 2019 compared to the Three Month Period ended September 30, 2018

**Time charter and voyage revenues:** Time charter and voyage revenues for the three month period ended September 30, 2019 increased by \$1.0 million, or 1.6%, to \$63.5 million, as compared to \$62.6 million for the same period in 2018. The increase in time charter and voyage revenues was mainly attributable to the increase in the TCE rate, to \$18,778 per day for the three month period ended September 30, 2019, from \$17,606 per day for the three month period ended September 30, 2018 and the delivery of the Navios Libra in July 2019. That increase was partially mitigated by the decrease in revenue due to the sale of the Navios Felicity and the Navios Libra II in December 2018 and the Navios Galaxy I in April 2019. The available days of the fleet decreased to 3,240 days for the three month period ended September 30, 2019, as compared to 3,428 days for the three month period ended September 30, 2018, mainly due to the decrease of the size of the fleet.

**Time charter and voyage expenses:** Time charter and voyage expenses for the three month period ended September 30, 2019 amounted to \$2.7 million, as compared to \$2.2 million for the three month period ended September 30, 2018. The increase was mainly attributable to a: (i) \$0.4 million increase in charter-in hire expenses due to the delivery of the Navios Libra on July 24, 2019; and (ii) \$0.2 million increase in other voyage expenses. The above increase was partially mitigated by a \$0.1 million decrease in bunkers expenses.

**Direct vessel expenses:** Direct vessel expenses, comprised of the amortization of dry dock and special survey costs of certain vessels in our fleet, for the three month period ended September 30, 2019 increased by \$0.2 million, to \$1.7 million, as compared to \$1.5 million for the three month period ended September 30, 2018.

**Management fees:** Management fees for the three month period ended September 30, 2019, decreased by \$0.5 million, or 3.0%, to \$16.7 million, as compared to \$17.2 million for the same period in 2018. The decrease was mainly attributable to a \$1.2 million decrease in management fees due to the sale of the Navios Felicity and the Navios Libra II in December 2018 and the Navios Galaxy I in April 2019. The above decrease was partially mitigated by a \$0.8 million increase in management fees paid to the Manager mainly due to the delivery of the Navios Sphera and the Navios Mars in the third quarter of 2018 and the delivery of the Navios Libra in the third quarter of 2019.

**General and administrative expenses:** General and administrative expenses increased by \$0.4 million to \$3.9 million for the three month period ended September 30, 2019, as compared to \$3.5 million for the three month period ended September 30, 2018. The increase was mainly due to a: (i) \$0.3 million net increase in legal and professional fees, as well as audit fees and other administrative expenses; and (ii) \$0.2 million increase in administrative fees paid to the Manager. The above increase was partially mitigated by a \$0.1 million decrease in equity compensation expense.

**Depreciation and amortization:** Depreciation and amortization amounted to \$13.2 million for the three month period ended September 30, 2019, as compared to \$14.5 million for the three month period ended September 30, 2018. The decrease of \$1.4 million was mainly attributable to a: (i) \$1.2 million decrease in depreciation expense due to the sale of the Navios Libra II and the Navios Felicity in December 2018 and the Navios Galaxy I in April 2019; and (ii) \$0.7 million decrease in amortization of the Navios Sagittarius favorable lease intangible which was fully amortized during the fourth quarter of 2018. The above decrease was partially mitigated by a \$0.5 million increase in depreciation expense due to the delivery of the Navios Sphera and the Navios Mars in the third quarter of 2018. Depreciation of vessels is calculated using an estimated useful life of 25 and 30 years for drybulk vessels and containerships, 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 twelve years, at inception.

**Vessel impairment losses:** There was no impairment loss for the three month period ended September 30, 2019. As of September 30, 2018, an impairment loss of \$5.3 million was recorded in relation to the Navios Felicity in the condensed Consolidated Statements of Operations. The vessel was sold on December 4, 2018 (see Note 4 — Vessels, net).

**Interest expense and finance cost, net:** Interest expense and finance cost, net for the three month period ended September 30, 2019 increased by \$0.7 million or 6.5% to \$11.4 million, as compared to \$10.7 million for the three month period ended September 30, 2018. The increase was mainly due to a \$1.4 million write-off of the deferred finance fees and debt discount following the \$85.5 million prepayments of the Term Loan B Facility in the third quarter 2019. The above increase was partially mitigated by: (i) a decrease of the weighted average interest rate for the three month period ended September 30, 2019 to 6.77% from 7.04% for the same period in 2018; and (ii) the decrease in Navios Partners' average loan balance of \$475.5 million for the three month period ended September 30, 2019 as compared to \$502.4 million for the same period of 2018.

**Interest income:** Interest income increased by \$0.7 million to \$1.9 million for the three month period ended September 30, 2019, as compared to \$1.2 million for the three month period ended September 30, 2018. The increase of \$0.7 million was mainly attributable to an increase of the interest income accrued under the loans granted to Navios Europe I and Navios Europe II Inc. ("Navios Europe II").

**Other income:** Other income for the three month period ended September 30, 2019 amounted to \$0.1 million, as compared to \$0.2 million for the three month period ended September 30, 2018.

**Other expense:** Other expense amounted to \$0.4 million for both of the three month periods ended September 30, 2019 and 2018.

**Equity in net earnings of affiliated companies:** Equity in net earnings of affiliated companies for the three month period ended September 30, 2019 amounted to \$1.4 million as compared to \$2.0 million for the three month period ended September 30, 2018. The amounts consisted of the income related to the investment in Navios Maritime Containers L.P. ("Navios Containers").

**Net income:** Net income for the three month period ended September 30, 2019 amounted to \$16.9 million as compared to \$10.5 million net income for the three month period ended September 30, 2018. The increase in net income of \$6.4 million was due to the factors discussed above.

**Operating surplus:** Navios Partners generated Operating Surplus for the three month period ended September 30, 2019 of \$25.7 million, as compared to \$25.8 million for the three month period ended September 30, 2018. 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).

## For the Nine Month Period ended September 30, 2019 compared to the Nine Month Period ended September 30, 2018

**Time charter and voyage revenues:** Time charter and voyage revenues for the nine month period ended September 30, 2019 decreased by \$15.7 million, or 9.0%, to \$158.1 million, as compared to \$173.8 million for the same period in 2018. The decrease in time charter and voyage revenues was mainly attributable to: (i) the decrease in revenue due to the sales of the YM Unity and the YM Utmost in July 2018, the Navios Felicity and the Navios Libra II in December 2018 and the Navios Galaxy I in April 2019; and (ii) the decrease in the TCE rate, to \$15,369 per day for the nine month period ended September 30, 2019, from \$16,745 per day for the nine month period ended September 30, 2018. That decrease was partially mitigated by the increase in revenue following the acquisition of the Navios Mars and the Navios Sphera in August 2018, the Navios Altair in June 2018, the Navios Apollon I and the Navios Symmetry in May 2018 and the delivery of the Navios Libra in July 2019. The available days of the fleet decreased to 9,720 days for the nine month period ended September 30, 2019, as compared to 9,980 days for the nine month period ended September 30, 2018.

**Time charter and voyage expenses:** Time charter and voyage expenses for the nine month period ended September 30, 2019 increased by \$2.0 million to \$8.7 million, as compared to \$6.7 million for the nine month period ended September 30, 2018. The increase was mainly attributable to a: (i) \$1.1 million increase in bunkers expenses; (ii) \$0.2 million increase in port expenses related to the freight voyages; (iii) \$0.7 million net increase in other voyage expenses; and (iv) \$0.4 million increase in charter-in hire expenses due to the delivery of the Navios Libra in July 2019. The above increase was partially mitigated by a \$0.3 million decrease in brokers' commission.

**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 \$4.8 million for the nine month period ended September 30, 2019, as compared to \$4.7 million for the nine month period ended September 30, 2018.

**Management fees:** Management fees for the nine month period ended September 30, 2019, decreased by \$1.5 million or 2.9% to \$49.8 million, as compared to \$51.3 million for the same period in 2018. The decrease was mainly attributable to a: (i) \$2.7 million decrease in management fees due to the sale of the YM Unity and the YM Utmost in July 2018; and (ii) \$3.1 million decrease in management fees due to the sale of the Navios Felicity and the Navios Libra II in December 2018 and the Navios Galaxy I in April 2019. The above decrease was partially mitigated by a \$4.4 million increase in management fees paid to the Manager mainly due to the delivery of five vessels in the second and third quarters of 2018 and the delivery of one vessel in the third quarter of 2019.

**General and administrative expenses:** General and administrative expenses increased by \$1.9 million or 15.1% to \$14.4 million for the nine month period ended September 30, 2019, as compared to \$12.5 million for the nine month period ended September 30, 2018. The increase was mainly due to a: (i) \$0.3 million increase in compensation to the directors and/ or officers of the Company; (ii) \$1.1 million net increase in legal and professional fees, as well as audit fees and other administrative expenses; and (iii) \$0.8 million increase in administrative fees paid to the Manager. The above increase was partially mitigated by a \$0.3 million decrease in equity compensation expense.

**Depreciation and amortization:** Depreciation and amortization amounted to \$39.9 million for the nine month period ended September 30, 2019, as compared to \$43.8 million for the nine month period ended September 30, 2018. The decrease of \$3.9 million was mainly attributable to a: (i) \$3.0 million decrease in depreciation expense due to the sale of the Navios Libra II and the Navios Felicity in December 2018 and the Navios Galaxy I in April 2019; (ii) \$1.4 million decrease in depreciation expense due to the sale of the YM Unity and the YM Utmost in July 2018; and (iii) \$2.2 million decrease in amortization of the Navios Sagittarius favorable lease intangible which was fully amortized during the fourth quarter of 2018. The above decrease was partially mitigated by a \$2.7 million increase in depreciation expense due to the delivery of five vessels in 2018. Depreciation of vessels is calculated using an estimated useful life of 25 and 30 years for drybulk vessels and containerships, 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 twelve years, at inception.

**Vessel impairment losses:** As of March 31, 2019, the Company had a current expectation that, more likely than not, the Navios Galaxy I 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 and recorded an impairment loss of \$7.3 million. The vessel was sold on April 23, 2019. As of September 30, 2018, an impairment loss of \$37.9 million was recorded in relation to the YM Unity and the YM Utmost in the condensed Consolidated Statements of Operations which were sold on July 2, 2018 (see Note 4 — Vessels, net) and an impairment loss of \$5.3 million was recorded in relation to the Navios Felicity in the condensed Consolidated Statements of Operations which was sold on December 4, 2018 (see Note 4 — Vessels, net).

**Interest expense and finance cost, net:** Interest expense and finance cost, net for the nine month period ended September 30, 2019 increased by \$3.8 million, or 12.1%, to \$35.2 million, as compared to \$31.4 million for the nine month period ended September 30, 2018. The increase was mainly due to: (i) an increase of the weighted average interest rate for the nine month period ended September 30, 2019 to 7.11% from 6.77% for the same period in 2018; and (ii) a \$2.9 million write-off of the deferred finance fees and debt discount following the prepayments of the Term Loan B Facility in the nine month period ended September 30, 2019. That increase was partially mitigated by the decrease in Navios Partners' average loan balance of \$495.2 million for the nine month period ended September 30, 2019 as compared to \$506.0 million for the same period of 2018.

**Interest income:** Interest income increased by \$2.3 million to \$5.4 million for the nine month period ended September 30, 2019, as compared to \$3.1 million for the nine month period ended September 30, 2018. The increase of \$2.3 million was mainly attributable to an increase of the interest income accrued under the loans granted to Navios Europe I and Navios Europe II.

**Other income:** Other income for the nine month period ended September 30, 2019 amounted to \$0.7 million as compared to \$0.9 million for the nine month period ended September 30, 2018.

**Other expense:** Other expense for the nine month period ended September 30, 2019 amounted to \$4.7 million as compared to \$2.5 million for the nine month period ended September 30, 2018. The increase of \$2.3 million was mainly attributable to a \$3.6 million change in estimate of the guarantee claim receivable. The above increase was partially mitigated by a \$1.3 million net decrease in other miscellaneous expenses.

**Equity in net earnings of affiliated companies:** Equity in net earnings of affiliated companies for the nine month period ended September 30, 2019 amounted to \$1.5 million as compared to \$4.6 million for the nine month period ended September 30, 2018. The amounts consisted of the income related to the investment in Navios Containers.

**Net income/ (loss):** Net income for the nine month period ended September 30, 2019 amounted to \$0.8 million as compared to \$13.6 million net loss for the nine month period ended September 30, 2018. The increase in net income of \$14.4 million was due to the factors discussed above.

**Operating surplus:** Navios Partners generated Operating Surplus for the nine month period ended September 30, 2019 of \$37.6 million, as compared to \$63.0 million for the nine month period ended September 30, 2018. 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).

### **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 September 30, 2019 and prior to the prepayment in full of the Term Loan B Credit Facility, Navios Partners' current assets totaled \$67.0 million, while current liabilities totaled \$83.4 million, resulting in a negative working capital position of \$16.4 million. On October 10, 2019, Navios Partners fully repaid the Term Loan B Credit facility's outstanding balance of \$253.8 million, due in September 2020 with: (i) \$233.7 million proceeds drawn under various credit facilities at the same date; and (ii) \$20.1 million cash from the balance sheet (See also Note 6 – Borrowings and Note 18 – Subsequent events). As a result, as of September 30, 2019, \$207.8 million was reclassified from "Current portion of long-term debt, net" to "Long-term debt, net". 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 November 25, 2019. 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 secure adequate financing or to obtain additional funds on favorable terms, to meet our liquidity needs.

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 may use funds to repurchase its outstanding common units and/or indebtedness from time to time. Repurchases may be made in the open market, or through privately negotiated transactions or otherwise, in compliance with applicable laws, rules and regulations, at prices and on terms Navios Partners deems appropriate and subject to its cash requirements for other purposes, compliance with the covenants under Navios Partners' credit facilities, and other factors management deems relevant.

In January 2019, the Board of Directors of Navios Partners authorized a common unit repurchase program for up to \$50.0 million of the Company's common units over a two year period. Common unit repurchases will be made from time to time for cash in open market transactions at prevailing market prices or in privately negotiated transactions. The timing and amount of repurchases under the program will be determined by Navios Partners' management based upon market conditions and other factors. Repurchases may be made pursuant to a program adopted under Rule 10b5-1 under the Securities Exchange Act of 1934, as amended. The program does not require any minimum repurchase or any specific number of common units and may be suspended or reinstated at any time in the Company's discretion and without notice. The Board of Directors will review the program periodically. Repurchases will be subject to restrictions under the Company's credit facilities. As of November 25, 2019, the Company has repurchased and cancelled 312,952 common units, on a split adjusted basis, at a total cost of approximately \$4.5 million.

### **Credit Facilities**

Navios Partners' long-term borrowings are presented under the captions "Long-term financial liabilities, net", "Long-term debt, net", "Current portion of financial liabilities, net" and "Current portion of long-term debt, net". As of September 30, 2019 and December 31, 2018, total borrowings, net of deferred finance fees and debt discount amounted to \$455.3 million and \$507.5 million, respectively. The current portion of long-term borrowings, net amounted to \$64.7 million at September 30, 2019 and \$26.8 million at December 31, 2018.

**Term Loan B 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 an \$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 bore an interest rate of LIBOR plus 500 bps, it was set to mature on September 14, 2020 and was repayable in equal quarterly installments of 1.25% of the initial principal amount. Navios Partners used the net proceeds of the Term Loan B Facility to: (i) refinance the existing Term Loan B Facility; and (ii) pay fees and expenses related to the Term Loan B Facility. Following the refinancing of the Term Loan B 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 Facility. The add-on to the new Term Loan B Facility bore the same terms as the Term Loan B Facility. Navios Partners used the net proceeds to partially finance the acquisition of three vessels.

The Term Loan B Facility was 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 Facility required 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 Facility also provided for customary events of default, prepayment and cure provisions.

During the year ended December 31, 2018, four drybulk vessels were released from security of the Term Loan B Facility and in exchange, five drybulk vessels and \$2.0 million in cash substituted the released vessels, as collateral to the Term Loan B Facility. In April and May 2019, Navios Partners prepaid \$73.5 million and released five vessels from the collateral package of the Term Loan B Facility. Following these prepayments, an amount of \$0.5 million and \$1.0 million was written-off from the deferred finance fees and discount, respectively. In August 2019, Navios Partners prepaid \$85.5 million and released five vessels from the collateral package of the Term Loan B Facility. Following these prepayments, an amount of \$0.5 million and \$1.0 million was written-off from the deferred finance fees and discount. As of September 30, 2019, the outstanding balance of the Term Loan B Facility was \$251.7 million, net of discount of \$2.1 million. Following these prepayments, there were no installments due and the outstanding balance of \$253.8 million was fully repayable on the final maturity date. The final maturity date was September 14, 2020. On October 10, 2019, Navios Partners fully repaid the Term Loan B Credit Facility's outstanding balance of \$253.8 million.

**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 partially finance 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. On July 18, 2017, the second tranche of BNP Credit Facility of \$15.0 million was drawn. On December 13, 2018, Navios Partners repaid the outstanding balance of the first tranche in the amount of \$15.1 million. Following this repayment, an amount of \$0.1 million was written-off from the deferred finance fees. On April 9, 2019, Navios Partners amended the existing BNP Credit Facility, in order to refinance two vessels and replace the existing collateral under the BNP Credit Facility. As of September 30, 2019, the outstanding balance of the BNP Credit Facility was \$11.4 million and is repayable in eight equal consecutive quarterly installments of \$0.6 million each, with a final balloon payment of \$6.8 million to be repaid on the last repayment date. The facility matures in the third quarter of 2021 and bears interest at LIBOR plus 300 bps per annum.



**DVB Credit Facilities:** 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 amounts of \$7.0 million and \$32.0 million were drawn on June 30, 2017 and November 3, 2017, respectively. On July 2, 2018, Navios Partners repaid the outstanding balance of the three tranches in the amount of \$20.2 million. Following this repayment, an amount of \$0.2 million was written-off from the deferred finance fees. On April 15, 2019, Navios Partners fully repaid the outstanding balance of \$12.3 million. Following this repayment, an amount of \$0.1 million was written-off from the deferred finance fees.

On July 31, 2018, Navios Partners entered into a new credit facility with DVB Bank S.E. (the “DVB \$44m Credit Facility”) of up to \$44.0 million (divided into two tranches) in order to finance the acquisition of the Navios Sphera and the Navios Mars. The amounts of \$17.5 million and \$26.5 million were drawn on August 30, 2018. As of September 30, 2019, the total outstanding balance of the DVB \$44m Credit Facility was \$40.8 million and is repayable in 16 equal consecutive quarterly installments of \$0.8 million each, with a final balloon payment of \$28.1 million to be repaid on the last repayment date. The facility matures in the third quarter of 2023 and bears interest at LIBOR plus 290 bps per annum.

On February 12, 2019, Navios Partners entered into a new credit facility with DVB Bank S.E. (the “DVB \$66m Credit Facility”) of up to \$66.0 million (divided into four tranches) in order to refinance the DVB Credit Facility dated June 28, 2017 and three Capesize vessels previously included in the Term Loan B collateral package. On April 15, 2019, Navios Partners drew the two tranches of \$15.7 million each. As of September 30, 2019, the total outstanding balance of the two tranches of the DVB \$66m Credit Facility was \$30.2 million and is repayable in seven quarterly installments of \$1.1 million each and 12 quarterly installments of \$0.9 million each, with a final balloon payment of \$11.4 million, to be repaid on the last repayment date. The facility matures in the first quarter of 2024 and bears interest at LIBOR plus 260 bps per annum. As of September 30, 2019, the remaining two tranches had not been drawn under this facility. On October 10, 2019, Navios Partners drew the remaining tranches totaling \$29.6 million under the DVB \$66m Credit 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 “Nordea Credit Facility”) of up to \$14.3 million (divided into two tranches) in order to partially finance the acquisition of the Navios Symmetry and the Navios Altair I. On May 18, 2018, the first tranche of the Nordea Credit Facility of \$7.15 million was drawn. On June 1, 2018 the second tranche of the March 2018 Credit Facility of \$7.15 million was drawn. On December 13, 2018, Navios Partners repaid the outstanding balance of the second tranche in the amount of \$6.6 million. Following this repayment, an amount of \$0.1 million was written-off from the deferred finance fees. As of September 30, 2019, the outstanding balance of the Nordea Credit Facility was \$5.7 million and is repayable in 15 equal consecutive quarterly installments of \$0.3 million each, with a final balloon payment of \$1.2 million to be repaid on the last repayment date. The facility matures in the second quarter of 2023 and bears interest at LIBOR plus 300 bps per annum.

**NIBC Credit Facility:** On December 28, 2018, Navios Partners entered into a new credit facility with NIBC Bank N.V. (the “NIBC Credit Facility”) of up to \$28.5 million (divided into three tranches) in order to refinance three Ultra-Handymax vessels, previously included in the Term Loan B collateral package. On May 8, 2019, the first tranche of the NIBC Credit Facility of \$11.9 million was drawn. As of September 30, 2019, the outstanding balance of the NIBC Credit Facility was \$11.7 million and is repayable in 17 consecutive quarterly installments of \$0.25 million each, with a final balloon payment of \$7.4 million to be repaid on the last repayment date. The facility matures in the fourth quarter of 2023 and bears interest at LIBOR plus 275 bps per annum. As of September 30, 2019, the second and third tranches had not been drawn under this facility. On October 10, 2019, Navios Partners drew the remaining tranches totaling \$13.5 million under the NIBC Credit Facility.

**DNB Credit Facility:** On April 5, 2019, Navios Partners entered into a new credit facility with DNB Bank ASA (the “DNB Credit Facility”) of up to \$40.0 million (divided into two tranches) in order to refinance two Capesize vessels, previously included in the Term Loan B collateral package. The DNB Credit Facility has a term of approximately five years and bears interest at LIBOR plus 275 bps per annum. As of September 30, 2019, no amount had been drawn under this facility. On October 10, 2019, Navios Partners drew \$34.4 million under the DNB Credit Facility.

**HCOB Credit Facility:** On September 26, 2019, Navios Partners entered into a new credit facility with Hamburg Commercial Bank AG (the “HCOB Credit Facility”) of up to \$140.0 million in order to refinance eight drybulk vessels and five Containerships, previously included in the Term Loan B collateral package. The facility has a term of approximately two years, matures in the third quarter of 2021 and bears interest at LIBOR plus 320 bps per annum. As of September 30, 2019, no amount had been drawn under this facility. On October 10, 2019, Navios Partners drew \$140.0 million under the HCOB Credit Facility.

**CACIB Credit Facility:** On July 4, 2019, Navios Partners entered into a new credit facility with Credit Agricole Corporate and Investment Bank (“CACIB”), (the “CACIB Credit Facility”) of up to \$52.8 million (divided into four tranches) in order to refinance three Capesize vessels and one Panamax vessel. In August 2019, the three tranches of the July 2019 Credit Facility of \$36.5 million, in total were drawn. As of September 30, 2019, the total outstanding balance of the CACIB Credit Facility was \$36.5 million and is repayable in 12 consecutive six-month installments of \$2.3 million, with a final balloon payment of \$9.2 million to be repaid on the last repayment date. The facility matures in the second quarter of 2025 and bears interest at LIBOR plus 275 bps over annum. As of September 2019, the fourth tranche had not been drawn under this facility. On October 10, 2019, Navios Partners drew the remaining tranche of \$16.3 million under the CACIB Credit Facility.

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 135%; (ii) minimum free consolidated liquidity in an amount equal to at least \$0.5 million to \$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 September 30, 2019, 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.

**Financial Liabilities:** In December 2018, the Company entered into two sale and leaseback agreements of \$25.0 million in total, with unrelated third parties for the Navios Fantastiks and the Navios Beaufiks. Navios Partners has a purchase obligation to acquire the vessels at the end of the lease term and under ASC 842-40, the transfer of the vessels was determined to be a failed sale. In accordance with ASC 842-40, the Company did not derecognize the respective vessels from its balance sheet and accounted for the amounts received under the sale and leaseback agreements as a financial liability. Navios Partners is obligated to make 69 and 60 consecutive monthly payments, respectively, of approximately \$0.16 million each, commencing as of December 2018. As of September 30, 2019, the outstanding balance under the sale and leaseback agreements of the Navios Fantastiks and the Navios Beaufiks was \$23.4 million in total. The agreements mature in the third quarter of 2024 and fourth quarter of 2023, respectively, with a purchase obligation of \$6.3 million per vessel on the last repayment date.

On April 5, 2019, the Company entered into a new sale and leaseback agreement of \$20.0 million, with unrelated third parties for the Navios Sol, a 2009-built Capesize vessel of 180,274 dwt. Navios Partners has a purchase obligation to acquire the vessel at the end of the lease term and under ASC 842-40, the transfer of the vessel was determined to be a failed sale. On April 11, 2019, the amount of \$20.0 million was drawn. Navios Partners is obligated to make 120 consecutive monthly payments of approximately \$0.19 million each, commencing as of April 2019. As of September 30, 2019, the outstanding balance under the sale and leaseback agreement of the Navios Sol was \$19.5 million. The agreement matures in the second quarter of 2029, with a purchase obligation of \$6.3 million on the last repayment date.

On June 7, 2019, the Company entered into a new sale and leaseback agreement of \$7.5 million, with unrelated third parties for the Navios Sagittarius, a 2006-built Panamax vessel of 75,756 dwt. Navios Partners has a purchase obligation to acquire the vessel at the end of the lease term and under ASC 842-40, the transfer of the vessel was determined to be a failed sale. On June 28, 2019, the amount of \$7.5 million was drawn. Navios Partners is obligated to make 36 consecutive monthly payments of approximately \$0.18 million each, commencing as of June 2019. As of September 30, 2019, the outstanding balance under the sale and leaseback agreement of the Navios Sagittarius was \$6.9 million. The agreement matures in the second quarter of 2022, with a purchase obligation of \$2.0 million on the last repayment date.

On July 2, 2019, the Company entered into a new sale and leaseback agreement of \$22.0 million, with unrelated third parties for the Navios Ace, a 2011-built Capesize vessel of 179,016 dwt. Navios Partners has a purchase obligation to acquire the vessel at the end of the lease term and under ASC 842-40, the transfer of the vessel was determined to be a failed sale. On July 24, 2019, the amount of \$22.0 million was drawn. Navios Partners is obligated to make 132 consecutive monthly payments of approximately \$0.2 million each, commencing as of July 2019. As of September 30, 2019, the outstanding balance under the sale and leaseback agreement of the Navios Ace was \$21.7 million. The agreement matures in the third quarter of 2030, with a purchase obligation of \$6.3 million on the last repayment date.

The following table presents cash flow information derived from the unaudited condensed consolidated statements of cash flows of Navios Partners for the nine month periods ended September 30, 2019 and 2018.

	Nine Month Period Ended September 30, 2019 (\$ '000) (unaudited)	Nine Month Period Ended September 30, 2018 (\$ '000) (unaudited)
Net cash provided by operating activities	\$ 47,095	\$ 50,648
Net cash used in investing activities	(6,884)	(62,451)
Net cash (used in)/ provided by financing activities	(75,671)	40,192
<b>(Decrease)/ increase in cash, cash equivalents and restricted cash</b>	<b><u>\$ (35,460)</u></b>	<b><u>\$ 28,389</u></b>

**Cash provided by operating activities for the nine month period ended September 30, 2019 as compared to the cash provided by operating activities for the nine month period ended September 30, 2018**

Net cash provided by operating activities decreased by \$3.5 million to \$47.1 million of cash provided by the operating activities for the nine month period ended September 30, 2019, as compared to \$50.6 million of cash provided by the operating activities for the same period in 2018. In determining net cash provided by operating activities, net income/ (loss) is adjusted for the effects of certain non-cash items as discussed below.

The aggregate adjustments to reconcile net income to net cash provided by operating activities was a \$49.8 million non-cash gain for the nine month period ended September 30, 2019, which consisted mainly of the following adjustments: \$39.9 million depreciation and amortization, \$7.3 million impairment loss in relation to the sale of the Navios Galaxy I, \$9.5 million non-cash accrued interest income and amortization of deferred revenue, \$0.2 million non-cash accrued interest income from receivable from affiliates, \$0.2 million amortization of operating lease right-of-use asset, \$7.3 million amortization and write-off of deferred finance costs and discount, \$4.8 million amortization of deferred dry dock and special survey costs, \$1.5 million equity in net earnings of affiliated companies and \$1.5 million equity compensation expense. The net cash outflow resulting from the change in operating assets and liabilities of \$3.5 million for the nine month period ended September 30, 2019 resulted from a \$6.0 million increase in prepaid expenses and other current assets, a \$0.6 million decrease in deferred revenue, \$14.0 million in payments for dry dock and special survey costs and a \$0.2 million decrease in operating lease liabilities short and long term. This was partially mitigated by a \$6.9 million decrease in accounts receivable, a \$0.4 million increase in accounts payable, a \$0.6 million increase in accrued expenses and a \$9.4 million decrease in amounts due from related parties, consisting of management fees and drydocking expenses including amounts needed for compliance with IMO regulations prepaid to the Manager in accordance with the Management and Administrative Service agreements and the Navios Holdings Guarantee (as defined in "Related Party Transactions – Others").

The aggregate adjustments to reconcile net loss to net cash provided by operating activities was a \$84.6 million non-cash gain for the nine month period ended September 30, 2018, which consisted mainly of the following adjustments: \$43.8 million depreciation and amortization, \$37.9 million impairment loss in relation to the sale of the YM Unity and the YM Utmost, \$5.3 million impairment loss in relation to the sale of the Navios Felicity, \$9.4 million non-cash accrued interest income and amortization of deferred revenue, \$0.2 million non-cash interest income from receivable from affiliates, \$5.3 million amortization and write-off of deferred finance costs and discount, \$4.7 million amortization of deferred dry dock and special survey costs, \$4.6 million equity in net earnings of affiliated companies and \$1.9 million equity compensation expense. The net cash outflow resulting from the change in operating assets and liabilities of \$20.4 million for the nine month period ended September 30, 2018 resulted from a \$1.6 million increase in prepaid expenses and other current assets, a \$2.7 million decrease in accrued expenses, an \$18.8 million increase in amounts due from related parties, consisting of management fees and drydocking expenses including amounts needed for compliance with IMO regulations prepaid to the Manager in accordance with the Management and Administrative Service agreements and the Navios Holdings Guarantee and \$1.9 million in payments for drydock and special survey costs. This was partially mitigated by a \$3.3 million decrease in accounts receivable, a \$0.3 million increase in accounts payable and a \$0.9 million increase in deferred revenue.

**Cash used in investing activities for the nine month period ended September 30, 2019 as compared to the cash used in investing activities for the nine month period ended September 30, 2018**

Net cash used in investing activities decreased by \$55.6 million to \$6.9 million outflow for the nine month period ended September 30, 2019, as compared to \$62.5 million outflow for the same period in 2018.

Cash used in investing activities of \$6.9 million for the nine month period ended September 30, 2019 was mainly due to a: (i) \$12.4 million payments relating to capitalized expenses of our fleet; and (ii) \$4.0 million loan granted to Navios Europe I. This was partially mitigated by a \$6.0 million of proceeds from the sale of the Navios Galaxy I and \$3.5 million of proceeds from the note receivable related to the sale of the MSC Cristina.

Cash used in investing activities of \$62.5 million for the nine month period ended September 30, 2018 was mainly due to: (i) \$115.5 million paid for the acquisition of the Navios Apollon I, the Navios Symmetry and the Navios Altair I, delivered within the second quarter of 2018; (ii) \$3.0 million loan granted to Navios Europe II; and (iii) \$14.5 million investment in Navios Containers on March 13, 2018. The above decrease was partially mitigated by \$67.0 million of proceeds from the sale of the YM Unity and the YM Utmost on July 2, 2018 and \$3.5 million of proceeds from the note receivable related to the sale of the MSC Cristina.

**Cash used in financing activities for the nine month period ended September 30, 2019 as compared to cash provided by financing activities for the nine month period ended September 30, 2018**

Net cash used in financing activities increased by \$115.9 million to \$75.7 million outflow for the nine month period ended September 30, 2019, as compared to \$40.2 million inflow for the same period in 2018.

Cash used in financing activities of \$75.7 million for the nine month period ended September 30, 2019 was due to: (i) payment of a total cash distribution of \$10.2 million; (ii) loans and financial liabilities repayments of \$186.7 million; (iii) payments of \$3.6 million for deferred finance fees relating to the new credit facilities and sale and leaseback agreements; and (iv) payments of \$4.5 million in total for acquisition of treasury stock. This was partially offset by \$129.3 million of proceeds from the NIBC Credit Facility, the DVB \$66m Credit Facility and the CACIB Credit Facility and the financial liabilities of the Navios Sol, the Navios Sagittarius and the Navios Ace.

Cash provided by financing activities of \$40.2 million for the nine month period ended September 30, 2018 was due to: (i) \$34.1 million of proceeds from the issuance of 1,228,133 common units and 25,064 additional general partner units, net of offering costs, related to the public offering in February 21, 2018; (ii) \$14.3 million of proceeds from the Nordea Credit Facility; and (iii) \$44.0 million of proceeds from the DVB \$44m Credit Facility. This overall increase was partially offset by: (i) loan repayments of \$44.8 million; (ii) a payment of a total cash distribution of \$6.8 million; and (iii) payments of \$0.6 million for deferred finance fees relating to the Nordea Credit Facility and the DVB \$44m Credit Facility.

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

	Three Month Period Ended September 30, 2019 (\$ '000) (unaudited)	Three Month Period Ended September 30, 2018 (\$ '000) (unaudited)	Nine Month Period Ended September 30, 2019 (\$ '000) (unaudited)	Nine Month Period Ended September 30, 2018 (\$ '000) (unaudited)
Net cash provided by operating activities	\$ 32,669	\$ 19,394	\$ 47,095	\$ 50,648
Net (increase)/ decrease in operating assets	(2,058)	9,178	3,844	18,981
Net (decrease)/ increase in operating liabilities	(174)	349	(354)	1,410
Net interest cost	9,574	9,580	29,800	28,280
Amortization and write-off of deferred financing cost	(2,625)	(1,694)	(7,258)	(5,325)
Amortization of operating lease right-of-use asset	(158)	—	(158)	—
Non cash accrued interest income and amortization of deferred revenue	3,168	3,156	9,471	9,364
Equity compensation expense	(524)	(627)	(1,537)	(1,862)
Vessels impairment loss	—	(5,258)	(7,345)	(43,118)
Non cash accrued interest income from receivable from affiliates	73	70	214	202
Equity in earnings of affiliates, net of dividends received	1,364	1,948	1,549	4,602
<b>EBITDA(1)</b>	<b>\$ 41,309</b>	<b>\$ 36,096</b>	<b>\$ 75,321</b>	<b>\$ 63,182</b>
Revision of estimated guarantee claim receivable	—	—	3,638	—
Equity compensation expense	—	627	—	1,862
Vessels impairment loss	—	5,258	7,345	43,118
<b>Adjusted EBITDA(1)</b>	<b>\$ 41,309</b>	<b>\$ 41,981</b>	<b>\$ 86,304</b>	<b>\$ 108,162</b>
Cash interest income	127	215	499	546
Cash interest paid	(8,557)	(9,006)	(27,281)	(25,856)
Maintenance and replacement capital expenditures	(7,153)	(7,399)	(21,887)	(19,818)
<b>Operating Surplus(2)</b>	<b>\$ 25,726</b>	<b>\$ 25,791</b>	<b>\$ 37,635</b>	<b>\$ 63,034</b>
Cash distribution paid relating to the first half	—	—	(6,728)	(6,840)
Cash reserves	(22,362)	(22,371)	(27,543)	(52,774)
<b>Available cash for distribution</b>	<b>\$ 3,364</b>	<b>\$ 3,420</b>	<b>\$ 3,364</b>	<b>\$ 3,420</b>

	Three Month Period Ended September 30, 2019 (Unaudited)	Three Month Period Ended September 30, 2018 (Unaudited)	Nine Month Period Ended September 30, 2019 (Unaudited)	Nine Month Period Ended September 30, 2018 (Unaudited)
Net cash provided by operating activities	\$ 32,669	\$ 19,394	\$ 47,095	\$ 50,648
Net cash used in investing activities	\$ (5,248)	\$ (14,050)	\$ (6,884)	\$ (62,451)
Net cash (used in)/ provided by financing activities	\$ (36,646)	\$ 11,999	\$ (75,671)	\$ 40,192

**(1) 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 vessel impairment losses and revision of the estimated guarantee claim receivable. Navios Partners uses Adjusted EBITDA as a liquidity measure and reconcile EBITDA and Adjusted EBITDA to net cash provided by operating activities, the most comparable U.S. GAAP liquidity measure. EBITDA in this document is calculated as follows: net cash provided by operating activities adding back, when applicable and as the case may be, the effect of: (i) net (increase)/ decrease in operating assets; (ii) net (decrease)/ increase in operating liabilities; (iii) net interest cost; (iv) amortization and write-off of deferred financing cost; (v) equity in net earnings of affiliated companies; (vi) impairment charges; (vii) non-cash accrued interest income and amortization of deferred

revenue; (viii) equity compensation expense and; (ix) non-cash accrued interest income from receivable from affiliates. 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 September 30, 2018 was negatively affected by the accounting effect of a: (i) \$5.3 million impairment loss on the sale of the Navios Felicity; and (ii) \$0.6 million equity compensation expense. Excluding these items, Adjusted EBITDA decreased by \$0.7 million to \$41.3 million for the three month period ended September 30, 2019, as compared to \$42.0 million for the same period in 2018. The decrease in Adjusted EBITDA was primarily due to a: (i) \$0.5 million increase in time charter and voyage expenses; (ii) \$1.0 million increase in general and administrative expenses; (iii) \$0.6 million decrease in equity in net earnings of affiliated companies and (iv) \$0.1 million decrease in other income. The above decrease was partially mitigated by a: (i) \$1.0 million increase in revenue; and (ii) \$0.5 million decrease in management fees.

EBITDA for the nine month period ended September 30, 2019 was negatively affected by the accounting effect of a: (i) \$7.3 million impairment loss on the sale of the Navios Galaxy I; and (ii) \$3.6 million revision of the estimated guarantee claim receivable. EBITDA for the nine month period ended September 30, 2018 was negatively affected by the accounting effect of a: (i) \$37.9 million impairment loss on the sale of the YM Unity and the YM Utmost; (ii) \$5.3 million impairment loss on the sale of the Navios Felicity; and (iii) \$1.9 million equity compensation expense. Excluding these items, Adjusted EBITDA decreased by \$21.8 million to \$86.3 million for the nine month period ended September 30, 2019, as compared to \$108.2 million for the same period in 2018. The decrease in Adjusted EBITDA was primarily due to a: (i) \$15.7 million decrease in revenue; (ii) \$2.0 million increase in time charter and voyage expenses; (iii) \$3.8 million increase in general and administrative expenses; (iv) \$3.1 million decrease in equity in net earnings of affiliated companies; and (v) \$0.2 million decrease in other income. The above decrease was partially mitigated by a: (i) \$1.5 million decrease in management fees; and (ii) \$1.4 million decrease in other expenses.

## **(2) 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 borrowings are presented under the captions "Long-term financial liabilities, net", "Long-term debt, net", "Current portion of financial liabilities, net" and "Current portion of long-term debt, net". As of September 30, 2019 and December 31, 2018, total borrowings, net of deferred finance fees and discount amounted to \$455.3 million and \$507.5 million, respectively. The current portion of long-term borrowings, net amounted to \$64.7 million at September 30, 2019 and \$26.8 million at December 31, 2018.

### **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 each of the nine month periods ended September 30, 2019 and 2018 amounted to \$12.4 million and \$115.5 million, respectively. The reserves for estimated maintenance and replacement capital expenditures for the three and nine month periods ended September 30, 2019 were \$7.2 million and \$21.9 million, respectively. The reserves for estimated maintenance and replacement capital expenditures for the three and nine month periods ended September 30, 2018 were \$7.4 million and \$19.8 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. Our manager is Navios Shipmanagement Inc. (the "Manager"). In October 2011, Navios Partners extended the duration of its existing Management Agreement with the Manager until 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 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 Containership of TEU 6,800; (e) \$7,400 daily rate per Containership of more than TEU 8,000; and (f) \$8,750 daily rate per very large Containership of more than TEU 13,000.

In August 2019, Navios Partners extended the duration of its existing Management Agreement with the Manager until January 1, 2025. In addition, management fees are fixed for two years commencing from January 1, 2020 at: (a) \$4.45 daily per Panamax Vessel; (b) \$4.35 daily per Ultra-Handymax Vessel; (c) \$5.41 daily per Capesize Vessel; and (d) \$6.90 daily per 6,800 TEU Containership. The agreement also provides for a technical and commercial management fee of \$0.05 per day per vessel and an annual increase of 3% after January 1, 2022 unless agreed otherwise. Drydocking expenses are reimbursed at cost for all vessels.

### **Maintenance and Replacement Capital Expenditures Reserve**

We estimate that our annual replacement reserve for the year ending December 31, 2019 will be approximately \$29.0 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 containerships; 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 September 30, 2019.

	Payments due by period (Unaudited)				Total
	Less than 1 year	1-3 years	3-5 years	More than 5 years	
	(In thousands of U.S. dollars)				
Loan obligations <sup>(1)(2)</sup>	\$68,771	\$199,571	\$143,164	\$50,102	\$461,608
Operating Lease Obligations (Time Charters) for vessel to be delivered <sup>(3)</sup>	\$2,178	\$4,327	\$4,167	\$9,748	\$20,420
<b>Total contractual obligations</b>	<b>\$70,949</b>	<b>\$203,898</b>	<b>\$147,331</b>	<b>\$59,850</b>	<b>\$482,028</b>

- (1) Represents principal payments and repayments on amounts drawn on our credit facilities that bear interest at applicable fixed interest rates ranging from 2.6% to 5.0% plus LIBOR per annum and on our financial liabilities that bear interest at applicable fixed interest rates ranging from 6.1% to 7.6%. The amounts in the table exclude expected interest payments of \$21.0 million (less than 1 year), \$28.9 million (1-3 years), \$13.4 million (3-5 years) and \$7.8 million (more than 5 years). Expected interest payments are based on outstanding principal amounts, applicable currently effective interest rates and margins as of September 30, 2019, timing of scheduled payments and the term of the debt obligations.
- (2) Does not include the undrawn amounts as of September 30, 2019 of the NIBC Credit Facility, the DVB \$66m Credit Facility, the DNB Credit Facility, the HCOB Credit Facility and the CACIB Credit Facility. Debt maturities have been updated in order to reflect the subsequently completed refinancing of Term Loan B, and the consequent reclassification of \$207.8 million from “Current portion of long-term debt, net” to “Long-term debt, net” (see Note 6 — Borrowings and Note 18 — Subsequent events).
- (3) In November 2017, Navios Partners agreed to charter-in, under a ten-year bareboat contract, from an unrelated third party, a newbuilding Panamax vessel of 82,011 dwt, delivered on July 24, 2019. Navios Partners has agreed to pay in total \$5.54 million, representing a deposit for the option to acquire the vessel after the end of the fourth year, of which the first half of \$2.77 million was paid during the year ended December 31, 2017 and the second half of \$2.77 million was paid during the year ended December 31, 2018, both presented under the caption “Other long-term assets” in the condensed Consolidated Balance Sheets as of September 30, 2019.

Navios Holdings, Navios Maritime Acquisition Corporation (“Navios Acquisition”) and Navios Partners have made available to Navios Europe I revolving loans of up to \$24.1 million to fund working capital requirements (collectively, the “Navios Revolving Loans I”). In December 2018, the amount of funds available under the Navios Revolving Loans I was increased by \$30.0 million. As of September 30, 2019, the amount undrawn under the Navios Revolving Loans I was \$2.0 million, of which Navios Partners may be required to fund an amount up to \$2.0 million (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 of up to \$43.5 million to fund working capital requirements (collectively, the “Navios Revolving Loans II”). In March 2017, the amount of funds available under the Navios Revolving Loans II was increased by \$14.0 million. As of September 30, 2019, the amounts undrawn from the Navios Revolving Loans II were \$4.5 million, of which Navios Partners may be required to fund an amount up to \$4.5 million (see Note 12 — Transactions with related parties and affiliates).

Navios Partners leases office space in Monaco pursuant to a five year lease agreement dated July 1, 2018 that expires in June 2023, for a monthly rent of approximately \$0.01 million.

## 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 intends to pay quarterly cash distribution in the amount of \$0.30 per unit, or \$1.20 annually. On October 23, 2019, the Company announced the quarterly distribution of \$0.30 per unit for the third quarter of 2019. The distribution was payable on November 14, 2019 to all unitholders of common and general partner units of record as of November 7, 2019.



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 initial public offering of our common units (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 intends to declare quarterly cash distributions in the amount of \$0.30 per unit, or \$1.20 annually.

On October 23, 2019, the Board of Directors of Navios Partners authorized its quarterly cash distribution for the three month period ended September 30, 2019 of \$0.30 per unit. The distribution was payable on November 14, 2019 to all unitholders of common and general partner units of record as of November 7, 2019. The aggregate amount of the declared distribution was \$3.4 million.

#### **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 \$5.25	98%	2%
First Target Distribution	up to \$6.0375	98%	2%
Second Target Distribution	above \$6.0375 up to \$6.5625	85%	15%
Third Target Distribution	above \$6.5625 up to \$7.875	75%	25%
Thereafter	above \$ 7.875	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 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 Containership of TEU 6,800; (e) \$7,400 daily rate per Containership of more than TEU 8,000; and (f) \$8,750 daily rate per very large Containership of more than TEU 13,000 through December 31, 2017. On November 14, 2017, Navios Partners extended 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 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 Containership of TEU 6,800; (e) \$7,400 daily rate per Containership of more than TEU 8,000 and (f) \$8,750 daily rate per very large Containership of more than TEU 13,000. These fixed daily fees cover our vessels’ operating expenses, other than certain extraordinary fees and costs. For the nine month periods ended September 30, 2019 and 2018 certain extraordinary fees and costs related to regulatory requirements, including ballast water treatment system installation under Company’s management agreement, amounted to \$11.4 million and \$0, respectively, and are presented under “Acquisition of/additions to vessels” in the condensed Consolidated Statements of Cash Flows. Drydocking expenses under this agreement are reimbursed by Navios Partners at cost at occurrence.

In August 2019, Navios Partners extended the duration of its existing management agreement (the “Management Agreement”) with Navios Ship Management Inc. (the “Manager”) until January 1, 2025. In addition management fees are fixed for two years commencing from January 1, 2020 at: (a) \$4,450 per day per Panamax Vessel; (b) \$4,350 per day per Ultra-Handymax Vessel; (c) \$5,410 per day per Capesize Vessel; and (d) \$6,900 per day per 6,800 TEU Containership. The agreement also provides for a technical and commercial management fee of \$50 per day per vessel and an annual increase of 3% after January 1, 2022 unless agreed otherwise. Drydocking expenses are reimbursed at cost for all vessels.

Total management fees for each of the three and nine month periods ended September 30, 2019 amounted to \$16.7 million and \$49.8 million, respectively. Total management fees for the three and nine month periods ended September 30, 2018 amounted to \$17.2 million and \$51.3 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.

In August 2019, Navios Partners extended the duration of its existing administrative services agreement with the Manager until January 1, 2025, which provide for allocable general and administrative costs.

Total general and administrative expenses charged by the Manager for each of the three and nine month periods ended September 30, 2019 amounted to \$2.6 million and \$7.7 million, respectively. Total general and administrative expenses charged by the Manager for the three and nine month periods ended September 30, 2018 amounted to \$2.4 million and \$6.9 million, respectively.

**Balance due from related parties (excluding Navios Europe I and Navios Europe II):** Balance due from related parties as of September 30, 2019 and December 31, 2018 amounted to \$38.2 million and \$52.3 million, respectively, of which, as of September 30, 2019, the current receivable was \$11.2 million and the long-term receivable was \$27.0 million. The balance mainly consisted of management fees, drydocking, and extraordinary fees and costs related to regulatory requirements, including ballast water treatment system installation, prepaid to the Manager in accordance with the Management service agreement, as well as the Navios Holdings Guarantee. Net of the \$3.6 million change in estimate of the guarantee claim receivable recorded during the three month period ended September 30, 2019, the outstanding balance of the claim from the Navios Holdings Guarantee amounted to \$10.7 million as of September 30, 2019.

**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”). In December 2018, the amount of funds available under the Navios Revolving Loans I was increased by \$30.0 million (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 September 30, 2019, Navios Partners’ portion of the outstanding amount relating to the 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 \$15.2 million (December 31, 2018: \$11.2 million), under the caption “Loans receivable from affiliates”. The accrued interest income earned under the Navios Revolving Loans I was \$2.2 million (December 31, 2018: \$0.7 million) under the caption “Balance due from related parties” and the accrued interest income earned under the Navios Term Loans I was \$0.5 million (December 31, 2018: \$0.4 million) under the caption “Loans receivable from affiliates”. As of September 30, 2019, the amount undrawn under the Navios Revolving Loans I was \$2.0 million, of which Navios Partners may be required to fund an amount up to \$2.0 million.

On November 22, 2019, an agreement was reached to liquidate Navios Europe I (see also Recent Developments).

**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 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 September 30, 2019, 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 \$15.4 million (December 31, 2018: \$15.4 million), under the caption “Loans receivable from affiliates”. The accrued interest income earned under the Navios Revolving Loans II was \$7.3 million (December 31, 2018: \$4.5 million) under the caption “Balance due from related parties” and the accrued interest income earned under the Navios Term Loans II was \$0.7 million (December 31, 2018: \$0.6 million) under the caption “Loans receivable from affiliates”. As of September 30, 2019, the amount undrawn under the Navios Revolving Loans II was \$4.5 million, of which Navios Partners may be required to fund an amount up to \$4.5 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 871,795 newly issued common units of Navios Partners, on a split adjusted basis. 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 \$33.75 per unit as of March 16, 2017 given as consideration. The receivable relating to the consideration settled with the issuance of 871,795 Navios Partners’ common units in the amount of \$29.4 million has been classified contra equity within the condensed 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 September 30, 2019, the long-term note receivable from Navios Holdings amounted to \$4.7 million (including the non-cash interest income of \$0.2 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 containerships 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 (“N-OTC”) 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 containerships 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 and supplemented in March 2014, December 2017 and July 2019), 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 claim is repayable in three installments, the first of \$4.3 million by the fourth quarter 2019, the second of \$5.0 million by the third quarter 2020 and the third of \$5.0 million by the first quarter 2021. Net of the \$3.6 million change in estimate of the guarantee claim receivable recorded in the second quarter 2019, the claim amounted to \$10.7 million for the nine month period ended September 30, 2019, presented under the captions “Amounts due from related parties-short term” and “Amounts due from related parties-long term” in the condensed consolidated Balance Sheets.

As of November 25, 2019, there were 10,983,679 outstanding common units and 230,524 general partnership units. Navios Holdings currently owns an 18.5% interest in Navios Partners and Olympos Maritime Ltd., an entity affiliated with Navios Holdings’ Chairman and Chief Executive Officer, Angeliki Frangou, holds the general partner interest of 2.1%.

On November 25, 2019, Navios Partners entered into a share purchase agreement for the acquisition of three Panamax and one Ultra-handymax drybulk vessels from an entity affiliated with its Chairman and CEO for \$37.0 million (plus working capital adjustment) in a transaction approved by the Conflicts Committee of the Board of Directors of Navios Partners.

## **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 nine month period ended September 30, 2019 and 2018, we paid interest on our outstanding debt at a weighted average interest rate of 7.11% and 6.77%, respectively. A 1% increase in LIBOR would have increased our interest expense for each of the nine month periods ended September 30, 2019 and 2018 by \$3.8 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 nine month period ended September 30, 2019, HMM, Swissmarine and Cargill represented approximately 26.9%, 12.3% and 10.6%, respectively, of total revenues. For the nine month period ended September 30, 2018, one customer, HMM represented approximately 24.4% of total revenues. No other customers accounted for 10% or more of total revenues for any of the periods presented.

Following the termination of the credit default insurance through its third party insurer, Navios Partners entered into the Navios Holdings Guarantee by which Navios Holdings will provide supplemental credit default insurance with a maximum cash payment of \$20.0 million. The claim is repayable in three installments of \$4.3 million by the fourth quarter 2019, \$5.0 million by the third quarter 2020 and \$5.0 million by the first quarter 2021. Net of the \$3.6 million change in estimate of the guarantee claim receivable recorded in the second quarter 2019, the claim amounted to \$10.7 million for the nine month period ended September 30, 2019, presented under the captions "Amounts due from related parties-short term" and "Amounts due from related parties-long term" in the condensed Consolidated Balance Sheets.

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 2018 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, 2018 filed with the SEC on April 9, 2019.

## Exhibit List

<u>Exhibit No.</u>	<u>Exhibit</u>
4.1	Loan Agreement, dated September 26, 2019, by and among Alegria Shipping Corporation, Andromeda Shiptrade Limited, Aurora Shipping Enterprises Ltd., Beryl Shipping Corporation, Cheryl Shipping Corporation, Christal Shipping Corporation, Hyperion Enterprises Inc., Kymata Shipping Co., Orbiter Shipping Corp., Pearl Shipping Corporation, Rubina Shipping Corporation, Seymour Trading Limited and Topaz Shipping Corporation, as borrowers, and Hamburg Commercial Bank AG, as agent, mandated lead arranger and security trustee, and the banks and financial institutions listed therein.

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

	Notes	September 30, 2019 (unaudited)	December 31, 2018 (unaudited)
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	3	\$ 23,968	\$ 58,590
Restricted cash	3	2,027	2,865
Accounts receivable, net		7,501	14,436
Amounts due from related parties	12	20,789	28,562
Prepaid expenses and other current assets		7,947	1,895
Notes receivable	13	4,735	4,764
<b>Total current assets</b>		<b>66,967</b>	<b>111,112</b>
Vessels, net	4	1,002,551	1,043,250
Other long-term assets	11	8,238	5,632
Deferred dry dock and special survey costs, net		19,638	10,820
Investment in affiliates	14	67,845	66,296
Loans receivable from affiliates	12	31,938	27,657
Intangible assets	5	3,457	4,332
Amounts due from related parties	12	26,967	28,880
Notes receivable, net of current portion	13	8,613	11,629
Note receivable from affiliates	12	4,739	4,525
Operating lease assets	18	14,461	—
<b>Total non-current assets</b>		<b>1,188,447</b>	<b>1,203,021</b>
<b>Total assets</b>		<b>\$ 1,255,414</b>	<b>\$ 1,314,133</b>
<b>LIABILITIES AND PARTNERS' CAPITAL</b>			
<b>Current liabilities</b>			
Accounts payable		\$ 5,219	\$ 4,839
Accrued expenses		5,998	5,434
Deferred revenue	13	6,465	15,256
Operating lease liabilities, current portion	18	1,015	—
Current portion of financial liabilities, net	6	5,698	1,699
Current portion of long-term debt, net	6	59,048	25,105
<b>Total current liabilities</b>		<b>83,443</b>	<b>52,333</b>
Operating lease liabilities, net	18	13,429	—
Long-term financial liabilities, net	6	64,263	22,121
Long-term debt, net	6	326,256	458,560
Deferred revenue	13	3,597	4,366
<b>Total non-current liabilities</b>		<b>407,545</b>	<b>485,047</b>
<b>Total liabilities</b>		<b>\$ 490,988</b>	<b>\$ 537,380</b>
<b>Commitments and contingencies</b>	11	—	—
<b>Partners' capital:</b>			
Common Unitholders (10,983,710 and 11,270,283 units issued and outstanding at September 30, 2019 and December 31, 2018, respectively)	8	788,224	800,374
General Partner (230,524 and 230,006 units issued and outstanding at September 30, 2019 and December 31, 2018, respectively)	8	5,625	5,802
Notes receivable	12	(29,423)	(29,423)
<b>Total partners' capital</b>		<b>764,426</b>	<b>776,753</b>
<b>Total liabilities and partners' capital</b>		<b>\$ 1,255,414</b>	<b>\$ 1,314,133</b>

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 September 30, 2019 (unaudited)	Three Month Period Ended September 30, 2018 (unaudited)	Nine Month Period Ended September 30, 2019 (unaudited)	Nine Month Period Ended September 30, 2018 (unaudited)
Time charter and voyage revenues	9,12,13	\$ 63,548	\$ 62,571	\$ 158,111	\$ 173,819
Time charter and voyage expenses		(2,708)	(2,217)	(8,721)	(6,705)
Direct vessel expenses		(1,710)	(1,516)	(4,823)	(4,685)
Management fees (entirely through related parties transactions)	12	(16,695)	(17,220)	(49,801)	(51,292)
General and administrative expenses	12	(3,897)	(3,490)	(14,425)	(12,534)
Depreciation and amortization	4,5	(13,171)	(14,543)	(39,903)	(43,815)
Vessel impairment losses	4	—	(5,258)	(7,345)	(43,118)
Interest expense and finance cost, net		(11,432)	(10,739)	(35,192)	(31,386)
Interest income		1,858	1,159	5,392	3,106
Other income	16	105	160	696	880
Other expense	17	(403)	(398)	(4,725)	(2,470)
Equity in net earnings of affiliated companies	14	1,364	1,948	1,549	4,602
<b>Net income/ (loss)</b>		<b>\$ 16,859</b>	<b>\$ 10,457</b>	<b>\$ 813</b>	<b>\$ (13,598)</b>

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

	Three Month Period Ended September 30, 2019 (unaudited)	Three Month Period Ended September 30, 2018 (unaudited)	Nine Month Period Ended September 30, 2019 (unaudited)	Nine Month Period Ended September 30, 2018 (unaudited)
Income/ (loss) per unit:				
Common unit (basic and diluted)	\$ 1.54	\$ 0.93	\$ 0.07	\$ (1.18)

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	Nine Month Period Ended September 30, 2019 (unaudited)	Nine Month Period Ended September 30, 2018 (unaudited)
<b>OPERATING ACTIVITIES:</b>			
Net income/ (loss)		\$ 813	\$ (13,598)
<b>Adjustments to reconcile net loss to net cash provided by operating activities:</b>			
Depreciation and amortization	4,5	39,903	43,815
Vessel impairment losses	4	7,345	43,118
Non cash accrued interest income and amortization of deferred revenue	13	(9,471)	(9,364)
Non cash accrued interest income from receivable from affiliates	12	(214)	(202)
Amortization of operating lease right-of-use asset	18	158	—
Amortization and write-off of deferred financing cost and discount		7,258	5,325
Amortization of deferred dry dock and special survey costs		4,805	4,685
Equity in net earnings of affiliated companies	14	(1,549)	(4,602)
Equity compensation expense	8	1,537	1,862
<b>Changes in operating assets and liabilities:</b>			
Net decrease in accounts receivable		6,935	3,325
Net increase in prepaid expenses and other current assets		(6,023)	(1,582)
Net increase in accounts payable		380	301
Increase/ (decrease) in accrued expenses		564	(2,660)
Net (decrease)/ increase in deferred revenue		(590)	949
Net decrease/ (increase) in amounts due from related parties	12	9,405	(18,839)
Payments for dry dock and special survey costs		(13,986)	(1,885)
Operating lease liabilities short and long term	18	(175)	—
<b>Net cash provided by operating activities</b>		<b>47,095</b>	<b>50,648</b>
<b>INVESTING ACTIVITIES:</b>			
Net cash proceeds from sale of vessels		5,978	67,000
Deposit for option to acquire vessel		(1,090)	(44)
Acquisition of/ additions to vessels	4	(11,288)	(115,463)
Investment in affiliates	14	—	(14,460)
Repayments of notes receivable	13	3,516	3,516
Loans receivable from affiliates	14	(4,000)	(3,000)
<b>Net cash used in investing activities</b>		<b>(6,884)</b>	<b>(62,451)</b>
<b>FINANCING ACTIVITIES:</b>			
Cash distributions paid	15	(10,186)	(6,840)
Net proceeds from issuance of general partner units	8	8	778
Proceeds from issuance of common units, net of offering costs	8	—	33,374
Proceeds from long-term debt	6	129,281	58,300
Repayment of long-term debt and financial liabilities	6	(186,723)	(44,805)
Deferred financing fees		(3,552)	(615)
Acquisition of treasury stock	8	(4,499)	—
<b>Net cash (used in)/ provided by financing activities</b>		<b>(75,671)</b>	<b>40,192</b>
<b>(Decrease) /increase in cash, cash equivalents and restricted cash</b>		<b>(35,460)</b>	<b>28,389</b>
<b>Cash, cash equivalents and restricted cash, beginning of period</b>		<b>61,455</b>	<b>29,933</b>
<b>Cash, cash equivalents and restricted cash, end of period</b>		<b>25,995</b>	<b>58,322</b>

See unaudited condensed notes to the condensed consolidated financial statements

	Nine Month Period Ended September 30, 2019 <u>(unaudited)</u>	Nine Month Period Ended September 30, 2018 <u>(unaudited)</u>
<b>Supplemental disclosures of cash flow information</b>		
Cash interest paid	\$ 27,281	\$ 25,856
<b>Non cash financing activities</b>		
Equity compensation expense	\$ 1,537	\$ 1,862
<b>Non cash investing activities</b>		
Accrued interest on loan receivable from affiliates	\$ 281	\$ 239

**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				Note Receivable	Total Navios Partners' Capital
	General Partner		Common Unitholders			
	Units	Amount	Units	Amount		
<b>Balance, December 31, 2018</b>	<b>230,006</b>	<b>\$5,802</b>	<b>11,270,283</b>	<b>\$800,374</b>	<b>\$ (29,423)</b>	<b>\$776,753</b>
Cash distribution paid (\$0.30 per unit—see Note 15)	—	(69)	—	(3,389)	—	(3,458)
Acquisition of treasury stock (see Note 8)	—	—	(227,140)	(3,373)	—	(3,373)
Issuance of restricted common units (see Note 8)	518	8	25,396	33	—	41
Stock based compensation (see Note 8)	—	—	—	461	—	461
Net loss	—	(188)	—	(9,335)	—	(9,523)
<b>Balance, March 31, 2019</b>	<b>230,524</b>	<b>\$5,553</b>	<b>11,068,539</b>	<b>\$784,771</b>	<b>\$ (29,423)</b>	<b>\$760,901</b>
Cash distribution paid (\$0.30 per unit—see Note 15)	—	(69)	—	(3,295)	—	(3,364)
Acquisition of treasury stock (see Note 8)	—	—	(85,812)	(1,126)	—	(1,126)
Stock based compensation (see Note 8)	—	—	—	519	—	519
Issuance of capital surplus	—	—	1,058	—	—	—
Net loss	—	(129)	—	(6,394)	—	(6,523)
<b>Balance, June 30, 2019</b>	<b>230,524</b>	<b>\$5,355</b>	<b>10,983,785</b>	<b>\$774,475</b>	<b>\$ (29,423)</b>	<b>\$750,407</b>
Cash distribution paid (\$0.30 per unit—see Note 15)	—	(69)	—	(3,295)	—	(3,364)
Stock based compensation (see Note 8)	—	—	—	524	—	524
Cancellation of shares	—	—	(75)	—	—	—
Net income	—	339	—	16,520	—	16,859
<b>Balance, September 30, 2019</b>	<b>230,524</b>	<b>\$5,625</b>	<b>10,983,710</b>	<b>\$788,224</b>	<b>\$ (29,423)</b>	<b>\$764,426</b>

	Limited Partners				Note Receivable	Total Navios Partners' Capital
	General Partner		Common Unitholders			
	Units	Amount	Units	Amount		
<b>Balance, December 31, 2017</b>	<b>201,086</b>	<b>\$5,464</b>	<b>9,853,181</b>	<b>\$791,669</b>	<b>\$ (29,423)</b>	<b>\$767,710</b>
Proceeds from public offering and issuance of common units, net of offering costs (see Note 8)	—	—	1,228,133	33,374	—	33,374
Net proceeds from issuance of general partner units (see Note 8)	25,064	714	—	—	—	714
Issuance of restricted common units (see Note 8)	1,864	64	91,337	614	—	678
Net income	—	110	—	5,368	—	5,478
<b>Balance, March 31, 2018</b>	<b>228,014</b>	<b>\$6,352</b>	<b>11,172,651</b>	<b>\$831,025</b>	<b>\$ (29,423)</b>	<b>\$807,954</b>
Cash distribution paid (\$0.30 per unit—see Note 15)	—	(68)	—	(3,352)	—	(3,420)
Stock based compensation (see Note 8)	—	—	—	621	—	621
Net loss	—	(591)	—	(28,942)	—	(29,533)
<b>Balance, June 30, 2018</b>	<b>228,014</b>	<b>\$5,693</b>	<b>11,172,651</b>	<b>\$799,352</b>	<b>\$ (29,423)</b>	<b>\$775,622</b>
Cash distribution paid (\$0.30 per unit—see Note 15)	—	(68)	—	(3,352)	—	(3,420)
Stock based compensation (see Note 8)	—	—	—	627	—	627
Net loss	—	209	—	10,248	—	10,457
<b>Balance, September 30, 2018</b>	<b>228,014</b>	<b>\$5,834</b>	<b>11,172,651</b>	<b>\$806,875</b>	<b>\$ (29,423)</b>	<b>\$783,286</b>

See unaudited condensed notes to the condensed consolidated financial statements

**NAVIOS MARITIME PARTNERS L.P.**  
**UNAUDITED CONDENSED NOTES TO THE CONDENSED 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 longer-term charters. The operations of Navios Partners are managed by Navios Shipmanagement Inc., (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.

In August 2019, Navios Holdings announced that it sold certain assets, including its ship management division and the general partnership interest in Navios Partners to N Shipmanagement Acquisition Corp. and related entities (“NSM”), affiliated with Navios Holdings’ Chairman and Chief Executive Officer, Angeliki Frangou.

As of November 25, 2019, there were 10,983,679 outstanding common units and 230,524 general partnership units. Navios Holdings currently owns an 18.5% interest in Navios Partners and Olympos Maritime Ltd., an entity affiliated with Navios Holdings’ Chairman and Chief Executive Officer, Angeliki Frangou, holds the general partner interest of 2.1%.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**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, 2018 filed on Form 20-F with the U.S. Securities and Exchange Commission (“SEC”).

**Reverse Stock Split:**

On April 25, 2019, the Company’s unitholders approved a 1-for-15 reverse stock split of the Company’s outstanding common and general partner units, which was effected on May 21, 2019. The effect of the reverse stock split was to combine each 15 shares of outstanding units into one new share, with no change in authorized shares or per value per share, and to reduce the number of common units outstanding from approximately 164.7 million units to approximately 11.0 million units. 983 common units were issued in connection with the reverse stock split. All issued and outstanding common units contained in the financial statements, in accordance with Staff Accounting Bulletin Topic 4C, have been retroactively adjusted to reflect the reverse split for all periods presented.

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

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 consolidated financial statements. Accordingly, the Company continues to adopt the going concern basis in preparing its financial statements.

**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.

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

Company name	Vessel name	Country of incorporation	Statements of Operations	
			2019	2018
Libra Shipping Enterprises Corporation <sup>(1)</sup>	Navios Libra II	Marshall Is.	1/01 – 9/30	1/01 – 9/30
Alegria Shipping Corporation	Navios Alegria	Marshall Is.	1/01 – 9/30	1/01 – 9/30
Felicity Shipping Corporation <sup>(2)</sup>	Navios Felicity	Marshall Is.	1/01 – 9/30	1/01 – 9/30
Gemini Shipping Corporation <sup>(3)</sup>	Navios Gemini S	Marshall Is.	1/01 – 9/30	1/01 – 9/30
Galaxy Shipping Corporation <sup>(4)</sup>	Navios Galaxy I	Marshall Is.	1/01 – 9/30	1/01 – 9/30
Aurora Shipping Enterprises Ltd.	Navios Hope	Marshall Is.	1/01 – 9/30	1/01 – 9/30
Palermo Shipping S.A. <sup>(5)</sup>	Navios Apollon	Marshall Is.	1/01 – 9/30	1/01 – 9/30
Fantastiks Shipping Corporation	Navios Fantastiks	Marshall Is.	1/01 – 9/30	1/01 – 9/30
Sagittarius Shipping Corporation	Navios Sagittarius	Marshall Is.	1/01 – 9/30	1/01 – 9/30
Hyperion Enterprises Inc.	Navios Hyperion	Marshall Is.	1/01 – 9/30	1/01 – 9/30
Chilali Corp.	Navios Aurora II	Marshall Is.	1/01 – 9/30	1/01 – 9/30
Surf Maritime Co.	Navios Pollux	Marshall Is.	1/01 – 9/30	1/01 – 9/30
Pandora Marine Inc.	Navios Melodia	Marshall Is.	1/01 – 9/30	1/01 – 9/30
Customized Development S.A.	Navios Fulvia	Liberia	1/01 – 9/30	1/01 – 9/30
Kohylia Shipmanagement S.A.	Navios Luz	Marshall Is.	1/01 – 9/30	1/01 – 9/30
Orbiter Shipping Corp.	Navios Orbiter	Marshall Is.	1/01 – 9/30	1/01 – 9/30
Floral Marine Ltd.	Navios Buena Ventura	Marshall Is.	1/01 – 9/30	1/01 – 9/30
Golem Navigation Limited	Navios Soleil	Marshall Is.	1/01 – 9/30	1/01 – 9/30
Kymata Shipping Co.	Navios Helios	Marshall Is.	1/01 – 9/30	1/01 – 9/30
Joy Shipping Corporation	Navios Joy	Marshall Is.	1/01 – 9/30	1/01 – 9/30
Micaela Shipping Corporation	Navios Harmony	Marshall Is.	1/01 – 9/30	1/01 – 9/30
Pearl Shipping Corporation	Navios Sun	Marshall Is.	1/01 – 9/30	1/01 – 9/30
Velvet Shipping Corporation	Navios La Paix	Marshall Is.	1/01 – 9/30	1/01 – 9/30
Perigiali Navigation Limited	Navios Beaufiks	Marshall Is.	1/01 – 9/30	1/01 – 9/30
Finian Navigation Co.	Navios Ace	Marshall Is.	1/01 – 9/30	1/01 – 9/30
Ammos Shipping Corp.	Navios Prosperity I	Marshall Is.	1/01 – 9/30	1/01 – 9/30
Wave Shipping Corp.	Navios Libertas	Marshall Is.	1/01 – 9/30	1/01 – 9/30
Casual Shipholding Co.	Navios Sol	Marshall Is.	1/01 – 9/30	1/01 – 9/30
Avery Shipping Company	Navios Symphony	Marshall Is.	1/01 – 9/30	1/01 – 9/30
Coasters Ventures Ltd.	Navios Christine B	Marshall Is.	1/01 – 9/30	1/01 – 9/30
Ianthe Maritime S.A.	Navios Aster	Marshall Is.	1/01 – 9/30	1/01 – 9/30
Rubina Shipping Corporation	Hyundai Hongkong	Marshall Is.	1/01 – 9/30	1/01 – 9/30

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

Company name	Vessel name	Country of incorporation	Statements of Operations	
			2019	2018
Topaz Shipping Corporation	Hyundai Singapore	Marshall Is.	1/01 – 9/30	1/01 – 9/30
Beryl Shipping Corporation	Hyundai Tokyo	Marshall Is.	1/01 – 9/30	1/01 – 9/30
Cheryl Shipping Corporation	Hyundai Shanghai	Marshall Is.	1/01 – 9/30	1/01 – 9/30
Christal Shipping Corporation	Hyundai Busan	Marshall Is.	1/01 – 9/30	1/01 – 9/30
Fairy Shipping Corporation <sup>(6)</sup>	YM Utmost	Marshall Is.	—	1/01 – 9/30
Limestone Shipping Corporation <sup>(6)</sup>	YM Unity	Marshall Is.	—	1/01 – 9/30
Dune Shipping Corp. <sup>(7)</sup>	MSC Cristina	Marshall Is.	1/01 – 9/30	1/01 – 9/30
Citrine Shipping Corporation	—	Marshall Is.	1/01 – 9/30	1/01 – 9/30
Cavalli Navigation Inc.	—	Marshall Is.	1/01 – 9/30	1/01 – 9/30
Seymour Trading Limited	Navios Altair I	Marshall Is.	1/01 – 9/30	6/07 – 9/30
Goldie Services Company	Navios Symmetry	Marshall Is.	1/01 – 9/30	5/21 – 9/30
Andromeda Shiptrade Limited	Navios Apollon I	Marshall Is.	1/01 – 9/30	5/09 – 9/30
Esmeralda Shipping Corporation	Navios Sphera	Marshall Is.	1/01 – 9/30	—
Triangle Shipping Corporation	Navios Mars	Marshall Is.	1/01 – 9/30	—
<b>Chartered-in vessels</b>				
Cavos Navigation Co. <sup>(8)</sup>	Navios Libra	Marshall Is.	1/01 – 9/30	1/01 – 9/30
<b>Other</b>				
Prosperity Shipping Corporation	—	Marshall Is.	1/01 – 9/30	1/01 – 9/30
Aldebaran Shipping Corporation	—	Marshall Is.	1/01 – 9/30	1/01 – 9/30
JTC Shipping and Trading Ltd. <sup>(9)</sup>	Holding Company	Malta	1/01 – 9/30	1/01 – 9/30
Navios Maritime Partners L.P.	N/A	Marshall Is.	1/01 – 9/30	1/01 – 9/30
Navios Maritime Operating LLC.	N/A	Marshall Is.	1/01 – 9/30	1/01 – 9/30
Navios Partners Finance (US) Inc.	Co-Borrower	Delaware	1/01 – 9/30	1/01 – 9/30
Navios Partners Europe Finance Inc.	Sub-Holding Company	Marshall Is.	1/01 – 9/30	1/01 – 9/30

(1) The vessel was sold on December 14, 2018 (see Note 4 – Vessels, net).

(2) The vessel was sold on December 4, 2018 (see Note 4 – Vessels, net).

(3) The vessel was sold on December 21, 2017.

(4) The vessel was sold on April 23, 2019 (see Note 4 – Vessels, net).

(5) The vessel was sold on April 21, 2017.

(6) The vessels were sold on July 2, 2018 (see Note 4 – Vessels, net).

(7) The vessel was sold on January 12, 2017.

(8) The vessel was delivered on July 24, 2019 (see Note 17, Leases).

(9) Not a vessel-owning subsidiary and only holds right to charter-in contracts.

**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 condensed 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 September 30, 2019 was 33.5%); (ii) Navios Europe I and its subsidiaries (ownership interest as of September 30, 2019 was 5.0%); and (iii) Navios Europe II and its subsidiaries (ownership interest as of September 30, 2019 was 5.0%).

**Revenue and Expense Recognition:** On January 1, 2018, the Company adopted the provisions of ASC 606 “Revenue from Contracts with Customers”. 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

**NAVIOS MARITIME PARTNERS L.P.**  
**UNAUDITED CONDENSED NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
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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 ASU 2016-02 (ASC 842) "Leases". Upon adoption of ASC 606 and ASC 842, the timing and recognition of earnings from the pool arrangements and time charter contracts to which the Company is party did not change from previous practice. The Company has determined to recognize lease revenue as a combined single lease component for all time charters (operating leases) as the related lease component and non lease component will have the same timing and pattern of the revenue recognition of the combined single lease component. The performance obligations in a time charter contract are satisfied over term of the contract beginning when the vessel is delivered to the charterer until it is redelivered back to the Company. As a result of the adoption of these standards, there was no effect on the Company's opening retained earnings, Balance Sheets and 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.

Following the adoption of ASC 606, the Company recognizes 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. Revenue from voyage contracts amounted to \$6,084 and \$6,589 for the nine month periods ended September 30, 2019 and 2018, respectively.

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.

Revenues from time chartering of vessels are accounted for as operating leases and are thus recognized on a straight line basis as the average lease 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. Short period charters for less than three months are referred to as spot-charters. Charters extending three months to a year are generally referred to as medium-term charters. All other charters are considered long-term. 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 \$148,282 and \$162,879 for the nine month periods ended September 30, 2019 and 2018, 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 sharing 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.



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Revenue from vessels operating in pooling and profit sharing arrangements amounted to \$3,745 and \$4,351 for the nine month periods ended September 30, 2019 and 2018, respectively.

**Recent Accounting Pronouncements:**

In October 2018, the Financial Accounting Standards Board (“FASB”) issued ASU 2018-17, Consolidation (Topic 810): “Targeted Improvements to Related Party Guidance for Variable Interest Entities” (“ASU 2018-17”). ASU 2018-17 provides that indirect interests held through related parties in common control arrangements should be considered on a proportional basis for determining whether fees paid to decision makers and service providers are variable interests. This is consistent with how indirect interests held through related parties under common control are considered for determining whether a reporting entity must consolidate a VIE. For public business entities the amendments are effective for fiscal years beginning after December 15, 2019, and interim periods within those fiscal years. Early adoption is permitted. The Company is currently assessing the impact that adopting this new accounting guidance will have on its disclosures to the consolidated financial statements.

In August 2018, FASB issued ASU 2018-13, “Fair Value Measurement (Topic 820): Disclosure Framework—Changes to the Disclosure Requirements for Fair Value Measurement”. This update modifies the disclosure requirements on fair value measurements. ASU 2018-13 is effective for fiscal years beginning after December 15, 2019, and earlier adoption is permitted. The Company is currently assessing the impact that adopting this new accounting guidance will have on its disclosures to the consolidated financial statements.

In June 2016, FASB issued ASU No. 2016-13, “Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments.” This standard requires entities to measure all expected credit losses of financial assets held at a reporting date based on historical experience, current conditions, and reasonable and supportable forecasts in order to record credit losses in a more timely manner. ASU 2016-13 also amends the accounting for credit losses on available-for-sale debt securities and purchased financial assets with credit deterioration. The standard is effective for interim and annual reporting periods beginning after December 15, 2019, although early adoption is permitted for interim and annual periods beginning after December 15, 2018. In November 2018, FASB issued ASU 2018-19 “Codification Improvements to topic 326, Financial Instruments—Credit Losses”. The amendments in this update clarify that operating lease receivables are not within the scope of ASC 326-20 and should instead be accounted for under the new leasing standard, ASC 842. In April 2019, FASB issued ASU 2019-04 “Codification Improvements to topic 326, Financial Instruments—Credit Losses, Topic 815, Derivatives and Hedging, and Topic 825, Financial Instruments”. In May 2019, FASB issued ASU 2019-05, “Financial Instruments—Credit Losses (Topic 326): Targeted Transition Relief”. The amendments in this update provide entities that have certain instruments within the scope of Subtopic 326-20, Financial Instruments—Credit Losses—Measured at Amortized Cost, with an option to irrevocably elect the fair value option in Subtopic 825-10, Financial Instruments—Overall, applied on an instrument-by-instrument basis for eligible instruments, upon adoption of Topic 326. The fair value option election does not apply to held-to-maturity debt securities. An entity that elects the fair value option should subsequently apply the guidance in Subtopics 820-10, Fair Value Measurement—Overall, and 825-10. The Company is currently assessing the impact that adopting this new accounting guidance will have on its consolidated financial statements.

**NOTE 3 – CASH AND CASH EQUIVALENTS**

Cash and cash equivalents consist of the following:

	<b>September 30, 2019</b>	<b>December 31, 2018</b>
Cash and cash equivalents	\$ 23,968	\$ 58,590
Restricted cash	2,027	2,865
<b>Total cash and cash equivalents and restricted cash</b>	<b>\$ 25,995</b>	<b>\$ 61,455</b>

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.

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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 September 30, 2019 and December 31, 2018, included \$2,027 and \$865, 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, 2018, restricted cash included \$2,000 as cash collateral to the Term Loan B, due to the release of certain mortgaged vessels of the fleet.

**NOTE 4 – VESSELS, NET**

Vessels	Cost	Accumulated Depreciation	Net Book Value
<b>Balance December 31, 2017</b>	<b>\$1,420,078</b>	<b>\$ (321,063)</b>	<b>\$1,099,015</b>
Additions	115,902	(54,585)	61,317
Disposals	(76,264)	—	(76,264)
Vessel impairment losses	(99,485)	58,667	(40,818)
<b>Balance December 31, 2018</b>	<b>\$1,360,231</b>	<b>\$ (316,981)</b>	<b>\$1,043,250</b>
Additions	11,289	(39,028)	(27,739)
Disposals	(5,696)	81	(5,615)
Vessel impairment losses	(24,993)	17,648	(7,345)
<b>Balance September 30, 2019</b>	<b>\$1,340,831</b>	<b>\$ (338,280)</b>	<b>\$1,002,551</b>

**2019**

As of September 30, 2019, certain extraordinary fees and costs related to vessels' regulatory requirements, including ballast water treatment system installation, amounted to \$11,355 (see Note 12 — Transactions with related parties and affiliates).

**Acquisition of Vessels**

**2018**

On August 31, 2018, Navios Partners acquired from its affiliate, Navios Holdings, the Navios Sphera, a 2016-built Panamax vessel of 84,872 dwt and the Navios Mars, a 2016-built Capesize vessel of 181,259 dwt, for an acquisition cost \$79,000, in total.

On June 7, 2018, Navios Partners acquired from an unrelated third party the Navios Altair I, a 2006-built Panamax vessel of 74,475 dwt, for an acquisition cost of \$11,842.

On May 21, 2018, Navios Partners acquired from an unrelated third party the Navios Symmetry, a 2006-built Panamax vessel of 74,381 dwt, for an acquisition cost of \$11,811.

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 an acquisition cost of \$13,446.

**Sale of Vessels**

**2019**

On April 23, 2019, Navios Partners sold the Navios Galaxy I to an unrelated third party, for a net sale price of \$5,978. The aggregate net carrying amount of the vessels, including the remaining carrying balance of dry dock and special survey cost of \$363, amounted to \$13,323 as at the date of sale. The loss on sale of the vessel was \$28.

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2018

On December 14, 2018, Navios Partners sold the Navios Libra II to an unrelated third party, for a net sale price of \$4,559. The aggregate net carrying amount of the vessel, including the remaining carrying balance of dry dock and special survey cost of \$657, amounted to \$5,784 as at the date of sale.

On December 4, 2018, Navios Partners sold the Navios Felicity to an unrelated third party, for a net sale price of \$4,705. The aggregate net carrying amount of the vessels, including the remaining carrying balance of dry dock and special survey cost of \$818, amounted to \$10,016 as at the date of sale. The loss on sale of the vessel was \$53.

On July 2, 2018, Navios Partners sold the YM Unity and the YM Utmost to its affiliate, Navios Containers, for a total sale price of \$67,000. The aggregate net carrying amount of the vessels, including the remaining carrying balance of dry dock and special survey costs of \$2,104, amounted to \$104,860 as at the date of sale.

**Vessel impairment losses**

On March 21, 2019, Navios Partners entered into a Memorandum of Agreement with an unrelated third party for the disposal of the Navios Galaxy I for a net sale price of \$5,978. 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 March 31, 2019. As of March 31, 2019, 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 \$7,345 has been recognized under the line item "Vessel impairment losses" in the condensed Consolidated Statements of Operations as of March 31, 2019. The vessel was sold on April 23, 2019.

On October 25, 2018, Navios Partners entered into a Memorandum of Agreement with an unrelated third party for the disposal of the Navios Libra II for a net sale price of \$4,559. 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 \$1,226 was recognized under the caption "Vessel impairment losses" in the Consolidated Statements of Operations as of December 31, 2018. The vessel was sold on December 14, 2018.

On October 2, 2018, Navios Partners entered into a Memorandum of Agreement with an unrelated third party for the disposal of the Navios Felicity for a net sale price of \$4,705. 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 September 30, 2018. As of September 30, 2018, 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 \$5,258 has been recognized under the caption "Vessel impairment losses" in the condensed Consolidated Statements of Operations as of September 30, 2018. The vessel was sold on December 4, 2018.

On April 27, 2018, Navios Partners agreed to sell the YM Unity and the YM Utmost to its affiliate, Navios Containers, for a total sale price of \$67,000. As of June 30, 2018, the vessels had been classified as held for sale as the relevant criteria for the classification were met and, therefore, they were presented in the condensed Consolidated Balance Sheets at their fair value totaling \$67,000. An impairment loss of \$37,860 for the vessels held for sale was presented under the caption "Vessel impairment losses" in the condensed Consolidated Statements of Operations as of June 30, 2018. The vessels were sold on July 2, 2018, and proceeds from the sale were used to partially repay an amount of \$20,200 of the DVB Credit Facility (see Note 6 — Borrowings).

**NOTE 5 – INTANGIBLE ASSETS**

Intangible assets as of September 30, 2019 and December 31, 2018 consisted of the following:

	Cost	Accumulated Amortization	Net Book Value
<b>Favorable lease terms December 31, 2017</b>	<b>\$83,716</b>	<b>\$ (75,636)</b>	<b>\$ 8,080</b>
Additions	—	(3,748)	(3,748)
<b>Favorable lease terms December 31, 2018</b>	<b>\$83,716</b>	<b>\$ (79,384)</b>	<b>\$ 4,332</b>
Additions	—	(875)	(875)
<b>Favorable lease terms September 30, 2019</b>	<b>\$83,716</b>	<b>\$ (80,259)</b>	<b>\$ 3,457</b>

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Amortization expense of favorable lease terms for each of the periods ended September 30, 2019 and 2018 is presented in the following table:

	<u>Three Month Period Ended</u>		<u>Nine Month Period Ended</u>	
	<u>September 30,</u> <u>2019</u>	<u>September 30,</u> <u>2018</u>	<u>September 30,</u> <u>2019</u>	<u>September 30,</u> <u>2018</u>
Favorable lease terms	\$ (292)	\$ (1,016)	\$ (875)	\$ (3,048)
<b>Total</b>	<u>\$ (292)</u>	<u>\$ (1,016)</u>	<u>\$ (875)</u>	<u>\$ (3,048)</u>

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The aggregate amortization of the intangibles for the 12-month periods ended September 30 is estimated to be as follows:

<u>Year</u>	<u>Amount</u>
2020	1,166
2021	1,166
2022	1,125
2023 and thereafter	—
<b>Total</b>	<b><u>\$3,457</u></b>

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 11.8 years for the remaining favorable lease terms, at inception.

**NOTE 6 – BORROWINGS**

Borrowings as of September 30, 2019 and December 31, 2018 consisted of the following:

	<u>September 30, 2019</u>	<u>December 31, 2018</u>
Term Loan B facility	\$ 253,827	\$ 418,538
Credit facilities	136,246	75,671
<b>Total debt</b>	<b>\$ 390,073</b>	<b>\$ 494,209</b>
Financial liabilities	71,535	24,842
<b>Total borrowings</b>	<b>\$ 461,608</b>	<b>\$ 519,051</b>
Less: Long-term unamortized discount	(2,144)	(6,629)
Less: Current portion of long-term borrowings, net	(64,746)	(26,804)
Less: Deferred finance costs, net	(4,199)	(4,937)
<b>Long-term borrowings, net</b>	<b>\$ 390,519</b>	<b>\$ 480,681</b>

As of September 30, 2019, the total borrowings, net of deferred finance fees and discount under the Navios Partners' credit facilities were \$455,265.

**Term Loan B Facility:** In June 2013, Navios Partners completed the issuance of the \$250,000 Term Loan B 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 Facility.

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

The Term Loan B Facility was 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 Facility required 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 Facility also provided for customary events of default, prepayment and cure provisions.

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During the year ended December 31, 2018, four drybulk vessels were released from security of the Term Loan B Facility and in exchange, five drybulk vessels and \$2,000 in cash substituted the released vessels, as collateral to the Term Loan B Facility. In April and May 2019, Navios Partners prepaid \$73,478 and released five vessels from the collateral package of the Term Loan B Facility. Following these prepayments, an amount of \$482 and \$1,002 was written-off from the deferred finance fees and discount, respectively. In August 2019, Navios Partners prepaid \$85,500 and released five vessels from the collateral package of the Term Loan B Facility. Following these prepayments, an amount of \$459 and \$954 was written-off from the deferred finance fees and discount. As of September 30, 2019, the outstanding balance of the Term Loan B Facility was \$251,682, net of discount of \$2,144. Following these prepayments, there were no installments due and the outstanding balance of \$253,827, which was fully repayable on the final maturity date at September 14, 2020 (see also Note 18 — Subsequent Events).

**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 partially finance 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. On July 18, 2017, the second tranche of BNP Credit Facility of \$15,000 was drawn. On December 13, 2018, Navios Partners repaid the outstanding balance of the first tranche in the amount of \$15,070. Following this repayment, an amount of \$117 was written-off from the deferred finance fees. On April 9, 2019, Navios Partners amended the existing BNP Credit Facility, in order to refinance two vessels and replace the existing collateral under the BNP Credit Facility. As of September 30, 2019, the outstanding balance of the BNP Credit Facility was \$11,360 and is repayable in eight equal consecutive quarterly installments of \$569 each, with a final balloon payment of \$6,808 to be repaid on the last repayment date. The facility matures in the third quarter of 2021 and bears interest at LIBOR plus 300 bps per annum.

**DVB Credit Facilities:** 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 amounts of \$7,000 and \$32,000 were drawn on June 30, 2017 and November 3, 2017, respectively. On July 2, 2018, Navios Partners repaid the outstanding balance of the three tranches in the amount of \$20,200. Following this repayment, an amount of \$209 was written-off from the deferred finance fees. On April 15, 2019, Navios Partners fully repaid the outstanding balance of \$12,250. Following this repayment, an amount of \$94 was written-off from the deferred finance fees.

On July 31, 2018, Navios Partners entered into a new credit facility with DVB Bank S.E. (the “DVB \$44m Credit Facility”) of up to \$44,000 (divided into two tranches) in order to finance the acquisition of the Navios Sphera and the Navios Mars. The amounts of \$17,500 and \$26,500 were drawn on August 30, 2018. As of September 30, 2019, the total outstanding balance of the DVB \$44m Credit Facility was \$40,810 and is repayable in 16 equal consecutive quarterly installments of \$798 each, with a final balloon payment of \$28,050 to be repaid on the last repayment date. The facility matures in the third quarter of 2023 and bears interest at LIBOR plus 290 bps per annum.

On February 12, 2019, Navios Partners entered into a new credit facility with DVB Bank S.E. (the “DVB \$66m Credit Facility”) of up to \$66,000 (divided into four tranches) in order to refinance the DVB Credit Facility dated June 28, 2017 and three Capesize vessels previously included in the Term Loan B collateral package. On April 15, 2019, Navios Partners drew the two tranches of \$15,675 each. As of September 30, 2019, the total outstanding balance of the two tranches of the DVB \$66m Credit Facility was \$30,238 and is repayable in seven quarterly installments of \$1,112 each and 12 quarterly installments of \$922 each, with a final balloon payment of \$11,400, to be repaid on the last repayment date. The facility matures in the first quarter of 2024 and bears interest at LIBOR plus 260 bps per annum. As of September 30, 2019, the remaining two tranches had not been drawn under this facility. (See also Note 18 – Subsequent Events)

**Nordea/Skandinaviska Enskilda/NIBC Credit Facility:** On March 26, 2018, Navios Partners entered into a new credit facility with Nordea Bank AB, Skandinaviska Enskilda Bank AB and NIBC Bank N.V. (the “Nordea Credit Facility”) of up to \$14,300 (divided into two tranches) in order to partially finance the acquisition of the Navios Symmetry and the Navios Altair I. On May 18, 2018, the first tranche of the Nordea Credit Facility of \$7,150 was drawn. On June 1, 2018 the second tranche of the March 2018 Credit Facility of \$7,150 was drawn. On December 13, 2018, Navios Partners repaid the outstanding balance of the second tranche in the amount of \$6,554. Following this repayment, an amount of \$95 was written-off from the deferred finance fees. As of September 30, 2019, the outstanding balance of the Nordea Credit Facility was \$5,660 and is repayable in 15 equal consecutive quarterly installments of \$298 each, with a final balloon payment of \$1,190 to be repaid on the last repayment date. The facility matures in the second quarter of 2023 and bears interest at LIBOR plus 300 bps per annum.

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**NIBC Credit Facility:** On December 28, 2018, Navios Partners entered into a new credit facility with NIBC Bank N.V. (the “NIBC Credit Facility”) of up to \$28,500 (divided into three tranches) in order to refinance three Ultra-Handymax vessels, previously included in the Term Loan B collateral package. On May 8, 2019, the first tranche of the NIBC Credit Facility of \$11,915 was drawn. As of September 30, 2019, the outstanding balance of the NIBC Credit Facility was \$11,662 and is repayable in 17 consecutive quarterly installments of \$253 each, with a final balloon payment of \$7,358 to be repaid on the last repayment date. The facility matures in the fourth quarter of 2023 and bears interest at LIBOR plus 275 bps per annum. As of September 30, 2019, the second and third tranches had not been drawn under this facility. (See also Note 18 – Subsequent Events)

**DNB Credit Facility:** On April 5, 2019, Navios Partners entered into a new credit facility with DNB Bank ASA (the “DNB Credit Facility”) of up to \$40,000 (divided into two tranches) in order to refinance two Capesize vessels, previously included in the Term Loan B collateral package. The DNB Credit Facility has a term of approximately five years and bears interest at LIBOR plus 275 bps per annum. As of September 30, 2019, no amount had been drawn under this facility. (See also Note 18 – Subsequent Events)

**HCOB Credit Facility:** On September 26, 2019, Navios Partners entered into a new credit facility with Hamburg Commercial Bank AG (the “HCOB Credit Facility”) of up to \$140,000 in order to refinance eight drybulk vessels and five Containerships, previously included in the Term Loan B collateral package. The facility has a term of approximately two years, matures in the third quarter of 2021 and bears interest at LIBOR plus 320 bps per annum. As of September 30, 2019, no amount had been drawn under this facility (See also Note 18 – Subsequent Events).

**CACIB Credit Facility:** On July 4, 2019, Navios Partners entered into a new credit facility with Credit Agricole Corporate and Investment Bank (“CACIB”), (the “CACIB Credit Facility”) of up to \$52,800 (divided into four tranches) in order to refinance three Capesize vessels and one Panamax vessel. In August 2019, the three tranches of the July 2019 Credit Facility of \$36,516, in total were drawn. As of September 30, 2019, the total outstanding balance of the CACIB Credit Facility was \$36,516 and is repayable in 12 consecutive six-month installments of \$2,280, with a final balloon payment of \$9,156 to be repaid on the last repayment date. The facility matures in the second quarter of 2025 and bears interest at LIBOR plus 275 bps over annum. As of September 2019, the fourth tranche had not been drawn under this facility. (See also Note 18 – Subsequent Events)

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 135%; (ii) minimum free consolidated liquidity in an amount equal to at least \$500 to \$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 September 30, 2019, 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.

**Financial Liabilities:** In December 2018, the Company entered into two sale and leaseback agreements of \$25,000 in total, with unrelated third parties for the Navios Fantastiks and the Navios Beaufiks. Navios Partners has a purchase obligation to acquire the vessels at the end of the lease term and under ASC 842-40, the transfer of the vessels was determined to be a failed sale. In accordance with ASC 842-40, the Company did not derecognize the respective vessels from its balance sheet and accounted for the amounts received under the sale and leaseback agreements as a financial liability. Navios Partners is obligated to make 69 and 60 consecutive monthly payments, respectively, of approximately \$161 and \$155 each, respectively, commencing as of December 2018. As of September 30, 2019, the outstanding balance under the sale and leaseback agreements of the Navios Fantastiks and the Navios

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Beaufiks was \$23,401 in total. The agreements mature in the third quarter of 2024 and fourth quarter of 2023, respectively, with a purchase obligation of \$6,300 per vessel on the last repayment date.

On April 5, 2019, the Company entered into a new sale and leaseback agreement of \$20,000, with unrelated third parties for the Navios Sol, a 2009-built Capesize vessel of 180,274 dwt. Navios Partners has a purchase obligation to acquire the vessel at the end of the lease term and under ASC 842-40, the transfer of the vessel was determined to be a failed sale. On April 11, 2019, the amount of \$20,000 was drawn. Navios Partners is obligated to make 120 consecutive monthly payments of approximately \$190 each, commencing as of April 2019. As of September 30, 2019, the outstanding balance under the sale and leaseback agreement of the Navios Sol was \$19,468. The agreement matures in the second quarter of 2029, with a purchase obligation of \$6,300 on the last repayment date.

On June 7, 2019, the Company entered into a new sale and leaseback agreement of \$7,500, with unrelated third parties for the Navios Sagittarius, a 2006-built Panamax vessel of 75,756 dwt. Navios Partners has a purchase obligation to acquire the vessel at the end of the lease term and under ASC 842-40, the transfer of the vessel was determined to be a failed sale. On June 28, 2019, the amount of \$7,500 was drawn. Navios Partners is obligated to make 36 consecutive monthly payments of approximately \$178 each, commencing as of June 2019. As of September 30, 2019, the outstanding balance under the sale and leaseback agreement of the Navios Sagittarius was \$6,937. The agreement matures in the second quarter of 2022, with a purchase obligation of \$2,000 on the last repayment date.

On July 2, 2019, the Company entered into a new sale and leaseback agreement of \$22,000, with unrelated third parties for the Navios Ace, a 2011-built Capesize vessel of 179,016 dwt. Navios Partners has a purchase obligation to acquire the vessel at the end of the lease term and under ASC 842-40, the transfer of the vessel was determined to be a failed sale. On July 24, 2019, the amount of \$22,000 million was drawn. Navios Partners is obligated to make 132 consecutive monthly payments of approximately \$198 each, commencing as of July 2019. As of September 30, 2019, the outstanding balance under the sale and leaseback agreement of the Navios Ace was \$21,730. The agreement matures in the third quarter of 2030, with a purchase obligation of \$6,300 on the last repayment date.

The Financial Liabilities have no financial covenants.

The maturity table below reflects the gross principal payments due under its credit facilities for the 12-month periods ended September 30:

<u>Year</u>	<u>Amount</u>
2020	\$ 68,771
2021	165,974
2022	33,597
2023	59,518
2024 and thereafter	133,748
<b>Total</b>	<b><u>\$461,608</u></b>

**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 condensed 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 condensed Consolidated Balance Sheets for interest bearing deposits approximate their fair value because of the short maturity of these investments.



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**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.

**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.

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

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

**Term Loan B 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.

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

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

	<u>September 30, 2019</u>		<u>December 31, 2018</u>	
	<u>Book Value</u>	<u>Fair Value</u>	<u>Book Value</u>	<u>Fair Value</u>
Cash and cash equivalents	\$ 23,968	\$ 23,968	\$ 58,590	\$ 58,590
Restricted cash	\$ 2,027	\$ 2,027	\$ 2,865	\$ 2,865
Amounts due from related parties, short-term	\$ 20,789	\$ 20,789	\$ 28,562	\$ 28,562
Loans receivable from affiliates	\$ 31,938	\$ 31,938	\$ 27,657	\$ 27,657
Amounts due from related parties, long-term	\$ 26,967	\$ 26,967	\$ 28,880	\$ 28,880
Notes receivable, net of current portion	\$ 8,613	\$ 8,613	\$ 11,629	\$ 11,629
Note receivable from affiliates	\$ 4,739	\$ 4,739	\$ 4,525	\$ 4,525
Term Loan B Facility, net	\$(250,650)	\$(253,669)	\$(408,662)	\$(414,352)
Other long-term borrowings, net	\$(204,614)	\$(207,781)	\$ (98,823)	\$(100,513)

**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 September 30, 2019 and December 31, 2018.

	<u>Fair Value Measurements at September 30, 2019</u>			
	<u>Total</u>	<u>Level I</u>	<u>Level II</u>	<u>Level III</u>
Cash and cash equivalents	\$23,968	\$23,968	—	—
Restricted cash	\$ 2,027	\$ 2,027	—	—
Amounts due from related parties, short-term	\$20,789	—	\$20,789	—
Loans receivable from affiliates	\$31,938	—	\$31,938	—

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	Fair Value Measurements at September 30, 2019			
	Total	Level I	Level II	Level III
Amounts due from related parties, long-term	\$ 26,967	—	\$ 26,967	—
Notes receivable, net of current portion <sup>(2)</sup>	\$ 8,613	—	\$ 8,613	—
Note receivable from affiliates	\$ 4,739	—	\$ 4,739	—
Term Loan B facility, net <sup>(1)</sup>	\$(253,669)	—	\$(253,669)	—
Other long-term borrowings, net <sup>(1)</sup>	\$(207,781)	—	\$(207,781)	—

	Fair Value Measurements at December 31, 2018			
	Total	Level I	Level II	Level III
Cash and cash equivalents	\$ 58,590	\$58,590	—	—
Restricted cash	\$ 2,865	\$ 2,865	—	—
Amounts due from related parties, short-term	\$ 28,562	—	\$ 28,562	—
Loans receivable from affiliates	\$ 27,657	—	\$ 27,657	—
Amounts due from related parties, long-term	\$ 28,880	—	\$ 28,880	—
Notes receivable, net of current portion <sup>(2)</sup>	\$ 11,629	—	\$ 11,629	—
Note receivable from affiliates	\$ 4,525	—	\$ 4,525	—
Term Loan B facility, net <sup>(1)</sup>	\$(414,352)	—	\$(414,352)	—
Other long-term borrowings, net <sup>(1)</sup>	\$(100,513)	—	\$(100,513)	—

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 September 30, 2019			
	Total	Level I	Level II	Level III
Vessels, net (for Navios Galaxy I)	\$ 5,978	—	\$ 5,978	—

	Fair Value Measurements at December 31, 2018			
	Total	Level I	Level II	Level III
Vessels, net (for Navios Felicity)	\$ 4,705	—	\$ 4,705	—
Vessels, net (for Navios Libra II)	\$ 4,559	—	\$ 4,559	—

- (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 April 25, 2019, Navios Partners announced that its Board of Directors has approved 1-for-15 reverse stock split of its issued and outstanding shares of common units and general partners units. The reverse stock split was effective on May 21, 2019 and the common units commenced trading on such date on a split adjusted basis.

In February 2019, Navios Partners authorized the granting of 25,397 restricted common units, which were issued on February 1, 2019, to its directors and officers, which are based solely on service conditions and vest over four years. The fair value of restricted common units was determined by reference to the quoted stock price on the date of grant. Compensation expense, net of estimated forfeitures, is recognized based on a graded expense model over the vesting period. Navios Partners also issued 518 general partnership units to its general partner for net proceeds of \$8. The effect of compensation expense arising from the restricted common units described above amounted to \$53 and \$138 for the three and nine month period ended September 30, 2019 and was presented under the caption "General and administrative expenses" in the condensed Consolidated Statements of Operations.

In January 2019, the Board of Directors of Navios Partners authorized a common unit repurchase program for up to \$50,000 of the Company's common units over a two year period. The program does not require any minimum repurchase or any specific number of common units and may be suspended or reinstated at any time in Navios Partners' discretion and without notice. The Board of Directors will review the program periodically. Repurchases are subject to restrictions under Navios Partners' credit facilities. As of September 30, 2019, Navios Partners had repurchased and cancelled 312,952 common units on a split adjusted basis, for a total cost of approximately \$4,499.

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In December 2018, Navios Partners authorized the granting of 97,633 restricted common units, which were issued on December 24, 2018, to its directors and officers, which are based solely on service conditions and vest over four years. Navios Partners also issued 1,933 general partnership units to its general partner for net proceeds of \$27. The effect of compensation expense arising from the restricted common units described above amounted to \$171 and \$508 for the three and nine month period ended September 30, 2019 and was presented under the caption “General and administrative expenses” in the condensed Consolidated Statements of Operations.

The effect of compensation expense arising from the restricted common units granted in December 2017 and 2016, amounted to \$300 and \$891 for the three and nine month period ended September 30, 2019 and was presented under the caption “General and administrative expenses” in the condensed Consolidated Statements of Operations.

There were no restricted common units exercised, forfeited or expired during the three month period ended September 30, 2019.

Restricted common units outstanding and not vested were 235,671 shares on a split adjusted basis as of September 30, 2019.

As of September 30, 2019, the estimated compensation cost relating to service conditions of non-vested restricted common units granted in 2016, 2017, 2018 and 2019 not yet recognized was \$1,938.

On February 21, 2018, Navios Partners completed a public offering of 1,228,133 on a split adjusted basis common units at \$28.50 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 \$1,629 in total, were approximately \$33,374. Pursuant to this offering, Navios Partners issued 25,064 general partnership units to its general partner. The net proceeds from the issuance of the general partnership units were \$714.

Navios Holdings currently owns an approximately 18.5% interest in Navios Partners, and Olympos Maritime Ltd., an entity affiliated with Navios Holdings’ Chairman and Chief Executive Officer, Angeliki Frangou currently owns 2.1% general partner interest in Navios Partners.

**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 containerships 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 September 30, 2019	Three Month Period ended September 30, 2018	Nine Month Period ended September 30, 2019	Nine Month Period ended September 30, 2018
Asia	\$ 33,651	\$ 30,313	\$ 87,568	\$ 94,258
Europe	29,042	26,132	67,287	59,422
North America	868	4,595	1,992	15,620
Australia	(13)	1,531	1,264	4,519
<b>Total</b>	<b>\$ 63,548</b>	<b>\$ 62,571</b>	<b>\$ 158,111</b>	<b>\$ 173,819</b>

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**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 condensed 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.

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.

In November 2017, Navios Partners agreed to charter-in, under a ten-year bareboat contract, from an unrelated third party, the Navios Libra, a newbuilding Panamax vessel of 82,011 dwt, delivered on July 24, 2019. Navios Partners has agreed to pay in total \$5,540, representing a deposit for the option to acquire the vessel after the end of the fourth year, of which the first half amounted to \$2,770 was paid during the year ended December 31, 2017 and the second half amounted to \$2,770 was paid during the year ended December 31, 2018. As of September 30, 2019, the total amount of \$6,721, including expenses, is presented under the caption "Other long-term assets" in the condensed Consolidated Balance Sheets.

The future minimum commitments for the 12-month periods ended September 30, of Navios Partners under its charter-in contracts, net of commissions, are as follows:

	<u>Amount</u>
2020	\$ 2,178
2021	2,172
2022	2,155
2023	2,081
2024	2,086
2025 and thereafter	9,748
<b>Total</b>	<b><u>\$20,420</u></b>

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**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, 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 Containership of TEU 6,800; (e) \$7.40 daily rate per Containership of more than TEU 8,000; and (f) \$8.75 daily rate per very large Containership of more than TEU 13,000 through December 31, 2017. On November 14, 2017, Navios Partners extended 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 management fees, excluding drydocking expenses, which are reimbursed at cost by Navios Partners, are: (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 Containership of TEU 6,800; (e) \$7.40 daily rate per Containership of more than TEU 8,000 and (f) \$8.75 daily rate per very large Containership of more than TEU 13,000. These fixed daily fees cover our vessels' operating expenses, other than certain extraordinary fees and costs. For the nine month periods ended September 30, 2019 and 2018 certain extraordinary fees and costs related to regulatory requirements, including ballast water treatment system installation under Company's management agreement, amounted to \$11,355 and \$0, respectively, and are presented under "Acquisition of/additions to vessels" in the condensed Consolidated Statements of Cash Flows. Drydocking expenses under this agreement are reimbursed by Navios Partners at cost at occurrence.

In August 2019, Navios Partners extended the duration of its existing management agreement (the "Management Agreement") with Navios Ship Management Inc. (the "Manager") until January 1, 2025. In addition, management fees are fixed for two years commencing from January 1, 2020 at: (a) \$4.45 daily per Panamax Vessel; (b) \$4.35 daily per Ultra-Handymax Vessel; (c) \$5.41 daily per Capesize Vessel; and (d) \$6.90 daily per 6,800 TEU Containership. The agreement also provides for a technical and commercial management fee of \$0.05 per day per vessel and an annual increase of 3% after January 1, 2022 unless agreed otherwise. Drydocking expenses are reimbursed at cost for all vessels.

Total management fees for each of the three and nine month periods ended September 30, 2019 amounted to \$16,695 and \$49,801, respectively. Total management fees for the three and nine month periods ended September 30, 2018 amounted to \$17,220 and \$51,292, 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.

In August 2019, Navios Partners extended the duration of its existing administrative services agreement with the Manager until January 1, 2025, which provide for allocable general and administrative costs.

Total general and administrative expenses charged by the Manager for each of the three and nine month periods ended September 30, 2019 amounted to \$2,566 and \$7,693, respectively. Total general and administrative expenses charged by the Manager for the three and nine month periods ended September 30, 2018 amounted to \$2,357 and \$6,937, respectively.

**Balance due from related parties (excluding Navios Europe I and Navios Europe II):** Balance due from related parties as of September 30, 2019 and December 31, 2018 amounted to \$38,215 and \$52,252, respectively, of which the current receivable was \$11,248 and the long-term receivable was \$26,967 as of September 30, 2019. The balance mainly consisted of management fees, drydocking, and extraordinary fees and costs related to regulatory requirements, including ballast water treatment system installation, prepaid to N Shipmanagement Acquisition Corp. in accordance with the Management service agreement, as well as the Navios Holdings Guarantee. Net of the \$3,638 change in estimate of the guarantee claim receivable recorded during the three month period ended September 30, 2019, the outstanding balance of the claim from the Navios Holdings Guarantee amounted to \$10,706 as of September 30, 2019.

**Balance due from Navios Europe I:** Navios Holdings, Navios Acquisition and Navios Partners have made available to Navios Europe I revolving loans up to \$24,100 to fund working capital requirements (collectively, the "Navios Revolving Loans I"). In December 2018, the amount of funds available under the Navios Revolving Loans I was increased by \$30,000 (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.

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As of September 30, 2019, Navios Partners' portion of the outstanding amount relating to the 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 \$15,205 (December 31, 2018: \$11,205), under the caption "Loans receivable from affiliates". The accrued interest income earned under the Navios Revolving Loans I was \$2,248 (December 31, 2018: \$731) under the caption "Balance due from related parties" and the accrued interest income earned under the Navios Term Loans I was \$541 (December 31, 2018: \$447) under the caption "Loans receivable from affiliates". As of September 30, 2019, the amount undrawn under the Navios Revolving Loans I was \$2,000, of which Navios Partners may be required to fund an amount up to \$2,000.

On November 22, 2019, an agreement was reached to liquidate Navios Europe I (see also Note 18 — Subsequent Events).

**Balance due from Navios Europe II:** Navios Holdings, Navios Acquisition and Navios Partners have made available to Navios Europe II revolving loans of 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 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 September 30, 2019, Navios Partners' portion of the outstanding amount relating to the 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 \$15,397 (December 31, 2018: \$15,397), under the caption "Loans receivable from affiliates". The accrued interest income earned under the Navios Revolving Loans II was \$7,293 (December 31, 2018: \$4,459) under the caption "Balance due from related parties" and the accrued interest income earned under the Navios Term Loans II was \$796 (December 31, 2018: \$608) under the caption "Loans receivable from affiliates". As of September 30, 2019, the amount undrawn under the Navios Revolving Loans II was \$4,503, of which Navios Partners may be required to fund an amount up to \$4,503.

**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 871,795 newly issued common units of Navios Partners, on a split adjusted basis. At the date of this transaction, the Company recognized a receivable at the fair value of its newly issued common units totaling \$29,423 based on the closing price of \$33.75 per unit as of March 16, 2017 given as consideration. The receivable relating to the consideration settled with the issuance of 871,795 Navios Partners' common units in the amount of \$29,423 has been classified contra equity within the condensed 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 September 30, 2019, the long-term note receivable from Navios Holdings amounted to \$4,739 (including the non-cash interest income of \$214), 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 containerships 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

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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 (“N-OTC”) 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 containerhips 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 and supplemented in March 2014, December 2017 and July 2019), 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. The claim is repayable in three installments, the first of \$4,362 by the fourth quarter 2019, the second of \$5,000 by the third quarter 2020 and the third of \$5,000 by the first quarter 2021. Net of the \$3,638 change in estimate of the guarantee claim receivable recorded in the second quarter 2019, the claim amounted to \$10,706 for the nine month period ended September 30, 2019, presented under the captions “Amounts due from related parties-short term” and “Amounts due from related parties-long term” in the condensed consolidated Balance Sheets.

As of September 30, 2019, Navios Holdings held an 18.5% common unit interest in Navios Partners, represented by 2,070,216 common units and Olympos Maritime Ltd., an entity affiliated with Navios Holdings’ Chairman and Chief Executive Officer, Angeliki Frangou held a general partner interest of 2.1%.

On November 25, 2019, Navios Partners entered into a share purchase agreement for the acquisition of three Panamax and one Ultra-Handymax drybulk vessels from an entity affiliated with its Chairman and CEO for \$37,000 (plus working capital adjustment) in a transaction approved by the Conflicts Committee of the Board of Directors of Navios Partners.

#### **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 Containerships 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 \$6,074. 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. The Company recognized non-cash interest income and discount unwinding totaling to \$357 and \$313, respectively, for these instruments under the caption “Interest income” in the condensed Consolidated Statements of Operations for each of the nine month periods ended September 30, 2019 and 2018, respectively. As of September 30, 2019 and December 31, 2018, the outstanding balance of the notes receivable, including accrued interest and discount unwinding, amounted to \$7,441 and \$6,942, respectively, presented under the caption “Receivable, net of current portion” in the Condensed Consolidated Balance Sheets.

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For the nine month periods ended September 30, 2019 and 2018, the Company recorded an amount of \$9,113 and \$9,051, respectively, of deferred revenue amortization in the condensed Consolidated Statements of Operations under the caption “Time charter and voyage revenues”.

As of September 30, 2019, the outstanding balances of the current and non-current portion of deferred revenue in relation to HMM amounted to \$3,901 and \$3,596, respectively. As of December 31, 2018, the outstanding balances of the current and non-current portion of deferred revenue in relation to HMM amounted to \$12,101 and \$4,366, 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.

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 September 30, 2019, the outstanding balances of the current and non-current note receivable amounted to \$4,687 and \$1,172, respectively. For each of the nine month periods ended September 30, 2019 and 2018, the Company recorded interest income of \$345 and \$558, respectively, including accrued interest income of \$48 and \$86, respectively, under the caption “Interest income” in the condensed 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 economic interests of 47.5%, 47.5% and 5.0%, respectively and effective from November 2014, voting interests of 50%, 50% and 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 in each case, in proportion to their economic interests in Navios Europe I (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 have made available to Navios Europe I revolving loans of up to \$24,100 to fund working capital requirements (collectively, the “Navios Revolving Loans I”). In December 2018, the availability under the Revolving Loans I was increased by \$30,000.

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 September 30, 2019 and December 31, 2018, the estimated maximum potential loss by Navios Partners in Navios Europe I would have been \$15,705 and \$11,705, respectively, excluding accrued interest, which represents the Company’s carrying value of the investment of \$500 as of September 30, 2019 (December 31, 2018: \$500) plus the Company’s balance of the Navios Revolving Loans I of \$15,205 as of September 30, 2019 (December 31, 2018: \$11,205), excluding accrued interest, and does not include the undrawn portion of the Navios Revolving Loans I.

As of September 30, 2019, the Navios Partners’ portion of the Navios Revolving Loan I outstanding was \$15,205. No investment income was recognized for the nine month periods ended September 30, 2019 and 2018.

On November 22, 2019, an agreement was reached to liquidate Navios Europe I (see also Note 18 — Subsequent Events).

**Navios Europe II:** On February 18, 2015, Navios Holdings, Navios Acquisition and Navios Partners established Navios Europe II and have economic interests of 47.5%, 47.5% and 5.0%, respectively and voting interests of 50%, 50% and 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 in each case, in proportion to their economic interests in Navios Europe II (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 amount of funds available under the Navios Revolving Loans II was increased by \$14,000.



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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.

As of September 30, 2019 and December 31, 2018, the estimated maximum potential loss by Navios Partners in Navios Europe II would have been \$16,097, respectively, excluding accrued interest, which represents the Company’s carrying value of the investment of \$700 as of September 30, 2019 (December 31, 2018: \$700) plus the Company’s balance of the Navios Revolving Loans II of \$15,397 as of September 30, 2019 (December 31, 2018: \$15,397), excluding accrued interest, and does not include the undrawn portion of the Navios Revolving Loans II.

As of September 30, 2019, the Navios Partners’ portion of the Navios Revolving Loan II outstanding was \$15,397. No investment income was recognized for the nine month periods ended September 30, 2019 and 2018.

**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 also received warrants, with a five-year term, for 6.8% of the equity. 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 and Navios Holdings invested \$500 and received 90,909 shares. Navios Partners and Navios Holdings also received 9,273 warrants, with a five-year term, respectively.

On December 3, 2018, Navios Partners distributed 855,001 units of Navios Containers to the unitholders of Navios Partners, approximately 2.5% of the Navios Containers’ outstanding equity. In connection with this transaction, Navios Partners recognized an other-than-temporary impairment of \$560 on the units distributed, which was presented under the caption “Equity in net earnings of affiliated companies” in the Consolidated Statements of Operations for the year ended December 31, 2018. The amount of the distribution was \$4,243 based on the last trading price of Navios Containers’ shares in the N-OTC market as of November 23, 2018. Following the distribution, Navios Partners owns approximately 33.5% of the equity in Navios Containers.

As of September 30, 2019, Navios Partners held 11,592,276 common units and Navios Holdings held 1,263,276 common units of Navios Containers. Investment income of \$1,549 and \$4,602 was recognized in the condensed Consolidated Statements of Operations under the caption of “Equity in net earnings of affiliated companies” for each of the nine month periods ended September 30, 2019 and 2018, respectively. Investment income of \$1,364 and \$1,948 was recognized in the condensed Consolidated Statements of Operations under the caption of “Equity in net earnings of affiliated companies” for each of the three month periods ended September 30, 2019 and 2018, respectively.

The fair value of Navios Partners’ equity investment in Navios Containers is based on unadjusted quoted prices in active markets for Navios Containers’ common units. The fair value of Navios Partners’ equity investment in Navios Containers as at September 30, 2019 and December 31, 2018 was \$23,069 and \$32,806, respectively, compared with its carrying value of \$66,645 and \$65,095, respectively. Based on Navios Partners’ evaluation of the duration and magnitude of the fair value decline, Navios Containers’ financial condition and near-term prospects, and Navios Partners’ intent and ability to hold its investment in Navios Containers until recovery, Navios Partners concluded that the decline in fair value of its investment in Navios Containers below its carrying value is temporary and, therefore, no impairment was recorded.

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Following the results of the significant tests performed by the Company, it was concluded that one affiliate met the significant threshold requiring summarized financial information to be presented.

	Navios Containers	
	September 30, 2019 (unaudited)	December 31, 2018 (unaudited)
<b>Balance Sheet</b>		
Cash and cash equivalents, including restricted cash	\$ 17,149	\$ 18,892
Current assets	10,881	6,245
Non-current assets	431,733	388,390
Current liabilities	25,438	19,758
Long-term debt including current portion, net	175,315	133,196
Non-current liabilities	71,965	78,100

	Navios Containers	
	Three Month Period Ended September 30, 2019 (unaudited)	Three Month Period Ended September 30, 2018 (unaudited)
<b>Income Statement</b>		
Revenue	\$ 37,031	\$ 38,080
Net income	\$ 4,071	\$ 5,414

	Navios Containers	
	Nine Month Period Ended September 30, 2019 (unaudited)	Nine Month Period Ended September 30, 2018 (unaudited)
<b>Income Statement</b>		
Revenue	\$ 102,541	\$ 99,505
Net income	\$ 4,572	\$ 12,942

**NOTE 15 – CASH DISTRIBUTIONS AND EARNINGS PER UNIT**

Navios Partners intends to make distributions to the holders of common and general partner 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 and general partner 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:

	Total Quarterly Distribution Target Amount	Marginal Percentage Interest in Distributions	
		Common Unitholders	General Partner
Minimum Quarterly Distribution	up to \$5.25	98%	2%
First Target Distribution	up to \$6.0375	98%	2%
Second Target Distribution	above \$6.0375 up to \$6.5625	85%	15%
Third Target Distribution	above \$ 6.5625 up to \$7.875	75%	25%
Thereafter	above \$7.875	50%	50%

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The first 98% of the quarterly distribution is paid to all common unitholders. The incentive distributions rights (held by the General Partner) apply only after a minimum quarterly distribution of \$6.0375. In April 2018, the Board of Directors of Navios Partners authorized its quarterly cash distribution for the three month period ended March 31, 2018 of \$0.30 per unit. The distribution was paid on May 14, 2018 to all unitholders of common and general partner units of record as of May 10, 2018. The aggregate amount of the declared distribution was \$3,420.

In July 2018, the Board of Directors of Navios Partners authorized its quarterly cash distribution for the three month period ended June 30, 2018 of \$0.30 per unit. The distribution was paid on August 10, 2018 to all unitholders of common and general partner units of record as of August 7, 2018. The aggregate amount of the declared distribution was \$3,420.

In October 2018, the Board of Directors of Navios Partners authorized its quarterly cash distribution for the three month period ended September 30, 2018 of \$0.30 per unit. The distribution was paid on November 14, 2018 to all unitholders of common and general partners units of record as of November 7, 2018. The aggregate amount of the declared distribution was \$3,420.

In January 2019, the Board of Directors of Navios Partners authorized its quarterly cash distribution for the three month period ended December 31, 2018 of \$0.30 per unit. The distribution was paid on February 14, 2019 to all unitholders of common and general partner units of record as of February 11, 2019, which included the unitholders of restricted common units issued on February 1, 2019. The aggregate amount of the declared distribution was \$3,458.

In April 2019, the Board of Directors of Navios Partners authorized its quarterly cash distribution for the three month period ended March 31, 2019 of \$0.30 per unit. The distribution was paid on May 14, 2019 to all unitholders of common and general partner units of record as of May 10, 2019. The aggregate amount of the declared distribution was \$3,364.

In July 2019, the Board of Directors of Navios Partners authorized its quarterly cash distribution for the three month period ended June 30, 2019 of \$0.30 per unit. The distribution was paid on August 9, 2019 to all unitholders of common and general partner units of record as of August 6, 2019. The aggregate amount of the declared distribution was \$3,364.

In October 2019, the Board of Directors of Navios Partners authorized its quarterly cash distribution for the three month period ended September 30, 2019 of \$0.30 per unit. The distribution was payable on November 14, 2019 to all unitholders of common and general partner units of record as of November 7, 2019. The aggregate amount of the declared distribution was \$3,364.

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 each of the nine month periods ended September 30, 2019 and 2018.

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

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	<u>Three Month Period Ended</u>		<u>Nine Month Period Ended</u>	
	<u>September 30, 2019</u>	<u>September 30, 2018</u>	<u>September 30, 2019</u>	<u>September 30, 2018</u>
Net income/ (loss)	\$ 16,859	\$ 10,457	\$ 813	\$ (13,598)
Income attributable to:				
Common unit holders	16,520	(10,248)	791	(13,326)
Weighted average units outstanding (basic and diluted)				
Common unit holders	10,751,969	10,992,474	10,849,224	10,762,126
Earnings/ (loss) per unit (basic and diluted):				
Common unit holders	\$ 1.54	\$ 0.93	\$ 0.07	\$ (1.18)
Earnings/ (loss) per unit — distributed (basic and diluted):				
Common unit holders	\$ 0.31	\$ 0.30	\$ 0.91	\$ 0.93
Earnings/ (loss) per unit — undistributed (basic and diluted):				
Common unit holders	\$ 1.23	\$ 0.63	\$ (0.84)	\$ (2.11)

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Potential common units of 235,671 and 192,162 relating to unvested restricted common units for each of the three and nine month periods ended September 30, 2019 and 2018, 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, EXPENSE, NET**

On November 15, 2012 (as amended and supplemented in March 2014, December 2017 and July 2019), 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. The claim is repayable in three installments, the first of \$4,362 by the fourth quarter 2019, the second of \$5,000 by the third quarter 2020 and the third of \$5,000 by the first quarter 2021. Net of the \$3,638 change in estimate of the guarantee claim receivable recorded in the second quarter ended June 30, 2019, the claim amounted to \$10,706 as at September 30, 2019, presented under the captions “Amounts due from related parties-short term” and “Amounts due from related parties-long term” in the condensed Consolidated Balance Sheets.

As of September 30, 2018, the amount of \$777 related to the discount of the Navios Holdings Guarantee is included under the caption “Other expense” of the interim condensed Statements of Operations.

As of September 30, 2019, the amount of \$3,638 related to the change in estimate of the guarantee claim receivable is included under the caption “Other expense” of the interim condensed Statements of Operations.

**NOTE 17 – LEASES**

Effective January 1, 2018 the Company elected to early adopt the requirements of Accounting Standard Update (“ASU”) 2016-02, “Leases (Topic 842)”. Under the new lease standard, lessees are required to recognize a right-of-use asset and a lease liability for substantially all leases. The new lease standard continues to classify leases as either financing or operating, with classification affecting the pattern of expense recognition. The accounting applied by a lessor under the new guidance is substantially equivalent to the previous lease accounting guidance.

The following are the type of contracts that fall under ASC 842:

**Time charter out contracts and pooling arrangements**

The Company’s contract revenues from time chartering and pooling arrangements are governed by ASC 842. Upon adoption of ASC 842, the timing and recognition of earnings from the time charter contracts and pool arrangements to which the Company is party did not change from previous practice. For further analysis, refer to Note 2 – Summary of significant Accounting Policies.

**Bareboat charter in contract**

On July 24, 2019, Navios Partners took delivery of the Navios Libra, a 2019-built Kamsarmax vessel of 82,011 dwt, for a 10-year bareboat charter-in agreement. The bareboat charter-in provides for purchase options with de-escalating purchase prices starting on the end of the fourth year and an average daily rate of \$6. The Company has performed an assessment considering the lease classification criteria under ASC 842 and concluded that the arrangement is an Operating Lease. Consequently, the Company has recognized an Operating Lease Liability based on the net present value of the remaining charter-in payments and a right-of-use asset at an amount equal to the operating liability adjusted for the carrying amount of the straight-line liability.

Based on management estimates and market conditions, the lease term of this lease is being assessed at each balance sheet date. At lease commencement, the Company determines a discount rate to calculate the present value of the lease payments so that it can determine lease classification and measure the lease liability. In determining the discount rate to be used at lease commencement, the Company used its incremental borrowing rate as there was no implicit rate included in charter-in contracts that can be readily determinable. The incremental borrowing rate is the rate that reflects the interest a lessee would have to pay to borrow funds on a collateralized basis over a similar term and in a similar economic environment. The Company then applied the respective incremental borrowing rate based on the remaining lease term of the specific lease. As of July 24, 2019, Navios Partners’ incremental borrowing rate was approximately 7%.

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As of September 30, 2019 and December 31, 2018 the unamortized balance of the lease liability amounted \$14,444 and \$0, respectively, and is presented under the captions “Operating Lease Liabilities, current and non-current portion” in the condensed consolidated balance sheet. Right of use asset amounted \$14,461 and \$0 as at September 30, 2019 and December 31, 2018, respectively, and is presented under the caption “Operating lease assets” in the condensed consolidated balance sheet.

The Company recognizes the lease payments for its operating leases as charter hire expense on the condensed consolidated statements of operations on a straight-line basis over the lease term.

Lease expense for each of the three and nine month periods ended September 30, 2019 amounted to \$410, in comparison to \$0 for the corresponding periods ended September 30, 2018 and is included in the condensed consolidated statement of operations within the caption “Time charter and voyage expenses”.

The table below provides the total amount of lease payments on an undiscounted basis on our chartered-in contracts as of September 30, 2019:

	<b>Charter-in vessels in operation</b>
September 30, 2020	\$ 2,178
September 30, 2021	2,172
September 30, 2022	2,155
September 30, 2023	2,081
September 30, 2024	2,086
September 30, 2025 and thereafter	9,748
<b>Total</b>	<b>\$ 20,420</b>
<b>Operating lease liabilities, including current portion</b>	<b>\$ 14,444</b>
<b>Discount based on incremental borrowing rate</b>	<b>\$ 5,976</b>

**Sale and Lease Back Agreements**

During 2019 and 2018 the Company has entered into new sale and leaseback agreement with unrelated third parties for five vessels of the Company’s fleet. Navios Partners has purchase obligations to acquire the vessels at the end of the lease terms, consequently under ASC 842-40, the transfers of the vessels were determined to be failed sales and were treated as financing transactions. The vessels were not derecognized and continue to be depreciated over their respective useful lives, and tested for impairment as per Company’s policy. For further details, please refer to Note 6 Borrowings.

**NOTE 18 – SUBSEQUENT EVENTS**

On November 25, 2019, Navios Partners entered into a share purchase agreement for the acquisition of three Panamax and one Ultra-Handymax drybulk vessels from an entity affiliated with its Chairman and CEO for \$37,000 (plus working capital adjustment) in a transaction approved by the Conflicts Committee of the Board of Directors of Navios Partners.

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The vessels are expected to be delivered in Navios Partners' owned fleet by December 2019. The vessels are financed with a \$37,000 loan from a financial institution with an amortization profile of ten years, annual interest of LIBOR plus 475 bps, and maturity in 2022. The loan facility has no capital repayment until September 2020 and may be prepaid at any time without penalty.

As of September 30, 2019, Navios Partners had a receivable of \$48,243 from Navios Europe I. On November 22, 2019, an agreement was reached to liquidate Navios Europe I before its original expired date with Navios Partners waiving its right to an amortizing penalty of approximately \$3,182 as of December 2019. The agreement is subject to definite documentation which is expected to be completed by the end of 2019. It is expected that Navios Partners will acquire the five containerships owned by Navios Europe I.

On October 23, 2019, the Board of Directors of Navios Partners authorized its quarterly cash distribution for the three month period ended September 30, 2019 of \$0.30 per unit. The distribution was payable on November 14, 2019 to all unitholders of common and general partner units of record as of November 7, 2019. The aggregate amount of the declared distribution was \$3,364.

On October 18, 2019, Navios Partners agreed to bareboat charter-in two newbuilding Kamsarmax vessels, one subject to completion of documentation. Each vessel has approximately 81,000 dwt and is being bareboat chartered-in for ten years. Navios Partners has the option to acquire the vessels after the end of the fourth year for the remaining period of the bareboat charter. Assuming exercise of the option at the end of the ten-year period, the implied fixed interest rate is 4.5%. The vessels are expected to be delivered in each of the second and the third quarter of 2021.

On October 10, 2019, Navios Partners fully repaid the Term Loan B Credit facility's outstanding balance of \$253,827, due in September 2020. On the same date, Navios Partners drew: (i) \$140,000 under the HCOB Credit facility; (ii) \$34,350 under the DNB Credit facility; (iii) the remaining tranches totaling \$29,640 under the DVB \$66m Credit facility; (iv) the remaining tranche of \$16,284 under the CACIB Credit facility; and (v) the remaining tranches totaling \$13,475 under the NIBC Credit facility.

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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: November 25, 2019



Dated 26 September 2019

**ALEGRIA SHIPPING CORPORATION  
ANDROMEDA SHIPTRADE LIMITED  
AURORA SHIPPING ENTERPRISES LTD.  
BERYL SHIPPING CORPORATION  
CHERYL SHIPPING CORPORATION  
CHRISTAL SHIPPING CORPORATION  
HYPERION ENTERPRISES INC.  
KYMATA SHIPPING CO.  
ORBITER SHIPPING CORP.  
PEARL SHIPPING CORPORATION  
RUBINA SHIPPING CORPORATION  
SEYMOUR TRADING LIMITED and  
TOPAZ SHIPPING CORPORATION**  
as joint and several Borrowers

and

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

and

**HAMBURG COMMERCIAL BANK AG**  
as Agent, Mandated Lead Arranger  
and Security Trustee

**LOAN AGREEMENT**

relating to a senior secured post-delivery term  
loan facility of up to US\$140,000,000  
to provide finance secured on eight bulk carriers and five container vessels

**WATSON FARLEY  
&  
WILLIAMS**

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## PARTIES

- (1) **ALEGRIA SHIPPING CORPORATION, ANDROMEDA SHIPTRADE LIMITED, AURORA SHIPPING ENTERPRISES LTD., BERYL SHIPPING CORPORATION, CHERYL SHIPPING CORPORATION, CRISTAL SHIPPING CORPORATION, HYPERION ENTERPRISES INC., KYMATA SHIPPING CO., ORBITER SHIPPING CORP., PEARL SHIPPING CORPORATION, RUBINA SHIPPING CORPORATION, SEYMOUR TRADING LIMITED and TOPAZ SHIPPING CORPORATION**, each a corporation incorporated in the Republic of the Marshall Islands whose registered address is at Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, the Marshall Islands MH96960, as joint and several **Borrowers**;
- (2) **THE BANKS AND FINANCIAL INSTITUTIONS** listed in Schedule 1, as **Lenders**;
- (3) **HAMBURG COMMERCIAL BANK AG** acting through its office at Gerhart-Hauptmann-Platz 50, 20095 Hamburg, Germany, as **Agent**;
- (4) **HAMBURG COMMERCIAL BANK AG** acting through its office at Gerhart-Hauptmann-Platz 50, 20095 Hamburg, Germany, as **Mandated Lead Arranger**; and
- (5) **HAMBURG COMMERCIAL BANK AG** acting through its office at Gerhart-Hauptmann-Platz 50, 20095 Hamburg, Germany, as **Security Trustee**.

## BACKGROUND

The Lenders have agreed to make available to the Borrowers a senior secured post-delivery term loan facility of up to US\$140,000,000 in one advance in an amount of up to the lesser of (i) US\$140,000,000 and (ii) 75 per cent. of the aggregate Initial Market Value of the Ships, for the purpose of partly financing the Initial Market Value of each Ship.

## OPERATIVE PROVISIONS

**IT IS AGREED** as follows:

### 1 INTERPRETATION

#### 1.1 Definitions

Subject to Clause 1.5, in this Agreement:

“**Account**” means each of the Earnings Accounts and the Retention Account and, in the plural, means all of them;

“**Account Bank**” means Hamburg Commercial Bank AG, acting in such capacity through its office at Gerhart-Hauptmann-Platz 50, 20095 Hamburg, Germany, or any successor;

“**Account Pledge**” means, in relation to each Account, a pledge agreement creating security in respect of that Account in the Agreed Form and, in the plural, means all of them;

“**Advance**” means the principal amount of the borrowing by the Borrowers under this Agreement in respect of the Ships or, as the context may require, the principal amount outstanding of the Advance under this Agreement;

“**Affected Lender**” has the meaning given in Clause 5.7;

“**Agency and Trust Agreement**” means the agency and trust agreement executed or to be executed between the Borrowers and the Creditor Parties in the Agreed Form;

“**Agent**” means Hamburg Commercial Bank AG, acting in such capacity through its office at Gerhart-Hauptmann-Platz 50, D-20095 Hamburg, Germany, or any successor of it appointed under clause 5 of the Agency and Trust Agreement;

“**Agreed Form**” means in relation to any document, that document in the form approved in writing by the Agent (acting on the instructions of the Majority Lenders) or as otherwise approved in accordance with any other approval procedure specified in any relevant provisions of any Finance Document;

“**Applicable Lender**” has the meaning given in Clause 5.2;

“**Approved Broker**” means each of Arrow Valuations Ltd, Barry Rogliano Salles, H. Clarkson & Co. Ltd., Maersk Brokers K/S, Howe Robinson & Co Ltd London and (which are however excluded for Ship D, Ship E, Ship F, Ship K and Ship M) Fearnleys and Simpson Spence Young and, in the plural, means all of them;

“**Approved Flag**” means, in relation to a Ship, the Panamanian, Cypriot, Liberian, Maltese, Marshall Islands flag or such other flag as the Agent may approve (with the authorisation of the Majority Lenders) 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 Panama, the Republic of Cyprus, the Republic of Liberia, Malta, the Republic of the Marshall Islands or any other country in which the Agent may approve (with the authorisation of the Majority Lenders) that that Ship is or, as the case may be, shall be registered;

“**Approved Manager**” means, in respect of a Ship, Navios Shipmanagement Inc., a corporation incorporated in the Republic of the Marshall Islands whose registered address is at Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, the Marshall Islands MH96960 and/or Kleimar NV of 5 Suikerrui, 2000 Antwerp, Belgium, or any other company which is a subsidiary or affiliate of Navios Holdings Inc. or of Angeliki Frangou or any other company which the Agent (acting on the instructions of the Majority Lenders) may approve from time to time as the commercial and/or technical manager of that Ship;

“**Approved Manager’s Undertaking**” means, in relation to a Ship, a letter of undertaking including (*inter alia*) an assignment of the Approved Manager’s rights, title and interest in the Insurances of that Ship executed or to be executed by the Approved Manager in favour of the Security Trustee in the Agreed Form agreeing certain matters in relation to the Approved Manager serving as manager and subordinating its rights against that Ship and the Borrower which is the owner thereof to the rights of the Creditor Parties under the Finance Documents and, in the plural, means all of them;

“**Assignable Charter**” means any Initial Charter and any time charterparty, consecutive voyage charter or contract of affreightment in respect of a Ship having a duration (or capable of exceeding a duration) equal or more than 12 months and any guarantee of the obligations of the charterer under such charter or any bareboat charter in respect of that Ship and any guarantee of the obligations of the charterer under such bareboat charter, entered or to be entered into by the Borrower which is the owner thereof and a charterer or, as the context may require, bareboat charterer and, in the plural, means all of them;

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

- (a) 15 October 2019 (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;

**“Balloon Instalment”** has the meaning given in Clause 8.1;

**“Basel III”** means, together:

- (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, Borrower B, Borrower C, Borrower D, Borrower E, Borrower F, Borrower G, Borrower H, Borrower I, Borrower J, Borrower K, Borrower L, and Borrower M and, in the plural, means all of them;

**“Borrower A”** means Alegria Shipping Corporation, a corporation incorporated and existing under the laws of the Republic of the Marshall Islands whose registered address is at Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, the Marshall Islands MH96960;

**“Borrower B”** means Andromeda Shiptrade Limited, a corporation incorporated and existing under the laws of the Republic of the Marshall Islands whose registered address is at Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, the Marshall Islands MH96960;

**“Borrower C”** means Aurora Shipping Enterprises Ltd., a corporation incorporated and existing under the laws of the Republic of the Marshall Islands whose registered address is at Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, the Marshall Islands MH96960;

**“Borrower D”** means Beryl Shipping Corporation, a corporation incorporated and existing under the laws of the Republic of the Marshall Islands whose registered address is at Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, the Marshall Islands MH96960;

**“Borrower E”** means Cheryl Shipping Corporation, a corporation incorporated and existing under the laws of the Republic of the Marshall Islands whose registered address is at Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, the Marshall Islands MH96960;

**“Borrower F”** means Christal Shipping Corporation, a corporation incorporated and existing under the laws of the Republic of the Marshall Islands whose registered address is at Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, the Marshall Islands MH96960;

**“Borrower G”** means Hyperion Enterprises Inc., a corporation incorporated and existing under the laws of the Republic of the Marshall Islands whose registered address is at Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, the Marshall Islands MH96960;

**“Borrower H”** means Kymata Shipping Co., a corporation incorporated and existing under the laws of the Republic of the Marshall Islands whose registered address is at Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, the Marshall Islands MH96960;

**“Borrower I”** means Orbiter Shipping Corp., a corporation incorporated and existing under the laws of the Republic of the Marshall Islands whose registered address is at Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, the Marshall Islands MH96960;

**“Borrower J”** means Pearl Shipping Corporation, a corporation incorporated and existing under the laws of the Republic of the Marshall Islands whose registered address is at Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, the Marshall Islands MH96960;

**“Borrower K”** means Rubina Shipping Corporation, a corporation incorporated and existing under the laws of the Republic of the Marshall Islands whose registered address is at Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, the Marshall Islands MH96960;

**“Borrower L”** means Seymour Trading Limited, a corporation incorporated and existing under the laws of the Republic of the Marshall Islands whose registered address is at Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, the Marshall Islands MH96960;

**“Borrower M”** means Topaz Shipping Corporation, a corporation incorporated and existing under the laws of the Republic of the Marshall Islands whose registered address is at Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, the Marshall Islands MH96960;

**“Break Costs”** has the meaning given in Clause 21.2;

**“Business Day”** means a day (other than a Saturday or Sunday) on which banks are open for general business:

- (a) in Hamburg, Piraeus, Athens and London regarding the fixing of any interest rate which is required to be determined under this Agreement or any Finance Document;
- (b) in Hamburg, New York and Piraeus in respect of any payment which is required to be made under a Finance Document; and
- (c) in Hamburg, Athens and Piraeus regarding any other action to be taken under this Agreement or any other Finance Document;

**“Cancellation Notice”** has the meaning given in Clause 8.6;

**“Change of Control”** means, in relation to:

- (a) a Borrower, a change in:
- (i) the beneficial ownership of any of the shares in that Borrower; or
  - (ii) the legal ownership of any of those shares; or
- (b) the Corporate Guarantor, a change which results in 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 the ultimate beneficial owner of, or having ultimate control of the voting rights attaching to, less than 15 per cent. of all the issued shares or units as the case may be in the Corporate Guarantor;

“**Charterparty Assignment**” means, in relation to an Assignable Charter, an assignment of the rights of the Borrower who is a party to that Assignable Charter under that Assignable Charter and any guarantee of such Assignable Charter executed or to be executed by that Borrower in favour of the Security Trustee in the Agreed Form and, in the plural, means all of them;

“**Code**” means the US 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);

“**Compliance Certificate**” means a certificate in the form set out in Schedule 1 of the Corporate Guarantee (or in any other form which the Agent approves or requires) to be provided at the times and in the manner set out in Clause 11.19;

“**Contractual Currency**” has the meaning given in Clause 21.6;

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

“**Corporate Guarantee**” means a guarantee of the obligations of the Borrowers under this Agreement and the other Finance Documents to which each Borrower is a party, in the Agreed Form;

“**Corporate Guarantor**” means Navios Maritime Partners L.P. a limited partnership formed and existing under the laws of the Marshall Islands whose registered address is at Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, Marshall Islands, MH96960 and is listed on the New York Stock Exchange;

“**Correction Rate**” means, at any relevant time in relation to an Applicable Lender, the amount (expressed as a rate per annum) by which that Lender’s Cost of Funding exceeds LIBOR;

“**Cost of Funding**” means, in relation to a Lender, the rate per annum determined by that Lender to be the rate at which deposits in Dollars are offered to that Lender by leading banks in the Relevant Interbank Market at that Lender’s request at or about the Specified Time on the Quotation Date for an Interest Period and for a period equal to that Interest Period and for delivery on the first Business Day of it, or, if that Lender uses other ways to fund deposits in Dollars, such rate as determined by that Lender to be the Lender’s cost of funding deposits in Dollars for that Interest Period, such determination being conclusive and binding in the absence of manifest error;

“**Creditor Party**” means the Agent, the Security Trustee, the Mandated Lead Arranger or any Lender, whether as at the date of this Agreement or at any later time and, in the plural, means all of them;

“**Disruption Event**” means either or both of:

- (a) a material disruption to those payment or communications systems or to those financial markets which are, in each case, required to operate in order for payments to be made in connection with the Loan (or otherwise in order for the transactions contemplated by the Finance Documents to be carried out) which disruption is not caused by, and is beyond the control of, any of the Parties; or
- (b) the occurrence of any other event which results in a disruption (of a technical or systems-related nature) to the treasury or payments operations of a Party preventing that, or any other, Party:
  - (i) from performing its payment obligations under the Finance Documents; or
  - (ii) from communicating with other Parties in accordance with the terms of the Finance Documents,

and which (in either such case) is not caused by, and is beyond the control of, the Party whose operations are disrupted;

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

“**Drawdown Date**” means the date requested by the Borrowers for the Advance to be borrowed, or (as the context requires) the date on which the Advance is actually borrowed;

“**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) except to the extent that they fall within paragraph (b);
  - (i) all freight, hire and passage moneys;
  - (ii) compensation payable to that Borrower or the Security Trustee in the event of requisition of a Ship for hire;
  - (iii) remuneration for salvage and towage services;
  - (iv) demurrage and detention moneys;
  - (v) damages for breach (or payments for variation or termination) of any charterparty or other contract for the employment of that Ship; and
  - (vi) all moneys which are at any time payable under any Insurances in respect of loss of hire; and



- (b) if and whenever that Ship is employed on terms whereby any moneys falling within paragraphs (a)(i) to (vi) 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 the Ship;

“**Earnings Account**” means, in relation to a Ship, an account in the name of the Borrower owning that Ship with the Account Bank designated “[*name of relevant Borrower*] - Earnings Account”, or any other account (with that or another office of the Account Bank) which replaces such account and is designated by the Agent as that Earnings Account for the purposes of this Agreement;

“**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 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, regulation, convention and agreement 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;

“**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 a Finance Document required by FATCA;

“**FATCA Exempt Party**” means a Party that is entitled to receive payments free from any FATCA Deduction;

“**Final Repayment Date**” means 30 August 2021;

“**Finance Documents**” means together:

- (a) this Agreement;
- (b) the Agency and Trust Agreement;
- (c) the Account Pledges;
- (d) the Corporate Guarantee;
- (e) the Mortgages;
- (f) the General Assignments;
- (g) the Charterparty Assignments;
- (h) the Approved Manager’s Undertakings; and
- (i) 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 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 and, in the singular, means any of them;

“**Financial Indebtedness**” means, in relation to a person (the “**debtor**”), any actual or contingent 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 made available to the debtor;
- (d) under a financial lease, a deferred purchase consideration arrangement (in each case, other than in respect of assets or services obtained on normal commercial terms in the ordinary course of business) 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, exchange 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 receivables sold or discounted (other than any receivables to the extent that they are sold on a non-recourse basis); or
- (g) 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 (f) if the references to the debtor referred to the other person;

“**Financial Year**” means, in relation to the Corporate Guarantor and the Group, each period of one year commencing on 1 January in respect of which consolidated accounts are or ought to be prepared;

“**General Assignment**” means, in relation to a Ship, a general assignment of (*inter alia*) the Earnings, the Insurances and any Requisition Compensation relative to that Ship in the Agreed Form and, in the plural, means all of them;

“**Group**” means the Corporate Guarantor and all subsidiaries directly or indirectly owned by the Corporate Guarantor, including, but not limited to, the Shareholder and the relevant Borrower and “**member of the Group**” shall be construed accordingly;

“**IACS**” means the International Association of Classification Societies;

“**Initial Charter**” has the meaning ascribed thereto in Schedule 7 (*Details of Ships and Initial Charters*);

“**Initial Market Value**” means, in relation to a Ship, the Market Value thereof calculated in accordance with the valuation(s) relative thereto referred to in paragraph 5 of Schedule 3, Part B;

“**Instalment**” has the meaning given in Clause 8.1;

“**Insurances**” means, in relation to a Ship:

- (a) all policies and contracts of insurance (including, without limitation, any loss of hire insurance) and any reinsurance, policies or contracts, including entries of that Ship in any protection and indemnity or war risks association, effected in respect of that Ship, its Earnings or otherwise in relation to it whether before, on or after the date of this Agreement; and

- (b) all rights (including, without limitation, any and all rights or claims which the Borrower owning that Ship may have under or in connection with any cut-through clause relative to any reinsurance contract relating to the aforesaid policies or contracts of insurance) 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 an Interest Period, the rate 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 the Specified Time on the Quotation Date for that Interest Period;

“**ISM Code**” means the International Safety Management Code (including the guidelines on its implementation), adopted by the International Maritime Organisation as the same may be amended or supplemented from time to time (and the terms “**safety management system**”, “**Safety Management Certificate**” and “**Document of Compliance**” have the same meanings as are given to them in the ISM Code);

“**ISPS Code**” means the International Ship and Port Facility Security Code as adopted by the International Maritime Organisation, as the same may be amended or supplemented from time to time;

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

“**Lender**” means, subject to Clause 26.6, a bank or financial institution listed in Schedule 1 and acting through its branch indicated in Schedule 1 (or through another branch notified to the Agent under Clause 26.16) or its transferee, successor or assign;

“**LIBOR**” means, for an Interest Period:

- (a) the rate per annum equal to the offered quotation for deposits in Dollars for a period equal to, or as near as possible equal to, the relevant Interest Period which appears on the Screen Rate; or
- (b) (if no Screen Rate is available for that Interest Period), the applicable Interpolated Screen Rate for that Interest Period; or
- (c) if no Screen Rate is available and it is not possible to calculate an Interpolated Screen Rate for that Interest Period, the rate per annum determined by the Agent to be the arithmetic mean (rounded upwards, if necessary, to the nearest fifth decimal point) of the rate(s) per annum notified to the Agent by each, or if there is only one Reference Bank, that Reference Bank as the rate at which deposits in Dollars are offered to that Reference Bank by leading banks in the Relevant Interbank Market at that Reference Bank’s request,

at or about the Specified Time on the Quotation Date for that Interest Period for a period equal to that Interest Period and for delivery on the first Business Day of it 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;

**“LSW 1189”** means the London Standard Wording for marine insurances which incorporates the German Direct Mortgage Clause;

**“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 the Advance is made, Lenders whose Commitments total 66 <sup>2</sup>/<sub>3</sub> per cent. of the Total Commitments; and
- (b) after the Advance is made, Lenders whose Contributions total 66 <sup>2</sup>/<sub>3</sub> per cent. of the Loan;

**“Mandated Lead Arranger”** means Hamburg Commercial Bank AG, acting in such capacity through its office at Gerhart-Hauptmann-Platz 50, D-20095 Hamburg, Germany, or any successor;

**“Mandatory Cost”** means the percentage rate per annum calculated by the Agent in accordance with Schedule 4;

**“Margin”** means 3.20 per cent. per annum;

**“Market Value”** means, in relation to a Ship, the market value thereof determined in accordance with Clause 15.3;

**“Material Adverse Change”** means any event or series of events which, in the opinion of the Majority Lenders, is likely to have a Material Adverse Effect;

**“Material Adverse Effect”** means, in the reasonable opinion of the Majority Lenders, a material adverse effect on:

- (a) the business, property, assets, liabilities, operations or condition (financial or otherwise) of a Borrower and/or any Security Party taken as a whole;
- (b) the ability of a Borrower, the Approved Manager and/or any Security Party to (i) comply with or perform any of its obligations or (ii) discharge any of its liabilities, under any Finance Document as they fall due; or
- (c) the validity, legality or enforceability of any Finance Document;

**“Maximum Advance Amount”** means an amount up to the lesser of (i) \$140,000,000 and (ii) 75 per cent. of the aggregate Initial Market Value the Ships;

“**Mortgage**” means, in relation to a Ship, the first preferred ship mortgage or, as the case may be, first priority ship mortgage and deed of covenants collateral thereto, on that Ship in the Agreed Form and, in the plural, means all of them;

“**Mortgaged Ship**” means a Ship which is subject to a Mortgage at the relevant time and, in the plural, means all of them;

“**Negotiation Period**” has the meaning given in Clause 5.10;

“**Notifying Lender**” has the meaning given in Clause 21.2, Clause 23.1 or Clause 24.1 as the context requires;

“**Participating Member State**” means any member state of the European Union that has the Euro as its lawful currency in accordance with legislation of the European Union relating to Economic and Monetary Union;

“**Party**” means a party to a Finance Document;

“**Payment Currency**” has the meaning given in Clause 21.6;

“**Permitted Security Interests**” means:

- (a) Security Interests created by the Finance Documents;
- (b) liens for unpaid master’s and crew’s wages in accordance with usual maritime practice;
- (c) liens for salvage;
- (d) liens arising by operation of law for not more than one month’s 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 30 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(d);
- (f) any Security Interest created in favour of a plaintiff or defendant in any proceedings or arbitration as security for costs and expenses while a Borrower is actively prosecuting or defending such proceedings or arbitration in good faith; and
- (g) Security Interests arising by operation of law in respect of taxes which are not overdue for payment or in respect of taxes being contested in good faith by appropriate steps and in respect of which appropriate reserves have been made.

“**Pertinent Document**” means:

- (a) any Finance Document;
- (b) any policy or contract of insurance contemplated by or referred to in Clause 13 or any other provision of this Agreement or another Finance Document;
- (c) any other document contemplated by or referred to in any Finance Document; and

- (d) any document which has been or is at any time sent by or to a Servicing Bank in contemplation of or in connection with any Finance Document or any policy, contract or document falling within paragraphs (b) or (c);

**“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 has the centre of its main interests or 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 branch or 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, whether as a main or territorial or ancillary proceedings, or which would have such jurisdiction if their assistance were requested by the courts of a country referred to in paragraphs (b) or (c);

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

**“Prepayment Date”** has the meaning given in Clause 15.2;

**“Prepayment Notice”** has the meaning given in Clause 8.5(b);

**“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 Relevant 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 Banks”** means, subject to Clause 26.19, together, the Hamburg branch of Hamburg Commercial Bank AG, the head office of any other bank which is a Lender at the relevant time (unless such Lender has advised the Agent in writing that it does not wish to be a Reference Bank) and any of their respective successors;

**“Relevant Nominating Body”** means any applicable central bank, regulator or other supervisory authority or a group of them, or any working group or committee sponsored or chaired by, or constituted at the request of, any of them or the Financial Stability Board;

**“Replacement Benchmark”** means a benchmark rate which is:

- (a) formally designated, nominated or recommended as the replacement for a Screen Rate by:
  - (i) the administrator of that Screen Rate (provided that the market or economic reality that such benchmark rate measures is the same as that measured by that Screen Rate); or
  - (ii) any Relevant Nominating Body,  
and if replacements have, at the relevant time, been formally designated, nominated or recommended under both paragraphs, the “Replacement Benchmark” will be the replacement under paragraph (ii) above;
- (b) in the opinion of the Majority Lenders and the Borrowers, generally accepted in the international or any relevant domestic syndicated loan markets as the appropriate successor to that Screen Rate; or
- (c) in the opinion of the Majority Lenders and the Borrowers, an appropriate successor to a Screen Rate.

“**Relevant Interbank Market**” means the London interbank market;

“**Relevant Person**” has the meaning given in Clause 19.9;

“**Repayment Date**” means the date falling three months after the Drawdown Date and each of the dates falling at three-monthly intervals thereafter and the Final Repayment Date;

“**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**”;

“**Retention Account**” means an account in the joint names of the Borrowers with the Account Bank designated “[*name of account holder(s)*] – Retention Account”, or any other account (with that or another office of the Account Bank) which replaces this account and is designated by the Agent as the Retention Account for the purposes of this Agreement;

“**Screen Rate**” means the London interbank offered rate administered by the ICE Benchmark Administration Limited (or any other person which takes over the administration of that rate) for Dollars for the relevant period displayed on pages LIBOR01 or LIBOR02 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;

“**Screen Rate Replacement Event**” means, in relation to a Screen Rate:

- (a) the methodology, formula or other means of determining that Screen Rate has, in the opinion of the Majority Lenders, and the Borrowers materially changed;



- (b)
  - (i)
    - (A) the administrator of that Screen Rate or its supervisor publicly announces that such administrator is insolvent; or
    - (B) information is published in any order, decree, notice, petition or filing, however described, of or filed with a court, tribunal, exchange, regulatory authority or similar administrative, regulatory or judicial body which reasonably confirms that the administrator of that Screen Rate is insolvent,

provided that, in each case, at that time, there is no successor administrator to continue to provide that Screen Rate;
  - (ii) the administrator of that Screen Rate publicly announces that it has ceased or will cease, to provide that Screen Rate permanently or indefinitely and, at that time, there is no successor administrator to continue to provide that Screen Rate;
  - (iii) the supervisor of the administrator of that Screen Rate publicly announces that such Screen Rate has been or will be permanently or indefinitely discontinued; or
  - (iv) the administrator of that Screen Rate or its supervisor announces that that Screen Rate may no longer be used; or
- (c) in the opinion of the Majority Lenders and the Borrowers, that Screen Rate is otherwise no longer appropriate for the purposes of calculating interest under this Agreement.

**“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 in connection with any Finance Document or any judgment relating to any Finance Document; 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 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;

**“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 a plaintiff under an action *in rem*;

**“Security Party”** means the Corporate Guarantor and any other person (except a Creditor Party or the Approved Manager) 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, the Approved Manager or any Security Party under the Finance Documents have been paid;
- (b) no amount is owing or has accrued (without yet having become due for payment) under any Finance Document;
- (c) neither a Borrower, the Approved Manager nor any Security Party has any future or contingent liability under Clauses 20, 21 or 22 or any other provision of this Agreement or another Finance Document; and
- (d) the Agent, the Mandated Lead Arranger, the Security Trustee and the Majority 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, the Approved Manager 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 Hamburg Commercial Bank AG, acting in such capacity through its office at Gerhart-Hauptmann-Platz 50, D-20095, Hamburg, Germany, or any successor of it appointed under clause 5 of the Agency and Trust Agreement;

“**Servicing Bank**” means the Agent or the Security Trustee;

“**Shareholder**” means Navios Maritime Operating L.L.C., a company formed and existing under the laws of the Republic of the Marshall Islands whose registered address is at Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, the Marshall Islands MH96960;

“**Ship**” means each of Ship A, Ship B, Ship C, Ship D Ship E, Ship F, Ship G, Ship H, Ship I, Ship J, Ship K, Ship L and Ship M and, in the plural, means all of them;

“**Ship A**” has the meaning ascribed thereto in Schedule 7 (*Details of Ships*);

“**Ship B**” has the meaning ascribed thereto in Schedule 7 (*Details of Ships*);

“**Ship C**” has the meaning ascribed thereto in Schedule 7 (*Details of Ships*);

“**Ship D**” has the meaning ascribed thereto in Schedule 7 (*Details of Ships*);

“**Ship E**” has the meaning ascribed thereto in Schedule 7 (*Details of Ships*);

“**Ship F**” has the meaning ascribed thereto in Schedule 7 (*Details of Ships*);

“**Ship G**” has the meaning ascribed thereto in Schedule 7 (*Details of Ships*);

“**Ship H**” has the meaning ascribed thereto in Schedule 7 (*Details of Ships*);

“**Ship I**” has the meaning ascribed thereto in Schedule 7 (*Details of Ships*);

“**Ship J**” has the meaning ascribed thereto in Schedule 7 (*Details of Ships*);

“**Ship K**” has the meaning ascribed thereto in Schedule 7 (*Details of Ships*);

“**Ship L**” has the meaning ascribed thereto in Schedule 7 (*Details of Ships*);

“**Ship M**” has the meaning ascribed thereto in Schedule 7 (*Details of Ships*);

“**Specified Time**” means 11.00 a.m. London time;

“**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 or part 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 unless it is within one month from the date of such occurrence redelivered to the full control of the Borrower owning that Ship excluding a requisition for hire a fixed period not exceeding 90 days without any right to an extension;
- (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:

- (a) in the case of any arrest, capture, seizure, confiscation or detention of a Ship (including any hijacking or theft), other than piracy, within 90 days; and
- (b) in the case of piracy, 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 of that Ship, 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) 30 days after 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 the Ship as a total loss; and
- (c) in the case of any other type of total loss, on 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 Agreement;

“**Underlying Documents**” means any Assignable Charters and, in the singular, means any of them;

“**US**” means the United States of America;

“**US GAAP**” means generally accepted accounting principles as from time to time in effect in the US; and

“**US Tax Obligor**” means:

- (a) a Borrower which is resident for tax purposes in the US; or
- (b) a Borrower or a Security Party some or all whose payments under the Finance Documents are from sources within the US for US federal income tax purposes.

## 1.2 Construction of certain terms

In this Agreement:

“**administration notice**” means a notice appointing an administrator, a notice of intended appointment and any other notice which is required by law (generally or in the case concerned) to be filed with the court or given to a person prior to, or in connection with, the appointment of an administrator;

“**approved**” means, for the purposes of Clause 13, approved in writing by the Agent at its discretion;

“**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 that Ship in consequence of its insured value being less than the value at which that 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;

“**gross negligence**” means a form of negligence which is distinct from ordinary negligence, in which the due diligence and care which are generally to be exercised have been disregarded to a particularly high degree, in which the plainest deliberations have not been made and that which should be most obvious to everybody has not been followed;

“**law**” includes any order or decree, any form of delegated legislation, 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 in respect of that Ship, 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 partnership, 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 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 in them of clause 1 of the Institute Time Clauses (Hulls) (1/10/82) 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 (whether or not having the force of law) of any governmental, intergovernmental or supranational body, agency (monetary or otherwise), department, central bank, 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 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; and

“**war risks**” includes the risk of mines and all risks excluded by clause 29 of the International Hull Clauses (1/11/02 or 1/11/03), clause 24 of the Institute Time Clauses (Hulls)(1/11/95) or clause 23 of the Institute Time Clauses (Hulls) (1/10/83).

### 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 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 and any company of which S is a subsidiary is a parent company of S.

### 1.5 **General Interpretation**

In this Agreement:

- (a) 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;

- (b) 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;
- (c) words denoting the singular number shall include the plural and vice versa; and
- (d) Clauses 1.1 to 1.5 apply unless the contrary intention appears.

**1.6 Headings**

In interpreting a Finance Document or any provision of a Finance Document, all clause, sub-clause and other headings in that and any other Finance Document shall be entirely disregarded.

**2 FACILITY**

**2.1 Amount of facility**

Subject to the other provisions of this Agreement, the Lenders shall make available to the Borrowers a senior secured term loan facility of up to \$140,000,000 in one Advance.

**2.2 Lenders' participations in the Advance**

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

**2.3 Purpose of the Advance**

The Borrowers undertake with each Creditor Party to use the Advance only for the purpose stated in the preamble to this Agreement.

**3 POSITION OF THE LENDERS**

**3.1 Interests several**

The rights of the Lenders under this Agreement are several.

**3.2 Individual right of action**

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 Agent, the Security Trustee or any other Lender as additional parties in the proceedings.

**3.3 Proceedings requiring Majority Lender consent**

Except as provided in Clause 3.2, no Lender may commence proceedings against the Borrowers, the Approved Manager or any Security Party in connection with a Finance Document without the prior consent of the Majority Lenders.

**3.4 Obligations 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, the Approved Manager, any Security Party or any other Lender being discharged (in whole or in part) from its obligations under any Finance Document;
- and in no circumstances shall a Lender have any responsibility for a failure of another Lender to perform its obligations under this Agreement.

#### **4 DRAWDOWN**

##### **4.1 Request for the Advance**

Subject to the following conditions, the Borrowers may request the Advance to be borrowed by ensuring that the Agent receives a completed Drawdown Notice not later than 11.00 a.m. (Hamburg time) three Business Days prior to the Drawdown Date.

##### **4.2 Availability**

The conditions referred to in Clause 4.1 are that:

- (a) a Drawdown Date has to be a Business Day during the Availability Period;
- (b) the Advance shall not exceed the Maximum Advance Amount;
- (c) any undrawn portion of the Total Commitments in respect of the Advance, upon the determination of the aggregate Initial Market Value of the Ships, shall be automatically cancelled as at the Drawdown Date; and
- (d) the amount of the Advance 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 the 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 in respect of the Advance.

##### **4.4 Drawdown Notice irrevocable**

The Drawdown Notice must be signed by a duly authorised signatory of the Borrowers; and once served, the Drawdown Notice cannot be revoked without the prior consent of the Agent, acting on the authority of the 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 on the Drawdown Date 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 like funds as the Agent received the payments from the Lenders.

The payment by the Agent under this Clause 4.6 shall constitute the making of the Advance and the Borrowers shall at that time become indebted, as principal and direct obligors, to each Lender in an amount equal to that Lender's participation in the Advance.

### **5 INTEREST**

#### **5.1 Payment of normal interest**

Subject to the provisions of this Agreement, interest on the Advance 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 the Advance in respect of an Interest Period shall be the aggregate of (i) the Margin, (ii) the Mandatory Cost (if any), (iii) LIBOR for that Interest Period and (iv) if a Lender (the "**Applicable Lender**") notifies the Agent at least 5 Business Days before the start of that Interest Period that its Cost of Funding exceeds LIBOR (including the amount of such excess) on the Quotation Date for that Interest Period, additionally in respect of that Applicable Lender's Contribution in the relevant Advance, the Correction Rate applicable to the Applicable Lender for that Interest Period.

#### **5.3 Payment of accrued interest**

In the case of an Interest Period of longer than three months (subject to the prior agreement of the Agent in accordance with Clause 6.2(b)), accrued interest shall be paid every three 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 Banks to quote**

A Reference Bank 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 26.19.

#### **5.6 Absence of quotations by Reference Banks**

If any Reference Bank fails to supply a quotation, the Agent shall determine the relevant LIBOR on the basis of the quotations supplied by the other Reference Bank(s) but if two or more of the Reference Banks fail (or, if at any time there is only one Reference Bank, that Reference Bank fails) to provide 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) no rate is quoted on the Screen Rate, it is not possible to calculate an Interpolated Screen Rate for that Interest Period and two or more of the Reference Banks do not (or, if at any time there is only one Reference Bank, that Reference Bank does not), before 1.00 p.m. (London time) on the Quotation Date for an Interest Period, provide a quotation to the Agent in order to fix LIBOR; or
- (b) at least three Business Days before the start of an Interest Period, the Agent is notified by a Lender (the “**Affected Lender**”) that for any reason it is unable to obtain Dollars in the Relevant Interbank Market in order to fund its Contribution (or any part of it) during 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.

#### **5.9 Suspension of drawdown**

If the Agent’s notice under Clause 5.8 is served before the Advance is made:

- (a) In a case falling within Clause 5.7(a), the Lender’s obligation to make the Advance; and
- (b) In a case falling within Clause 5.7(b), the Affected Lender’s obligation to participate in the Advance, shall be suspended while the circumstances referred to in the Agent’s notice continue.

#### **5.10 Negotiation of alternative rate of interest**

- (a) If the Agent’s notice under Clause 5.8 is served after the Advance is borrowed, the Borrowers, the Agent, the Lenders (subject to Clause 27.5) or (as the case may be) the Affected Lender shall use reasonable endeavours to agree, within 30 days after the date on which the Agent serves its notice under Clause 5.8 (the “**Negotiation Period**”), an alternative interest rate or (as the case may be) an alternative basis for the Lenders or (as the case may be) the Affected Lender to fund or continue to fund their or its Contribution during the Interest Period concerned.
- (b) During the Negotiation Period the Agent shall, with the agreement of each Lender or (as the case may be) the Affected Lender, set an interest period and interest rate representing the Cost of Funding of the Lenders or (as the case may be) the Affected Lender in Dollars, in each case as determined by the relevant Lender, or in any available currency of their or its Contribution plus the Margin and the Mandatory Cost (if any).

**5.11 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.

**5.12 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, then the procedure provided for in Clause 5.10(b) shall be repeated at the end of the interest period set by the Agent pursuant to that Clause.

**5.13 Notice of prepayment**

If the Borrowers do not agree with an interest rate set by the Agent under Clause 5.12, the Borrowers may give the Agent not less than 5 Business Days' notice of their intention to prepay the Loan at the end of the interest period set by the Agent.

**5.14 Prepayment; termination of Commitments**

A notice under Clause 5.13 shall be irrevocable; the Agent shall promptly notify the Lenders or (as the case may require) the Affected Lender of the Borrowers' notice of intended prepayment; and:

- (a) on the date on which the Agent serves that notice, the Total Commitments or (as the case may require) the Commitment of the Affected Lender shall be cancelled; and
- (b) on the last Business Day of the interest period set by the Agent, the Borrowers shall prepay (without premium or penalty) the Loan or, as the case may be, the Affected Lender's Contribution, together with accrued interest thereon at the applicable rate plus the Margin and the Mandatory Cost (if any).

**5.15 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 the Advance shall commence on the Drawdown Date 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 in respect of the Advance shall be:

- (a) 3 or 6 months; or
- (b) such other period (as proposed by the Borrowers to the Agent not later than 11:00 a.m. (Hamburg time) 5 Business Days before the commencement of the Interest Period in respect of the Advance) as the Agent may, with the authorisation of the Majority Lenders, agree with the Borrowers (failing which the Interest Period shall be three months).

**6.3 Duration of Interest Periods for 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 proposed and the Lenders have agreed an Interest Period longer than three months, any Lender notifies the Agent by 11.00 a.m. (Hamburg 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 Relevant Interbank Market when the Interest Period commences, the Interest Period shall be of three 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 the Borrowers 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**

Interest shall accrue on an overdue amount from (and including) the relevant date until the date of actual payment (as well after as before judgment) at the rate per annum determined by the Agent to be 2.50 per cent. above:

- (a) in the case of an overdue amount of principal, the higher of the rates set out at Clauses 7.3(a) and 7.3(b); or
- (b) in the case of any other overdue amount, the rate set out at Clause 7.3(b).

**7.3 Calculation of default rate of interest**

The rates referred to in Clause 7.2 are:

- (a) the rate applicable to the overdue principal amount immediately prior to the relevant date (but only for any unexpired part of any then current Interest Period applicable to it);
- (b) the aggregate of the Margin, any Correction Rate and the Mandatory Cost (if any) plus, in respect of successive periods of any duration (including at call) up to three months which the Agent may select from time to time:
  - (i) LIBOR; or

- (ii) if the Agent (after consultation with the Reference Banks) determines that Dollar deposits for any such period are not being made available to any Reference Bank by leading banks in the Relevant Interbank Market in the ordinary course of business, a rate from time to time determined by the Agent by reference to the cost of funds to the Reference Banks from such other sources as the Agent (after consultation with the Reference Banks) may from time to time determine.

#### **7.4 Notification of interest periods and default rates**

The Agent shall promptly notify the Lenders and the Borrowers of each interest rate determined by the Agent under Clause 7.3 and of each period selected by the Agent for the purposes of paragraph 7.3(b) of that Clause; but this shall not be taken to imply that the Borrowers are liable to pay such interest only with effect from the date of the Agent's notification.

#### **7.5 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.

#### **7.6 Compounding of default interest**

Any such interest which is not paid at the end of the period by reference to which it was determined shall be compounded every 6 months and shall be payable on demand.

### **8 REPAYMENT AND PREPAYMENT**

#### **8.1 Amount of Instalments**

The Borrowers shall repay the Advance by:

- (i) 8 equal consecutive instalments, each in the amount of \$5,375,000 (each an "**Instalment**" and, together, the "**Instalments**"); and
- (ii) together with the last Instalment, a balloon instalment in the amount of \$97,000,000 (the "**Balloon Instalment**"),

**Provided that**, if the amount advanced is less than \$140,000,000, the aggregate amount of the Instalments and the Balloon Instalment shall be reduced by an amount equal to the undrawn amount on a *pro rata* basis.

#### **8.2 Repayment Dates**

The first Instalment in respect of the Advance shall be repaid on the first Repayment Date falling after the Drawdown Date, each subsequent Instalment shall be repaid at three-monthly intervals thereafter and the last Instalment, shall be repaid together with the Balloon Instalment, on the Final Repayment 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 or on such other date agreed between the Borrowers and the Agent.

### **8.5 Conditions for voluntary prepayment**

The conditions referred to in Clause 8.4 are that:

- (a) a partial prepayment shall be \$500,000 or a higher integral multiple thereof (or such other amount acceptable to the Agent in its sole discretion);
- (b) the Agent has received from the Borrowers at least 3 Business Days' prior irrevocable written notice (each, a "**Prepayment Notice**") specifying the amount to be prepaid and the date on which the prepayment is to be made;
- (c) the Borrowers have provided evidence satisfactory to the Agent that any consent required by any Borrower or any Security Party in connection with the prepayment has been obtained and remains in force, and that any regulation relevant to this Agreement which affects any Borrower or any Security Party has been complied with; and
- (d) the Borrowers are in compliance with Clause 8.10 on or prior to the date of prepayment.

### **8.6 Optional facility cancellation**

The Borrowers shall be entitled, upon giving to the Agent not less than 5 Business Days' prior written notice, to cancel, in whole or in part, and, if in part, by an aggregate amount not less than \$500,000 or a higher integral multiple thereof (or such other amount acceptable to the Agent in its sole discretion), the undrawn balance of the Total Commitments (the "**Cancellation Notice**") which notice shall be irrevocable. Upon such cancellation taking effect on expiry of a Cancellation Notice the several obligations of the Lenders to make their respective Commitments available in relation to the portion of the Total Commitments to which such Cancellation Notice relates shall terminate.

### **8.7 Cancellation Notice or Prepayment Notice**

The Agent shall notify the Lenders promptly upon receiving a Cancellation Notice or Prepayment Notice, and shall provide, in the case of a Prepayment Notice, 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 if a Ship:

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

- (b) 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.

In this Clause 8.8:

“**Relevant Amount**” means:

- (i) an amount equal to the higher of: (A) the Relevant Fraction of the Loan on the date on which the relevant Ship is sold or becomes a Total Loss; and (B) an amount (if any) which, after the application of the prepayment to be made pursuant to this Clause 8.8, results in the Security Cover Ratio being 125 per cent.; or
- (ii) if the relevant Ship is the last Ship subject to a Mortgage, the whole of the Loan.

“**Relevant Fraction**” means a fraction of which the numerator is the Market Value of the Ship, being sold or which has become a Total Loss and the denominator is the aggregate Market Value of all Mortgaged Ships at the relevant time.

#### **8.9 Effect of Prepayment Notice and Cancellation Notice**

Neither a Prepayment Notice nor a Cancellation Notice may be withdrawn or amended without the consent of the Agent, given with the authorisation of the Majority Lenders, and:

- (a) in the case of a Prepayment Notice, the amount specified in that Prepayment Notice shall become due and payable by the Borrowers on the date for prepayment specified in that Prepayment Notice; and
- (b) in the case of a Cancellation Notice, the amount cancelled shall be permanently cancelled and may not be borrowed.

#### **8.10 Amounts payable on prepayment**

A prepayment shall be made together with accrued interest (and any other amount payable under Clause 21 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 21.2) but without premium or penalty.

#### **8.11 Application of partial prepayment or cancellation**

Each partial prepayment shall be applied:

- (a) if made pursuant to Clauses 5.13, 8.8, 15.2, 19.2, 23.3 or 24.6, pro rata against the Instalments and the Balloon Instalment; and
- (b) if made pursuant to Clause 8.4, against the Advance being prepaid in order of maturity of the Instalments and the Balloon Instalment.

#### **8.12 No reborrowing**

No amount prepaid or cancelled may be (re)borrowed.

## **9 CONDITIONS PRECEDENT**

### **9.1 Documents, fees and no default**

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

- (a) that, on or before the date of this Agreement, the Agent receives the documents described in Part A of Schedule 3 in form and substance satisfactory to the Agent and its lawyers; and
- (b) that, on the Drawdown Date, the Agent receives:
  - (i) the documents and conditions described in Part B of Schedule 3 in form and substance satisfactory to the Agent and its lawyers;
  - (ii) any fee payable pursuant to Clause 20.1; and
  - (iii) payment of any expenses payable pursuant to Clause 20.2 which are due and payable on the Drawdown Date;
- (c) that both at the date of the Drawdown Notice and at the Drawdown Date:
  - (i) no Event of Default or Potential Event of Default has occurred or would result from the borrowing of the relevant Advance;
  - (ii) the representations and warranties in Clause 10 and those of the Borrowers, the Approved Manager 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; and
- (d) that, if the Security Cover Ratio were applied immediately following the making of the Advance, the Borrowers would not be obliged to provide additional security or prepay part of the Loan under that Clause; and
- (e) 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 the 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 authorisation of the Majority Lenders, specify).



## **10 REPRESENTATIONS AND WARRANTIES**

### **10.1 General**

Each Borrower represents and warrants to each Creditor Party as follows.

### **10.2 Status**

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

### **10.3 Share capital and ownership**

- (a) Each of Borrower A, Borrower C, Borrower G and Borrower I is authorised to issue fifty thousand (50,000) registered shares with a par value of \$1.00 per share, all of which shares have been issued in registered form and are fully paid and are held, free of any Security Interest or other claim, by the Shareholder;
- (b) Each of Borrower B, Borrower H and Borrower L is authorised to issue five hundred (500) registered and/or bearer shares without par value, all of which have been issued in registered form and are fully paid and are held, free of any Security Interest or other claim, by the Shareholder;
- (c) Each of Borrower D, Borrower E, Borrower F, Borrower J, Borrower K and Borrower M is authorised to issue five hundred (500) registered shares with a par value of \$1.00 per share, all of which shares have been issued in registered form and are fully paid and are held, free of any Security Interest or other claim, by the Shareholder; and
- (d) All the shares of the Shareholder are held, free of any Security Interest or other claim, by the Corporate Guarantor.

### **10.4 Corporate power**

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

- (a) to execute the Underlying Documents to which it is a party and to maintain the relevant Ship in its ownership under the applicable Approved Flag;
- (b) to execute the Finance Documents to which that Borrower is a party; and
- (c) to 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 each 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 (having the requisite corporate benefit which is legally and economically sufficient); and
- (b) create legal, valid and binding Security Interests (having the priority specified in the relevant Finance Document) 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 each Borrower is a party:

- (a) that 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 each Borrower, the Approved Manager and each other Security Party of each Finance Document and each Underlying Document to which it is a party, and the borrowing by that Borrower (together with the other Borrowers) of the Loan (or any part thereof), and its compliance with each Finance Document and each Underlying Document to which it is a party:

- (a) will not involve or lead to a contravention of:
  - (i) any law or regulation; or
  - (ii) the constitutional documents of that Borrower the Approved Manager or other Security Party; or
  - (iii) any contractual or other obligation or restriction which is binding on that Borrower the Approved Manager or other Security Party or any of its assets, and
- (b) will not have a Material Adverse Effect; and
- (c) is for the corporate benefit of that Borrower or each other Security Party.

**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.

**10.11 Information**

All information which has been provided in writing by or on behalf of the Borrowers, the Approved Manager or any Security Party to any Creditor Party in connection with any Finance Document satisfied the requirements of Clause 11.5; all audited and unaudited accounts and financial statements which have been so provided satisfied the requirements of Clause 11.7 and are true, correct and not misleading and present fairly and accurately the financial position of the Borrowers, the Corporate Guarantor or the Group (as the case may be); and there has been no change in the financial position or state of affairs of a Borrower, the Corporate Guarantor or the Group (or any member thereof) from that disclosed in the latest of those accounts which is likely to have a Material Adverse Effect.

**10.12 No litigation**

No legal or administrative action involving a Borrower, the Approved Manager or any Security Party (including action relating to any alleged or actual breach of the ISM Code or the ISPS Code) has been commenced or taken or, to that Borrower's knowledge, is likely to be commenced or taken which would, in either case, be likely to have a Material Adverse Effect.

**10.13 Validity and completeness of Underlying Documents**

Each Underlying Document constitutes valid, binding and enforceable obligations of the parties thereto in accordance with its terms and:

- (a) each of the copies of that Underlying Document delivered to the Agent before the date of this Agreement is a true and complete copy; and
- (b) no amendments or additions to that Underlying Document have been agreed nor has any party which is the party to that Underlying Document, waived any of their respective rights thereunder.

**10.14 Compliance with certain undertakings**

At the date of this Agreement, the Borrowers are in compliance with Clauses 11.2, 11.4, 11.9, 11.13, 13, 14.3 and 14.10 and none of the events listed in Clause 19.1(g) has occurred in respect of either of the Borrowers or any Security Party.

**10.15 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.

**10.16 ISM Code and ISPS Code compliance**

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

**10.17 No Money laundering**

Each Borrower:

- (a) will not, and will procure that neither the Approved Manager nor a Security Party, to the extent applicable, will, in connection with this Agreement or any of the other Finance Documents, contravene or permit any subsidiary to contravene, any law, official requirement or other regulatory measure or procedure implemented to combat “money laundering” (as defined in Article 1 of the Directive 2015/849/EC of the European Parliament and of the Council of the European Communities) and comparable United States Federal and state laws. Each Borrower shall further submit any documents and declarations on request, if such documents or declarations are required by any Creditor Party to comply with its domestic money laundering and/or legal identification requirements; and
- (b) confirms that it is the beneficiary within the meaning of the German Anti Money Laundering Act (Gesetz über das Aufspüren von Gewinnen aus schweren Straftaten (Geldwäschegesetz)), acting for its own account and not for or on behalf of any other person for each part of the Loan made or to be made available to it under this Agreement. That is to say, it acts for its own account and not for or on behalf of anyone else.

Each Borrower will promptly inform the Agent by written notice, if it is not or ceases to be the beneficiary and will provide in writing the name and address of the beneficiary.

The Agent shall promptly notify the Lenders of any written notice it receives under this Clause 10.17.

**10.18 No immunity**

No Borrower nor any of its assets is entitled to immunity on grounds of sovereignty or otherwise from any legal action or proceeding (including, without limitation, suit, attachment prior to judgement, execution or other enforcement).

**10.19 Choice of law**

The choice of the laws of England to govern this Agreement and those other Finance Documents which are expressed to be governed by the laws of England, the laws of Germany to govern the Account Pledges and the laws of the applicable Approved Flag State to govern the Mortgages, constitutes a valid choice of law and the submission by the Borrowers or, as the case may be, the relevant Security Parties thereunder to the non-exclusive jurisdiction of the Courts of England and, in the case of the Account Pledges, Germany or, in the case of the Mortgages, the applicable Approved Flag State is a valid submission and does not contravene the laws of England or, in the case of the Account Pledges, Germany or, in the case of the Mortgages, the applicable Approved Flag State or the laws of any other Pertinent Jurisdiction, will be applied by the courts of any Pertinent Jurisdiction if this Agreement or those other Finance Documents or any claim thereunder comes under their jurisdiction upon proof of the relevant provisions of the laws of England or, in the case of the Account Pledges, Germany or, in the case of the Mortgages, the applicable Approved Flag State.

**10.20 Pari passu ranking**

The obligations of the Borrowers and each Security Party under the Finance Documents to which it is a party are direct, general and unconditional obligations and rank at least *pari passu* with the claims of all its other unsecured and unsubordinated creditors except for obligations mandatorily preferred by law applying to companies generally.

**10.21 Repetition**

The representations and warranties in this Clause 10 shall be deemed to be repeated by the Borrowers:

- (a) on the date of service of the Drawdown Notice;
- (b) on the Drawdown Date; and
- (c) with the exception of Clauses 10.9 and 10.14, on the first day of each Interest Period and on the date of any Compliance Certificate issued pursuant to Clause 11.19,  
as if made with reference to the facts and circumstances existing on each such day.

## **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, acting with the authorisation of the Majority Lenders, may 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 its Ship, her 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 and except for Permitted Security Interests; and
- (b) not create or permit to arise any Security Interest (except for Permitted Security Interests) over any other asset, present or future.

### **11.3 No disposal of assets**

Subject to Clause 8.8 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.

### **11.4 No other liabilities or obligations to be incurred**

No Borrower will enter into any other investments, any sale or leaseback agreements, any off-balance sheet transaction or incur any other liability or obligation (including, without limitation, any Financial Indebtedness or any obligations under a guarantee) except:

- (a) liabilities and obligations under the Finance Documents and the Underlying Documents to which it is or, as the case may be, will be a party; and
- (b) liabilities or obligations reasonably incurred in the normal course of its business of trading, operating and chartering, maintaining and repairing the Ship owned by it.

**11.5 Information provided to be accurate**

All financial and other information, including but not limited to factual information, exhibits and reports, which is provided in writing by or on behalf of a Borrower under or in connection with any Finance Document will be true, correct 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 there are sent to the Agent:

- (a) as soon as possible, but in no event later than 180 days after the end of each Financial Year of the Corporate Guarantor, the consolidated audited annual financial statements of the Group for that Financial Year (commencing with the financial statements for the Financial Year which ended on 31 December 2019); and
- (b) as soon as possible, but in no event later than 90 days after the end of the 6-month period ending on 30 June in each Financial Year of the Corporate Guarantor, the semi-annual consolidated unaudited financial statements of the Group, for that 6-month period (commencing with the financial statements for the 6-month period ending on 30 June 2020), duly certified as to their correctness by an officer of the Corporate Guarantor; and
- (c) promptly after each request by the Agent, such further financial or other information in respect of that Borrower, a Ship, the Corporate Guarantor, the other Security Parties and the Group (including, without limitation, any information regarding any sale and purchase agreements, investment brochures, shipbuilding contracts, charter agreements and operational expenditures for the Ships) as may be requested by the Agent.

**11.7 Form of financial statements**

All accounts delivered under Clause 11.6 will:

- (a) be prepared in accordance with all applicable laws and US GAAP and, in the case of any audited financial statements, be certified by an independent and reputable auditor having requisite experience selected and appointed by the relevant Security Party;
- (b) fairly represent the financial condition of the Corporate Guarantor and the Group at the date of those accounts and of their profit for the period to which those accounts relate; and
- (c) fully disclose or provide for all significant liabilities of the Corporate Guarantor and the Group and each of its/their subsidiaries.

**11.8 Shareholder and creditor notices**

Each Borrower will send the Agent copies of any relevant press releases and, promptly upon its request, copies of all communications which are despatched to that Borrower's shareholders or creditors or any class of them.

**11.9 Consents**

Each Borrower 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 to perform its obligations under any Finance Document or any Underlying Document to which it is a party;
  - (b) for the validity or enforceability of any Finance Document or any Underlying Document to which it is a party;
  - (c) for that Borrower to continue to own and operate the Ship owned by it,
- and that Borrower 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), 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, the Ship owned by it, the Earnings or the Insurances in respect of that Ship, any Security Party or the Approved Manager, 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, and each Borrower shall procure that all reasonable measures are taken to defend any such legal or administrative action.

**11.12 No amendment to Underlying Documents**

No Borrower will waive or fail to enforce, the Underlying Documents to which it is a party or any of its provisions and shall promptly notify the Agent of any amendment or supplement to any Underlying Document.

**11.13 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 no Borrower will establish, or do anything as a result of which it would be deemed to have, a place of business in the United Kingdom or the United States.

**11.14 Confirmation of no default**

Each Borrower will, within two Business Days after service by the Agent of a written request, serve on the Agent a notice which is signed by the officer(s) of that 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 11.14 from time to time but only if asked to do so by a Lender or Lenders having Contributions exceeding 10 per cent. of the Loan or (if no Advances have been made) Commitments exceeding 10 per cent. of the Total Commitments; and this Clause 11.14 does not affect the Borrowers' obligations under Clause 11.15.

**11.15 Notification of default**

Each Borrower will notify the Agent as soon as that Borrower becomes aware of:

- (a) the occurrence of an Event of Default or a Potential Event of Default; or
- (b) any matter which indicates that an Event of Default or a Potential Event of Default may have occurred, and will keep the Agent fully up-to-date with all developments.

**11.16 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 Earnings or the Insurances; or
- (b) to any other matter relevant to, or to any provision of, a Finance Document, which may be requested by the Agent, the Security Trustee or any Lender at any time.

**11.17 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 one copy for each Creditor Party; and if the Agent so requires in respect of any of those documents, the Borrowers will provide a certified English translation prepared by a translator approved by the Agent.

**11.18 "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 composition of the shareholders of the Borrowers 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 the Lender concerned 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.

#### **11.19 Compliance Certificate**

- (a) The Borrowers shall supply to the Agent, a Compliance Certificate together with each set of financial statements delivered pursuant to paragraphs (a) and (b) of Clause 11.6 (commencing with the financial statements of the Corporate Guarantor to be provided for the period ending on 31 December 2019).
- (b) Each Compliance Certificate shall be duly signed by the chief financial officer of the Corporate Guarantor, evidencing (*inter alia*) the Borrowers’ compliance (or not, as the case may be) with the provisions of Clause 15.1 and the Corporate Guarantor’s compliance with clause 12.4 of the Corporate Guarantee.

### **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, acting with the authorisation of the Majority Lenders, may otherwise permit in writing.

#### **12.2 Maintenance of status**

Each Borrower will maintain its separate corporate existence and remain in good standing under the laws of the Republic of the Marshall Islands.

#### **12.3 Negative undertakings**

No Borrower will:

- (a) change the nature of its business or carry on any business other than the ownership, chartering and operation of the Ship owned by it;
- (b) pay any dividend or make any other form of distribution or effect any form of redemption, purchase or return of share capital if an Event of Default has occurred and is continuing at the relevant time or an Event of Default will result from the payment of a dividend or the making of any other form of distribution;
- (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;
- (d) open or maintain any account with any bank or financial institution except accounts with the Agent, the Account Bank and the Security Trustee for the purposes of the Finance Documents;
- (e) issue, allot or grant any person a right to any shares in its capital or repurchase or reduce its issued share capital;
- (f) acquire any shares or other securities other than short term debt obligations or Treasury bills issued by the US, the UK or a Participating Member State 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, acquisition, divesture, split-up or any form of reconstruction or reorganisation.

#### **12.4 Corporate Guarantor's Subsidiaries**

The Borrowers shall provide the Agent with a list of the Borrowers' and the Corporate Guarantor's (direct and indirect) subsidiaries at the date of this Agreement (together with information requested by the Agent pursuant to Clause 11.6(c) in respect of such subsidiaries) and shall promptly update this list from time to time to advise the Agent of any amendments to the information included in the original list delivered to the Agent, unless such information is included in the financial statement or periodic public filings of the Corporate Guarantor.

### **13 INSURANCE**

#### **13.1 General**

Each Borrower also undertakes with each Creditor Party, on and from the Drawdown Date, to comply with the following provisions of this Clause 13, 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 insured at the expense of that Borrower against:

- (a) fire and usual marine risks (including hull and machinery and excess risks);
- (b) war risks (including, without limitation, protection and indemnity war risks with a separate limit not less than hull value of the relevant Ship);
- (c) protection and indemnity risks (including, without limitation, protection and indemnity war risks in excess of the amount for war risks (hull and oil pollution liability risks) in each case in the highest amount available in the international insurance market; and
- (d) any other risks the insurance of which the Security Trustee (acting on the instructions of the Majority Lenders), having regard to practices, recommendations and other circumstances prevailing at the relevant time, may from time to time require by notice to that Borrower.

### **13.3 Terms of obligatory insurances**

Each Borrower shall effect such insurances in such amounts in such currency and upon such terms and conditions (including, without limitation, any LSW 1189 or, in the opinion of the Security Trustee, comparable mortgage clause) as shall from time to time be approved in writing by the Security Trustee in its sole discretion, but in any event as follows:

- (a) in Dollars;
- (b) in the case of fire and usual marine risks and war risks, on an agreed value basis in an amount equal to at least the higher of (i) an amount which is equal to 120 per cent. of the aggregate of (A) the Loan multiplied by a fraction whose: (1) nominator is the Market Value of the Ship owned by that Owner; and (2) denominator is the Market Value of all Mortgaged Ships and (B) the principal amount secured by any equal or prior ranking Security Interest on that Ship and (ii) the Market Value of that Ship;
- (c) in the case of oil pollution liability risks, for an 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 for any one accident or occurrence);
- (d) in relation to protection and indemnity risks in respect of the full value and tonnage of that Ship;
- (e) in relation to war risks insurance, extended to cover piracy and terrorism where excluded under the fire and usual marine risks insurance;
- (f) on approved terms and conditions;
- (g) such other risks of whatever nature and howsoever arising in respect of which insurance would be maintained by a prudent owner of a vessel similar to that Ship; and
- (h) through approved brokers and with approved insurance companies and/or underwriters which have a Standard & Poor's rating of at least BBB- or a comparable rating by any other rating agency acceptable to the Security Trustee (acting on the instructions of the Majority Lenders) 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 Clubs.

### **13.4 Further protections for the Creditor Parties**

In addition to the terms set out in Clause 13.3, each Borrower shall and shall procure that:

- (a) it and any and all third parties who are named assured or co-assured under any obligatory insurance shall assign their interest in any and all obligatory insurances and other Insurances if so required by the Agent;
- (b) whenever the Security Trustee requires, the obligatory insurances name (or be amended to name) the Security Trustee as additional named assured for its rights and interests, warranted no operational interest and with full waiver of rights of subrogation they may have under any applicable law 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) the interest of the Security Trustee as assignee and as loss payee shall be duly endorsed on all slips, cover notes, policies, certificates of entry or other instruments of insurance in respect of the obligatory insurances;
- (d) the obligatory insurances shall name the Security Trustee as sole loss payee with such directions for payment as the Security Trustee may specify;
- (e) the obligatory insurances shall 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;
- (f) the obligatory insurances shall 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 (f) from making personal claims against persons (other than the Borrowers or any Creditor Party) in circumstances where the insurers have fully discharged their liabilities and obligations under the relevant obligatory insurances;
- (g) the obligatory insurances shall provide that the obligatory insurances shall be primary without right of contribution from other insurances effected by the Security Trustee or any other Creditor Party;
- (h) the obligatory insurances shall provide that the Security Trustee may make proof of loss if that Borrower fails to do so; and
- (i) the obligatory insurances shall 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 only be effective against the Security Trustee 14 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 effected by it:
  - (i) notify the Security Trustee of the brokers, underwriters, insurance companies and any protection and indemnity or war risks association through or with whom that Borrower proposes to renew that obligatory insurance and of the proposed terms and conditions of renewal; and
  - (ii) seek the Security Trustee's approval to the matters referred to in paragraph (i);
- (b) at least 7 days before the expiry of any obligatory insurance, renew that obligatory insurance in accordance with the Security Trustee's approval pursuant to paragraph (a); 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 pro forma copies of all cover notes and policies relating to the obligatory insurances which they are to effect or renew and of a letter or letters of undertaking in a form required by the Security Trustee 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 that Borrower 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; letters of undertaking**

Each Borrower shall ensure that any protection and indemnity and/or war risks associations in which the Ship owned by that Borrower is entered provides the Security Trustee with:

- (a) a certified copy of the certificate of entry for that Ship;
- (b) a letter or letters of undertaking in such form as may be required by the Security Trustee;
- (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 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 or, as the case may be, protection and indemnity associations in relation to that Ship (if applicable).

**13.8 Deposit of original policies**

Each Borrower shall ensure that all policies relating to obligatory insurances effected by it 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 effected by it 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 Compliance with terms of insurances**

Each Borrower shall not do or omit to do (nor 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 under an obligatory insurance repayable in whole or in part; and, in particular it shall:

- (a) 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)) 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) not 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) make (and promptly supply copies to the Agent) of all quarterly or other voyage declarations which may be required by the protection and indemnity risks association in which that Ship 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, if applicable, shall procure that the Approved Manager complies with this requirement; and
- (d) not employ that Ship, nor allow it to be employed, otherwise than in conformity with the terms and conditions of the obligatory insurances, without first obtaining the consent of the insurers and complying with any requirements (as to extra premium or otherwise) which the insurers specify.

**13.12 Alteration to terms of insurances**

Each Borrower shall neither make nor agree to any alteration to the terms of any obligatory insurance or waive any right relating to any obligatory insurance.

**13.13 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 and shall do all things necessary to ensure such collection or recovery is made.

**13.14 Provision of copies of communications**

Each Borrower shall provide the Security Trustee, when so requested, copies of all written communications between that Borrower and:

- (a) the approved brokers;
- (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) relating wholly or partly to the effecting or maintenance of the obligatory insurances.

**13.15 Provision of information and further undertakings**

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 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 13.16 or dealing with or considering any matters relating to any such insurances,

and that Borrower shall:

- (i) do all things necessary and provide the Agent and the Security Trustee with all documents and information to enable the Security Trustee to collect or recover any moneys in respect of the Insurances which are payable to the Security Trustee pursuant to the Finance Documents; and
- (ii) promptly provide the Agent with full information regarding any Major Casualty in consequence whereof the Ship owned by that Borrower has become or may become a Total Loss and agree to any settlement of such casualty or other accident or damage to that Ship only with the Agent's prior written consent,

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).

### 13.16 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 insurance providing for the indemnification of the Creditor Parties for any losses under or in connection with any Finance Document (in an amount which is equal to 120 per cent. of the aggregate of (A) the Loan multiplied by a fraction whose: (1) nominator is the Market Value of the Ship owned by that Owner; and (2) denominator is the Market Value of all Mortgaged Ships and (B) the principal amount secured by any equal or prior ranking Security Interest on that Ship) 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; and
- (b) a mortgagee's interest additional perils insurance providing for the indemnification of the Creditor Parties 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 in an amount which is equal to 110 per cent. of the aggregate of (A) the Loan multiplied by a fraction whose: (1) nominator is the Market Value of the Ship owned by that Owner; and (2) denominator is the Market Value of all Mortgaged Ships and (B) the principal amount secured by any equal or prior ranking Security Interest on that Ship,
- 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.

### 13.17 Review of insurance requirements

The Security Trustee 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 Agent (acting on the instructions of the Majority Lenders), significant and capable of affecting the Borrowers, each Ship and its Insurances (including, without limitation, changes in the availability or the cost of insurance coverage or the risks to which the Borrower owning that Ship may be subject) and the Borrowers shall upon demand fully indemnify the Agent in respect of all fees and other expenses incurred by or for the account of the Agent in appointing an independent marine insurance broker or adviser to conduct such review.



**13.18 Modification of insurance requirements**

The Security Trustee shall notify the Borrowers of any proposed modification under Clause 13.17 to the requirements of this Clause 13 which the Security Trustee reasonably considers 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.

**13.19 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 13.18.

**14 SHIP COVENANTS**

**14.1 General**

Each Borrower also undertakes with each Creditor Party on and from the Drawdown Date to comply with the following provisions of this Clause 14 at all times during the Security Period except as the Agent, acting 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, omit to 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, and shall procure that the Approved Manager shall, keep the Ship owned by that Borrower in a good and safe condition and state of repair, sea and cargo worthy in all respects:

- (a) consistent with first-class ship ownership and management practice;
- (b) so as to maintain the highest class free of overdue recommendations and conditions, with a classification society which is a member of IACS (other than the China Classification Society and the Russian Maritime Registry of Shipping) and acceptable to the Agent; and
- (c) so as to comply with all laws and regulations applicable to vessels registered at ports in the applicable Approved Flag State or to vessels trading to any jurisdiction to which that Ship may trade from time to time, including but not limited to the ISM Code and the ISPS Code,

and the Agent shall be given power of attorney in the form attached as Schedule 6 to act on behalf of that Borrower in order to, inspect the class records and any files held by the classification society and to require the classification society to provide the Agent or any of its nominees with any information, document or file, it might request and the classification society shall be fully entitled to rely hereon without any further inquiry.

#### 14.4 Classification society undertaking

Each Borrower shall instruct the classification society referred to in Clause 14.3 (and procure that the classification society undertakes with the Security Trustee) in relation to its Ship:

- (a) to send to the Security Trustee, following receipt of a written request from the Security Trustee, certified true copies of all original class records and any other related records held by the classification society in relation to the Ship owned by that Borrower;
- (b) to allow the Security Trustee (or its agents), at any time and from time to time, to inspect the original class and related records of that Ship at the offices of the classification society and to take copies of them;
- (c) to notify the Security Trustee immediately in writing if the classification society:
  - (i) receives notification from that Borrower or any person that that Ship's classification society is to be changed; or
  - (ii) becomes aware of any facts or matters which may result in or have resulted in a change, suspension, discontinuance, withdrawal or expiry of that Ship's class under the rules or terms and conditions of that Borrower's or that Ship's membership of the classification society;
- (d) following receipt of a written request from the Security Trustee:
  - (i) to confirm that that Borrower is not in default of any of its contractual obligations or liabilities to the classification society and, without limiting the foregoing, that it has paid in full all fees or other charges due and payable to the classification society; or
  - (ii) if that Borrower is in default of any of its contractual obligations or liabilities to the classification society, to specify to the Security Trustee in reasonable detail the facts and circumstances of such default, the consequences thereof, and any remedy period agreed or allowed by the classification society.

#### 14.5 Modification

No Borrower shall make any modification or repairs to, or replacement of, its Ship or equipment installed on it which would or might materially alter the structure, type or performance characteristics of that Ship or materially reduce its value.

#### 14.6 Removal of parts

No Borrower shall remove any material part of its Ship, 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 that Ship the property of that Borrower and subject to the security constituted by the relevant Mortgage **Provided that** a Borrower may install equipment owned by a third party if the equipment can be removed without any risk of damage to the Ship owned by it.

**14.7 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 Security Trustee provide the Security Trustee, with copies of all survey reports.

**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 that Borrower at all reasonable times to inspect its condition or to satisfy themselves about proposed or executed repairs and shall afford all proper facilities for such inspections at the Borrower's expense (which if no Event of Default has occurred and is continuing shall be limited to once in each 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 that Ship, the Earnings or the Insurances; and
  - (c) all other outgoings whatsoever in respect of that Ship, the Earnings or the Insurances,
- and, forthwith upon receiving notice of the arrest of that Ship, or of its detention in exercise or purported exercise of any lien or claim, that Borrower shall procure its release by providing bail or otherwise as the circumstances may require.

**14.10 Compliance with laws etc.**

Each Borrower shall:

- (a) comply, or procure compliance with the ISM Code, the ISPS Code, all Environmental Laws and all other laws or regulations relating to the Ship owned by it, its ownership, operation and management or to the business of that Borrower;
- (b) not employ the Ship owned by it nor allow its employment in any manner contrary to any law or regulation in any relevant jurisdiction including but not limited to the ISM Code and the ISPS Code; and
- (c) in the event of hostilities in any part of the world (whether war is declared or not), not cause or permit that Ship to enter or trade to any zone which is declared a war zone by any government or by the Ship's war risks insurers unless the prior written consent of the Security Trustee has been given and that Borrower has (at its expense) effected any special, additional or modified insurance cover which the Security Trustee may require.

**14.11 Provision of information**

Each Borrower shall promptly provide the Security Trustee with any information which it requests regarding:

- (a) the Ship owned by it, its employment, position and engagements;
- (b) the Earnings and payments and amounts due to the 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; and
- (e) its compliance, the Approved Manager's compliance and the compliance of that Ship with the ISM Code and the ISPS Code, and, upon the Security Trustee's request, provide copies of any current charter relating to that Ship, of any current charter guarantee and copies of that Borrower's or the Approved Manager's Document of Compliance, Safety Management Certificate and the ISSC.

**14.12 Notification of certain events**

Each Borrower shall:

- (a) before entering into:
  - (i) any demise charter for any period in respect of its Ship; or
  - (ii) any other Assignable Charter,

notify the Agent and provide copies of any draft charter relating to its Ship and, if applicable, any draft charter guarantee and that Borrower shall be entitled to enter into such charter without the consent of the Creditor Parties **Provided that:**

- (A) that Borrower executes in favour of the Security Trustee a specific assignment of all its rights, title and interest in and to such charter and any charter guarantee in the form of a Charterparty Assignment;
- (B) the charterer and any charter guarantor receive a notice (1) of the specific assignment of such charter and charter guarantee and (2) that the Mortgage over that Ship has been registered prior to the entry into such charter;
- (C) in the case where such charter is a demise charter the charterer undertakes to the Security Trustee (1) to comply with all of that Borrower's undertakings with regard to the employment, insurances, operation, repairs and maintenance of its Ship contained in this Agreement, the Mortgage and the General Assignment in relation to that Ship and (2) to provide an assignment of its interest in the insurances of the Ship in the Agreed Form;
- (D) the relevant Borrower provides certified true and complete copies of the charter relating to its Ship and of any current charter guarantee, if any, promptly after its execution;

- (E) the Agent's receipt of a copy of the charter and its failure or neglect to act, delay or acquiescence in connection with the relevant Borrower's entering into such charter shall not in any way constitute an acceptance by the Agent of whether or not the Earnings under the charter are sufficient to meet the debt service requirements under this Agreement nor shall it in any way affect the Agent's or the Security Trustee's entitlement to exercise its rights under the Finance Documents pursuant to Clause 19 upon the occurrence of an Event of Default arising as a result of an act or omission of the charterer; and
- (F) the Borrower delivers to the Agent such other documents equivalent to those referred to at paragraphs 2, 3, 4, 5, 7, 8 and 9 of Schedule 3, Part A as the Agent may require; and

(b) immediately notify the Security Trustee by letter, of:

- (i) its entry 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;
- (ii) its entry into any time or consecutive voyage charter in respect of that Ship for a term which exceeds, or which by virtue of any optional extensions may exceed, 12 months;
- (iii) any casualty which is or is likely to be or to become a Major Casualty;
- (iv) 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;
- (v) any requirement, overdue condition or recommendation made by any insurer or classification society or by any competent authority which is not complied with in accordance with its terms;
- (vi) any arrest or detention of that Ship, any exercise or purported exercise of any lien on that Ship or its Earnings or any requisition of that Ship for hire;
- (vii) any unscheduled dry docking of that Ship;
- (viii) any Environmental Claim made against that Borrower or in connection with that Ship, or any Environmental Incident;
- (ix) 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 that Ship;
- (x) its intention to de-activate or lay up its Ship; or
- (xi) any other matter, event or incident, 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.**

No Borrower shall, save for the relevant Initial Charter, in relation to the Ship owned by it:

- (a) enter into any charter in relation to that Ship under which more than two months' hire (or the equivalent) is payable in advance;
- (b) charter that Ship otherwise than on bona fide arm's length terms at the time when that Ship is fixed;
- (c) appoint a manager of that Ship other than the Approved Manager; or
- (d) put that Ship into the possession of any person for the purpose of work being done upon it 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 its Earnings for the cost of such work or for any other reason.

**14.14 Notice of Mortgage**

Each Borrower shall keep the Mortgage relative to its Ship registered against that Ship as a valid first preferred or, as the case may be, priority 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**

No Borrower shall enter into any agreement or arrangement for the sharing of any Earnings (other than (i) any profit sharing agreement with a charterer which takes effect above an agreed minimum charter hire rate payable to the relevant Borrower under a charter to which that Borrower is a party and (ii) any pool agreement, in either case, on bona fide arm's length terms).

**14.16 ISPS Code**

Each Borrower shall comply with the ISPS Code and in particular, without limitation, shall:

- (a) procure that the Ship owned by it and the company responsible for that Ship's compliance with the ISPS Code comply with the ISPS Code; and
- (b) maintain for that Ship an ISSC; and
- (c) notify the Agent immediately in writing of any actual or threatened withdrawal, suspension, cancellation or modification of the ISSC.

**15 SECURITY COVER**

**15.1 Minimum required security cover**

Clause 15.2 applies if the Agent notifies the Borrowers that the Security Cover Ratio is below 125 per cent.

## 15.2 **Prepayment; provision of additional security**

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 14 Business Days after the date on which the Agent's notice is served under Clause 15.1 (the "**Prepayment Date**") unless at least five calendar days before the Prepayment Date the Borrowers have provided, or ensured that a third party has provided, additional security which, in the reasonable opinion of the Majority Lenders, has a net realisable value at least equal to the shortfall and is documented in such terms as the Agent may, with the authorisation of the Majority Lenders, approve or require.

## 15.3 **Valuation of Ships**

The Market Value of a Ship:

- (a) for the purposes of the Initial Market Value, is that shown in one valuation addressed to the Agent issued by one Approved Broker to be nominated and appointed by the Agent. If the Borrowers do not agree with such valuation, the Borrowers can nominate another Approved Broker to provide a second valuation addressed to the Agent and appointed by the Agent, in which case the Initial Market Value is that shown by taking the arithmetic average of such two valuations. If the difference between these two valuations is greater than 15 per cent. paragraph (d) of this Clause 15.3 shall be applicable; and
- (b) at any other date, is that shown in one valuation addressed to the Agent to be issued by an Approved Broker, nominated and appointed by the Borrowers and addressed to the Agent (the "**First Valuation**") unless the Agent obtains a second valuation issued by an Approved Broker nominated and appointed by the Agent (the "**Second Valuation**") in which case the Market Value of the relevant Ship at the relevant date is that shown:
  - (i) if the difference between the First Valuation and the Second Valuation is less than 10 per cent., by the First Valuation; and
  - (ii) if the difference between the First Valuation and the Second Valuation is greater than 10 per cent. but less than 15 per cent. or less, by taking the arithmetic average of such two valuations,
- (c) each valuation issued pursuant to paragraphs (a) and (b) of this Clause 15.3 to be prepared:
  - (A) as at a date not more than 30 days previously;
  - (B) with or without physical inspection of that Ship (as the Agent may require); and
  - (C) 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; and
- (d) if the difference between 2 valuations in respect of a Ship obtained at any one time, in each case, pursuant to this Clause 15.3 is greater than 15 per cent. a valuation shall be commissioned from a third Approved Broker selected and appointed by the Agent. Such valuation to be conducted in accordance with this Clause 15.3 and the Market Value of that Ship in such circumstances shall be the arithmetic average of all three valuations.

**15.4 Value of additional vessel security**

The net realisable value of any additional security which is provided under Clause 15.2 and which consists of a Security Interest over a vessel shall be that shown by a valuation complying with the requirements of Clause 15.3.

**15.5 Valuations binding**

Any valuation under Clause 15.2, 15.3 or 15.4 shall be binding and conclusive as regards the Borrowers, as shall be any valuation which the Majority Lenders make of any additional security which does not consist of or include a Security Interest.

**15.6 Provision of information**

The Borrowers shall promptly provide the Agent and any Approved Broker or expert acting under Clause 15.3 or 15.4 with any information which the Agent or that 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 that Approved Broker or the Majority Lenders (or the expert appointed by them) consider prudent.

**15.7 Payment of valuation expenses**

Without prejudice to the generality of the Borrowers' obligations under Clauses 20.2, 20.3 and 21.3, 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.

**15.8 Frequency of valuations**

The Borrowers shall provide the Agent with a valuation of each Ship, dated as of June or, as the case may be, December, on the date on which the Agent receives any financial statements in accordance with Clauses 11.6(a) and 11.6(b) for the period ending on the dates referred to above in respect of which the Market Value of each Ship will be determined and the Compliance Certificate in accordance with Clause 11.19 and the Agent may, otherwise, request valuations to determine the Borrowers' compliance under Clause 15.1 not less than twice during each 12-month period during the Security Period.

**16 PAYMENTS AND CALCULATIONS**

**16.1 Currency and method of payments**

All payments to be made by the Lenders or by any Borrower under a Finance Document shall be made to the Agent or to the Security Trustee, in the case of an amount payable to it:

- (a) by not later than 11.00 a.m. (New York City time) on the due date;
- (b) 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);



- (c) in the case of an amount payable by a Lender to the Agent or by any Borrower to the Agent or any Lender, to the account of the Agent at J.P. Morgan Chase Bank (SWIFT Code CHASUS33) (Account No. 001 1331 808 in favour of Hamburg Commercial Bank AG, SWIFT Code HSHNDEHH; Reference “Alegria Shipping Corporation *et al*”) or to such other account with such other bank as the Agent may from time to time notify to the Borrowers and the other Creditor Parties; and
- (d) 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 any 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 commitment fee 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 five 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 any Borrower or any Lender any sum which the Agent is expecting to receive for remittance or distribution to that Borrower 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 a Borrower or a Lender, without first having received that sum, that Borrower 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 order and proportions:

- (i) firstly, in or towards satisfaction pro rata of all amounts then due and payable to the Creditor Parties under the Finance Documents (including, but without limitation, all amounts payable by any Borrower under Clauses 20, 21 and 22 of this Agreement or by any Borrower or any Security Party under any corresponding or similar provision in any other Finance Document) other than those amounts referred to at paragraphs (ii) and (iii);
  - (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; and
- (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 any of them), the Security Parties and the other Creditor Parties, states in its opinion will either 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 provisions of Clause 17.1(a); and
- (c) THIRDLY: any surplus shall be paid to the Borrowers or to any other person appearing to be entitled to it.

**17.2 Application by any covered bond Lender**

If and to the extent that any Lender includes the Loan and/or a Mortgage in its covered bond register, any enforcement proceeds recovered under the Finance Documents and attributable to it under the relevant Finance Document shall, notwithstanding the provisions of Clause 17.1(a), be applied by it first to the part of the Loan that corresponds to that Lender's Contribution registered in its covered bond register and thereafter in the following order:

- (a) firstly, in or towards satisfaction of the amounts set out under Clause 17.1(a)(i);
- (b) secondly, in or towards satisfaction of the amounts set out under Clause 17.1(a)(ii); and
- (c) thirdly, in or towards satisfaction of any part of the Loan that corresponds to any unregistered part of that Lender's contribution.

**17.3 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 (but not, for the avoidance of doubt, that set out in Clause 17.2) either as regards a specified sum or sums or as regards sums in a specified category or categories.

**17.4 Notice of variation of order of application**

The Agent may give notices under Clause 17.3 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.

**17.5 Appropriation rights overridden**

This Clause 17 and any notice which the Agent gives under Clause 17.3 shall override any right of appropriation possessed, and any appropriation made, by any Borrower or either 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 Accounts 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 Monthly retentions**

The Borrowers undertake with each Creditor Party to ensure that, on and from the date falling one month after the Drawdown Date and at monthly intervals thereafter during the Security Period, there are transferred to the Retention Account out of the Earnings received in the relevant Earnings Account during the preceding month:

- (a) one-third of the amount of the relevant Instalment falling due under Clause 8.1 on the next Repayment Date; and
- (b) the relevant fraction of the aggregate amount of interest which is payable on the next due date for payment of interest under this Agreement, and the Borrowers irrevocably authorise the Agent to make those transfers (in its sole discretion and without any obligation) if the Borrowers fail to do so.

The “**relevant fraction**”, in relation to paragraph (b), is a fraction of which the numerator is 1 and the denominator the number of months comprised in the then current Interest Period (or if the current Interest Period ends after the next due date for payment of interest under this Agreement, the number of months from the later of the commencement of the current Interest Period or the last due date for payment of interest to the next due date for payment of interest under this Agreement).

**18.3 Shortfall in Earnings**

If the aggregate Earnings received in each Earnings Account are insufficient at any time for the required amount to be transferred to the Retention Account under Clause 18.2, the Borrowers shall immediately pay the amount of the insufficiency into the Retention Account.

**18.4 Application of retentions**

Until an Event of Default or a Potential Event of Default occurs, the Agent shall, to the extent there are sufficient funds standing to the credit of the Retention Account, on each Repayment Date and on each due date for the payment of interest under this Agreement distribute to the Lenders in accordance with Clause 16.4 so much of the then balance on the Retention Account as equals:

- (a) the Instalment due on that Repayment Date pursuant to Clause 8.1; or
- (b) the amount of interest in respect of the Loan payable on that interest payment date, in discharge of the Borrowers' liability for that Instalment or that interest.

**18.5 Interest accrued on the Accounts**

Any credit balance on each Account shall bear interest at the rate from time to time offered by the Agent to its customers for Dollar deposits of similar amounts and for periods similar to those for which such balances appear to the Agent likely to remain on that Account.

**18.6 Release of accrued interest**

Interest accruing under Clause 18.5 shall be credited to the relevant Account and may be released to the relevant Borrower pursuant to Clause 18.10.

**18.7 Location of Accounts**

Each Borrower shall promptly:

- (a) comply with any requirement of the Agent as to the location or re-location of the Accounts (or any of them); 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) the Accounts.

**18.8 Debits for fees, expenses etc.**

The Agent shall be entitled (but not obliged) from time to time to debit any Earnings Account without prior notice in order to discharge any amount due and payable under Clauses 20 or 21 to a Creditor Party or payment of which any Creditor Party has become entitled to demand under Clauses 20 or 21.

**18.9 Borrowers' obligations unaffected**

The provisions of this Clause 18 (as distinct from a distribution effected under Clause 18.4) 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.

**18.10 Restriction on withdrawal**

During the Security Period no sum may be withdrawn by a Borrower from the Retention Account (other than interest pursuant to Clause 18.6, provided that no Event of Default or Potential Event of Default has occurred which is continuing), without the prior written consent of the Agent.

The Borrowers may, in any calendar month, after having transferred and/or after having taken into account all amounts due or which will become due to be transferred to the Retention Account in such calendar month in accordance with Clause 18.2, withdraw any surplus (a “**Surplus**”) from the Earnings Accounts (or any of them) as they may think fit for purposes permitted by this Agreement and the other Finance Documents **Provided always** no Event of Default or Potential Event of Default has occurred which is continuing in which case any Surplus shall remain on the relevant Earnings Account and the Borrowers may only withdraw the Surplus (or any part thereof) with the prior written consent of the Agent (acting upon the instructions of the Majority Lenders) in order to satisfy the documented and properly incurred operating expenses of the Ships (or any of them).

## **19 EVENTS OF DEFAULT**

### **19.1 Events of Default**

An Event of Default occurs if:

- (a) any 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 unless:
  - (i) its failure to pay is caused by administrative or technical error or a Disruption Event; and
  - (ii) payment is made within 3 Business Days; or
- (b) any breach occurs of Clause 9.2, 11.2, 11.3, 11.18, 11.19, 12.2, 12.3 or 15.2 or clause 12.4 of the Corporate Guarantee; or
- (c) any breach by any Borrower, the Approved Manager or any Security Party occurs of any provision of a Finance Document (other than a breach covered by paragraphs (a) or (b)) which, in the reasonable opinion of the Majority Lenders, is capable of remedy, and such default continues unremedied 30 Business Days (or any other grace period agreed by the Agent) after written notice from the Agent requesting action to remedy the same; or
- (d) (subject to any applicable grace period specified in the Finance Documents) any material breach by any Borrower, the Approved Manager or any Security Party occurs of any provision of a Finance Document (other than a breach falling within paragraphs (a), (b) or (c)); or
- (e) any representation, warranty or statement made or repeated by, or by an officer of, a Borrower, the Approved Manager 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 in any material respect when it is made or repeated; or
- (f) any of the following occurs in relation to any Financial Indebtedness of a Relevant Person:
  - (i) any Financial Indebtedness of a Relevant Person is not paid when due unless the Relevant Person is contesting its obligation to pay the relevant amount in good faith and on substantial grounds and by appropriate proceedings and adequate reserves have been set aside for its payment if such proceedings fail; or
  - (ii) any Financial Indebtedness of a Relevant Person which in the case of any Relevant Person other than any Borrower exceeds \$15,000,000 (or the equivalent in any other currency in aggregate), 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; or

- (iii) 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 which in the case of any Relevant Person other than any Borrower exceeds \$15,000,000 (or the equivalent in any other currency in aggregate) 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
  - (iv) any Security Interest securing any Financial Indebtedness of a Relevant Person, which in the case of any Relevant Person other than any Borrower exceeds an amount of \$15,000,000 (or the equivalent in any other currency in aggregate), 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 Majority 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 or any form of freezing order which in the case of any Relevant Person other than any Borrower exceeds \$15,000,000 (or the equivalent in any other currency in aggregate), and such execution, attachment, arrest, sequestration, distress or freezing order is not withdrawn within thirty (30) Business 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 or officers 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 shareholders, directors or officers 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 any Borrower or the Corporate Guarantor or the Shareholder 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 three 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 or officers 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 shareholders 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 shareholders, 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 Pertinent Jurisdiction 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) any Borrower 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 any Borrower, the Approved Manager 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 any Borrower to own, operate or charter the Ship owned by it or to enable any Borrower, the Approved Manager or any Security Party to comply with any provision which the Majority Lenders reasonably consider material of a Finance Document or any Underlying Document 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 such revocation is validly contested in good faith by the Borrower, the Approved Manager or, as the case may be, that Security Party; or
- (k) it appears to the Majority Lenders that, without their prior consent, either (i) a Change of Control has occurred or probably has occurred after the date of this Agreement, (ii) the Corporate Guarantor ceases being the direct legal and beneficial owner of the shares in the Shareholder and the voting rights attaching to those shares or (iii) the Shareholder ceases being the direct legal and beneficial owner of the shares in the relevant Borrower and of the voting rights attaching to those shares; or
- (l) any provision which the Majority Lenders reasonably 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 (excluding any Permitted Security Interests); or
- (m) the security constituted by a Finance Document is in any way imperilled or in jeopardy; or
- (n) any Borrower, the Approved Manager or any Security Party or any other person (other than a Creditor Party) repudiates any of the Finance Documents to which that Borrower, the Approved Manager or that Security Party or person is a party or evidences an intention to do so; or
- (o) any other event occurs or any other circumstances arise or develop including, without limitation:
- (i) a change in the financial position, state of affairs or prospects of any Borrower, the Corporate Guarantor or any other Security Party; or
  - (ii) the commencement of legal or administrative action involving a Borrower, a Ship, either of the Approved Manager or any Security Party; or
  - (iii) the withdrawal of any material license or governmental or regulatory approval in respect of a Ship, a Borrower, the Approved Manager or any Borrower's or Approved Manager's business (unless such withdrawal can be contested with the effect of suspension and is in fact so contested in good faith by the Borrowers or the Approved Manager),

which in the reasonable opinion of the Lenders constitutes a Material Adverse Change.

## **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 of the other obligations of each Lender to the Borrowers under this Agreement are cancelled; and/or
  - (ii) serve on the Borrowers a notice stating that all or part of the Loan together with 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), 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 Majority 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 (a)(ii), the Security Trustee, the Agent, the Mandated Lead Arranger and/or the 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 Clause 19.2(a)(i), the Commitments and all other obligations of each Lender to the Borrowers under this Agreement shall be cancelled.

## **19.4 Acceleration of Loan**

On the service of a notice under Clause 19.2(a)(ii), all or, as the case may be, the part of the Loan specified in the notice together with 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 Clauses 19.2(a)(i) or 19.2(a)(ii) simultaneously or on different dates and it and/or the Security Trustee may take any action referred to in Clause 19.2 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, the Approved Manager 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 any Borrower, the Approved Manager or any Security Party with any form of claim or defence.

**19.7 Creditor Party 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 a Borrower 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 directly and mainly caused by gross negligence, the dishonesty 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 or any Security Party.

**19.10 Interpretation**

In Clause 19.1(f) 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(g) "**petition**" includes an application.

**20 FEES AND EXPENSES**

**20.1 Fees**

The Borrowers shall pay to the Agent:

- (a) on the earlier of (i) the Drawdown Date and (ii) the last day of the Availability Period a non-refundable structuring fee in the amount equal to \$735,000 (representing 0.525 per cent. of the Total Commitments as at the date of this Agreement); and
- (b) a non-refundable commitment fee, at the rate of 1.00 per cent. per annum on the undrawn or uncanceled amount of the Total Commitments, payable quarterly in arrears for distribution among the Lenders pro rata to their Commitments, during the period from (and including) 23 July 2019 (being the date of the Borrowers' acceptance of the firm offer letter regarding the Loan) to the earlier of (i) the Drawdown Date and (ii) the last day of the Availability Period.

**20.2 Costs of negotiation, preparation etc.**

The Borrowers shall pay to the Agent on its demand the amount of all legal and other 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.

**20.3 Costs of variations, amendments, enforcement etc.**

The Borrowers shall pay to the Agent, on the Agent's demand, for the account of the Creditor Party concerned, the amount of all legal and other expenses incurred by a Creditor Party in connection with:

- (a) any amendment or supplement (or any proposal for such an amendment or supplement) requested (or, in the case of a proposal, made) by or on behalf of the Borrowers and relating to a Finance Document or any other Pertinent Document;
- (b) any consent, waiver or suspension of rights by the Lenders, the Majority Lenders or the Creditor Party concerned or any proposal for any of the foregoing requested (or, in the case of a proposal, made) by or on behalf of the Borrowers under or in connection with a Finance Document or any other Pertinent Document;
- (c) the valuation of any security provided or offered under and pursuant to Clause 15 or any other matter relating to such security;
- (d) any step taken by the Creditor Party concerned with a view to the preservation, protection, exercise or enforcement of any rights or Security Interest created by a Finance Document or for any similar purpose including, without limitation, any proceedings to recover or retain proceeds of enforcement or any other proceedings following enforcement proceedings until the date all outstanding indebtedness to the Creditor Parties under the Finance Documents and any other Pertinent Document is repaid in full; or
- (e) any amendment or supplement (or any proposal for such an amendment or supplement) in connection with a Finance Document or any other Pertinent Document required as contemplated in Clause 27.5.

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.

**20.4 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 claims, expenses, liabilities and losses resulting from any failure or delay by the Borrowers to pay such a tax.

**20.5 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) the Advance not being borrowed on the date specified in the relevant Drawdown Notice for any reason other than a default by the Lender claiming the indemnity after the relevant Drawdown Notice has been served in accordance with the provisions of this Agreement;
- (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;
- (c) any failure (for whatever reason) by the Borrowers (or any of them) 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) including but not limited to any costs and expenses of enforcing any Security Interests created by the Finance Documents and any claims, liabilities and losses which may be brought against, or incurred by, a Creditor Party when enforcing any Security Interests created by the Finance Documents; and
- (d) the occurrence and/or continuance of an Event of Default or a Potential 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 and 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.

### 21.2 Break Costs

If a Lender (the "Notifying Lender") notifies the Agent that as a consequence of receipt or recovery of all or any part of the Loan (a "Payment") on a day other than the last day of an Interest Period applicable to the sum received or recovered the Notifying Lender has or will, with effect from a specified date, incur Break Costs:

- (a) the Agent shall promptly notify the Borrowers of a notice it receives from a Notifying Lender under this Clause 21.2;
- (b) the Borrowers shall, within five Business Days of the Agent's demand, pay to the Agent for the account of the Notifying Lender the amount of such Break Costs; and
- (c) the Notifying Lender shall, as soon as reasonably practicable, following a request by the Borrowers, provide a certificate confirming the amount of the Notifying Lender's Break Costs for the Interest Period in which they accrue, such certificate to be, in the absence of manifest error, conclusive and binding on the Borrowers.

In this Clause 21.2, “**Break Costs**” means, in relation to a Payment the amount (if any) by which:

- (i) the interest which the Notifying Lender, should have received in accordance with Clause 5 in respect of the sum received or recovered from the date of receipt or recovery of such Payment to the last day of the then current Interest Period applicable to the sum received or recovered had such Payment been made on the last day of such Interest Period;

exceeds

- (ii) the amount which the Notifying Lender, would be able to obtain by placing an amount equal to such Payment on deposit with a leading bank in the Relevant Interbank Market for a period commencing on the Business Day following receipt or recovery of such Payment (as the case may be) and ending on the last day of the then current Interest Period applicable to the sum received or recovered.

### **21.3 Other breakage costs**

Without limiting its generality, Clause 21.1 covers any claim, expense, liability or loss, including (without limitation) (i) a loss of a prospective profit, incurred by a Lender in borrowing, liquidating or re-employing deposits from third parties acquired, contracted for or arranged to fund, effect or maintain all or any part of its Contribution and/or any overdue amount (or an aggregate amount which includes its Contribution or any overdue amount) other than claims, expenses, liabilities and losses which are shown to have been directly and mainly caused by the gross negligence or wilful misconduct of the officers or employees of the Creditor Party concerned and (ii) any applicable legal fees.

### **21.4 Miscellaneous indemnities**

The Borrowers shall fully indemnify each Creditor Party severally on their respective demands, without prejudice to any of their other rights under any of the Finance Documents, in respect of all claims, expenses, liabilities and losses which may be made or brought against or sustained or incurred by a Creditor Party, in any country, as a result of or in connection with:

- (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;
- (b) investigating any event which the Creditor Party concerned reasonably believes constitutes an Event of Default or Potential Event of Default; or
- (c) acting or relying on any notice, request or instruction which the Creditor Party concerned reasonably believes to be genuine, correct and appropriately authorised,

other than claims, expenses, liabilities and losses which are shown to have been directly and mainly caused by the dishonesty, gross negligence or wilful misconduct of the officers or employees of the Creditor Party concerned.

### **21.5 Environmental Indemnity**

Without prejudice to the generality of Clause 21.4, this Clause 21.5 covers any claims, demands, proceedings, liabilities, taxes, losses, liabilities or expenses of every kind which arise, or are asserted, under or in connection with any law relating to safety at sea, the ISM Code or the ISPS Code, any Environmental Law.

## 21.6 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, award or judgment relating to a Finance Document (a “**Sum**”) 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, filing 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, judgment or award from any court or other tribunal in relation to any litigation or arbitration proceedings; or
- (c) enforcing any such order, judgment or award,

the Borrowers shall as an independent obligation, within three Business Days of demand, indemnify the Creditor Party to whom that Sum is due against any cost, loss or liability arising when the payment actually received by that Creditor Party is converted at the available rate of exchange back into the Contractual Currency including any discrepancy between (A) the rate of exchange actually used to convert the Sum from the Payment Currency into the Contractual Currency and (B) the available rate of exchange.

In this Clause 21.6, 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 to purchase the Contractual Currency with the Payment Currency.

Each Borrower waives any right it may have in any jurisdiction to pay any amount under the Finance Documents in a currency other than that in which it is expressed to be payable.

If any Creditor Party receives any Sum in a currency other than the Contractual Currency, the Borrowers shall indemnify in full the Creditor Party concerned against any cost, loss or liability arising directly or indirectly from any conversion of such Sum to the Contractual Currency.

This Clause 21.6 creates a separate liability of that 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.

## 21.7 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 21 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.

## 21.8 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.

**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, counter-claim, 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, at any time, a Borrower is required by law, regulation or regulatory requirement to make a tax deduction from any payment due under a Finance Document:

- (a) that Borrower shall notify the Agent as soon as it becomes aware of the requirement;
- (b) the amount due in respect of the payment shall be increased by the amount necessary to ensure that, after the making of such tax deduction, each Creditor Party receives on the due date for such payment (and retains free from any liability relating to the tax deduction) a net amount which is equal to the full amount which it would have received had no such tax deduction been required to be made; and
- (c) that Borrower shall pay the full amount of the tax required to be deducted to the appropriate taxation authority promptly in accordance with the relevant law, regulation or regulatory requirement, and in any event before any fine or penalty arises.

**22.3 Indemnity and evidence of payment of taxes**

The Borrowers shall fully indemnify each Creditor Party on the Agent's demand in respect of all claims, expenses, liabilities and losses incurred by any Creditor Party by reason of any failure of the Borrowers (or any of them) to make any tax deduction or by reason of any increased payment not being made on the due date for such payment in accordance with Clause 22.2. Within 30 days after making any tax deduction, the Borrowers or, as the case may be, the relevant Borrower shall deliver to the Agent any receipts, certificates or other 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 from any payment due under a Finance Document for or on account of any present or future tax except:

- (a) tax on a Creditor Party's overall net income; and
- (b) a FATCA Deduction.

**22.5 FATCA Information**

- (a) Subject to paragraph (c) below, each Party shall, within ten Business Days of a reasonable request by another Party:
  - (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 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 to do anything and sub-paragraph (iii) of paragraph (a) above shall not oblige any other Party 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 fails to confirm whether or not it is a FATCA Exempt Party or to supply forms, documentation or other information requested in accordance with sub-paragraphs (i) or (ii) of paragraph (a) 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 (and payments under them) 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 Lender knows or has reason to know that a Borrower is a US Tax Obligor, or where the Agent reasonably believes that its obligations under FATCA require it, each Lender shall, within ten Business Days of:
    - (i) where the Lender knows or has reason to know that a Borrower is a US Tax Obligor and the relevant Lender is a Party as at the date of this Agreement, the date of this Agreement;
    - (ii) where the Lender knows or has reason to know that a Borrower is a US Tax Obligor and the relevant Lender became a Party after the date of this Agreement, the date on which the relevant Transfer Certificate became effective; or
    - (iii) the date of a request from the Agent,supply to the Agent:
    - (iv) a withholding certificate on US Internal Revenue Service Form W-8 or Form W-9 (or any successor form) (as applicable); or

- (v) any withholding statement and other documentation, authorisations and waivers as the Agent may require to certify or establish the status of such Lender under FATCA.

The Agent shall provide any withholding certificate, withholding statement, documentation, authorisations and waivers it receives from a Lender pursuant to this paragraph (e) to the Borrowers, to the extent required for compliance with FATCA or any other law or regulation, 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 taken by it under or in connection with this paragraph (e).

- (f) Each Lender agrees that if any withholding certificate, withholding statement, documentation, authorisations and waivers provided to the Agent pursuant to paragraph (e) 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 provide any such updated withholding certificate, withholding statement, documentation, authorisations and waivers to the Borrowers, to the extent required for compliance with FATCA or any other law or regulation. The Agent shall not be liable for any action taken by it under or in connection with this paragraph (f).

## **22.6 FATCA Deduction**

- (a) Each Party may make any FATCA Deduction as it reasonably determines it is required to make by FATCA, and any payment required in connection with that FATCA Deduction, and no Party shall 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 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 whom it is making the payment and, in addition, shall notify each Borrower 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 perform, maintain or give effect to any of its obligations under this Agreement in the manner contemplated by this Agreement or to fund or maintain the Loan.

### **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 be immediately cancelled; 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 on the last day of the then current Interest Period in accordance with Clauses 8.10 and 8.11.

## 24 **INCREASED COSTS**

### 24.1 **Increased costs**

This Clause 24 applies if a Lender (the "**Notifying Lender**") notifies the Agent that the Notifying Lender considers that as a result of:

- (a) the introduction or alteration after the date of this Agreement of a law or an alteration after the date of this Agreement in the manner in which a law is interpreted or applied (disregarding any effect which relates to the application to payments under this Agreement of a tax on the Lender's overall net income); or
- (b) complying with any regulation (including any which relates to capital adequacy or liquidity controls or which affects the manner in which the Notifying Lender allocates capital resources to its obligations under this Agreement) which is introduced, or altered, or the interpretation or application of which is altered, after the date of this Agreement; or
- (c) the implementation or application of or compliance with the "International Convergence of Capital Measurement and Capital Standards, a Revised Framework" published by the Basel Committee on Banking Supervision in June 2004 in the form existing on the date of this Agreement (the "**Basel II Accord**") or any other law or regulation implementing the Basel II Accord or any of the approaches provided for and allowed to be used by banks under or in connection with the Basel II Accord, in each case when compared to the cost of complying with such regulations as determined by the Agent (or parent company of it) on the date of this Agreement (whether such implementation, application or compliance is by a government, regulator, supervisory authority, the Notifying Lender or its holding company); or
- (d) the implementation or application of or compliance with Basel III or any law or regulation which implements or applies Basel III (regardless of the date on which it is enacted, adopted or issued and regardless of whether any such implementation, application or compliance is by a government, regulator, the Notifying Lender or any of its affiliates),

the Notifying Lender (or a parent company of it) has incurred or will incur an "**increased cost**".

### 24.2 **Meaning of "increased cost"**

In this Clause 24, "**increased cost**" means, in relation to a Notifying Lender:

- (a) an additional or increased cost incurred as a result of, or in connection with, the Notifying Lender having entered into, or being a party to, this Agreement or a Transfer Certificate, of funding or maintaining its Commitment or Contribution or performing its obligations under this Agreement, or of having outstanding all or any part of its Contribution or other unpaid sums;

- (b) a reduction in the amount of any payment to the Notifying Lender under this Agreement or in the effective return which such a payment represents to the Notifying Lender or on its capital;
- (c) an additional or increased cost of funding all or maintaining all or any of the advances comprised in a class of advances formed by or including the Notifying Lender's Contribution or (as the case may require) the proportion of that cost attributable to the Contribution; or
- (d) a liability to make a payment, or a return foregone, which is calculated by reference to any amounts received or receivable by the Notifying Lender under this Agreement,

but not an item attributable to a change in the rate of tax on the overall net income of the Notifying Lender (or a parent company of it) or an item covered by the indemnity for tax in Clause 21.1 or by Clause 22 or a FATCA Deduction required to be made by a Party.

For the purposes of this Clause 24.2 the Notifying Lender may in good faith allocate or spread costs and/or losses among its assets and liabilities (or any class of its assets and liabilities) on such basis as it considers appropriate.

**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 24.1.

**24.4 Payment of increased costs**

The Borrowers shall pay to the Agent within 5 Business Days after 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 14 days' notice of their intention to prepay the Notifying Lender's Contribution at the end of an Interest Period.

**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 and the Mandatory Cost (if any).

**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 to the Borrowers but with prior notice to the Agent:

- (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 any Borrower.

**26 TRANSFERS AND CHANGES IN LENDING OFFICES**

**26.1 Transfer by Borrowers**

No Borrower may assign or transfer any of its rights, liabilities or obligations under any Finance Document.

**26.2 Transfer by a Lender**

Subject to Clause 26.4, a Lender (the "**Transferor Lender**") may at any time, without the consent of the Borrowers or any Security Party but after consultation with the Borrowers, cause:

- (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); or
- (d) all or part of its credit risk under this Agreement and the other Finance Documents,

to be syndicated to or, (in the case of its rights) assigned, pledged or transferred to, or (in the case of its obligations) pledged or assumed by, any other bank or financial institution or to a trust, fund or other entity, provided such other entity is regularly engaged in, or established for the purpose of, making, purchasing or investing in loans, securities or other financial assets (a “**Transferee Lender**”) by delivering to the Agent a completed certificate in the form set out in Schedule 5 with any modifications approved or required by the Agent (a “**Transfer Certificate**”) executed by the Transferor Lender and the Transferee Lender.

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 Agreement.

All costs and expenses relating to a transfer effected pursuant to this Clause 26.2 shall be borne by the Transferee Lender.

### **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, the Borrowers, the Security Parties, the Security Trustee and each of the other Lenders;
- (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**

Except as provided in Clause 26.18, no assignment or transfer of any right or obligation of a Lender under any Finance Document is binding on, or effective in relation to, any Borrower, any Security Party, the Agent or the Security Trustee unless it is effected, evidenced or perfected by a Transfer Certificate.

### **26.6 Lender re-organisation**

However, if a Lender enters into any merger, de-merger or other reorganisation as a result of which all its rights or obligations vest in another person (the “**successor**”), the successor shall become a Lender with the same Commitment and Contribution as were held by the predecessor Lender only upon receipt by the Agent of a notice to this effect and evidence that

all rights and obligations have automatically and by operation of law vested in the successor by virtue of the merger, de-merger or other reorganisation, without the need for the execution and delivery of a Transfer Certificate; the Agent shall in that event inform the Borrowers and the Security Trustee accordingly.

## **26.7 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 any Borrower 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 any 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 any 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.

**26.8 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 three Business Days' prior notice.

**26.9 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.

**26.10 Authorisation of Agent to sign Transfer Certificates**

Each Borrower, the Security Trustee and each Lender irrevocably authorises the Agent to sign Transfer Certificates on its behalf. The Borrower and each Security Party irrevocably agree to the transfer procedures set out in this Clause 26 and to the extent the cooperation of the Borrowers and/or any Security Party shall be required to effect any such transfer, the Borrowers and such Security Party shall take all necessary steps to afford such cooperation **Provided that** this shall not result in any additional costs to the Borrowers or such Security Party.

**26.11 Sub-participation; subrogation assignment**

A Lender may sub-participate or include in a securitisation or similar transaction all or any part of its rights and/or obligations under or in connection with the Finance Documents without the Borrowers' prior consent and without serving a notice thereon; the Lenders may assign without the Borrowers' prior consent but after consultation with the Borrowers, 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 Registration fee**

In respect of any Transfer Certificate, the Agent shall be entitled to recover a registration fee of \$2,500 from the Transferor Lender or (at the Agent's option) the Transferee Lender.

**26.13 Sub-division, split, modification or re-tranching**

Any Lender may, in its sole discretion, sub-divide, split, sever, modify or re-tranche its Contribution into one or more parts subject to the overall cost of its Contribution to the Borrowers remaining unchanged, if such changes are necessary in order to achieve a successful execution of a securitisation, syndication or any other capital market exit in respect of its Contribution (or any applicable part thereof).

**26.14 Disclosure of information**

A Lender may, without the prior consent of the Borrowers, the Corporate Guarantor or any other Security Party, disclose to a potential Transferee Lender or sub participant as well as, where relevant, to rating agencies, trustees and accountants, any financial or other information which that Lender has received in relation to the Loan, the Borrowers (or any of them), the Corporate Guarantor and any other Security Party or their affairs and collateral or security provided under or in connection with any Finance Document, their financial circumstances and any other information whatsoever, as that Lender may deem reasonably necessary or appropriate in connection with the potential syndication, the assessment of the credit risk and the ongoing monitoring of the Loan by any potential Transferee Lender and that Lender shall be released from its obligation of secrecy and from banking confidentiality.



This permission is given for the purposes of giving relief from banking secrecy and confidentiality requirements. It is not intended as and is no declaration of consent in accordance with the DS\_GVO (DS-GVO refers to Datenschutz-Grundverordnung, the German term for General Data Protection Regulation) (EU Regulation 2016/679, General Data Protection Regulation).

In the event any such potential Transferee Lender, sub-participant, rating agency, trustee or accountant is not already bound by any legal obligation of secrecy or banking confidentiality, the Lender concerned may only give, disclose or reveal such information as the Corporate Guarantor is entitled to disclose by rules and regulations of the SEC and any US Stock Exchange applicable to the Corporate Guarantor and shall require such other party to sign a confidentiality agreement. The Borrowers shall, and shall procure that the Corporate Guarantor and any other Security Party shall:

- (a) provide the Creditor Parties (or any of them) with all information deemed, reasonably, necessary by the Creditor Parties (or any of them) for the purposes of any transfer, syndication or sub-participation to be effected pursuant to this Clause 26;
- (b) procure that the directors and officers of each Borrower, the Corporate Guarantor or any other Security Party, are available to participate in any meeting with any Transferee Lender or any rating agency at such times and places as the Creditor Parties may reasonably request following prior notice (to be served on the Borrowers reasonably in advance) to that Borrower, the Corporate Guarantor or that Security Party; and
- (c) permit any Transferee Lender to board the Ship at all reasonable times and locations to inspect its condition in accordance with Clause 14.8.

**26.15 Confidentiality**

Any publicity regarding the Loan or any of the terms thereof shall be agreed in advance by the Corporate Guarantor and the Agent (acting on the instructions of the Majority Lenders) unless otherwise required in connection with the Corporate Guarantor's reporting obligations under or in connection with the rules and regulations of the SEC and any US Stock Exchange applicable to the Corporate Guarantor.

**26.16 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.

**26.17 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.

**26.18 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, any 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 any Borrower 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.

**26.19 Replacement of a Reference Bank**

If any Reference Bank ceases to be a Lender or is unable on a continuing basis to supply quotations for the purposes of Clause 5 then, unless the Borrowers, the Agent and the Majority Lenders otherwise agree, the Agent, acting on the instructions of the Majority Lenders, and after consulting with the Borrowers, shall appoint another bank (whether or not a Lender) to be a replacement Reference Bank; and, when that appointment comes into effect, the first-mentioned Reference Bank's appointment shall cease to be effective.

**26.20 Securitisation**

Each Borrower shall, and the Borrowers shall procure that each Security Party will, assist the Agent and/or any Lender in achieving a successful securitisation (or similar transaction) in respect of the Loan and the Finance Documents and such Security Party's reasonable costs for providing such assistance shall be met by the relevant Lender.

**26.21 No additional costs**

If a Transferor Lender assigns or transfers any of its rights or obligations under the Finance Documents and as a result of circumstances existing at the date the assignment or transfer occurs, a Borrower or a Security Party would be obliged to make a payment to the Transferee Lender under Clause 22.2 or under that clause as incorporated by reference or in full in any other Finance Document, then the Transferee Lender is only entitled to receive payment under that clause to the same extent as the Transferor Lender would have been if the assignment or transfer had not occurred.

**27 VARIATIONS AND WAIVERS**

**27.1 Required consents**

- (a) Subject to Clause 27.2 any term of the Finance Documents may be amended or waived only with the consent of the Majority Lenders and the Borrowers and any such amendment or waiver will be binding on all Creditor Parties and the Borrowers.
- (b) Any instructions given by the Majority Lenders will be binding on all the Creditor Parties.
- (c) The Agent may effect, on behalf of any Creditor Party, any amendment or waiver permitted by this Clause.

**27.2 Exceptions**

- (a) An amendment or waiver that has the effect of changing or which relates to:
  - (i) the definition of “Majority Lenders” or “Finance Documents” in Clause 1.1;
  - (ii) an extension to the date of payment of any amount under the Finance Documents;
  - (iii) a reduction in the Margin or a reduction in the amount of any payment of principal, interest fees, commission or other amount payable under any of the Finance Documents;
  - (iv) an increase in or an extension of any Lender’s Commitment;
  - (v) any provision which expressly requires the consent of all the Lenders;
  - (vi) Clause 3 (*Position of the Lenders*), Clause 11.5 (*Information provided to be accurate*), Clause 11.6 (*Provision of financial statements*), Clause 11.7 (*Form of financial statements*), Clause 11.16 (*Provision of further information*), Clause 26 (*Transfers and Changes in Lending Offices*) or this Clause 27.2;
  - (vii) any release of any Security Interest, guarantee, indemnities or subordination arrangement created by any Finance Document;
  - (viii) any change of the currency in which the Loan is provided or any amount is payable under any of the Finance Documents;
  - (ix) an extension of the Availability Period; or
  - (x) a change in Clauses 16.4 (*Distribution of payment to Creditor Parties*) or 22 (*Grossing-up*),may not be effected without the prior written consent of all Lenders.
- (b) An amendment or waiver which relates to the rights or obligations of the Agent, the Arranger or the Security Trustee may not be effected without the consent of the Agent, the Arranger or the Security Trustee, as the case may be.

**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, subject to Clause 27.4, 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 a Borrower, the Approved Manager 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.

**27.4 Deemed consent**

With respect to any amendment, variation, waiver, suspension or limit requested by any Party and which requires the approval of all the Lenders or the Majority Lenders (as the case may be), other than an amendment or supplement (or any proposal for such an amendment or supplement) in connection with a Finance Document or any other Pertinent Document required as contemplated in Clause 27.5, the Agent shall provide each Lender with written notice of such request accompanied by such detailed background information as may be reasonably necessary (in the opinion of the Agent) to determine whether to approve such action. A Lender shall be deemed to have approved such action if such Lender fails to object to such action by written notice to the Agent within 10 days of that Lender's receipt of the Agent's notice or such other time as the Agent may state in the relevant notice as being the time available for approval of such action.

**27.5 Replacement of Screen Rate**

- (a) Subject to paragraph (b) of Clause 27.2, if a Screen Rate Replacement Event has occurred in relation to the Screen Rate for dollars, any amendment or waiver which relates to:
  - (i) providing for the use of a Replacement Benchmark in relation to (or in addition to) that currency in place of that Screen Rate; and
  - (ii)
    - (A) aligning any provision of any Finance Document to the use of that Replacement Benchmark;
    - (B) enabling that Replacement Benchmark to be used for the calculation of interest under this Agreement (including, without limitation, any consequential changes required to enable that Replacement Benchmark to be used for the purposes of this Agreement);

- (C) implementing market conventions applicable to that Replacement Benchmark;
- (D) providing for appropriate fallback (and market disruption) provisions for that Replacement Benchmark; or
- (E) adjusting the pricing to reduce or eliminate, to the extent reasonably practicable, any transfer of economic value from one Party to another as a result of the application of that Replacement Benchmark (and if any adjustment or method for calculating any adjustment has been formally designated, nominated or recommended by the Relevant Nominating Body, the adjustment shall be determined on the basis of that designation, nomination or recommendation),

may be made with the consent of the Agent (acting on the instructions of the Majority Lenders) and the Borrowers.

- (b) If any Lender fails to respond to a request for an amendment or waiver described in paragraph (a) above within 5 Business Days (or such longer time period in relation to any request which the Borrowers and the Agent may agree) of that request being made:
  - (i) its Commitment shall not be included for the purpose of calculating the Total Commitments when ascertaining whether any relevant percentage of Total Commitments has been obtained to approve that request; and
  - (ii) its status as a Lender shall be disregarded for the purpose of ascertaining whether the agreement of any specified group of Lenders has been obtained to approve that request.

## 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 by letter or fax shall be sent:

- (a) to the Borrowers:

c/o Navios Shipmanagement Inc.  
85 Akti Miaouli  
Piraeus 185 38  
Fax No: +30 210 4172070

for the attention of:

- (b) to a Lender:

Vassiliki Papaefthymiou  
At the address below its name in Schedule 1 or (as the case may require) in the relevant Transfer Certificate.

(c) to the Agent and Security Trustee:

for general matters:

Hamburg Commercial Bank AG  
BU Asset Based Finance / Shipping  
Gerhart-Hauptmann-Platz 50  
20095 Hamburg  
Germany

Fax No: +302104295323

Attn: Mr Loukas Lagaras / Mr Solon Merikas

for credit administrative matters:

Hamburg Commercial Bank AG  
BU Business Operations  
Loan & Collateral Operations  
Gerhart-Hauptmann-Platz 50  
20095 Hamburg  
Germany

Fax No: +49 40 3333 34167

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, two 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 one 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 Electronic communication**

Any communication from the Agent or the other Creditor Parties made by electronic means will be sent unsecured and without electronic signature, however, the Borrowers may request the Agent and the other Creditor Parties at any time in writing to change the method of electronic communication from unsecured to secured electronic mail communication.

The Borrowers hereby acknowledge and accept the risks associated with the use of unsecured electronic mail communication including, without limitation, risk of delay, loss of data, confidentiality breach, forgery, falsification and malicious software. The Agent and the other Creditor Parties shall not be liable in any way for any loss or damage or any other disadvantage suffered by the Borrowers resulting from such unsecured electronic mail communication.

If the Borrowers (or any of them) or any other Security Party wish to cease all electronic communication, they shall give written notice to the Agent and the other Creditor Parties accordingly after receipt of which notice the Parties shall cease all electronic communication.

For as long as electronic communication is an accepted form of communication, the Parties shall:

- (a) notify each other in writing of their electronic mail address and/or any other information required to enable the sending and receipt of information by that means; and
  - (b) notify each other of any change to their respective addresses or any other such information supplied to them; and
- in case electronic communication is sent to recipients with the domain <domain with ending>, the parties shall without undue delay inform each other if there are changes to the said domain or if electronic communication shall thereafter be sent to individual e-mail addresses.

**28.8 English language**

Any notice under or in connection with a Finance Document shall be in English.

**28.9 Meaning of “notice”**

In this Clause 28, “**notice**” includes any demand, consent, authorisation, approval, instruction, waiver or other communication.

**29 JOINT AND SEVERAL LIABILITY**

**29.1 General**

All liabilities and obligations of the Borrowers under this Agreement shall, whether expressed to be so or not, be several and, if and to the extent consistent with Clause 29.2, joint.

**29.2 No impairment of Borrower's obligations**

The liabilities and obligations of a Borrower shall not be impaired by:

- (a) this Agreement being or later becoming void, unenforceable or illegal as regards the other Borrowers;
- (b) any Lender or the Security Trustee entering into any rescheduling, refinancing or other arrangement of any kind with the other Borrowers;
- (c) any Lender or the Security Trustee releasing the other Borrowers or any Security Interest created by a Finance Document; or
- (d) any combination of the foregoing.

**29.3 Principal debtors**

Each Borrower declares that it is and will, throughout the Security Period, remain a principal debtor for all amounts owing under this Agreement and the Finance Documents and no Borrower shall in any circumstances be construed to be a surety for the obligations of the other Borrowers under this Agreement.

**29.4 Subordination**

Subject to Clause 29.5, during the Security Period, no Borrower shall:

- (a) claim any amount which may be due to it from the other Borrowers whether in respect of a payment made, or matter arising out of, this Agreement or any Finance Document, or any matter unconnected with this Agreement or any Finance Document; or
- (b) take or enforce any form of security from the other Borrowers for such an amount, or in any other way seek to have recourse in respect of such an amount against any asset of the other Borrowers; or
- (c) set off such an amount against any sum due from it to the other Borrowers; or
- (d) prove or claim for such an amount in any liquidation, administration, arrangement or similar procedure involving the other Borrowers or other Security Party; or
- (e) exercise or assert any combination of the foregoing.

**29.5 Borrowers' required action**

If during the Security Period, the Agent, by notice to a Borrower, requires it to take any action referred to in paragraphs (a) to (d) of Clause 29.4, in relation to the other Borrowers, that Borrower shall take that action as soon as practicable after receiving the Agent's notice.



## **30 SUPPLEMENTAL**

### **30.1 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.

### **30.2 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.

### **30.3 Counterparts**

A Finance Document may be executed in any number of counterparts.

### **30.4 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.

### **30.5 Benefit and binding effect**

The terms of this Agreement shall be binding upon, and shall enure to the benefit of, the Parties and their respective (including subsequent) successors and permitted assigns and transferees.

### **30.6 Electronic disclosure**

- (a) The Borrowers hereby recognise as binding any relevant documents (whether signed or not) to fulfil the disclosure of the financial circumstances in accordance with Sec. 18 of the German Banking Act (KWG) that were or are, after the date of this Agreement, submitted to Hamburg Commercial Bank AG electronically or on data carriers through the Borrower, any Security Party or any third party and declares such documents as complete and correct.
- (b) Any documents submitted to Hamburg Commercial Bank AG electronically or on data carriers in accordance with Sec. 18 of the German Banking Act (KWG) have the same legal significance as any signed documents in paper form.

## **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.

No Borrower shall commence any proceedings in any country other than England in relation to a Dispute.

**31.4 Process agent**

Each Borrower irrevocably appoints Hill Dickinson LLP at their office for the time being, presently at The Broadgate Tower, 20 Primrose Street, London EC2A 2EW, 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.

**THIS AGREEMENT** has been entered into on the date stated at the beginning of this Agreement.

BORROWERS

SIGNED by *Stratiqoula Sakelloria* )  
 for and on behalf of )  
**ALEGRIA SHIPPING CORPORATION** )  
 in the presence of: *[Signature]* )  
 WATSON FARLEY & WILLIAMS )  
 248 SYNGEON AVENUE )  
 KALLITHEA 175 74 )  
 ATHENS - GREECE )

SIGNED by *Stratiqoula Sakelloria* )  
 for and on behalf of )  
**ANDROMEDA SHIPTRADE LIMITED** )  
 in the presence of: *[Signature]* )  
 WATSON FARLEY & WILLIAMS )  
 248 SYNGEON AVENUE )  
 KALLITHEA 175 74 )  
 ATHENS - GREECE )

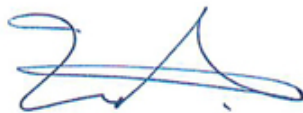
SIGNED by *Stratiqoula Sakelloria* )  
 for and on behalf of )  
**AURORA SHIPPING ENTERPRISES LTD.** )  
 in the presence of: *[Signature]* )  
 WATSON FARLEY & WILLIAMS )  
 248 SYNGEON AVENUE )  
 KALLITHEA 175 74 )  
 ATHENS - GREECE )

SIGNED by *Stratiqoula Sakelloria* )  
 for and on behalf of )  
**BERYL SHIPPING CORPORATION** )  
 in the presence of: *[Signature]* )  
 WATSON FARLEY & WILLIAMS )  
 248 SYNGEON AVENUE )  
 KALLITHEA 175 74 )  
 ATHENS - GREECE )

SIGNED by *Stratiqoula Sakelloria* )  
 for and on behalf of )  
**CHERYL SHIPPING CORPORATION** )  
 in the presence of: *[Signature]* )  
 WATSON FARLEY & WILLIAMS )  
 248 SYNGEON AVENUE )  
 KALLITHEA 175 74 )  
 ATHENS - GREECE )

SIGNED by *Stratiqoula Sakelloria* )  
 for and on behalf of )  
**CHRISTAL SHIPPING CORPORATION** )  
 in the presence of: *[Signature]* )  
 WATSON FARLEY & WILLIAMS )  
 248 SYNGEON AVENUE )  
 KALLITHEA 175 74 )  
 ATHENS - GREECE )

SIGNED by *Stratigoula Sakellaria* )  
for and on behalf of )  
HYPERION ENTERPRISES INC. )  
in the presence of: *MF* )  
WATSON FARLEY & WILLIAMS )  
348 SYNGROU AVENUE )  
KALLITHEA 17674 )  
ATHENS - GREECE )



SIGNED by *stratigoula sakellaria* )  
for and on behalf of )  
KYMATA SHIPPING CO. )  
in the presence of: *MF* )  
WATSON FARLEY & WILLIAMS )  
348 SYNGROU AVENUE )  
KALLITHEA 17674 )  
ATHENS - GREECE )



SIGNED by *Stratigoula Sakellaria* )  
for and on behalf of )  
ORBITER SHIPPING CORP. )  
in the presence of: *MF* )  
WATSON FARLEY & WILLIAMS )  
348 SYNGROU AVENUE )  
KALLITHEA 17674 )  
ATHENS - GREECE )




SIGNED by *Stratigoula Sakellaria* )  
for and on behalf of )  
PEARL SHIPPING CORPORATION )  
in the presence of: *MF* )  
WATSON FARLEY & WILLIAMS )  
348 SYNGROU AVENUE )  
KALLITHEA 17674 )  
ATHENS - GREECE )



SIGNED by *Stratigoula Sakellaria* )  
for and on behalf of )  
RUBINA SHIPPING CORPORATION )  
in the presence of: *MF* )  
WATSON FARLEY & WILLIAMS )  
348 SYNGROU AVENUE )  
KALLITHEA 17674 )  
ATHENS - GREECE )



SIGNED by *stratigoula sakellaria* )  
for and on behalf of )  
SEYMOUR TRADING LIMITED )  
in the presence of: *MF* )  
WATSON FARLEY & WILLIAMS )  
348 SYNGROU AVENUE )  
KALLITHEA 17674 )  
ATHENS - GREECE )



SIGNED by *Stratioula Sakellariou* )  
for and on behalf of )  
TOPAZ SHIPPING CORPORATION )  
in the presence of *[Signature]* )  
WATSON FARLEY & WILLIAMS )  
348 SYNGROU AVENUE )  
MARIA KALLITHEA 176 74 )  
ATHENS - GREECE )

**LENDERS**

SIGNED by )  
*Arvaterina Dimitriou* )  
for and on behalf of )  
HAMBURG COMMERCIAL BANK AG )  
in the presence of *[Signature]* )  
WATSON FARLEY & WILLIAMS )  
348 SYNGROU AVENUE )  
MARIA KALLITHEA 176 74 )  
ATHENS - GREECE )

**AGENT**

SIGNED by )  
*Arvaterina Dimitriou* )  
for and on behalf of )  
HAMBURG COMMERCIAL BANK AG )  
in the presence of *[Signature]* )  
WATSON FARLEY & WILLIAMS )  
348 SYNGROU AVENUE )  
MARIA KALLITHEA 176 74 )  
ATHENS - GREECE )

**MANDATED LEAD ARRANGER**

SIGNED by )  
*Arvaterina Dimitriou* )  
for and on behalf of )  
HAMBURG COMMERCIAL BANK AG )  
in the presence of *[Signature]* )  
WATSON FARLEY & WILLIAMS )  
348 SYNGROU AVENUE )  
MARIA KALLITHEA 176 74 )  
ATHENS - GREECE )

**SECURITY TRUSTEE**

SIGNED by )  
*Arvaterina Dimitriou* )  
for and on behalf of )  
HAMBURG COMMERCIAL BANK AG )  
in the presence of *[Signature]* )  
WATSON FARLEY & WILLIAMS )  
348 SYNGROU AVENUE )  
MARIA KALLITHEA 176 74 )  
ATHENS - GREECE )