

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

FORM 6-K

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

DATED: September 13, 2022

Commission File No. 001-33811

NAVIOS MARITIME PARTNERS L.P.

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

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

Form 20-F

Form 40-F

NAVIOS MARITIME PARTNERS L.P.

FORM 6-K

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This Report on Form 6-K is hereby incorporated by reference into the Navios Maritime Partners L.P. Registration Statement on Form F-3, File No. 333-237934.

Operating and Financial Review and Prospects

The following is a discussion of the financial condition and results of operations for the three and six month periods ended June 30, 2022 and 2021 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’ 2021 Annual Report filed on Form 20-F with the U.S. Securities and Exchange Commission (the “SEC”) on April 12, 2022.

This Report contains and will contain 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 completion of the acquisition of the 36-drybulk fleet from Navios Maritime Holdings Inc. (“Navios Holdings”) and the ability to realize the projected advantages of this acquisition, Navios Partners’ 2022 cash flow generation, future contracted revenues, future distributions and its ability to make distributions going forward, opportunities to reinvest cash accretively in a fleet renewal program or otherwise, potential capital gains, its 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 and Navios Partners’ ability to refinance its debt on attractive terms, or at all. 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, risks relating to: global and regional economic and political conditions including global economic activity, demand for seaborne transportation of the products we ship, the ability and willingness of charterers to fulfill their obligations to us and prevailing charter rates, the economic condition of the markets in which we operate, shipyards performing scrubber installations, construction of newbuilding vessels, drydocking and repairs, changing vessel crews and availability of financing, potential disruption of shipping routes due to accidents, wars, sanctions, diseases, pandemics, political events, piracy or acts by terrorists, uncertainty relating to global trade, including the impact of inflation, prices of seaborne commodities and continuing issues related to seaborne volume, foreign currency fluctuations, the impact of the COVID-19 pandemic and the ongoing efforts throughout the world to contain it, the creditworthiness of our charterers and the ability of our contract counterparties to fulfill their obligations to us, our ability to maximize the use of our vessels, expected demand in the dry and liquid cargo shipping sectors in general and the demand for our drybulk, containerships and tanker vessels in particular, dry cargo and tanker industry trends, fluctuations in charter rates for drybulk, containerships and tanker vessels, vessel values and factors affecting vessel supply and demand, the aging of our vessels and resultant increases in operation and dry docking costs, the loss of any customer or charter or vessel, our ability to repay outstanding indebtedness, to obtain additional financing and to obtain replacement charters for our vessels, in each case, at commercially acceptable rates or at all, increases in costs and expenses, including but not limited to: crew wages, insurance, provisions, port expenses, lube oil, bunkers, repairs, maintenance and general and administrative expenses, the expected cost of, and our ability to comply with, governmental regulations and maritime self-regulatory organization standards, as well as standard regulations imposed by our charterers applicable to our business, potential liability from litigation and our vessel operations, including discharge of pollutants, general domestic and international political conditions, competitive factors in the market in which Navios Partners operates; risks associated with operations outside the United States; and other factors listed from time to time in Navios Partners' filings with the 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

Fleet Developments

Acquisition of a 36-Vessel Drybulk Fleet for \$835.0 million

On July 26, 2022, Navios Partners agreed to acquire a 36-vessel drybulk fleet for a gross purchase price of \$835.0 million, including the assumption of \$441.6 million of bank liabilities, bareboat obligations and finance leasing obligations, subject to debt and working capital adjustments (the "Transaction"), from Navios Holdings. The fleet consists of 26 owned vessels and 10 chartered-in vessels (all with purchase options). On July 29, 2022, 15 of the 36 vessels were delivered to Navios Partners. On September 8, 2022, the remaining 21 vessels were delivered to Navios Partners.

Sale of One Vessel

On September 6, 2022, Navios Partners agreed to sell the Navios Camelia, a 2009-built Panamax vessel of 75,162 dwt to an unrelated third party for a sale price of \$15.0 million. The sale is expected to be completed during the fourth quarter of 2022.

\$100.0 million unit repurchase program

In July 2022, the Board of Directors of Navios Partners authorized a common unit repurchase program for up to \$100.0 million of the Company's common units. 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 financial and other considerations, including working capital and planned or anticipated growth opportunities. 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.

Credit Facilities

In September 2022, Navios Partners entered into a new credit facility with a commercial bank for a total amount up to \$210.0 million in order to refinance indebtedness secured on 15 drybulk vessels and five containerships. The credit facility matures in the second quarter of 2025 and bears interest at Secured Overnight Financing Rate ("SOFR") plus 250 bps per annum.

In July 2022, Navios Partners agreed to enter into a new credit facility with a commercial bank for a total amount of up to \$86.2 million in order to finance the acquisition of two newbuilding 5,300 TEU containerships. The credit facility will mature seven years after the drawdown and will bear interest at SOFR plus 200 bps per annum. The facility remains subject to completion of definitive documentation and is expected to close in the third quarter of 2022.

Overview

We are an international owner and operator of dry cargo and tanker vessels, formed on August 7, 2007 under the laws of the Republic of the Marshall Islands. Olympos Maritime Ltd. is our general partner (the "General Partner").

As of August 31, 2022, there were 30,197,087 outstanding common units and 622,555 general partnership units. Navios Holdings currently owns an approximately 10.3% ownership interest in Navios Partners and the General Partner currently owns an approximately 2.0% ownership interest in Navios Partners based on all outstanding common units and general partner units.

Fleet

Following the completion of the Transaction, Navios Partners' fleet consists of 90 Drybulk vessels, 48 Containerships and 49 Tanker vessels, including three newbuilding Capesize bareboat charter-in vessels expected to be delivered by the second half of 2022, two newbuilding Capesize bareboat charter-in vessels expected to be delivered by the first half of 2023, one newbuilding Panamax vessel expected to be delivered by the first half of 2023, four newbuilding Aframax/LR2 vessels expected to be delivered in 2024 and the first half of 2025, 12 newbuilding Containerships expected to be delivered by the second half of 2023 and in 2024, one Containership agreed to be sold and expected to be delivered in September 2022 and one Panamax vessel agreed to be sold and expected to be delivered in the fourth quarter of 2022.

We generate revenues by charging our customers for the use of our vessels to transport their dry cargo commodities, containers, crude oil, refined petroleum products and/or bulk liquid chemicals. From time to time, we operate vessels in the spot market until the vessels have been chartered out under short-term, medium and long-term charters.

The following table provides summary information about our fleet as of August 31, 2022:

Owned Drybulk Vessels	Type	Built	Capacity (DWT)	Charter-Out Rate ⁽¹⁾	Index ⁽²⁾	Expiration Date ⁽³⁾
Navios La Paix	Ultra-Handymax	2014	61,485	—	111% average BSI 58 10TC	Apr-23
Navios Christine B	Ultra-Handymax	2009	58,058	\$16,150	No	Oct-22
Navios Amaryllis	Ultra-Handymax	2008	58,735	\$28,575	No	Sep-22
Serenitas N	Ultra-Handymax	2011	56,644	—	99.0% average BSI 58 10TC	Jul-23
Navios Ulysses	Ultra-Handymax	2007	55,728	\$28,500	No	Sep-22
Navios Celestial	Ultra-Handymax	2009	58,063	\$35,150	—	Sep-22
Navios Vega	Ultra-Handymax	2009	58,792	—	100.0% average BSI 58 10TC	Feb-23
Navios Hyperion	Panamax	2004	75,707	\$19,000	No	Nov-23
Navios Alegria	Panamax	2004	76,466	\$16,625	No	Oct-22

Navios Orbiter	Panamax	2004	76,602	—	—	Spot
Navios Helios	Panamax	2005	77,075	—	100.0% average BPI 4TC	Nov-22
Navios Sun	Panamax	2005	76,619	—	100.0% average BPI 4TC	Jan-23
Navios Hope	Panamax	2005	75,397	—	100.0% average BPI 4TC	Mar-23
Navios Sagittarius	Panamax	2006	75,756	\$12,350	No	Sep-22
Navios Harmony	Panamax	2006	82,790	\$11,638	No	Sep-22
Navios Prosperity I	Panamax	2007	75,527	—	—	Spot
Navios Libertas	Panamax	2007	75,511	—	—	Spot

Owned Drybulk Vessels	Type	Built	Capacity (DWT)	Charter-Out Rate ⁽¹⁾	Index ⁽²⁾	Expiration Date ⁽³⁾
Navios Symmetry	Panamax	2006	74,381	\$9,500	No	Sep-22
Navios Apollon I	Panamax	2005	87,052	—	105.0% average BPI 4TC	Nov-22
Navios Sphera	Panamax	2016	84,872	—	108.0% average BPI 82	Feb-23
Navios Camelia ⁽³⁰⁾	Panamax	2009	75,162	\$11,875	No	Sep-22
Navios Anthos	Panamax	2004	75,798	\$26,410	No	Nov-22
Copernicus N	Panamax	2010	93,062	\$9,500	No	Oct-22
Unity N	Panamax	2011	79,642	—	107.0% average BPI 4TC	Sep-23
Odysseus N	Panamax	2011	79,642	—	100.0% average BPI 4TC	Feb-23
Navios Victory	Panamax	2014	77,095	—	100.50% average BPI 4TC	Feb-23
Navios Avior	Panamax	2012	81,335	—	106.75% average BPI 4TC	Oct-23
Navios Centaurus	Panamax	2012	81,472	\$17,575	100.0% average BPI 82	Feb-23
Navios Primavera ⁽⁷⁾	Panamax	2022	82,003	—	No	Sep-22
Navios Taurus	Panamax	2005	76,596	\$12,350	112.0% average BPI 82	Jul-23
Navios Asteriks ⁽⁵⁾	Panamax	2005	76,801	\$10,925	No	Sep-22
N Amalthia	Panamax	2006	75,318	—	No	Oct-22
Navios Galileo	Panamax	2006	76,596	—	92.0% average BPI 82	Dec-22
N Bonanza	Panamax	2006	76,596	—	101.0% average BPI 4TC	Nov-22
Rainbow N	Panamax	2011	79,642	—	100.0% average BPI 4TC	Jan-23
Jupiter N	Post-Panamax	2011	93,062	—	101.0% average BPI 4TC	Oct-22
Navios Sky	Kamsarmax	2015	82,056	\$18,763	108.0% average BPI 4TC	Sep-22
Navios Herakles I	Kamsarmax	2019	82,036	\$30,638	No	Jan-23
Navios Uranus	Kamsarmax	2019	81,516	\$20,900	No	Sep-22
Navios Felicity I	Kamsarmax	2020	81,946	\$31,825	No	Jan-23
Navios Galaxy II	Kamsarmax	2020	81,789	\$33,547	No	Nov-22
				\$13,419	No	Sep-22
				—	125.0% average BPI 4TC	Dec-22
Navios Magellan II	Kamsarmax	2020	82,037	\$33,938	No	Jan-23
				—	124.375% average BPI 4TC	Sep-22
Navios Beaufigs ⁽⁵⁾	Capesize	2004	180,310	\$22,563	No	Jan-23
Navios Symphony	Capesize	2010	178,132	—	No	Sep-23
Navios Fantastiks ⁽⁶⁾	Capesize	2005	180,265	\$21,650	97.0% average BCI 5TC	Dec-22
Navios Aurora II	Capesize	2009	169,031	—	No	Mar-23
Navios Pollux ⁽⁶⁾	Capesize	2009	180,727	—	99.0% average BCI 5TC	Apr-23
				—	100.0% of pool earnings	Nov-22
Navios Sol ⁽⁷⁾	Capesize	2009	180,274	\$33,440	No	Sep-22
				—	110.0% average BCI 5TC	Mar-23
Navios Fulvia	Capesize	2010	179,263	—	100.0% average BCI 5TC	Jan-23
Navios Buena Ventura	Capesize	2010	179,259	—	100.5% average BCI 5TC	Mar-23
Navios Melodia	Capesize	2010	179,132	—	105.0% average BCI 5TC	Feb-23
Navios Luz	Capesize	2010	179,144	—	102.0% average BCI 5TC	May-23
Navios Ace ⁽⁸⁾	Capesize	2011	179,016	—	107.25% average BCI 5TC	Feb-23
Navios Aster	Capesize	2010	179,314	\$27,731	No	Feb-23
Navios Joy	Capesize	2013	181,389	Freight Voyage	No	Nov-23
Navios Gem	Capesize	2014	181,336	\$28,500	No	Jan-23
Navios Mars	Capesize	2016	181,259	—	126.0% average BCI 5TC	Oct-23
Navios Koyo	Capesize	2011	181,415	—	111.0% average BCI 5TC	Mar-23
Navios Ray ⁽⁹⁾	Capesize	2012	179,515	—	102.0% average BCI 5TC	Jan-23
Navios Bonavis ⁽⁶⁾	Capesize	2009	180,022	—	101.5% average BCI 5TC	Mar-23
Navios Azimuth	Capesize	2011	179,169	—	100.0% average BCI 5TC	Jan-23
Navios Stellar ⁽¹⁰⁾	Capesize	2009	169,001	—	95.75% average BCI 5TC	Feb-23
Navios Happiness	Capesize	2009	180,022	\$36,281	No	Sep-22
				—	100.5% average BCI 5TC	Oct-22
				\$37,862	No	Sep-22
Navios Phoenix ⁽⁶⁾	Capesize	2009	180,242	\$14,669	No	Dec-22
				—	100.0% average BCI 5TC + \$2,000 per day	Jan-23
Navios Lumen ⁽¹⁰⁾	Capesize	2009	180,661	\$31,920	No	Sep-22
				—	105.0% average BCI 5TC	Dec-22
Navios Antares ⁽¹²⁾	Capesize	2010	169,059	—	95.75% average BCI 5TC	Feb-23
Navios Etoile	Capesize	2010	179,234	\$35,150	No	Sep-22
				—	100.0% average BCI 5TC	Mar-23
Navios Bonheur	Capesize	2010	179,259	—	100.5% average BCI 5TC	Nov-22
Navios Altamira	Capesize	2011	179,165	\$36,524	No	Sep-22
				—	100.25% average BCI 5TC	Feb-23
Navios Canary ⁽³³⁾	Capesize	2015	180,528	\$37,872	No	Sep-22
				—	119.0% average BCI 5TC	Dec-22
Navios Corali ⁽³³⁾	Capesize	2015	181,249	\$34,438	No	Sep-22
				—	100.0% average BCI 5TC + \$4,370 per day	Nov-22

Owned Containerships	Type	Built	Capacity (TEU)	Charter-Out Rate⁽¹⁾	Index⁽²⁾	Expiration Date⁽³⁾
Spectrum N	Containership	2009	2,546	\$36,538	No	Mar-25
Protostar N	Containership	2007	2,741	\$46,556	No	Nov-25
Fleur N	Containership	2012	2,782	\$19,750	No	Mar-24
Ete N	Containership	2012	2,782	\$19,750	No	Feb-24
Navios Summer ⁽⁵⁾	Containership	2006	3,450	\$45,480	No	May-23
				\$39,795	No	May-24
				\$30,320	No	May-25
				\$20,845	No	May-26
				\$34,110	No	Jul-26
Matson Oahu ⁽⁵⁾	Containership	2006	3,450	\$22,713	No	May-23
Navios Spring ⁽⁵⁾	Containership	2007	3,450	\$58,500	No	May-25
Navios Vermilion ⁽⁵⁾	Containership	2007	4,250	\$54,313	No	Dec-22
				\$45,425	No	Dec-23
				\$23,972	No	Nov-24
				\$41,722	No	Dec-24
				\$63,375	No	Apr-23
Navios Indigo ⁽⁵⁾	Containership	2007	4,250	\$43,875	No	Apr-24
				\$34,125	No	Apr-25
				\$24,375	No	Apr-26
				\$41,438	No	Aug-26
				\$55,794	No	Jul-25
Matson Lanai ⁽⁵⁾	Containership	2007	4,250	\$55,794	No	Jul-25
Navios Amarillo ⁽⁵⁾	Containership	2007	4,250	\$20,845	No	Jan-23
				\$92,381	No	Jan-24
				\$63,956	No	Jan-25
				\$28,425	No	Jan-26
				\$ 9,475	No	Jan-28
Navios Verde ⁽⁵⁾	Containership	2007	4,250	\$20,845	No	Jun-23
Navios Azure ⁽⁵⁾	Containership	2007	4,250	\$22,678	No	Oct-22
Navios Domino ⁽⁵⁾	Containership	2008	4,250	\$24,934	No	Jun-23
Navios Delight ⁽⁵⁾	Containership	2008	4,250	\$45,425	No	Jan-24
Navios Destiny ⁽⁵⁾	Containership	2009	4,250	\$54,313	No	Nov-22
				\$45,425	No	Nov-23
				\$23,972	No	Oct-24
				\$41,722	No	Nov-24
				\$63,375	No	Mar-23
Navios Devotion ⁽⁵⁾	Containership	2009	4,250	\$43,875	No	Mar-24
				\$34,125	No	Mar-25
				\$24,375	No	Mar-26
				\$41,438	No	Jul-26
				\$31,353	No	May-23
Navios Lapis	Containership	2009	4,250	\$31,353	No	May-23
Navios Tempo	Containership	2009	4,250	\$44,438	No	Sep-25
Navios Dorado	Containership	2010	4,250	\$21,676	No	Jun-23
Zim Baltimore (ex Navios Felicitas)	Containership	2010	4,360	\$63,375	No	Jan-23
				\$43,875	No	Jan-24
				\$34,125	No	Jan-25
				\$24,375	No	Jan-26
				\$41,438	No	May-26
Bahamas	Containership	2010	4,360	\$22,219	No	Dec-22
Zim Carmel	Containership	2010	4,360	\$60,000	No	May-25
				\$61,114	No	Apr-23
				\$42,164	No	Apr-24
				\$32,689	No	Apr-25
				\$23,214	No	Apr-26
				\$39,795	No	Jun-26

Owned Containerships	Type	Built	Capacity (TEU)	Charter-Out Rate⁽¹⁾	Index⁽²⁾	Expiration Date⁽³⁾
Navios Miami	Containership	2009	4,563	\$54,313	No	Nov-22
				\$45,425	No	Nov-23
				\$23,972	No	Oct-24
Navios Magnolia	Containership	2008	4,730	\$41,722	No	Nov-24
				\$54,313	No	Nov-22
				\$45,425	No	Nov-23
Navios Jasmine	Containership	2008	4,730	\$23,972	No	Oct-24
				\$41,722	No	Nov-24
				\$21,825	No	Dec-22
Navios Chrysalis	Containership	2008	4,730	\$60,000	No	Apr-25
Navios Nerine	Containership	2008	4,730	\$30,083	No	Jul-23
				\$54,313	No	Oct-22
				\$45,425	No	Oct-23
Hyundai Hongkong ⁽⁴⁾	Containership	2006	6,800	\$23,972	No	Sep-24
				\$41,722	No	Oct-24
				\$30,119	No	Dec-23
Hyundai Singapore ⁽⁴⁾	Containership	2006	6,800	\$21,083	No	Dec-28
				\$30,119	No	Dec-23
				\$21,083	No	Dec-28
Hyundai Tokyo ⁽⁴⁾	Containership	2006	6,800	\$30,119	No	Dec-23
				\$21,083	No	Dec-28
				\$30,119	No	Dec-23
Hyundai Shanghai ⁽⁴⁾	Containership	2006	6,800	\$21,083	No	Dec-28
				\$30,119	No	Aug-24
				\$21,083	No	Aug-29
Hyundai Busan ⁽⁴⁾	Containership	2006	6,800	\$30,119	No	Aug-24
				\$21,083	No	Aug-29
				\$27,840	No	Sep-22
Navios Unite ⁽⁵⁾⁽³⁰⁾	Containership	2006	8,204	\$26,276	No	Jun-26
Navios Unison ⁽¹²⁾	Containership	2010	10,000	\$26,276	No	Jun-26
Navios Constellation ⁽¹²⁾	Containership	2011	10,000	\$26,276	No	Jun-26

Owned Tanker Vessels	Type	Built	Capacity (DWT)	Charter-Out Rate⁽¹⁾	Profit Sharing Arrangements	Expiration Date⁽³⁾
Nave Cosmos ⁽¹³⁾	Chemical Tanker	2010	25,130	Floating Rate	No	Nov-22
Nave Polaris ⁽¹³⁾	Chemical Tanker	2011	25,145	Floating Rate	No	Nov-22
Perseus N ⁽¹¹⁾	MR1 Product Tanker	2009	36,264	\$12,591	No	Dec-22
Star N ⁽³²⁾	MR1 Product Tanker	2009	37,836	Floating Rate	No	Jan-23
Hector N	MR1 Product Tanker	2008	38,402	\$14,319	No	Jun-23
				\$15,306	No	Oct-23
Nave Dorado ⁽¹⁵⁾	MR2 Product Tanker	2005	47,999	\$12,838	Yes	Dec-22
Nave Aquila ⁽⁶⁾	MR2 Product Tanker	2012	49,991	\$15,208	No	Sep-22
				\$27,181	No	Mar-23
Nave Atria ⁽⁶⁾⁽¹⁶⁾	MR2 Product Tanker	2012	49,992	\$13,948	No	May-23
Nave Capella ⁽¹²⁾	MR2 Product Tanker	2013	49,995	\$13,956	No	Feb-23
Nave Alderamin ⁽¹²⁾	MR2 Product Tanker	2013	49,998	\$13,956	No	Dec-22
Nave Pyxis ⁽¹⁰⁾	MR2 Product Tanker	2014	49,998	\$15,881	No	Feb-23
Nave Bellatrix ⁽⁶⁾	MR2 Product Tanker	2013	49,999	\$23,083	No	Jun-23
Nave Orion ⁽⁶⁾	MR2 Product Tanker	2013	49,999	\$13,956	No	Dec-22
Nave Titan ⁽¹²⁾	MR2 Product Tanker	2013	49,999	\$13,716	No	Mar-23
Nave Luminosity	MR2 Product Tanker	2014	49,999	\$14,813	No	Dec-22
Nave Jupiter	MR2 Product Tanker	2014	49,999	\$16,491	No	Aug-23
Nave Velocity ⁽¹⁸⁾⁽¹²⁾	MR2 Product Tanker	2015	49,999	\$15,553	No	Oct-24

Owned Tanker Vessels	Type	Built	Capacity (DWT)	Charter-Out Rate⁽¹⁾	Profit Sharing Arrangements	Expiration Date⁽³⁾
Nave Sextans ⁽¹²⁾	MR2 Product Tanker	2015	49,999	\$16,844	No	May-23
Nave Orbit ⁽¹⁹⁾⁽¹¹⁾	MR2 Product Tanker	2009	50,470	\$14,418	No	Mar-23
Nave Equator ⁽⁵⁾	MR2 Product Tanker	2009	50,542	\$13,500 \$23,651	No No	Oct-22 Jun-23
Bougainville ⁽¹⁰⁾	MR2 Product Tanker	2013	50,626	\$13,578	No	Oct-22
Nave Equinox ⁽²⁰⁾⁽¹¹⁾	MR2 Product Tanker	2007	50,922	\$12,591 \$20,392	No No	Sep-22 Sep-24
Nave Pulsar ⁽⁵⁾⁽³⁴⁾	MR2 Product Tanker	2007	50,922	\$22,713	No	Jan-23
Aurora N ⁽²²⁾	LR1 Product Tanker	2008	63,495	Floating Rate	No	Nov-22
Lumen N ⁽²²⁾	LR1 Product Tanker	2008	63,599	Floating Rate	No	Nov-22
Nave Cetus ⁽¹²⁾⁽²³⁾	LR1 Product Tanker	2012	74,581	\$14,138	No	Dec-22
Nave Ariadne ⁽²²⁾	LR1 Product Tanker	2007	74,671	Floating Rate	No	Nov-22
Nave Cielo	LR1 Product Tanker	2007	74,671	\$26,564	No	Sep-23
Nave Rigel ⁽²³⁾	LR1 Product Tanker	2013	74,673	\$14,138	No	Dec-22
Nave Atropos ⁽¹⁰⁾	LR1 Product Tanker	2013	74,695	\$14,813	No	Oct-22
Nave Cassiopeia ⁽¹²⁾⁽²⁴⁾	LR1 Product Tanker	2012	74,711	Floating Rate	No	Oct-22
Nave Andromeda ⁽¹²⁾⁽²⁴⁾	LR1 Product Tanker	2011	75,000	Floating Rate	No	Oct-22
Nave Estella ⁽¹²⁾	LR1 Product Tanker	2012	75,000	\$15,400	No	Jan-23
Nave Constellation ⁽²⁹⁾	VLCC	2010	296,988	Floating Rate	Yes	Dec-22
Nave Universe	VLCC	2011	297,066	Freight Voyage	—	Sep-22
Nave Galactic ⁽²⁶⁾	VLCC	2009	297,168	\$17,775	Yes	Sep-22
Nave Spherical ⁽²⁷⁾	VLCC	2009	297,188	Floating Rate	No	Jan-24
Nave Quasar ⁽²⁸⁾	VLCC	2010	297,376	\$16,788	Yes	Feb-23
Nave Photon ⁽²⁹⁾	VLCC	2008	297,395	Floating Rate	Yes	Dec-22
Nave Buena Suerte ⁽¹⁷⁾	VLCC	2011	297,491	\$47,906	Yes	Jun-25
Nave Synergy	VLCC	2010	299,973	Freight Voyage	—	Sep-22

Bareboat Charter-in vessels	Type	Built	Capacity (DWT)	Charter-Out Rate⁽¹⁾	Index⁽²⁾	Expiration Date⁽³⁾
Navios Libra	Panamax	2019	82,011	—	109.75% average BPI 82	Jun-24
Navios Amitie	Panamax	2021	82,002	—	110.0% average BPI 82	Jan-24
Navios Star	Panamax	2021	81,994	—	110.0% average BPI 82	Feb-24
Nave Electron ⁽¹⁷⁾	VLCC	2021	313,239	\$47,906	Yes	Jan-26
Baghdad ⁽²¹⁾	VLCC	2020	313,433	\$27,816	No	Sep-30
Erbil ⁽²¹⁾	VLCC	2021	313,486	\$27,816	No	Feb-31
Nave Celeste ⁽²⁵⁾	VLCC	2022	313,418	Floating rate	No	Jul-24

Charter-in vessels	Type	Built	Capacity (DWT)	Charter-Out Rate⁽¹⁾	Index⁽²⁾	Expiration Date⁽³⁾
Navios Lyra	Ultra-Handymax	2012	34,718	\$23,275	No	Oct-22
Navios Venus	Ultra-Handymax	2015	61,339	\$30,400	No	Sep-22
Navios Amber	Kamsarmax	2015	80,994	—	115.0% average BPI 4TC	Jan-23
Navios Coral	Kamsarmax	2016	84,904	—	108.0% average BPI 82	Nov-22
Navios Citrine	Kamsarmax	2017	81,626	\$34,538 —	No 122.0% average 4TC	Sep-22 Feb-23
Navios Dolphin	Kamsarmax	2017	81,630	—	122.0% average BPI 4TC	Dec-22
Navios Gemini	Kamsarmax	2018	81,704	\$29,838	No	Dec-22
Navios Horizon I	Kamsarmax	2019	81,692	—	108.5% average BPI 82	Oct-23
Navios Felix	Capesize	2016	181,221	\$34,485 —	No 100.0% average BCI 5TC + \$4,085 per day	Sep-22 Jan-24
Navios Obeliks	Capesize	2012	181,415	Freight Voyage	No	Oct-22

Bareboat Charter-in vessels to be delivered	Type	Delivery Date	Capacity (DWT)	Charter-Out Rate⁽¹⁾	Index⁽²⁾	Expiration Date⁽³⁾
Navios Armonia	Capesize	H2 2022	180,000	\$20,750	No	May-27
TBN II	Capesize	H2 2022	180,000	—	—	—
Navios Astra	Capesize	H2 2022	180,000	\$21,000	No	Feb-27
TBN VI	Capesize	H1 2023	180,000	—	—	—
TBN IV	Capesize	H1 2023	180,000	—	—	—
Owned Drybulk Vessels - to be Delivered	Type	Delivery Date	Capacity (DWT)	Charter-Out Rate⁽¹⁾	Index⁽²⁾	Expiration Date⁽³⁾
TBN V	Panamax	H1 2023	81,000	—	—	—
Owned Containerships to be Delivered	Type	Delivery Date	Capacity (TEU)	Charter-Out Rate⁽¹⁾	Index⁽²⁾	Expiration Date⁽³⁾
TBN VII	Containership	H2 2023	5,300	\$42,900	No	Sep-24
				\$39,000	No	Sep-25
				\$37,050	No	Sep-26
				\$35,100	No	Sep-27
				\$31,200	No	Sep-28
				\$37,050	No	Nov-28
TBN VIII	Containership	H2 2023	5,300	\$42,900	No	Dec-24
				\$39,000	No	Dec-25
				\$37,050	No	Dec-26
				\$35,100	No	Dec-27
				\$31,200	No	Dec-28
				\$37,050	No	Feb-29
TBN IX	Containership	H1 2024	5,300	\$42,900	No	Jun-25
				\$39,000	No	Jun-26
				\$37,050	No	Jun-27
				\$35,100	No	Jun-28
				\$31,200	No	Jun-29
				\$37,050	No	Aug-29
TBN X	Containership	H1 2024	5,300	\$42,900	No	Jun-25
				\$39,000	No	Jun-26
				\$37,050	No	Jun-27
				\$35,100	No	Jun-28
				\$31,200	No	Jun-29
				\$37,050	No	Aug-29
TBN XI	Containership	H2 2024	5,300	\$42,900	No	Sep-25
				\$39,000	No	Sep-26
				\$37,050	No	Sep-27
				\$35,100	No	Sep-28
				\$31,200	No	Sep-29
				\$37,050	No	Nov-29
TBN XII	Containership	H2 2024	5,300	\$42,900	No	Nov-25
				\$39,000	No	Nov-26
				\$37,050	No	Nov-27
				\$35,100	No	Nov-28
				\$31,200	No	Nov-29
				\$37,050	No	Jan-30
TBN XIII	Containership	H2 2023	5,300	\$42,900	No	Dec-24
				\$39,000	No	Dec-25
				\$37,050	No	Dec-26
				\$35,100	No	Dec-27
				\$31,200	No	Dec-28
				\$37,050	No	Jan-29
TBN XIV	Containership	H1 2024	5,300	\$42,900	No	May-25
				\$39,000	No	May-26
				\$37,050	No	May-27
				\$35,100	No	May-28
				\$31,200	No	May-29
				\$37,050	No	Jul-29
TBN XV	Containership	H2 2024	5,300	\$37,500	No	Apr-30
TBN XVI	Containership	H2 2024	5,300	\$37,500	No	Apr-30
TBN XXI	Containership	H2 2024	7,700	\$57,213	No	Nov-27
				\$52,238	No	Nov-30
				\$37,313	No	Nov-32
				\$27,363	No	Nov-34
				\$24,875	No	Nov-36
TBN XXII	Containership	H2 2024	7,700	\$57,213	No	Dec-27
				\$52,238	No	Dec -30
				\$37,313	No	Dec -32
				\$27,363	No	Dec -34

Owned Tanker Vessels to be delivered	Type	Delivery Date	Capacity (DWT)	Charter-Out Rate ⁽¹⁾	Index ⁽²⁾	Expiration Date ⁽³⁾
TBN XVII	Aframax / LR2	H1 2024	115,000	\$25,576 ⁽³¹⁾	—	Apr-29
TBN XVIII	Aframax / LR2	H2 2024	115,000	\$25,576 ⁽³¹⁾	—	Jul-29
TBN XIX	Aframax / LR2	H2 2024	115,000	— ⁽¹⁴⁾	—	—
TBN XX	Aframax / LR2	H1 2025	115,000	— ⁽¹⁴⁾	—	—

- (1) Daily charter-out rate per day, net of commissions.
- (2) Index rates exclude commissions.
- (3) Estimated dates assuming the midpoint or company's best estimate of the redelivery period by charterers.
- (4) Includes optional years (NMM's option) after 2023.
- (5) The vessel is subject to a sale and leaseback transaction for a period of up to five years, at which time we have an obligation to purchase the vessel.
- (6) The vessel is subject to a sale and leaseback transaction for a period of up to six years, at which time we have an obligation to purchase the vessel.
- (7) The vessel is subject to a sale and leaseback transaction for a period of up to ten years, at which time we have an obligation to purchase the vessel.
- (8) The vessel is subject to a sale and leaseback transaction for a period of up to 11 years, at which time we have an obligation to purchase the vessel.
- (9) The vessel is subject to a sale and leaseback transaction for a period of up to nine years, at which time we have an obligation to purchase the vessel.
- (10) The vessel is subject to a sale and leaseback transaction for a period of up to eight years, at which time we have an obligation to purchase the vessel.
- (11) The vessel is subject to a sale and leaseback transaction for a period of up to four years, at which time we have an obligation to purchase the vessel.
- (12) The vessel is subject to a sale and leaseback transaction for a period of up to seven years, at which time we have an obligation to purchase the vessel.
- (13) Rate based on Delta-8 pool earnings.
- (14) Charterer has the option to charter the vessels on identical terms to the two first vessels.
- (15) Profit sharing arrangement of 100% between \$12,838 and \$15,800 and 50% above \$15,800.
- (16) Charterer's option to extend the charter for up to 18 months at \$14,887 net per day.
- (17) Profit sharing arrangement of 35% above \$54,388, 40% above \$59,388 and 50% above \$69,388.
- (18) Charterer's option to extend the charter for one year at \$16,540 net per day plus one year at \$17,528 net per day.
- (19) Charterer's option to extend the charter for up to 18 months at \$15,306 net per day.
- (20) The premium for when the vessel is trading on ice or follow ice breaker is \$1,481 per day.
- (21) Charterer's option to extend the bareboat charter for five years at \$29,751 net per day.
- (22) Rate based on Penfield pool earnings.
- (23) Charterer's option to extend the charter for three months at \$16,088 net per day.
- (24) Rate based on LR8 pool earnings.
- (25) Bareboat charter based on adjusted TD3C-WS with a floor of \$22,572 and collar of \$29,700.
- (26) Contract provides adjusted BITR TD3C-TCE index with a floor of \$17,775, 100% to Navios up to collar \$38,759 and 50% thereafter.
- (27) Contract provides 100% of BITR TD3C-TCE index plus \$4,875 premium until January 2023, then TD3C-TCE index plus \$1,463 premium.
- (28) Contract provides 100% of BITR TD3C-TCE index up to \$37,031 and 50% thereafter with \$16,788 floor.
- (29) Contract provides 100% of BITR TD3C-TCE index up to \$17,775 and 50% thereafter with a floor at \$2,963 and collar at \$29,625.
- (30) Vessel agreed to be sold.
- (31) Charterer has the option to extend for a further five one year options at rates increasing by \$1,234 per day each year.
- (32) Rate based on Scorpio Handymax Tanker pool earnings.
- (33) The vessel is subject to a sale and leaseback transaction for a period of up to 12 years, at which time we have an obligation to purchase the vessel.
- (34) Charterer's option to extend the charter for six months at \$27,650 net per day.

Our Charters

We provide seaborne shipping services under short, medium, and long-term time charters with customers that we believe are creditworthy. For the six month period ended June 30, 2022, Singapore Marine Pte Ltd. ("Singapore Marine") represented approximately 10.8% of total revenues. For the six month period ended June 30, 2021, Singapore Marine and Hyundai Merchant Marine Co., Ltd. ("HMM") represented approximately 13.8% and 12.8%, respectively, of total revenues. No other customers accounted for 10% or more of total revenues for any of the periods presented.

Our revenues are driven by the number of vessels in the fleet, the number of days during which 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;
- the aggregate level of supply and demand in the shipping industry;
- economic conditions, such as the impact of inflationary cost pressures, decreased consumer discretionary spending, fluctuations in foreign currency exchange rates, increasing interest rates, and the possibility of recession or financial market instability;
- armed conflicts, such as the Russian/Ukrainian conflicts; and
- the ongoing global outbreak of COVID-19 or other epidemics or pandemics.

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 2021 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 2021 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 six month periods ended June 30, 2022 and 2021 of Navios Partners presented and discussed below include the following entities:

Company name	Vessel name	Country of incorporation	2022	2021
Libra Shipping Enterprises Corporation	—	Marshall Is.	1/01 – 6/30	1/01 – 6/30
Alegria Shipping Corporation	Navios Alegria	Marshall Is.	1/01 – 6/30	1/01 – 6/30
Felicity Shipping Corporation	—	Marshall Is.	1/01 – 6/30	1/01 – 6/30
Gemini Shipping Corporation	—	Marshall Is.	1/01 – 6/30	1/01 – 6/30
Galaxy Shipping Corporation	—	Marshall Is.	1/01 – 6/30	1/01 – 6/30
Aurora Shipping Enterprises Ltd.	Navios Hope	Marshall Is.	1/01 – 6/30	1/01 – 6/30
Palermo Shipping S.A	—	Marshall Is.	1/01 – 6/30	1/01 – 6/30
Fantastiks Shipping Corporation ⁽¹²⁾	Navios Fantastiks	Marshall Is.	1/01 – 6/30	1/01 – 6/30
Sagittarius Shipping Corporation ⁽¹²⁾	Navios Sagittarius	Marshall Is.	1/01 – 6/30	1/01 – 6/30
Hyperion Enterprises Inc.	Navios Hyperion	Marshall Is.	1/01 – 6/30	1/01 – 6/30
Chilali Corp.	Navios Aurora II	Marshall Is.	1/01 – 6/30	1/01 – 6/30
Surf Maritime Co.	Navios Pollux	Marshall Is.	1/01 – 6/30	1/01 – 6/30
Pandora Marine Inc.	Navios Melodia	Marshall Is.	1/01 – 6/30	1/01 – 6/30
Customized Development S.A.	Navios Fulvia	Liberia	1/01 – 6/30	1/01 – 6/30
Kohylia Shipmanagement S.A.	Navios Luz	Marshall Is.	1/01 – 6/30	1/01 – 6/30
Orbiter Shipping Corp.	Navios Orbiter	Marshall Is.	1/01 – 6/30	1/01 – 6/30
Floral Marine Ltd.	Navios Buena Ventura	Marshall Is.	1/01 – 6/30	1/01 – 6/30
Golem Navigation Limited ⁽¹³⁾	—	Marshall Is.	1/01 – 6/30	1/01 – 6/30
Kymata Shipping Co.	Navios Helios	Marshall Is.	1/01 – 6/30	1/01 – 6/30
Joy Shipping Corporation	Navios Joy	Marshall Is.	1/01 – 6/30	1/01 – 6/30
Micaela Shipping Corporation	Navios Harmony	Marshall Is.	1/01 – 6/30	1/01 – 6/30
Pearl Shipping Corporation	Navios Sun	Marshall Is.	1/01 – 6/30	1/01 – 6/30
Velvet Shipping Corporation	Navios La Paix	Marshall Is.	1/01 – 6/30	1/01 – 6/30
Perigiali Navigation Limited ⁽¹²⁾	Navios Beaufiks	Marshall Is.	1/01 – 6/30	1/01 – 6/30
Finian Navigation Co. ⁽¹²⁾	Navios Ace	Marshall Is.	1/01 – 6/30	1/01 – 6/30

Amnos Shipping Corp.	Navios Prosperity I	Marshall Is.	1/01 – 6/30	1/01 – 6/30
Wave Shipping Corp.	Navios Libertas	Marshall Is.	1/01 – 6/30	1/01 – 6/30
Casual Shipholding Co. ⁽¹²⁾	Navios Sol	Marshall Is.	1/01 – 6/30	1/01 – 6/30
Avery Shipping Company	Navios Symphony	Marshall Is.	1/01 – 6/30	1/01 – 6/30
Coasters Ventures Ltd.	Navios Christine B	Marshall Is.	1/01 – 6/30	1/01 – 6/30
Ianthe Maritime S.A.	Navios Aster	Marshall Is.	1/01 – 6/30	1/01 – 6/30
Rubina Shipping Corporation	Hyundai Hongkong	Marshall Is.	1/01 – 6/30	1/01 – 6/30
Topaz Shipping Corporation	Hyundai Singapore	Marshall Is.	1/01 – 6/30	1/01 – 6/30
Beryl Shipping Corporation	Hyundai Tokyo	Marshall Is.	1/01 – 6/30	1/01 – 6/30
Cheryl Shipping Corporation	Hyundai Shanghai	Marshall Is.	1/01 – 6/30	1/01 – 6/30
Christal Shipping Corporation	Hyundai Busan	Marshall Is.	1/01 – 6/30	1/01 – 6/30
Fairy Shipping Corporation ⁽⁵⁾	Navios Utmost	Marshall Is.	1/01 – 6/30	3/31 – 6/30
Limestone Shipping Corporation ⁽²⁸⁾	Navios Unite	Marshall Is.	1/01 – 6/30	3/31 – 6/30
Dune Shipping Corp.	—	Marshall Is.	1/01 – 6/30	1/01 – 6/30
Citrine Shipping Corporation	—	Marshall Is.	1/01 – 6/30	1/01 – 6/30
Cavalli Navigation Inc.	—	Marshall Is.	1/01 – 6/30	1/01 – 6/30
Seymour Trading Limited ⁽²⁾	Navios Altair I	Marshall Is.	1/01 – 6/30	1/01 – 6/30
Goldie Services Company	Navios Symmetry	Marshall Is.	1/01 – 6/30	1/01 – 6/30
Andromeda Shiptrade Limited	Navios Apollon I	Marshall Is.	1/01 – 6/30	1/01 – 6/30
Esmeralda Shipping Corporation	Navios Sphera	Marshall Is.	1/01 – 6/30	1/01 – 6/30
Triangle Shipping Corporation	Navios Mars	Marshall Is.	1/01 – 6/30	1/01 – 6/30
Oceanus Shipping Corporation ⁽¹⁹⁾	Castor N	Marshall Is.	1/01 – 6/30	1/01 – 6/30
Cronus Shipping Corporation	Protostar N	Marshall Is.	1/01 – 6/30	1/01 – 6/30
Leto Shipping Corporation ⁽¹⁷⁾	Esperanza N	Marshall Is.	1/01 – 6/30	1/01 – 6/30
Dionysus Shipping Corporation ⁽⁴⁾	Harmony N	Marshall Is.	1/01 – 6/30	1/01 – 6/30
Prometheus Shipping Corporation ⁽¹⁸⁾	Solar N	Marshall Is.	1/01 – 6/30	1/01 – 6/30
Camelia Shipping Inc. ⁽³¹⁾	Navios Camelia	Marshall Is.	1/01 – 6/30	1/01 – 6/30
Anthos Shipping Inc.	Navios Anthos	Marshall Is.	1/01 – 6/30	1/01 – 6/30
Azalea Shipping Inc. ⁽¹⁾	Navios Azalea	Marshall Is.	1/01 – 6/30	1/01 – 6/30
Amaryllis Shipping Inc.	Navios Amaryllis	Marshall Is.	1/01 – 6/30	1/01 – 6/30
Zaffre Shipping Corporation ⁽¹⁴⁾	Serenitas N	Marshall Is.	1/01 – 6/30	1/01 – 6/30
Wenge Shipping Corporation ^{(14),(20)}	Joie N	Marshall Is.	1/01 – 6/30	1/01 – 6/30
Sunstone Shipping Corporation ⁽¹⁴⁾	Copernicus N	Marshall Is.	1/01 – 6/30	1/01 – 6/30
Fandango Shipping Corporation ⁽¹⁴⁾	Unity N	Marshall Is.	1/01 – 6/30	1/01 – 6/30
Flavescent Shipping Corporation ⁽¹⁴⁾	Odysseus N	Marshall Is.	1/01 – 6/30	1/01 – 6/30
Emery Shipping Corporation ⁽¹⁵⁾	Navios Gem	Marshall Is.	1/01 – 6/30	1/01 – 6/30
Rondine Management Corp. ⁽¹⁵⁾	Navios Victory	Marshall Is.	1/01 – 6/30	1/01 – 6/30
Prosperity Shipping Corporation	—	Marshall Is.	1/01 – 6/30	1/01 – 6/30
Aldebaran Shipping Corporation	—	Marshall Is.	1/01 – 6/30	1/01 – 6/30
JTC Shipping and Trading Ltd. ⁽¹¹⁾	Holding Company	Malta	1/01 – 6/30	1/01 – 6/30
Navios Maritime Partners L.P.	N/A	Marshall Is.	1/01 – 6/30	1/01 – 6/30
Navios Maritime Operating LLC.	N/A	Marshall Is.	1/01 – 6/30	1/01 – 6/30
Navios Partners Finance (US) Inc.	Co-Borrower	Delaware	1/01 – 6/30	1/01 – 6/30
Navios Partners Europe Finance Inc.	Sub-Holding Company	Marshall Is.	1/01 – 6/30	1/01 – 6/30
Solange Shipping Ltd. ⁽¹⁶⁾	Navios Avior	Marshall Is.	1/01 – 6/30	3/30 – 6/30
Mandora Shipping Ltd. ⁽¹⁶⁾	Navios Centaurus	Marshall Is.	1/01 – 6/30	3/30 – 6/30
Olympia II Navigation Limited	Navios Domino	Marshall Is.	1/01 – 6/30	3/31 – 6/30

Pingel Navigation Limited	Navios Delight	Marshall Is.	1/01 – 6/30	3/31 – 6/30
Ebba Navigation Limited	Navios Destiny	Marshall Is.	1/01 – 6/30	3/31 – 6/30
Clan Navigation Limited	Navios Devotion	Marshall Is.	1/01 – 6/30	3/31 – 6/30
Sui An Navigation Limited ⁽²³⁾	Navios Dedication	Marshall Is.	1/01 – 6/30	3/31 – 6/30
Bertyl Ventures Co.	Navios Azure	Marshall Is.	1/01 – 6/30	3/31 – 6/30
Silvanus Marine Company	Navios Summer	Marshall Is.	1/01 – 6/30	3/31 – 6/30
Anthimar Marine Inc.	Navios Amarillo	Marshall Is.	1/01 – 6/30	3/31 – 6/30
Enplo Shipping Limited	Navios Verde	Marshall Is.	1/01 – 6/30	3/31 – 6/30
Morven Chartering Inc.	Matson Oahu	Marshall Is.	1/01 – 6/30	3/31 – 6/30
Rodman Maritime Corp.	Navios Spring	Marshall Is.	1/01 – 6/30	3/31 – 6/30
Isolde Shipping Inc.	Navios Indigo	Marshall Is.	1/01 – 6/30	3/31 – 6/30
Velour Management Corp.	Navios Vermilion	Marshall Is.	1/01 – 6/30	3/31 – 6/30
Evian Shiptrade Ltd.	Matson Lanai	Marshall Is.	1/01 – 6/30	3/31 – 6/30
Theros Ventures Limited	Navios Lapis	Marshall Is.	1/01 – 6/30	3/31 – 6/30
Legato Shipholding Inc.	Navios Tempo	Marshall Is.	1/01 – 6/30	3/31 – 6/30
Inastros Maritime Corp.	Navios Chrysalis	Marshall Is.	1/01 – 6/30	3/31 – 6/30
Zoner Shiptrade S.A.	Navios Dorado	Marshall Is.	1/01 – 6/30	3/31 – 6/30
Jasmer Shipholding Ltd.	Navios Nerine	Marshall Is.	1/01 – 6/30	3/31 – 6/30
Thetida Marine Co.	Navios Magnolia	Marshall Is.	1/01 – 6/30	3/31 – 6/30
Jaspero Shiptrade S.A.	Navios Jasmine	Marshall Is.	1/01 – 6/30	3/31 – 6/30
Peran Maritime Inc.	Zim Baltimore	Marshall Is.	1/01 – 6/30	3/31 – 6/30
Nefeli Navigation S.A.	Navios Unison	Marshall Is.	1/01 – 6/30	3/31 – 6/30
Crayon Shipping Ltd	Navios Miami	Marshall Is.	1/01 – 6/30	3/31 – 6/30
Chernava Marine Corp.	Bahamas	Marshall Is.	1/01 – 6/30	3/31 – 6/30
Proteus Shiptrade S.A	Zim Carmel	Marshall Is.	1/01 – 6/30	3/31 – 6/30
Vythos Marine Corp.	Navios Constellation	Marshall Is.	1/01 – 6/30	3/31 – 6/30
Navios Maritime Containers Sub L.P.	Sub-Holding Company	Marshall Is.	1/01 – 6/30	3/31 – 6/30
Navios Partners Containers Finance Inc.	Sub-Holding Company	Marshall Is.	1/01 – 6/30	3/31 – 6/30
Boheme Navigation Company	Sub-Holding Company	Marshall Is.	1/01 – 6/30	3/31 – 6/30
Navios Partners Containers Inc.	Sub-Holding Company	Marshall Is.	1/01 – 6/30	3/31 – 6/30
Iliada Shipping S.A.	Operating Company	Marshall Is.	1/01 – 6/30	3/31 – 6/30
Vinetree Marine Company	Operating Company	Marshall Is.	1/01 – 6/30	3/31 – 6/30
Afros Maritime Inc.	Operating Company	Marshall Is.	1/01 – 6/30	3/31 – 6/30
Cavos Navigation Co. ⁽⁹⁾	Navios Libra	Marshall Is.	1/01 – 6/30	1/01 – 6/30
Perivoia Shipmanagement Co. ⁽¹⁰⁾	Navios Amitie	Marshall Is.	1/01 – 6/30	1/01 – 6/30
Pleione Management Limited ⁽¹⁰⁾	Navios Star	Marshall Is.	1/01 – 6/30	1/01 – 6/30
Bato Marine Corp. ⁽²¹⁾	Navios Armonia	Marshall Is.	1/01 – 6/30	3/05 – 6/30
Agron Navigation Company ⁽²¹⁾	TBN II	Marshall Is.	1/01 – 6/30	3/05 – 6/30
Teuta Maritime S.A. ⁽²²⁾	TBN VI	Marshall Is.	1/01 – 6/30	3/05 – 6/30
Ambracia Navigation Company ⁽²⁹⁾	Navios Primavera	Marshall Is.	1/01 – 6/30	3/05 – 6/30
Artala Shipping Co. ⁽²²⁾	TBN IV	Marshall Is.	1/01 – 6/30	3/05 – 6/30
Migen Shipmanagement Ltd.	Sub-Holding Company	Marshall Is.	1/01 – 6/30	3/05 – 6/30
Bole Shipping Corporation ⁽²⁴⁾	Spectrum N	Marshall Is.	1/01 – 6/30	4/28 – 6/30
Brandeis Shipping Corporation ⁽²⁴⁾	Ete N	Marshall Is.	1/01 – 6/30	5/10 – 6/30
Buff Shipping Corporation ⁽²⁴⁾	Fleur N	Marshall Is.	1/01 – 6/30	5/10 – 6/30
Morganite Shipping Corporation ⁽²²⁾	TBN V	Marshall Is.	1/01 – 6/30	6/01 – 6/30
Balder Maritime Ltd. ⁽²⁶⁾	Navios Koyo	Marshall Is.	1/01 – 6/30	6/04 – 6/30

Melpomene Shipping Corporation ⁽²⁵⁾	TBN VII	Marshall Is.	1/01 – 6/30	6/23 – 6/30
Urania Shipping Corporation ⁽²⁵⁾	TBN VIII	Marshall Is.	1/01 – 6/30	6/23 – 6/30
Terpsichore Shipping Corporation ⁽⁸⁾	TBN IX	Marshall Is.	1/01 – 6/30	6/23 – 6/30
Erato Shipping Corporation ⁽⁸⁾	TBN X	Marshall Is.	1/01 – 6/30	6/23 – 6/30
Lavender Shipping Corporation ⁽¹²⁾⁽⁷⁾	Navios Ray	Marshall Is.	1/01 – 6/30	6/30 – 6/30
Nostos Shipmanagement Corp. ⁽¹²⁾⁽⁷⁾	Navios Bonavis	Marshall Is.	1/01 – 6/30	6/30 – 6/30
Navios Maritime Acquisition Corporation	Sub-Holding Company	Marshall Is.	1/01 – 6/30	—
Navios Acquisition Europe Finance Inc.	Sub-Holding Company	Marshall Is.	1/01 – 6/30	—
Navios Acquisition Finance (US) Inc.	Co-Issuer of Ship Mortgage Notes	Delaware	1/01 – 6/30	—
Navios Maritime Midstream Partners GP LLC	Holding Company	Marshall Is.	1/01 – 6/30	—
Letil Navigation Ltd.	Sub-Holding Company	Marshall Is.	1/01 – 6/30	—
Navios Maritime Midstream Partners Finance (US) Inc.	Sub-Holding Company	Delaware	1/01 – 6/30	—
Aegean Sea Maritime Holdings Inc.	Sub-Holding Company	Marshall Is.	1/01 – 6/30	—
Amorgos Shipping Corporation	Nave Cosmos	Marshall Is.	1/01 – 6/30	—
Andros Shipping Corporation	Nave Polaris	Marshall Is.	1/01 – 6/30	—
Antikithira Shipping Corporation	Nave Equator	Marshall Is.	1/01 – 6/30	—
Antiparos Shipping Corporation	Nave Atria	Marshall Is.	1/01 – 6/30	—
Antipaxos Shipping Corporation	Nave Dorado	Marshall Is.	1/01 – 6/30	—
Antipsara Shipping Corporation	Nave Velocity	Marshall Is.	1/01 – 6/30	—
Crete Shipping Corporation	Nave Cetus	Marshall Is.	1/01 – 6/30	—
Delos Shipping Corporation	Nave Photon	Marshall Is.	1/01 – 6/30	—
Folegandros Shipping Corporation	Nave Andromeda	Marshall Is.	1/01 – 6/30	—
Ikaria Shipping Corporation	Nave Aquila	Marshall Is.	1/01 – 6/30	—
Ios Shipping Corporation	Nave Cielo	Cayman Islands	1/01 – 6/30	—
Iraklia Shipping Corporation	Bougainville	Marshall Is.	1/01 – 6/30	—
Kimolos Shipping Corporation	Former Vessel- Owning Company	Marshall Is.	1/01 – 6/30	—
Kithira Shipping Corporation	Nave Orbit	Marshall Is.	1/01 – 6/30	—
Kos Shipping Corporation	Nave Bellatrix	Marshall Is.	1/01 – 6/30	—
Lefkada Shipping Corporation	Nave Buena Suerte	Marshall Is.	1/01 – 6/30	—
Leros Shipping Corporation	Former Vessel- Owning Company	Marshall Is.	1/01 – 6/30	—
Mytilene Shipping Corporation	Nave Orion	Marshall Is.	1/01 – 6/30	—
Oinousses Shipping Corporation	Nave Jupiter	Marshall Is.	1/01 – 6/30	—
Psara Shipping Corporation	Nave Luminosity	Marshall Is.	1/01 – 6/30	—
Rhodes Shipping Corporation	Nave Cassiopeia	Marshall Is.	1/01 – 6/30	—
Samos Shipping Corporation	Nave Synergy	Marshall Is.	1/01 – 6/30	—
Samothrace Shipping Corporation	Nave Pulsar	Marshall Is.	1/01 – 6/30	—
Serifos Shipping Corporation	Nave Estella	Marshall Is.	1/01 – 6/30	—
Sifnos Shipping Corporation	Nave Titan	Marshall Is.	1/01 – 6/30	—
Skiathos Shipping Corporation	Nave Capella	Marshall Is.	1/01 – 6/30	—
Skopelos Shipping Corporation	Nave Ariadne	Cayman Islands	1/01 – 6/30	—
Skyros Shipping Corporation	Nave Sextans	Marshall Is.	1/01 – 6/30	—
Syros Shipping Corporation	Nave Alderamin	Marshall Is.	1/01 – 6/30	—
Thera Shipping Corporation	Nave Atropos	Marshall Is.	1/01 – 6/30	—
Tilos Shipping Corporation	Nave Spherical	Marshall Is.	1/01 – 6/30	—
Tinos Shipping Corporation	Nave Rigel	Marshall Is.	1/01 – 6/30	—
Zakynthos Shipping Corporation	Nave Quasar	Marshall Is.	1/01 – 6/30	—
Cyrus Investments Corp.	Baghdad	Marshall Is.	1/01 – 6/30	—

Olivia Enterprises Corp.	Erbil	Marshall Is.	1/01 – 6/30	—
Limnos Shipping Corporation	Nave Pyxis	Marshall Is.	1/01 – 6/30	—
Thasos Shipping Corporation	Nave Equinox	Marshall Is.	1/01 – 6/30	—
Agistri Shipping Limited	Operating Subsidiary	Malta	1/01 – 6/30	—
Paxos Shipping Corporation	Former Vessel- Owning Company	Marshall Is.	1/01 – 6/30	—
Donoussa Shipping Corporation	Former Vessel- Owning Company	Marshall Is.	1/01 – 6/30	—
Schinoussa Shipping Corporation	Former Vessel- Owning Company	Marshall Is.	1/01 – 6/30	—
Alonnisos Shipping Corporation	Former Vessel- Owning Company	Marshall Is.	1/01 – 6/30	—
Makronisos Shipping Corporation	Former Vessel- Owning Company	Marshall Is.	1/01 – 6/30	—
Shinyo Loyalty Limited	Former Vessel- Owning Company	Hong Kong	1/01 – 6/30	—
Shinyo Navigator Limited	Former Vessel- Owning Company	Hong Kong	1/01 – 6/30	—
Amindra Navigation Co.	Sub-Holding Company	Marshall Is.	1/01 – 6/30	—
Navios Maritime Midstream Partners L.P.	Sub-Holding Company	Marshall Is.	1/01 – 6/30	—
Navios Maritime Midstream Operating LLC	Sub-Holding Company	Marshall Is.	1/01 – 6/30	—
Shinyo Dream Limited	Former Vessel- Owning Company	Hong Kong	1/01 – 6/30	—
Shinyo Kannika Limited	Former Vessel- Owning Company	Hong Kong	1/01 – 6/30	—
Shinyo Kieran Limited	Nave Universe	British Virgin Islands	1/01 – 6/30	—
Shinyo Ocean Limited	Former Vessel- Owning Company	Hong Kong	1/01 – 6/30	—
Shinyo Saowalak Limited	Nave Constellation	British Virgin Islands	1/01 – 6/30	—
Sikinos Shipping Corporation	Former Vessel- Owning Company	Marshall Is.	1/01 – 6/30	—
Kerkyra Shipping Corporation	Nave Galactic	Marshall Is.	1/01 – 6/30	—
Doxa International Corp.	Nave Electron	Marshall Is.	1/01 – 6/30	—
Alkmene Shipping Corporation	Star N	Marshall Is.	1/01 – 6/30	—
Aphrodite Shipping Corporation	Aurora N	Marshall Is.	1/01 – 6/30	—
Dione Shipping Corporation	Lumen N	Marshall Is.	1/01 – 6/30	—
Persephone Shipping Corporation	Hector N	Marshall Is.	1/01 – 6/30	—
Rhea Shipping Corporation	Perseus N	Marshall Is.	1/01 – 6/30	—
Tzia Shipping Corporation ⁽³⁰⁾	Nave Celeste	Marshall Is.	1/01 – 6/30	—
Boysenberry Shipping Corporation	Former Vessel- Owning Company	Marshall Is.	1/01 – 6/30	—
Cadmium Shipping Corporation	Former Vessel- Owning Company	Marshall Is.	1/01 – 6/30	—
Celadon Shipping Corporation	Former Vessel- Owning Company	Marshall Is.	1/01 – 6/30	—
Cerulean Shipping Corporation	Former Vessel- Owning Company	Marshall Is.	1/01 – 6/30	—
Kleio Shipping Corporation ⁽⁶⁾	TBN XI	Marshall Is.	1/01 – 6/30	—
Polymnia Shipping Corporation ⁽⁶⁾	TBN XII	Marshall Is.	1/01 – 6/30	—
Goddess Shiptrade Inc. ⁽²¹⁾	Navios Astra	Marshall Is.	1/01 – 6/30	—
Navios Acquisition Merger Sub.Inc.	Merger SPV	Marshall Is.	1/01 – 6/30	—
Aramis Navigation Inc. ⁽³⁾	Navios Azimuth	Marshall Is.	1/01 – 6/30	—
Thalia Shipping Corporation ⁽⁶⁾	TBN XV	Marshall Is.	1/01 – 6/30	—
Muses Shipping Corporation ⁽⁶⁾	TBN XVI	Marshall Is.	1/01 – 6/30	—
Euterpe Shipping Corporation ⁽⁸⁾	TBN XIV	Marshall Is.	1/01 – 6/30	—
Calliope Shipping Corporation ⁽⁶⁾	TBN XIII	Marshall Is.	1/01 – 6/30	—
Karpathos Shipping Corporation ⁽⁶⁾	TBN XXI	Marshall Is.	6/22 – 6/30	—
Patmos Shipping Corporation ⁽⁶⁾	TBN XXII	Marshall Is.	6/22 – 6/30	—
Tarak Shipping Corporation ⁽⁶⁾	TBN XVIII	Marshall Is.	4/26 – 6/30	—
Astrovalos Shipping Corporation ⁽⁸⁾	TBN XVII	Marshall Is.	4/26 – 6/30	—
Ithaki Shipping Corporation ⁽²⁷⁾	TBN XX	Marshall Is.	4/26 – 6/30	—
Gavdos Shipping Corporation ⁽⁶⁾	TBN XIX	Marshall Is.	4/26 – 6/30	—

- (1) The vessel was sold on August 13, 2021.
- (2) The vessel was sold on October 29, 2021.
- (3) The vessel was acquired on July 9, 2021.
- (4) The vessel was sold on August 16, 2021.
- (5) The vessel was sold in September 2022 (see Note 5 – Vessels, net to the unaudited condensed consolidated financial statements included elsewhere in this Report).
- (6) Expected to be delivered by the second half of 2024.
- (7) The vessel was acquired on June 30, 2021 (see Note 5 – Vessels, net to the unaudited condensed consolidated financial statements included elsewhere in this Report).
- (8) Expected to be delivered by the first half of 2024.
- (9) The vessel was delivered on July 24, 2019 (see Note 15 – Leases to the unaudited condensed consolidated financial statements included elsewhere in this Report).
- (10) The vessels were delivered on May 28, 2021 and June 10, 2021 (see Note 15 - Leases to the unaudited condensed consolidated financial statements included elsewhere in this Report).
- (11) Not a vessel-owning subsidiary and only holds right to charter-in contracts.
- (12) Vessels under the sale and leaseback transaction.
- (13) The vessel was sold on December 10, 2020.
- (14) The vessels were acquired on June 29, 2020, following the liquidation of Navios Europe II.
- (15) The vessels were acquired on September 30, 2020.
- (16) The vessels were acquired on March 30, 2021 (see Note 5 – Vessels, net to the unaudited condensed consolidated financial statements included elsewhere in this Report).
- (17) The vessel was sold on January 13, 2021 (see Note 5 – Vessels, net to the unaudited condensed consolidated financial statements included elsewhere in this Report).
- (18) The vessel was sold on January 28, 2021 (see Note 5 – Vessels, net to the unaudited condensed consolidated financial statements included elsewhere in this Report).
- (19) The vessel was sold on February 10, 2021 (see Note 5 – Vessels, net to the unaudited condensed consolidated financial statements included elsewhere in this Report).
- (20) The vessel was sold on March 25, 2021 (see Note 5 – Vessels, net to the unaudited condensed consolidated financial statements included elsewhere in this Report).
- (21) Expected to be delivered by the second half of 2022.
- (22) Expected to be delivered in the first half of 2023.
- (23) The vessel was sold on July 31, 2021.
- (24) The vessels were acquired on May 10, 2021 (see Note 5 – Vessels, net to the unaudited condensed consolidated financial statements included elsewhere in this Report).
- (25) Expected to be delivered by the second half of 2023.
- (26) The vessel was acquired on June 4, 2021 (see Note 5 – Vessels, net to the unaudited condensed consolidated financial statements included elsewhere in this Report).
- (27) Expected to be delivered by the first half of 2025.
- (28) The vessel agreed to be sold in February 2022. The sale is expected to be completed in September 2022 (see Note 5 – Vessels, net to the unaudited condensed consolidated financial statements included elsewhere in this Report).
- (29) The vessel was delivered on July 27, 2022 (see Note 12 – Commitments and Contingencies to the unaudited condensed consolidated financial statements included elsewhere in this Report).
- (30) The vessel was delivered on July 5, 2022 (see Note 12 – Commitments and Contingencies to the unaudited condensed consolidated financial statements included elsewhere in this Report).
- (31) The vessel agreed to be sold in September 2022. The sale is expected to be completed in the fourth quarter of 2022 (see Note 17 – Subsequent Events to the unaudited condensed consolidated financial statements included elsewhere in this Report).

The following table reflects certain key indicators of Navios Partners' fleet performance for the three and six month periods ended June 30, 2022 and 2021 (including, for 2021, the Navios Containers' fleet and Navios Acquisition's fleet from April 1, 2021 and from August 26, 2021, respectively).

	Three Month Period Ended June 30, 2022 (unaudited)	Three Month Period Ended June 30, 2021 (unaudited)	Six Month Period Ended June 30, 2022 (unaudited)	Six Month Period Ended June 30, 2021 (unaudited)
Available Days ⁽¹⁾	11,269	7,242	22,497	11,494
Operating Days ⁽²⁾	11,151	7,190	22,223	11,391
Fleet Utilization ⁽³⁾	99.0%	99.3%	98.8%	99.1%
Time Charter Equivalent rate (per day) ⁽⁴⁾	\$ 23,823	\$ 20,296	\$ 22,107	\$ 18,276
Vessels operating at end of periods	128	87	128	87

- (1) 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 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 is the percentage of time that Navios Partners' vessels were available for generating revenue, 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) Time Charter Equivalent rate per day ("TCE") is defined as voyage, time charter revenues and bareboat charter-out revenues (grossed up by currently applicable fixed vessel operating expenses) 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

Upon completion of the merger (the "NMCI Merger") with Navios Maritime Containers L.P. ("Navios Containers") and the merger with Navios Maritime Acquisition Corporation ("Navios Acquisition") (the "NNA Merger"), the results of operations of Navios Containers and Navios Acquisition are included in Navios Partners' condensed Consolidated Statements of Operations.

The following table presents consolidated revenue and expense information for the three and six month periods ended June 30, 2022 and 2021.

	Three Month Period Ended June 30, 2022 (\$ '000) (unaudited)	Three Month Period Ended June 30, 2021 (\$ '000) (unaudited)	Six Month Period Ended June 30, 2022 (\$ '000) (unaudited)	Six Month Period Ended June 30, 2021 (\$ '000) (unaudited)
Time charter and voyage revenues	\$ 280,661	\$ 152,009	\$ 517,278	\$ 217,072
Time charter and voyage expenses	(21,718)	(5,869)	(38,861)	(8,364)
Direct vessel expenses	(12,920)	(3,989)	(24,113)	(7,143)
Vessel operating expenses (entirely through related parties transactions)	(73,989)	(41,771)	(147,161)	(64,733)
General and administrative expenses	(14,170)	(10,319)	(28,086)	(15,226)
Depreciation and amortization of intangible assets	(41,684)	(22,120)	(84,550)	(35,207)
Amortization of unfavorable lease terms	17,587	42,026	39,426	42,026
Loss on sale of vessels	—	—	—	(511)
Interest expense and finance cost, net	(14,522)	(7,334)	(27,749)	(13,178)
Interest income	22	744	24	859
Other expense, net	(1,107)	(3,464)	(2,383)	(3,895)
Equity in net earnings of affiliated companies	—	—	—	80,839
Bargain gain	—	—	—	44,053
Net income	\$ 118,160	\$ 99,913	\$ 203,825	\$ 236,592
EBITDA⁽¹⁾	\$ 163,478	\$ 90,424	\$ 289,596	\$ 248,975
Adjusted EBITDA⁽¹⁾	\$ 163,478	\$ 90,424	\$ 289,596	\$ 124,083
Operating Surplus⁽¹⁾	\$ 90,245	\$ 65,857	\$ 146,070	\$ 77,855

- (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 and Operating Surplus" 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 June 30, 2022 compared to the Three Month Period ended June 30, 2021

Time charter and voyage revenues: Time charter and voyage revenues of Navios Partners for the three month period ended June 30, 2022 increased by approximately \$128.7 million, or 84.7%, to \$280.7 million, as compared to \$152.0 million for the same period in 2021. The increase in revenue was mainly attributable to the increase in the size of our fleet and to the increase in TCE rate. For the three month period ended June 30, 2022, the time charter and voyage revenues were affected by \$11.8 million relating to the straight line effect of the containerships charters with de-escalating rates. The TCE rate increased by 17.4% to \$23,823 per day, as compared to \$20,296 per day for the same period in 2021. The available days of the fleet increased by 55.6% to 11,269 days for the three month period ended June 30, 2022, as compared to 7,242 days for the same period in 2021 mainly due to the NNA Merger.

Time charter and voyage expenses: Time charter and voyage expenses for the three month period ended June 30, 2022 increased by approximately \$15.8 million to \$21.7 million, as compared to \$5.9 million for the three month period ended June 30, 2021 mainly due to the increase in the size of our fleet. The increase was mainly attributable to: (i) \$6.9 million increase in bareboat charter-in hire expense due to the delivery of two bareboat-in vessels during the second quarter of 2021, one bareboat-in vessel during the third quarter of 2021 and the NNA Merger; (ii) \$5.0 million increase in bunkers expenses; (iii) \$2.2 million increase in brokers' commissions; (iv) \$1.2 million net increase in other voyage expenses; and (v) \$0.5 million increase in port expenses related to the freight voyages.

Direct vessel expenses: Direct vessel expenses, for the three month period ended June 30, 2022 increased by \$8.9 million, to \$12.9 million, as compared to \$4.0 million for the three month period ended June 30, 2021. The increase of \$8.9 million was mainly attributable to the amortization of deferred drydock and special survey costs due to the increase in the size of our fleet, and crew related expenses as a result of COVID-19 measures pursuant to the terms of the Management Agreements (defined herein).

Vessel operating expenses: Vessel operating expenses for the three month period ended June 30, 2022, increased by approximately \$32.2 million, or 77.0%, to \$74.0 million, as compared to \$41.8 million for the same period in 2021. The increase was mainly due to the increase in the size of our fleet.

General and administrative expenses: General and administrative expenses increased by \$3.9 million to \$14.2 million for the three month period ended June 30, 2022, as compared to \$10.3 million for the three month period ended June 30, 2021. The increase was mainly due to a \$4.2 million increase in administrative fees paid to Navios Shipmanagement Inc., (the "Manager") and Navios Tankers Management Inc. ("Tankers Manager" and together with the Manager, the "Managers") due to the increased number of vessels in Navios Partners' fleet. The above increase was partially mitigated by: (i) \$0.2 million decrease in legal and professional fees, as well as audit fees and other administrative expenses; and (ii) \$0.1 million decrease in stock-based compensation.

Depreciation and amortization of intangible assets: Depreciation and amortization of intangible assets amounted to \$41.7 million for the three month period ended June 30, 2022, as compared to \$22.1 million for the three month period ended June 30, 2021. The increase of approximately \$19.6 million was mainly attributable to: (i) an \$18.3 million increase due to the delivery of the fleet of Navios Acquisition in Navios Partners' owned fleet; (ii) a \$1.5 million increase in depreciation expense due to the delivery of seven vessels in 2021; and (iii) a \$0.2 million increase in depreciation expense due to vessel additions. The above increase was partially mitigated by a \$0.4 million decrease due to the sale of four vessels in 2021.

Amortization of unfavorable lease terms: Amortization of unfavorable lease terms amounted to \$17.6 million for the three month period ended June 30, 2022, that related to the fair value of the time charters with unfavorable lease terms as determined at the acquisition date of Navios Containers and at the date of obtaining control of Navios Acquisition. Amortization of unfavorable lease terms amounted to \$42.0 million for the three month period ended June 30, 2021, related to the fair value of the time charters with unfavorable lease terms as determined at the acquisition date of Navios Containers.

Interest expense and finance cost, net: Interest expense and finance cost, net, for the three month period ended June 30, 2022 increased by approximately \$7.2 million or 98.6% to \$14.5 million, as compared to \$7.3 million for the three month period ended June 30, 2021. The increase was mainly due to the interest and finance costs of Navios Acquisition's credit facilities and financial liabilities recognized following the NNA Merger.

Interest income: Interest income decreased by approximately \$0.7 million to \$0 for the three month period ended June 30, 2022, as compared to \$0.7 million for the three month period ended June 30, 2021.

Other expense, net: Other expense, net for the three month period ended June 30, 2022 amounted to \$1.1 million, as compared to \$3.5 million for the three month period ended June 30, 2021, mainly due to the decrease in other miscellaneous expenses.

Net income: Net income for the three month period ended June 30, 2022 amounted to \$118.2 million as compared to \$99.9 million net income for the three month period ended June 30, 2021. The increase of \$18.3 million was due to the factors discussed above.

Operating surplus: Navios Partners generated Operating Surplus for the three month period ended June 30, 2022 of \$90.2 million, as compared to \$65.9 million for the three month period ended June 30, 2021. 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 and Operating Surplus" contained herein).

For the Six Month Period ended June 30, 2022 compared to the Six Month Period ended June 30, 2021

Time charter and voyage revenues: Time charter and voyage revenues of Navios Partners for the six month period ended June 30, 2022 increased by \$300.2 million, or 138.3%, to \$517.3 million, as compared to \$217.1 million for the same period in 2021. The increase in revenue was mainly attributable to the increase in the size of our fleet and to the increase in TCE rate. For the six month period ended June 30, 2022, the time charter and voyage revenues were affected by \$16.5 million relating to the straight line effect of the containerships charters with de-escalating rates. The TCE rate increased by 21.0% to \$22,107 per day, as compared to \$18,276 per day in the same period in 2021. The available days of the fleet increased by 95.7% to 22,497 days for the six month period ended June 30, 2022, as compared to 11,494 days in the same period in 2021.

Time charter and voyage expenses: Time charter and voyage expenses for the six month period ended June 30, 2022 amounted to \$38.9 million, as compared to \$8.4 million for the six month period ended June 30, 2021 mainly due to the increase in the size of our fleet. The increase was mainly attributable to: (i) \$13.9 million increase in bareboat charter-in hire expense due to the delivery of two bareboat-in vessels during the second quarter of 2021, one bareboat-in vessel during the third quarter of 2021 and the NNA Merger; (ii) \$7.6 million increase in bunkers expenses; (iii) \$4.4 million increase in brokers' commissions; (iv) \$3.3 million net increase in other voyage expenses; and (v) \$1.3 million increase in port expenses related to the freight voyages.

Direct vessel expenses: Direct vessel expenses for the six month period ended June 30, 2022 increased by \$17.0 million, to \$24.1 million, as compared to \$7.1 million for the six month period ended June 30, 2021. The increase of \$17.0 million was mainly attributable to the amortization of deferred drydock and special survey costs due to the increase in the size of our fleet, and crew related expenses as a result of COVID-19 measures pursuant to the terms of the Management Agreements (defined herein).

Vessel operating expenses: Vessel operating expenses for the six month period ended June 30, 2022, increased by \$82.5 million, or 127.5%, to \$147.2 million, as compared to \$64.7 million for the same period in 2021. The increase was due to the increase in the size of our fleet.

General and administrative expenses: General and administrative expenses increased by \$12.9 million to \$28.1 million for the six month period ended June 30, 2022, as compared to \$15.2 million for the six month period ended June 30, 2021. The increase was mainly due to a: (i) \$10.7 million increase in administrative fees paid to the Managers due to the increased number of vessels in Navios Partners' fleet; and (ii) \$2.3 million increase in legal and professional fees, as well as audit fees and other administrative expenses. The above increase was partially mitigated by an approximately \$0.1 million decrease in stock based compensation.

Depreciation and amortization of intangible assets: Depreciation and amortization of intangible assets amounted to \$84.6 million for the six month period ended June 30, 2022, as compared to \$35.2 million for the six month period ended June 30, 2021. The increase of \$49.4 million was mainly attributable to a: (i) \$37.9 million increase due to the delivery of the fleet of Navios Acquisition in Navios Partners' owned fleet; (ii) \$7.8 million increase in depreciation expense due to the delivery of the fleet of Navios Containers in Navios Partners' owned fleet; (iii) \$4.1 million increase in depreciation expense due to the delivery of nine vessels in 2021; and (iv) \$0.5 million increase in depreciation expense due to vessel additions. The above increase was partially mitigated by a \$0.9 million decrease due to the sale of eight vessels in 2021.

Amortization of unfavorable lease terms: Amortization of unfavorable lease terms amounted to \$39.4 million for the six month period ended June 30, 2022, that related to the fair value of the time charters with unfavorable lease terms as determined at the acquisition date of Navios Containers and at the date of obtaining control of Navios Acquisition. Amortization of unfavorable lease terms amounted to \$42.0 million for the six month period ended June 30, 2021, related to the fair value of the time charters with unfavorable lease terms as determined at the acquisition date of Navios Containers.

Loss on sale of vessels: There was no loss on sale of vessels for the six month period ended June 30, 2022. Loss on sale of vessels amounted to \$0.5 million for the six month period ended June 30, 2021, relating to a loss on sale of the Joie N that amounted to \$1.4 million, which was partially mitigated by a gain on sale of the Esperanza N and the Solar N that amounted to \$0.9 million.

Interest expense and finance cost, net: Interest expense and finance cost, net, for the six month period ended June 30, 2022 increased by approximately \$14.5 million or 109.8% to \$27.7 million, as compared to \$13.2 million for the six month period ended June 30, 2021. The increase was mainly due to the interest and finance costs of Navios Containers' credit facilities and financial liabilities recognized following the completion of the NMCI Merger on March 31, 2021, and the interest and finance costs of Navios Acquisition's credit facilities and financial liabilities recognized following the NNA Merger.

Interest income: Interest income decreased by \$0.9 million to \$0 for the six month period ended June 30, 2022, as compared to \$0.9 million for the six month period ended June 30, 2021.

Other expense, net: Other expense, net for the six month period ended June 30, 2022 amounted to \$2.3 million, as compared to \$3.9 million for the six month period ended June 30, 2021 mainly due to the decrease in claims related expenses.

Equity in net earnings of affiliated companies: There was no equity in net earnings of affiliated companies for the six month period ended June 30, 2022. Equity in net earnings of affiliated companies for the six month period ended June 30, 2021 amounted to \$80.8 million. The amount of \$80.8 million is the gain from equity in net earnings resulting from remeasurement of existing interest held in Navios Containers upon the NMCI Merger. As of March 31, 2021, Navios Partners' previously held interest of 35.7% in Navios Containers was remeasured to a fair value of \$107.0 million, resulting in revaluation gain of \$75.4 million which along with the equity gain of approximately \$5.4 million from the operations of Navios Containers, up to the closing date, aggregate to a gain on acquisition of control in the amount of \$80.8 million.

Bargain gain: There was no bargain gain for the six month period ended June 30, 2022. Bargain gain amounted to \$44.1 million for the six month period ended June 30, 2021, resulting from the excess Navios Containers' fair value of the identifiable assets acquired of \$342.7 million over the total purchase price consideration of \$298.6 million.

Net income: Net income for the six month period ended June 30, 2022 amounted to \$203.8 million as compared to \$236.6 million net income for the six month period ended June 30, 2021. The decrease in net income of \$32.8 million was due to the factors discussed above.

Operating surplus: Navios Partners generated Operating Surplus for the six month period ended June 30, 2022 of \$146.1 million, as compared to \$77.9 million for the six month period ended June 30, 2021. 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 and Operating Surplus" contained herein).

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.

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. 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 June 30, 2022, Navios Partners' current assets totaled \$292.7 million, while current liabilities totaled \$310.1 million, resulting in a negative working capital position of \$17.4 million. Navios Partners' cash forecast indicates that it will generate sufficient cash through its contracted revenue of \$3.2 billion as of August 31, 2022 and cash proceeds from the sale of vessels (see Note 5 – Vessels, net to the unaudited condensed consolidated financial statements included elsewhere in this Report) to make the required principal and interest payments on its indebtedness, provide for the normal working capital requirements of the business for a period of at least 12 months from the date of issuance of our condensed consolidated financial statements.

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. We cannot assure you that we will be able to secure adequate financing or to obtain additional funds on favorable terms, or at all, 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 July 2022, the Board of Directors of Navios Partners authorized a common unit repurchase program for up to \$100.0 million of the Company's common units. 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 financial and other considerations, including working capital and planned or anticipated growth opportunities. 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.

On May 21, 2021, Navios Partners entered into a new Continuous Offering Program Sales Agreement ("110.0m Sales Agreement") for the issuance and sale from time to time through its agent of common units having an aggregate offering price of up to \$110.0 million. As of June 30, 2021 and December 31, 2021, since the commencement of the 110.0m Sales Agreement, Navios Partners had issued 2,914,022 units and 3,963,249 units, respectively, and received net proceeds of \$78.1 million and \$103.7 million, respectively. Pursuant to the issuance of the common units, as of June 30, 2021 and December 31, 2021, Navios Partners issued 59,470 and 80,883 general partnership units, respectively, to its General Partner in order to maintain its 2.0% ownership interest. As of June 30, 2021 and December 31, 2021, the net proceeds from the issuance of the general partnership units were approximately \$1.6 million and \$2.2 million, respectively. No additional sales were made subsequent to December 31, 2021 or will be made under this program.

On April 9, 2021, Navios Partners entered into a Continuous Offering Program Sales Agreement ("75.0m Sales Agreement") for the issuance and sale from time to time through its agent of common units having an aggregate offering price of up to \$75.0 million. As of each of June 30, 2021 and December 31, 2021, since the commencement of the 75.0m Sales Agreement, Navios Partners had issued 2,437,624 units and received net proceeds of \$73.1 million. Pursuant to the issuance of the common units, as of each of June 30, 2021 and December 31, 2021, Navios Partners issued 49,747 general partnership units to its General Partner in order to maintain its 2.0% ownership interest. As of each of June 30, 2021 and December 31, 2021, the net proceeds from the issuance of the general partnership units were approximately \$1.5 million. No additional sales were made subsequent to December 31, 2021 or will be made under this program.

On November 18, 2016, Navios Partners entered into a Continuous Offering Program Sales Agreement for the issuance and sale from time to time through its agent of common units having an aggregate offering price of up to \$25.0 million. An amended Sales Agreement was entered into on August 3, 2020. As of each of June 30, 2021 and December 31, 2021, since the date of the amended Sales Agreement, Navios Partners had issued 1,286,857 units and received net proceeds of \$23.9 million. Pursuant to the issuance of the common units, as of each of June 30, 2021 and December 31, 2021, Navios Partners issued 26,265 general partnership units to its general partner in order to maintain its 2.0% ownership interest. As of each of June 30, 2021 and December 31, 2021, the net proceeds from the issuance of the general partnership units were \$0.5 million. No additional sales were made subsequent to December 31, 2021 or will be made under this program.

Long-Term Debt Obligations

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 June 30, 2022 and December 31, 2021, total borrowings, net of deferred finance costs amounted to \$1,287.3 million and \$1,361.7 million, respectively. The current portion of long-term borrowings, net amounted to \$221.3 million at June 30, 2022 and \$255.1 million at December 31, 2021.

Credit Facilities

As of June 30, 2022, the Company had secured credit facilities with various banks with a total outstanding balance of \$799.8 million. The purpose of the facilities was to finance the acquisition of vessels or refinance existing indebtedness. All of the facilities are denominated in U.S. dollars and bear interest rate (as defined in the loan agreement) plus spread ranging from 225 bps to 310 bps, per annum. The facilities are repayable in either semi-annual or quarterly installments, followed by balloon payments with maturities, ranging from the second quarter of 2023 to the second quarter of 2027.

Hellenic Bank Public Company Limited: On May 9, 2022, Navios Partners entered into a new credit facility with Hellenic Bank Public Company Limited of up to \$25.2 million in order to refinance the existing indebtedness of five of its vessels and for working capital purposes. On May 11, 2022, the full amount was drawn. As of June 30, 2022, the total outstanding balance was \$25.2 million and is repayable in one installment of \$1.5 million, 13 quarterly installments of \$1.0 million each, five quarterly installments of \$0.9 million each and one installment of \$0.9 million together with a final balloon payment of \$5.0 million to be paid on the last repayment date. The facility matures in the second quarter of 2027 and bears interest at SOFR plus credit adjustment spread plus 250 bps per annum.

Skandinaviska Enskilda Banken AB: On June 29, 2022, Navios Partners entered into a new credit facility with Skandinaviska Enskilda Banken AB of up to \$55.0 million in order to refinance the existing indebtedness of four of its vessels and for general corporate purposes. On June 30, 2022, the full amount was drawn. As of June 30, 2022, the total outstanding balance was \$55.0 million and is repayable in 19 consecutive quarterly installments of \$2.0 million each and a final balloon payment of \$17.8 million to be paid on the last repayment date. The facility matures in the second quarter of 2027 and bears interest at SOFR plus 225 bps per annum.

ABN Amro Bank N.V.: On March 28, 2022, Navios Partners entered into a new credit facility with ABN Amro Bank N.V. of up to \$55.0 million in order to refinance the existing indebtedness of three of its vessels and for general corporate purposes. On March 31, 2022, the full amount was drawn. As of June 30, 2022, the total outstanding balance was \$53.3 million and is repayable in 19 consecutive quarterly installments of \$1.7 million each together with a final balloon payment of \$21.0 million to be paid on the last repayment date. The facility matures in the first quarter of 2027 and bears interest at daily cumulative or non-cumulative compounded RFR rate (as defined in the loan agreement) plus 225 bps per annum.

Amounts drawn under the credit facilities are secured by first preferred mortgages on certain Navios Partners' vessels and other collateral and are guaranteed by the respective vessel-owning subsidiaries.

Financial Liabilities

In October 2019, Navios Acquisition entered into sale and leaseback agreements with unrelated third parties for \$90.8 million in order to refinance six product tankers. Navios Acquisition has a purchase obligation to acquire the vessels at the end of the lease term and under ASC 842-40, the transaction was determined to be a failed sale. In May 2022, the Company exercised its purchase option for two out of six vessels before the end of the lease term, by prepaying a predetermined amount and an amount of \$11.3 million was prepaid. As of June 30, 2022, the outstanding balance under these agreements was \$51.3 million and is repayable through periods ranging from three to six years in consecutive quarterly installments of up to \$1.8 million each, with a repurchase obligation of up to \$16.5 million in total. The sale and leaseback arrangements bear interest at LIBOR plus a margin ranging from 335 bps to 355 bps per annum, depending on the vessel financed.

Credit Facilities and Financial Liabilities

The credit facilities and certain financial liabilities 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', Angeliki Frangou's or their affiliates' ownership in Navios Partners of at least 5.0%; 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 Agreements (defined herein).

As of each of June 30, 2022 and December 31, 2021, the security deposits under certain sale and leaseback agreements were \$10.1 million and are presented under "Other long-term assets" in the condensed Consolidated Balance Sheets.

The Company's credit facilities and certain financial liabilities also require compliance with a number of financial covenants, including: (i) maintain a required security ranging over 105% to 140%; (ii) minimum free consolidated liquidity in an amount equal to \$0.5 million per owned vessel and a number of vessels as defined in the Company's credit facilities and financial liabilities; (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 the Company's credit facilities and financial liabilities) ranging from less than 0.75 to 0.80; and (v) maintain a minimum net worth ranging from \$30.0 million to \$135.0 million.

It is an event of default under the credit facilities and certain financial liabilities 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 June 30, 2022, 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 and certain financial liabilities.

The following table presents cash flow information derived from the unaudited condensed Consolidated Statements of Cash Flows of Navios Partners for the six month periods ended June 30, 2022 and 2021.

	Six Month Period Ended June 30, 2022 (\$ '000) (unaudited)	Six Month Period Ended June 30, 2021 (\$'000) (unaudited)
Net cash provided by operating activities	\$ 147,163	\$ 77,249
Net cash used in investing activities	(61,860)	(133,538)
Net cash (used in)/ provided by financing activities	(80,125)	258,414
Increase in cash, cash equivalents and restricted cash	\$ 5,178	\$ 202,125

Cash provided by operating activities for the six month period ended June 30, 2022 as compared to the cash provided by operating activities for the six month period ended June 30, 2021

Net cash provided by operating activities increased by \$70.0 million to \$147.2 million of cash provided by operating activities for the six month period ended June 30, 2022, as compared to \$77.2 million of cash provided by operating activities for the same period in 2021. In determining net cash provided by operating activities, net income 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 an \$83.9 million non-cash positive net adjustments for the six month period ended June 30, 2022, which consisted mainly of the following adjustments: (i) \$84.6 million depreciation and amortization of intangible assets; (ii) \$23.4 million non-cash amortization of deferred revenue and straight line effect of the containerships charters with de-escalating rates; (iii) \$12.9 million amortization of deferred dry dock and special survey costs; (iv) \$2.7 million amortization and write-off of deferred finance costs and discount; and (v) \$0.1 million stock based compensation. These adjustments were partially mitigated by: (i) \$39.4 million amortization of unfavorable lease terms; and (ii) \$0.4 million amortization of operating lease assets/ liabilities.

The net cash outflow resulting from the change in operating assets and liabilities of \$140.5 million for the six month period ended June 30, 2022 resulted from: (i) a \$64.2 million decrease in amounts due to related parties; (ii) a \$28.5 million increase in prepaid expenses and other current assets; (iii) \$26.2 million in payments for dry dock and special survey costs; (iv) an \$18.0 million increase in accounts receivable; and (v) a \$15.8 million increase in amounts due from related parties. This was partially mitigated by: (i) an \$8.4 million increase in accounts payable; (ii) a \$3.6 million increase in accrued expenses; and (iii) a \$0.2 million increase in deferred revenue.

The aggregate adjustments to reconcile net income to net cash provided by operating activities was a \$124.0 million loss for the six month period ended June 30, 2021, which consisted mainly of the following adjustments: (i) \$42.0 million amortization of unfavorable lease terms; (ii) \$1.4 million non-cash accrued interest income and amortization of deferred revenue; (iii) \$0.1 million amortization of operating lease right-of-use asset; (iv) \$44.1 million bargain purchase gain from merger with Navios Containers; and (v) \$80.8 million equity in net earnings of affiliated companies. These adjustments were partially mitigated by: (i) \$35.2 million depreciation and amortization of intangible assets; (ii) \$1.6 million amortization and write-off of deferred finance costs and discount; (iii) \$6.9 million amortization of deferred dry dock and special survey costs; (iv) \$0.5 million loss on sale of vessels; and (v) \$0.2 million stock based compensation.

The net cash outflow resulting from the change in operating assets and liabilities of \$35.3 million for the six month period ended June 30, 2021 resulted from a: (i) \$1.4 million increase in accounts receivable; (ii) \$12.5 million increase in prepaid expenses and other current assets; (iii) \$17.3 million decrease in amounts due to related parties; and (iv) \$21.1 million in payments for dry dock and special survey costs. This was partially mitigated by a: (i) \$0.7 million increase in accounts payable; (ii) \$5.5 million increase in accrued expenses; (iii) \$5.9 million increase in deferred revenue; and (iv) \$5.0 million decrease in amounts due from related parties.

Cash used in investing activities for the six month period ended June 30, 2022 as compared to the cash used in investing activities for the six month period ended June 30, 2021

Net cash used in investing activities for the six month period ended June 30, 2022 amounted to \$61.9 million as compared to \$133.5 million cash used in investing activities for the six month period ended June 30, 2021.

Cash used in investing activities of approximately \$61.9 million for the six month period ended June 30, 2022 was mainly due to: (i) \$55.6 million relating to deposits for the acquisition/ option to acquire vessels and capitalized expenses; and (ii) \$6.3 million related to vessels' additions.

Cash used in investing activities of approximately \$133.5 million for the six month period ended June 30, 2021 was mainly due to a: (i) \$180.4 million relating to vessels acquisitions and additions; and (ii) \$5.0 million relating to deposits for the option to acquire two bareboat charter-in vessels, one newbuilding Panamax vessel and capitalized expenses. This was partially mitigated by: (i) a \$32.7 million of proceeds related to the sale of four vessels; (ii) a \$10.3 million cash acquired from Navios Containers following the merger; and (iii) an \$8.9 million of proceeds from the senior unsecured notes of HMM.

Cash used in financing activities for the six month period ended June 30, 2022 as compared to cash provided by financing activities for the six month period ended June 30, 2021

Net cash used in financing activities decreased by \$338.5 million to \$80.1 million outflow for the six month period ended June 30, 2022, as compared to \$258.4 million inflow for the same period in 2021.

Cash used in financing activities of \$80.1 million for the six month period ended June 30, 2022 was mainly due to: (i) loans and financial liabilities repayments of \$210.3 million; (ii) payment of total cash distributions of \$3.1 million; and (iii) payment of \$1.9 million of deferred finance costs relating to the new credit facilities. This was partially mitigated by \$135.2 million of proceeds from new credit facilities.

Cash provided by financing activities of \$258.4 million for the six month period ended June 30, 2021 was mainly due to a: (i) \$180.5 million of proceeds from the issuance of 6,280,995 common units and 294,173 additional general partner units related to the Continuous Offering Program Sales Agreements and the acquisition of Navios Containers; and (ii) \$343.4 million of proceeds from the new credit facilities and sale and leaseback agreements. This was partially mitigated by: (i) a payment of a total cash distribution of \$1.7 million; (ii) loans and financial liabilities repayments of \$260.4 million; and (iii) a payment of \$3.3 million of deferred finance fees relating to the new credit facilities and sale and leaseback agreements.

Reconciliation of EBITDA and Adjusted EBITDA to Net Cash from Operating Activities, EBITDA and, Operating Surplus

	Three Month Period Ended June 30, 2022 (\$ '000) (unaudited)	Three Month Period Ended June 30, 2021 (\$ '000) (unaudited)	Six Month Period Ended June 30, 2022 (\$ '000) (unaudited)	Six Month Period Ended June 30, 2021 (\$ '000) (unaudited)
Net cash provided by operating activities	\$ 142,010	\$ 61,072	\$ 147,163	\$ 77,249
Net increase in operating assets	34,561	13,125	88,517	30,100
Net (increase)/ decrease in operating liabilities	(8,033)	8,967	51,980	5,249
Net interest cost	14,500	6,590	27,725	12,319
Amortization and write-off of deferred finance costs and discount	(1,353)	(278)	(2,677)	(1,568)
Amortization of operating lease assets/ liabilities	211	39	422	61
Non-cash amortization of deferred revenue and straight line	(18,378)	1,025	(23,452)	1,418
Stock-based compensation	(40)	(116)	(82)	(234)
Loss on sale of vessels	—	—	—	(511)
Bargain gain	—	—	—	44,053
Equity in net earnings of affiliated companies	—	—	—	80,839
EBITDA⁽¹⁾	\$ 163,478	\$ 90,424	\$ 289,596	\$ 248,975
Equity in net earnings of affiliated companies	—	—	—	(80,839)
Bargain gain	—	—	—	(44,053)
Adjusted EBITDA⁽¹⁾	\$ 163,478	\$ 90,424	\$ 289,596	\$ 124,083
Cash interest income	22	744	24	745
Cash interest paid	(14,212)	(7,600)	(25,464)	(12,275)
Maintenance and replacement capital expenditures	(59,043)	(17,711)	(118,086)	(34,698)
Operating Surplus⁽²⁾	\$ 90,245	\$ 65,857	\$ 146,070	\$ 77,855

(1) EBITDA and Adjusted EBITDA

EBITDA represents net income before interest and finance costs, depreciation and amortization (including intangible accelerated amortization) and income taxes. Adjusted EBITDA represents EBITDA before equity in net earnings of affiliated companies and bargain gain. Navios Partners uses Adjusted EBITDA as a liquidity measure and reconciles 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 (increase)/ decrease in operating liabilities; (iii) net interest cost; (iv) amortization and write-off of deferred finance costs and discount; (v) equity in net earnings of affiliated companies; (vi) non-cash amortization of deferred revenue and straight line effect of the containerships charters with de-escalating rates; (vii) stock-based compensation; (viii) amortization of operating lease assets/ liabilities; (ix) gain/ (loss) on sale of assets; and (x) bargain gain. 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.

Each of 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 June 30, 2022 amounted to \$163.5 million as compared to \$90.4 million for the same period in 2021. The increase in EBITDA was primarily due to a: (i) \$128.7 million increase in time charter and voyage revenues; and (ii) \$2.3 million decrease in other expense, net. The above increase was partially mitigated by a: (i) \$32.2 million increase in vessel operating expenses, mainly due to the increased fleet; (ii) \$15.8 million increase in time charter and voyage expenses; (iii) \$6.0 million increase in direct vessel expenses (excluding the amortization of deferred drydock, special survey costs and other capitalized items); and (iv) \$3.9 million increase in general and administrative expenses, mainly due to the increased fleet.

EBITDA of Navios Partners for the six month period ended June 30, 2022 and 2021 was affected by items described in the table above. Excluding these items, Adjusted EBITDA increased by \$165.5 million to \$289.6 million for the six month period ended June 30, 2022, as compared to \$124.1 million for the same period in 2021. The increase in Adjusted EBITDA was primarily due to a: (i) \$300.2 million increase in time charter and voyage revenues; (ii) \$1.5 million decrease in other expense, net; and (iii) \$0.5 million decrease in net loss on sale of vessels. The above increase was partially mitigated by: (i) an \$82.5 million increase in vessel operating expenses, mainly due to the increased fleet; (ii) a \$30.5 million increase in time charter and voyage expenses; (iii) a \$12.9 million increase in general and administrative expenses, mainly due to the increased fleet; and (iv) a \$10.8 million increase in direct vessel expenses (excluding the amortization of deferred drydock, special survey costs and other capitalized items).

(2) Operating Surplus

Operating Surplus represents net income adjusted for depreciation and amortization expense, non-cash interest expense, non-cash interest income, 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 and is a non-GAAP measure. 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.

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 six month periods ended June 30, 2022 and 2021 amounted to \$61.9 million and \$185.4 million, respectively. The reserves for estimated maintenance and replacement capital expenditures for the three and six month periods ended June 30, 2022 were \$59.0 million and \$118.1 million, respectively. The reserves for estimated maintenance and replacement capital expenditures for the three and six month periods ended June 30, 2021 were \$17.7 million and \$34.7 million, respectively.

Maintenance for our vessels and expenses related to drydocking expenses are reimbursed at cost by Navios Partners to our Managers under the Management Agreements (defined herein).

Maintenance and Replacement Capital Expenditures Reserve

We estimate that our annual replacement reserve for the year ending December 31, 2022 will be approximately \$236.2 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 and tanker 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.

Vessels to be delivered

In June 2022, Navios Partners agreed to purchase two newbuilding liquified natural gas (LNG) dual fuel 7,700 TEU containerships, from an unrelated third party, for a purchase price of \$120.6 million each. The vessels are expected to be delivered into Navios Partners' fleet during the second half of 2024. Navios Partners agreed to pay in total \$48.2 million in four installments for each vessel and the remaining amount of \$72.4 million for each vessel will be paid upon delivery of the vessel. The closing of the transaction is subject to completion of customary documentation, including the issuance of refund guarantees.

In April 2022, Navios Partners agreed to purchase four 115,000 dwt Aframax/LR2 newbuilding vessels for a purchase price of \$58.5 million each (plus \$4.2 million in additional features). The vessels are expected to be delivered into Navios Partners' fleet during 2024 and the first quarter of 2025. Navios Partners agreed to pay in total \$23.4 million in four installments for each vessel and the remaining amount of \$35.1 million plus extras for each vessel will be paid upon delivery of each vessel.

Pursuant to a novation agreement dated January 28, 2022, the Company agreed to novate the shipbuilding contract and to simultaneously enter into a bareboat charter agreement to bareboat charter-in a newbuilding Panamax vessel, under a ten-year bareboat contract, from an unrelated third party. The vessel has approximately 81,000 dwt and is expected to be delivered in Navios Partners' fleet during the first half of 2023. Navios Partners agreed to pay in total \$6.9 million, of which \$3.4 million was paid in July 2021 and the remaining amount was paid in April 2022. In January 2022, Navios Partners declared its option to purchase the vessel. As of June 30, 2022, the total amount of \$6.9 million is presented under the caption "Deposits for vessels acquisitions" in the condensed Consolidated Balance Sheets.

In November 2021, Navios Partners agreed to purchase four 5,300 TEU newbuilding containerships (two plus two optional), from an unrelated third party, for a purchase price of \$62.8 million each. The vessels are expected to be delivered into Navios Partners' fleet during the second half of 2023 and in 2024. Navios Partners agreed to pay in total \$25.1 million in four installments for each vessel and the remaining amount of \$37.7 million plus extras for each vessel will be paid upon delivery of the vessel. In the first quarter of 2022, the aggregate amount of \$12.6 million in relation to the first installment for two vessels, was paid. In the second quarter of 2022, the aggregate amount of \$18.8 million in relation to the first installment for two vessels and the second installment of one vessel, was paid. As of June 30, 2022, the total amount of \$31.4 million is presented under the caption "Deposits for vessels acquisitions" in the condensed Consolidated Balance Sheets.

On October 1, 2021, Navios Partners exercised its option to acquire two 5,300 TEU newbuilding containerships, from an unrelated third party, for a purchase price of \$61.6 million each. The vessels are expected to be delivered into Navios Partners' fleet during the second half of 2024. Navios Partners agreed to pay in total \$18.5 million in three installments for each vessel and the remaining amount of \$43.1 million for each vessel plus extras will be paid upon delivery of the vessel. On November 15, 2021, the first installment of each vessel of approximately \$6.2 million, or \$12.3 million accumulated for the two vessels, was paid. As of June 30, 2022, the total amount of \$12.3 million is presented under the caption "Deposits for vessels acquisitions" in the condensed Consolidated Balance Sheets.

On July 2, 2021, Navios Partners agreed to purchase four 5,300 TEU newbuilding containerships, from an unrelated third party, for a purchase price of \$61.6 million each. The vessels are expected to be delivered into Navios Partners' fleet during the second half of 2023 and first half of 2024. Navios Partners agreed to pay in total \$18.5 million in three installments for each vessel and the remaining amount of \$43.1 million for each vessel plus extras will be paid upon delivery of the vessel. On August 13, 2021, the first installment of each vessel of approximately \$6.2 million, or \$24.6 million accumulated for the four vessels, was paid. In May 2022, the aggregate amount of \$12.3 million in relation to the second installment for two vessels, was paid. As of June 30, 2022, the total amount of \$37.0 million is presented under the caption "Deposits for vessels acquisitions" in the condensed Consolidated Balance Sheets.

Pursuant to a novation agreement dated December 20, 2021, the Company agreed to novate the shipbuilding contract and to simultaneously enter into a bareboat charter agreement to bareboat charter-in a newbuilding Panamax vessel of 82,003 dwt, under a ten-year bareboat contract, from an unrelated third party, the Navios Primavera. On July 27, 2022, Navios Partners took delivery of the Navios Primavera. Navios Partners agreed to pay in total \$6.3 million, of which approximately \$3.2 million was paid in April 2021 and the remaining amount was paid in the first quarter of 2022. In December 2021, Navios Partners declared its option to purchase the vessel. The Company-lessee has performed an assessment based on provisions of ASC 842 and concluded that it controls the underlying asset that is under construction before the commencement date of the lease. Consequently, as of June 30, 2022, the Company has capitalized the installments paid by the owner-lessor to the yard, amounted to \$6.3 million and recognized an equal amount liability presented under the caption "Other long-term liabilities" in the condensed Consolidated Balance Sheets. As of June 30, 2022, the total amount of \$12.6 million (including installments of \$6.3 million paid by the owner-lessor to the yard) is presented under the caption "Deposits for vessels acquisitions" in the condensed Consolidated Balance Sheets.

In June 2021, Navios Partners agreed to bareboat charter-in, under a ten-year bareboat contract, from an unrelated third party, one newbuilding Capesize vessel, of approximately 180,000 dwt. Navios Partners has the option to acquire the vessel after the end of year four for the remaining period of the bareboat charter. Navios Partners agreed to pay in total \$12.0 million, representing a deposit for the option to acquire the vessel after the end of the fourth year of which \$6.0 million was paid in September 2021 and the remaining amount of \$6.0 million will be paid upon the delivery of the vessel. The vessel is expected to be delivered by the second half of 2022. In September 2021, Navios Partners declared its option to purchase the vessel. As of June 30, 2022, the total amount of \$6.3 million, including expenses, is presented under the caption "Other long-term assets" in the condensed Consolidated Balance Sheets.

On March 25, 2021, Navios Partners agreed to bareboat charter-in, under a 15-year bareboat contract, from an unrelated third party, one newbuilding Capesize vessel, of approximately 180,000 dwt. Navios Partners has the option to acquire the vessel after the end of year four for the remaining period of the bareboat charter. Navios Partners agreed to pay in total \$3.5 million, representing a deposit for the option to acquire the vessel after the end of the fourth year of which approximately \$1.8 million was paid in August 2021 and the remaining amount will be paid upon the delivery of the vessel. The vessel is expected to be delivered by the first half of 2023. As of June 30, 2022, the total amount of \$1.8 million, including expenses, is presented under the caption "Other long-term assets" in the condensed Consolidated Balance Sheets.

On January 25, 2021, Navios Partners agreed to bareboat charter-in, under a 15-year bareboat contract each, from an unrelated third party, three newbuilding Capesize vessels of approximately 180,000 dwt each. Navios Partners has the options to acquire the vessels after the end of year four for the remaining period of the bareboat charters. Navios Partners agreed to pay in total \$10.5 million, representing a deposit for the options to acquire the vessels after the end of the fourth year, of which approximately \$5.3 million was paid in August 2021 and the remaining amount will be paid upon the delivery of the vessels. The vessels are expected to be delivered into Navios Partners' fleet during the second half of 2022 and the first half of 2023. As of June 30, 2022, the total amount of \$5.5 million, including expenses, is presented under the caption "Other long-term assets" in the condensed Consolidated Balance Sheets.

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.

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. Currently, our partnership agreement can be amended with the approval of a majority of the outstanding common 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 or other debt instruments. 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, and will depend on, among other things, Navios Partners' cash requirements as measured by market opportunities and restrictions under its credit agreements and other debt obligations and such other factors as the Board of Directors may deem advisable. 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 paid quarterly cash distributions in the amount of \$0.30 per unit, or \$1.20 per unit annually. In July 2020, the Company amended its distribution policy under which it intends to pay quarterly cash distributions in the amount of \$0.05 per unit, or \$0.20 per unit annually.

In July 2022, the Board of Directors of Navios Partners authorized its quarterly cash distribution for the three month period ended June 30, 2022 of \$0.05 per unit. The distribution was paid on August 12, 2022 to all unitholders of common units and general partner units of record as of August 9, 2022.

The declaration and payment of any further dividends remain subject to the discretion of the Board of Directors and will depend on, among other things, Navios Partners' cash requirements as measured by market opportunities and restrictions under its credit agreements and other debt obligations and such other factors as the Board of Directors may deem advisable.

Incentive Distribution Rights

The following description of our incentive distribution rights reflects such rights if 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. Navios GP L.L.C. currently holds the incentive distribution rights, but may transfer these rights, provided the transferee agrees to be bound by the terms of the partnership agreement. The holder of incentive distribution rights may transfer any or all of its Incentive Distribution Rights without unitholder approval.

The following table illustrates the percentage allocations of the additional available cash from Operating Surplus among the unitholders, our general partner and the holder of our incentive distribution rights up to the various target distribution levels. The amounts set forth under "Marginal Percentage Interest in Distributions" are the percentage interests of the unitholders 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 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% ownership interest.

	Total Quarterly Distribution Target Amount	Marginal Percentage Interest in Distributions		
		Common Unitholders	Incentive Distribution Right Holder	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%	13%	2%
Third Target Distribution	above \$6.5625 up to \$7.875	75%	23%	2%
Thereafter	above \$7.875	50%	48%	2%

Related Party Transactions

Vessel operating expenses: In August 2019, Navios Partners extended the duration of its management agreement ("Management Agreement") with the Manager until January 1, 2025, with an automatic renewal for an additional five years, unless earlier terminated by either party. Vessel operating expenses were fixed for two years commencing from January 1, 2020 at: (a) \$4,350 daily rate per Ultra-Handymax Vessel; (b) \$4,450 daily rate per Panamax Vessel; (c) \$5,410 daily rate per Capesize Vessel; and (d) \$6,900 daily rate per Containership of TEU 6,800. In December 2019, the Management Agreement was further amended to include from January 1, 2020, a \$6,100 daily rate per Sub-Panamax/Panamax Containership.

Following the completion of the NMCI Merger, the fleet of Navios Containers is included in Navios Partners' owned fleet and continued to be operated by the Manager (see Note 3 – Acquisition of Navios Containers and Navios Acquisition to the unaudited condensed consolidated financial statements included elsewhere in this Report). As per the terms of the Navios Containers' management agreement with the Manager, (the "NMCI Management Agreement"), vessel operating expenses were fixed for two years commencing from January 1, 2020 at: (a) \$6,215 daily rate per Containership of TEU 3,000 up to 4,999; (b) \$7,780 daily rate per Containership of TEU 8,000 up to 9,999; and (c) \$8,270 daily rate per Containership of TEU 10,000 up to 11,999.

Upon acquisition of the majority of outstanding stock of Navios Acquisition, the fleet of Navios Acquisition is included in Navios Partners' owned fleet and continued to be operated by Tankers Manager (see Note 3 – Acquisition of Navios Containers and Navios Acquisition to the unaudited condensed consolidated financial statements included elsewhere in this Report). As per the terms of Navios Acquisition's management agreement with Tankers Manager (the "NNA Management Agreement" and together with the Management Agreement and the NMCI Management Agreement, the "Management Agreements"), vessel operating expenses were fixed for two years commencing from January 1, 2020 at: (a) \$6,825 per day per MR2 and MR1 product tanker and chemical tanker vessel; (b) \$7,225 per day per LR1 product tanker vessel; and (c) \$9,650 per day per VLCC.

The Management Agreements also provide for a technical and commercial management fee of \$50 per day per vessel, an annual increase of 3% after January 1, 2022 for the remaining period unless agreed otherwise.

Following completion of the NNA Merger and NMCI Merger, the Managers provided commercial and technical management services to Navios Partners' vessels until December 31, 2021 for a daily fee of: (a) \$4,350 per Ultra-Handymax Vessel; (b) \$4,450 per Panamax Vessel; (c) \$5,410 per Capesize Vessel; (d) \$6,100 per Containership of TEU 1,300 up to 3,400; (e) \$6,215 per Containership of TEU 3,450 up to 4,999; (f) \$6,900 per Containership of TEU 6,800; (g) \$7,780 per Containership of TEU 8,000 up to 9,999; (h) \$8,270 per Containership of TEU 10,000 up to 11,999; (i) \$6,825 per MR2 and MR1 product tanker and chemical tanker vessel; (j) \$7,225 per LR1 product tanker vessel; and (k) \$9,650 per VLCC. Commencing from January 1, 2022 vessel operating expenses are fixed for one year for a daily fee of: (a) \$4,481 per Ultra-Handymax Vessel; (b) \$4,584 per Panamax Vessel; (c) \$5,573 per Capesize Vessel; (d) \$6,283 per Containership of TEU 1,300 up to 3,400; (e) \$6,401 per Containership of TEU 3,450 up to 4,999; (f) \$7,107 per Containership of TEU 6,800; (g) \$8,013 per Containership of TEU 8,000 up to 9,999; (h) \$8,518 per Containership of TEU 10,000 up to 11,999; (i) \$7,030 per MR2 and MR1 product tanker and chemical tanker vessel; (j) \$7,442 per LR1 product tanker vessel; and (k) \$9,940 per VLCC.

Pursuant to the acquisition of the 36-vessel drybulk fleet, which includes charter-in vessels, Navios Partners and the Manager, on July 25, 2022, amended the Management Agreement to include a technical and commercial management fee of \$25 per charter-in vessel per day.

The Management Agreements also provide for payment of a termination fee, equal to the fees charged for the full calendar year (for Navios Partners, Navios Containers and Navios Acquisition) preceding the termination date in the event the agreements are terminated on or before December 31, 2024.

Drydocking expenses are reimbursed at cost for all vessels.

During the three and six month periods ended June 30, 2022 certain extraordinary fees and costs related to vessels' regulatory requirements, including ballast water treatment system installation and exhaust gas cleaning system installation under Company's Management Agreement, amounted to \$3.6 million and \$6.3 million, respectively, and are presented under the caption "Acquisition of/ additions to vessels, net of cash acquired" in the condensed Consolidated Statements of Cash Flows. During the three and six month periods ended June 30, 2021, certain extraordinary fees and costs related to vessels' regulatory requirements, including ballast water treatment system installation and exhaust gas cleaning system installation under Company's Management Agreement, amounted to \$1.4 million and \$4.9 million, respectively, and are presented under the caption "Acquisition of/ additions to vessels, net of cash acquired" in the condensed Consolidated Statements of Cash Flows. During the three and six month periods ended June 30, 2022, certain extraordinary fees and costs related to COVID-19 measures, including crew related expenses, amounted to \$2.3 million and \$5.3 million, respectively, and are presented under the caption of "Direct vessel expenses" in the condensed Consolidated Statements of Operations.

Total vessel operating expenses for the three and six month periods ended June 30, 2022 amounted to \$74.0 million and \$147.2 million, respectively. Total vessel operating expenses for the three and six month periods ended June 30, 2021 amounted to \$41.8 million and \$64.7 million, respectively.

General and administrative expenses: Pursuant to the administrative services agreement (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. Under the Administrative Services Agreement, which provide for allocable general and administrative costs, the Manager is reimbursed for reasonable costs and expenses incurred in connection with the provision of these services. In August 2019, Navios Partners extended the duration of its existing Administrative Services Agreement with the Manager until January 1, 2025, to be automatically renewed for another five years. The agreement also provides for payment of a termination fee, equal to the fees charged for the full calendar year preceding the termination date in the event the Administrative Services Agreement is terminated on or before December 31, 2024.

Total general and administrative expenses charged by the Manager for the three and six month periods ended June 30, 2022 amounted to \$10.3 million and \$20.5 million, respectively. Total general and administrative expenses charged by the Manager for the three and six month periods ended June 30, 2021 amounted to \$6.1 million and \$9.8 million, respectively.

Balance due from/ (to) related parties: Balance due from related parties (both short and long term) as of June 30, 2022 and December 31, 2021 amounted to \$51.0 million and \$35.2 million, respectively, of which the current receivable was \$14.7 million and \$0, respectively, and the long-term receivable was \$36.3 million and \$35.2 million, respectively. Balance due to related parties, short-term as of June 30, 2022 and December 31, 2021 amounted to \$0 and \$64.2 million, respectively, and mainly consisted of payables to the Managers. The balances mainly consisted of administrative fees, drydocking, extraordinary fees and costs related to regulatory requirements including ballast water treatment system, other expenses, as well as fixed vessel operating expenses, in accordance with the Management Agreements.

General partner: Olympos Maritime Ltd., an entity affiliated to our Chairwoman and Chief Executive Officer, Angeliki Frangou, is the holder of Navios Partners' general partner interest.

Acquisition of vessels:

2021

On June 30, 2021, Navios Partners acquired the Navios Ray, a 2012-built Capesize vessel of 179,515 dwt and the Navios Bonavis, a 2009-built Capesize vessel of 180,022 dwt, from its affiliate, Navios Holdings, for an aggregate purchase price of \$58.0 million.

On June 4, 2021, Navios Partners acquired the Navios Koyo, a 2011-built Capesize vessel of 181,415 dwt, from its affiliate, Navios Holdings, for a purchase price of \$28.6 million (including \$0.1 million capitalized expenses).

On May 10, 2021, Navios Partners acquired the Ete N, a 2012-built Containership of 2,782 TEU, the Fleur N, a 2012-built Containership of 2,782 TEU and the Spectrum N, a 2009-built Containership of 2,546 TEU from Navios Acquisition, for an aggregate purchase price of \$55.5 million.

Following the completion of the NMCI Merger on March 31, 2021, the 29-vessel fleet of Navios Containers was included in Navios Partners' owned fleet.

On March 30, 2021, Navios Partners acquired the Navios Avior, a 2012-built Panamax vessel of 81,355 dwt, and the Navios Centaurus, a 2012-built Panamax vessel of 81,472 dwt, from Navios Holdings, for an acquisition cost of \$39.3 million (including \$0.1 million capitalized expenses), including working capital balances of \$(5.8) million.

Navios Acquisition Credit Facility: On August 24, 2021, Navios Partners and Navios Acquisition entered into a loan agreement under which Navios Partners agreed to make available to Navios Acquisition a working capital facility of up to \$45.0 million. The full amount of the facility was drawn. The facility bore interest at the rate of 11.50% per annum. As of each of June 30, 2022 and December 31, 2021, the outstanding balance of \$45.0 million was eliminated upon consolidation. The full amounts borrowed, including accrued interest, were repaid in August 2022.

Loan payable to affiliated company: On March 19, 2021, Navios Acquisition entered into a secured loan agreement with a subsidiary of N Shipmanagement Acquisition Corp. ("NSM"), an entity affiliated with Navios Acquisition's Chairwoman and Chief Executive Officer, for a loan of up to \$100.0 million to be used for general corporate purposes (the "NSM Loan Agreement"). The loan would be repayable in two years and bore interest at a rate of 11% per annum, payable quarterly.

In August 2021, Navios Acquisition entered into a supplemental agreement (the "Supplemental Loan Agreement") to amend the NSM Loan Agreement. The Supplemental Loan Agreement provided for: (i) the issuance of 8,823,529 newly-issued shares of common stock of Navios Acquisition in settlement of \$30.0 million of the outstanding balance of the NSM Loan Agreement; and (ii) the repayment of \$35.0 million of the outstanding balance of the NSM Loan Agreement in cash as of the date of the Supplemental Loan Agreement and the repayment in cash on January 7, 2022 of the remainder of the outstanding balance of the NSM Loan Agreement, of approximately \$33.1 million.

On December 23, 2021, the outstanding amount of \$33.1 million was repaid. As of June 30, 2022, there was no outstanding balance of the NSM Loan Agreement. Upon completion of the NNA Merger, the newly-issued shares of common stock of Navios Acquisition were converted into common units of Navios Partners on the same terms applicable to other outstanding shares of common stock of Navios Acquisition.

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 a rate based on a premium over U.S. \$ LIBOR or SOFR. Therefore, we are exposed to the risk that our interest expense may increase if interest rates rise. For the six month periods ended June 30, 2022 and 2021, we paid interest on our outstanding debt at a weighted average interest rate of 3.98% and 3.90%, respectively. An 1% increase in LIBOR or SOFR would have increased our interest expense for the six month periods ended June 30, 2022 and 2021 by \$5.9 million and \$2.5 million, respectively.

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 six month period ended June 30, 2022, Singapore Marine represented approximately 10.8% of total revenues. For the six month period ended June 30, 2021, Singapore Marine and HMM represented approximately 13.8% and 12.8%, respectively, of total revenues. No other customers accounted for 10% or more of total revenues for any of the periods presented.

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 2021 Annual Report on Form 20-F.

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. 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-Summary of Significant Accounting Policies 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, 2021 filed with the SEC on April 12, 2022.

Exhibit List

Exhibit

No.

99.1	Facility Agreement dated June 29, 2022, by and among Customized Development S.A., Kohylia Shipmanagement S.A., Floral Marine LTD. and Ianthe Maritime S.A. as borrowers, and Skandinaviska Enskilda Banken AB*
99.2	Amendment No. 11 dated July 25, 2022, to the Management Agreement dated November 16, 2007, between Navios Maritime Partners L.P. and Navios Shipmanagement Inc.*
99.3	Facility Agreement dated September 5, 2022, by and among Navios Maritime Partners L.P. and Hamburg Commercial Bank AG as Agent, Mandated Lead Arranger and Security Trustee*
101.INS*	Inline XBRL Instance Document (the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document).
101.SCH*	Inline XBRL Taxonomy Extension Schema Document.
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB*	Inline XBRL Taxonomy Extension Label Linkbase Document.
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase Document.
104*	Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101).

* Filed herewith

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

	Notes	June 30, 2022 (unaudited)	December 31, 2021
ASSETS			
Current assets			
Cash and cash equivalents	4	\$ 163,362	\$ 159,467
Restricted cash	4	11,262	9,979
Accounts receivable, net		41,796	23,774
Amounts due from related parties	13	14,722	—
Prepaid expenses and other current assets	16	61,588	33,120
Total current assets		292,730	226,340
Vessels, net	5	2,786,914	2,852,570
Deposits for vessels acquisitions	12	107,526	46,335
Other long-term assets	7, 12	48,689	48,168
Deferred dry dock and special survey costs, net		83,206	69,882
Amounts due from related parties	13	36,302	35,245
Intangible assets	6	87,992	100,422
Operating lease assets	15	235,822	244,337
Total non-current assets		3,386,451	3,396,959
Total assets		\$ 3,679,181	\$ 3,623,299
LIABILITIES AND PARTNERS' CAPITAL			
Current liabilities			
Accounts payable		\$ 29,489	\$ 21,062
Accrued expenses		16,445	12,889
Deferred revenue		24,160	23,921
Operating lease liabilities, current portion	15	18,729	18,292
Amounts due to related parties	13	—	64,204
Current portion of financial liabilities, net	7	84,710	82,291
Current portion of long-term debt, net	7	136,591	172,846
Total current liabilities		310,124	395,505
Operating lease liabilities, net	15	216,138	225,512
Unfavorable lease terms	6	83,055	122,481
Long-term financial liabilities, net	7	413,790	465,633
Long-term debt, net	7	652,252	640,939
Other long-term liabilities	12	33,272	3,504
Total non-current liabilities		1,398,507	1,458,069
Total liabilities		\$ 1,708,631	\$ 1,853,574
Commitments and contingencies	12	—	—
Partners' capital:			
Common Unitholders (30,197,087 units issued and outstanding at June 30, 2022 and December 31, 2021)	9	1,940,528	1,743,717
General Partner (622,555 units issued and outstanding at June 30, 2022 and December 31, 2021, respectively)	9	30,022	26,008
Total partners' capital		1,970,550	1,769,725
Total liabilities and partners' capital		\$ 3,679,181	\$ 3,623,299

See unaudited 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 June 30, 2022 (unaudited)	Three Month Period Ended June 30, 2021 (unaudited)	Six Month Period Ended June 30, 2022 (unaudited)	Six Month Period Ended June 30, 2021 (unaudited)
Time charter and voyage revenues	2,10	\$ 280,661	\$ 152,009	\$ 517,278	\$ 217,072
Time charter and voyage expenses	15	(21,718)	(5,869)	(38,861)	(8,364)
Direct vessel expenses	13	(12,920)	(3,989)	(24,113)	(7,143)
Vessel operating expenses (entirely through related parties transactions)	13	(73,989)	(41,771)	(147,161)	(64,733)
General and administrative expenses	13	(14,170)	(10,319)	(28,086)	(15,226)
Depreciation and amortization of intangible assets	5,6	(41,684)	(22,120)	(84,550)	(35,207)
Amortization of unfavorable lease terms	6	17,587	42,026	39,426	42,026
Loss on sale of vessels	5	—	—	—	(511)
Interest expense and finance cost, net		(14,522)	(7,334)	(27,749)	(13,178)
Interest income		22	744	24	859
Other expense, net		(1,107)	(3,464)	(2,383)	(3,895)
Equity in net earnings of affiliated companies	3	—	—	—	80,839
Bargain gain	3	—	—	—	44,053
Net income attributable to Navios Partners' unitholders		\$ 118,160	\$ 99,913	\$ 203,825	\$ 236,592

	Three Month Period Ended June 30, 2022 (unaudited)	Three Month Period Ended June 30, 2021 (unaudited)	Six Month Period Ended June 30, 2022 (unaudited)	Six Month Period Ended June 30, 2021 (unaudited)
Net income attributable to Navios Partners' unitholders				
Common Unitholders	\$ 115,797	\$ 97,914	\$ 199,749	\$ 231,860
General Partner	2,363	1,999	4,076	4,732
Net income attributable to Navios Partners' unitholders	\$ 118,160	\$ 99,913	\$ 203,825	\$ 236,592

Earnings per unit (see note 14):

	Three Month Period Ended June 30, 2022 (unaudited)	Three Month Period Ended June 30, 2021 (unaudited)	Six Month Period Ended June 30, 2022 (unaudited)	Six Month Period Ended June 30, 2021 (unaudited)
Earnings per unit:				
Earnings per common unit, basic	\$ 3.84	\$ 4.32	\$ 6.62	\$ 13.61
Earnings per common unit, diluted	\$ 3.83	\$ 4.31	\$ 6.61	\$ 13.54

See unaudited 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	Six Month Period Ended June 30, 2022 (unaudited)	Six Month Period Ended June 30, 2021 (unaudited)
OPERATING ACTIVITIES:			
Net income		\$ 203,825	\$ 236,592
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization of intangible assets	5,6	84,550	35,207
Amortization of unfavorable lease terms	6	(39,426)	(42,026)
Non-cash amortization of deferred revenue and straight line		23,452	(1,418)
Amortization of operating lease assets/ liabilities	15	(422)	(61)
Amortization and write-off of deferred finance costs and discount		2,677	1,568
Amortization of deferred dry dock and special survey costs		12,922	6,883
Loss on sale of vessels	5	—	511
Bargain gain	3	—	(44,053)
Equity in net earnings of affiliated companies	3	—	(80,839)
Stock-based compensation	9	82	234
Changes in operating assets and liabilities:			
Increase in accounts receivable		(18,022)	(1,430)
Increase in prepaid expenses and other current assets		(28,470)	(12,521)
(Increase)/ decrease in amounts due from related parties	13	(15,779)	5,000
Increase in accounts payable		8,429	688
Increase in accrued expenses		3,556	5,487
Increase in deferred revenue		239	5,900
Decrease in amounts due to related parties	13	(64,204)	(17,324)
Payments for dry dock and special survey costs		(26,246)	(21,149)
Net cash provided by operating activities		147,163	77,249
INVESTING ACTIVITIES:			
Net cash proceeds from sale of vessels	5	—	32,692
Deposits for acquisition/ option to acquire vessel		(55,586)	(4,965)
Cash acquired from merger with Navios Containers	3	—	10,282
Acquisition of/ additions to vessels, net of cash acquired	5	(6,274)	(180,419)
Repayments of notes receivable		—	8,872
Net cash used in investing activities		(61,860)	(133,538)
FINANCING ACTIVITIES:			
Cash distributions paid	14	(3,082)	(1,706)
Net proceeds from issuance of general partner units	9	—	7,531
Net proceeds from issuance of common units	9	—	172,938
Repayment of long-term debt and financial liabilities	7	(210,314)	(260,372)
Payments of deferred finance costs		(1,964)	(3,327)
Proceeds from long-term debt and financial liabilities	7,9	135,235	343,350
Net cash (used in)/ provided by financing activities		(80,125)	258,414
Increase in cash, cash equivalents and restricted cash		5,178	202,125
Cash, cash equivalents and restricted cash, beginning of period		169,446	30,728
Cash, cash equivalents and restricted cash, end of period		\$ 174,624	\$ 232,853

See unaudited 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)

	Six Month Period Ended June 30, 2022 (unaudited)	Six Month Period Ended June 30, 2021 (unaudited)
Supplemental disclosures of cash flow information		
Cash interest paid	\$ 25,464	\$ 12,275
Non-cash financing activities		
Stock-based compensation	\$ 82	\$ 234
Non-cash investing activities		
Deposits for acquisition/ option to acquire vessel (see Note 12)	\$ 6,316	\$ —
Acquisition of vessels	\$ —	\$ (5,766)

See unaudited notes to the condensed consolidated financial statements

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				Total Partners' Capital
	General Partner		Common Unitholders		
	Units	Amount	Units	Amount	
Balance, December 31, 2021	622,555	\$ 26,008	30,197,087	\$ 1,743,717	\$ 1,769,725
Cash distribution paid (\$0.05 per unit—see Note 14)	—	(31)	—	(1,510)	(1,541)
Stock-based compensation (see Note 9)	—	—	—	42	42
Net income	—	1,713	—	83,952	85,665
Balance, March 31, 2022	622,555	\$ 27,690	30,197,087	\$ 1,826,201	\$ 1,853,891
Cash distribution paid (\$0.05 per unit—see Note 14)	—	(31)	—	(1,510)	(1,541)
Stock-based compensation (see Note 9)	—	—	—	40	40
Net income	—	2,363	—	115,797	118,160
Balance June 30, 2022	622,555	\$ 30,022	30,197,087	\$ 1,940,528	\$ 1,970,550

	Limited Partners				Total Partners' Capital
	General Partner		Common Unitholders		
	Units	Amount	Units	Amount	
Balance, December 31, 2020	237,822	\$ 2,817	11,345,187	\$ 652,013	\$ 654,830
Cash distribution paid (\$0.05 per unit—see Note 14)	—	(12)	—	(567)	(579)
Proceeds from public offering and issuance of units, net of offering costs (see Note 9)	8,142	203	398,934	9,705	9,908
Units issued for the acquisition of Navios Containers, net of expenses (see Note 9)	165,989	3,911	8,133,452	191,624	195,535
Stock-based compensation (see Note 9)	—	—	—	118	118
Net income	—	2,733	—	133,946	136,679
Balance, March 31, 2021	411,953	\$ 9,652	19,877,573	\$ 986,839	\$ 996,491
Cash distribution paid (\$0.05 per unit—see Note 14)	—	(22)	—	(1,105)	(1,127)
Proceeds from public offering and issuance of units, net of offering costs (see Note 9)	120,042	3,417	5,882,061	163,233	166,650
Stock-based compensation (see Note 9)	—	—	—	116	116
Net income	—	1,999	—	97,914	99,913
Balance June 30, 2021	531,995	\$ 15,046	25,759,634	\$ 1,246,997	\$ 1,262,043

See unaudited notes to the condensed consolidated financial statements

NAVIOS MARITIME PARTNERS L.P.
UNAUDITED 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 and tanker vessels, formed on August 7, 2007 under the laws of the Republic of the Marshall Islands. Currently, the Company’s general partner is Olympos Maritime Ltd. (the “General Partner”) (see Note 13 – Transactions with related parties and affiliates).

Navios Partners is engaged in the seaborne transportation services of a wide range of liquid and dry cargo commodities including crude oil, refined petroleum, chemicals, iron ore, coal, grain, fertilizer and also containers, chartering its vessels under short, medium and longer-term charters. The operations of Navios Partners are managed by Navios Shipmanagement Inc., (the “Manager”) and Navios Tankers Management Inc. (“Tankers Manager” and together with the Manager, the “Managers”) which are entities affiliated with the Company’s Chairwoman and Chief Executive Officer (see Note 13 – Transactions with related parties and affiliates).

As of June 30, 2022, there were 30,197,087 outstanding common units and 622,555 general partnership units. As of June 30, 2022, Navios Maritime Holdings Inc. (“Navios Holdings”) owned an approximately 10.3% ownership interest in Navios Partners and the General Partner held an approximately 2.0% ownership interest in Navios Partners based on all outstanding common units and general partner units.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of presentation: The accompanying interim condensed consolidated financial statements are unaudited, but, in the opinion of management, reflect all adjustments for a fair statement of Navios Partners’ consolidated balance sheets, statement of partners’ 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, 2021 filed on Form 20-F on April 12, 2022 with the U.S. Securities and Exchange Commission (“SEC”).

Based on internal forecasts and projections that take into account reasonably possible changes in Company’s trading performance, management believes that the Company has adequate financial resources, including cash from sale of vessels (see Note 5 – Vessels, net) 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 condensed consolidated financial statements. Accordingly, the Company continues to adopt the going concern basis in preparing its financial statements.

Following Russia’s invasion of Ukraine in February 2022 the United States, the European Union, the United Kingdom and other countries have announced sanctions against Russia, and may impose wider sanctions and take other actions in the future. To date, no apparent consequences have been identified on the Company’s business. It should be noted that since the Company employs Ukrainian and Russian seafarers, it may face problems in relation to their employment, repatriation, salary payments and be subject to claims in this regard. Notwithstanding the foregoing, it is possible that these tensions might eventually have an adverse impact on our business, financial condition, results of operations and cash flows.

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

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

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

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

The accompanying interim condensed consolidated financial statements include the following entities:

Company name	Vessel name	Country of incorporation	2022	2021
Libra Shipping Enterprises Corporation	—	Marshall Is.	1/01 – 6/30	1/01 – 6/30
Alegria Shipping Corporation	Navios Alegria	Marshall Is.	1/01 – 6/30	1/01 – 6/30
Felicity Shipping Corporation	—	Marshall Is.	1/01 – 6/30	1/01 – 6/30
Gemini Shipping Corporation	—	Marshall Is.	1/01 – 6/30	1/01 – 6/30
Galaxy Shipping Corporation	—	Marshall Is.	1/01 – 6/30	1/01 – 6/30
Aurora Shipping Enterprises Ltd.	Navios Hope	Marshall Is.	1/01 – 6/30	1/01 – 6/30
Palermo Shipping S.A.	—	Marshall Is.	1/01 – 6/30	1/01 – 6/30
Fantastiks Shipping Corporation ⁽¹²⁾	Navios Fantastiks	Marshall Is.	1/01 – 6/30	1/01 – 6/30
Sagittarius Shipping Corporation ⁽¹²⁾	Navios Sagittarius	Marshall Is.	1/01 – 6/30	1/01 – 6/30
Hyperion Enterprises Inc.	Navios Hyperion	Marshall Is.	1/01 – 6/30	1/01 – 6/30
Chilali Corp.	Navios Aurora II	Marshall Is.	1/01 – 6/30	1/01 – 6/30
Surf Maritime Co.	Navios Pollux	Marshall Is.	1/01 – 6/30	1/01 – 6/30
Pandora Marine Inc.	Navios Melodia	Marshall Is.	1/01 – 6/30	1/01 – 6/30
Customized Development S.A.	Navios Fulvia	Liberia	1/01 – 6/30	1/01 – 6/30
Kohylia Shipmanagement S.A.	Navios Luz	Marshall Is.	1/01 – 6/30	1/01 – 6/30
Orbiter Shipping Corp.	Navios Orbiter	Marshall Is.	1/01 – 6/30	1/01 – 6/30
Floral Marine Ltd.	Navios Buena Ventura	Marshall Is.	1/01 – 6/30	1/01 – 6/30
Golem Navigation Limited ⁽¹³⁾	—	Marshall Is.	1/01 – 6/30	1/01 – 6/30
Kymata Shipping Co.	Navios Helios	Marshall Is.	1/01 – 6/30	1/01 – 6/30
Joy Shipping Corporation	Navios Joy	Marshall Is.	1/01 – 6/30	1/01 – 6/30
Micaela Shipping Corporation	Navios Harmony	Marshall Is.	1/01 – 6/30	1/01 – 6/30
Pearl Shipping Corporation	Navios Sun	Marshall Is.	1/01 – 6/30	1/01 – 6/30
Velvet Shipping Corporation	Navios La Paix	Marshall Is.	1/01 – 6/30	1/01 – 6/30
Perigiali Navigation Limited ⁽¹²⁾	Navios Beaufiks	Marshall Is.	1/01 – 6/30	1/01 – 6/30
Finian Navigation Co. ⁽¹²⁾	Navios Ace	Marshall Is.	1/01 – 6/30	1/01 – 6/30
Ammos Shipping Corp.	Navios Prosperity I	Marshall Is.	1/01 – 6/30	1/01 – 6/30
Wave Shipping Corp.	Navios Libertas	Marshall Is.	1/01 – 6/30	1/01 – 6/30
Casual Shipholding Co. ⁽¹²⁾	Navios Sol	Marshall Is.	1/01 – 6/30	1/01 – 6/30
Avery Shipping Company	Navios Symphony	Marshall Is.	1/01 – 6/30	1/01 – 6/30
Coasters Ventures Ltd.	Navios Christine B	Marshall Is.	1/01 – 6/30	1/01 – 6/30
Ianthe Maritime S.A.	Navios Aster	Marshall Is.	1/01 – 6/30	1/01 – 6/30
Rubina Shipping Corporation	Hyundai Hongkong	Marshall Is.	1/01 – 6/30	1/01 – 6/30
Topaz Shipping Corporation	Hyundai Singapore	Marshall Is.	1/01 – 6/30	1/01 – 6/30
Beryl Shipping Corporation	Hyundai Tokyo	Marshall Is.	1/01 – 6/30	1/01 – 6/30
Cheryl Shipping Corporation	Hyundai Shanghai	Marshall Is.	1/01 – 6/30	1/01 – 6/30
Christal Shipping Corporation	Hyundai Busan	Marshall Is.	1/01 – 6/30	1/01 – 6/30
Fairy Shipping Corporation ⁽⁵⁾	Navios Utmost	Marshall Is.	1/01 – 6/30	3/31 – 6/30
Limestone Shipping Corporation ⁽²⁸⁾	Navios Unite	Marshall Is.	1/01 – 6/30	3/31 – 6/30
Dune Shipping Corp.	—	Marshall Is.	1/01 – 6/30	1/01 – 6/30
Citrine Shipping Corporation	—	Marshall Is.	1/01 – 6/30	1/01 – 6/30
Cavalli Navigation Inc.	—	Marshall Is.	1/01 – 6/30	1/01 – 6/30
Seymour Trading Limited ⁽²⁾	Navios Altair I	Marshall Is.	1/01 – 6/30	1/01 – 6/30
Goldie Services Company	Navios Symmetry	Marshall Is.	1/01 – 6/30	1/01 – 6/30
Andromeda Shiptrade Limited	Navios Apollon I	Marshall Is.	1/01 – 6/30	1/01 – 6/30
Esmeralda Shipping Corporation	Navios Sphera	Marshall Is.	1/01 – 6/30	1/01 – 6/30
Triangle Shipping Corporation	Navios Mars	Marshall Is.	1/01 – 6/30	1/01 – 6/30
Oceanus Shipping Corporation ⁽¹⁹⁾	Castor N	Marshall Is.	1/01 – 6/30	1/01 – 6/30
Cronus Shipping Corporation	Protostar N	Marshall Is.	1/01 – 6/30	1/01 – 6/30
Leto Shipping Corporation ⁽¹⁷⁾	Esperanza N	Marshall Is.	1/01 – 6/30	1/01 – 6/30
Dionysus Shipping Corporation ⁽⁴⁾	Harmony N	Marshall Is.	1/01 – 6/30	1/01 – 6/30

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

Prometheus Shipping Corporation ⁽¹⁸⁾	Solar N	Marshall Is.	1/01 – 6/30	1/01 – 6/30
Camelia Shipping Inc. ⁽³¹⁾	Navios Camelia	Marshall Is.	1/01 – 6/30	1/01 – 6/30
Anthos Shipping Inc.	Navios Anthos	Marshall Is.	1/01 – 6/30	1/01 – 6/30
Azalea Shipping Inc. ⁽¹⁾	Navios Azalea	Marshall Is.	1/01 – 6/30	1/01 – 6/30
Amaryllis Shipping Inc.	Navios Amaryllis	Marshall Is.	1/01 – 6/30	1/01 – 6/30
Zaffre Shipping Corporation ⁽¹⁴⁾	Serenitas N	Marshall Is.	1/01 – 6/30	1/01 – 6/30
Wenge Shipping Corporation ^{(14),(20)}	Joie N	Marshall Is.	1/01 – 6/30	1/01 – 6/30
Sunstone Shipping Corporation ⁽¹⁴⁾	Copernicus N	Marshall Is.	1/01 – 6/30	1/01 – 6/30
Fandango Shipping Corporation ⁽¹⁴⁾	Unity N	Marshall Is.	1/01 – 6/30	1/01 – 6/30
Flavescent Shipping Corporation ⁽¹⁴⁾	Odysseus N	Marshall Is.	1/01 – 6/30	1/01 – 6/30
Emery Shipping Corporation ⁽¹⁵⁾	Navios Gem	Marshall Is.	1/01 – 6/30	1/01 – 6/30
Rondine Management Corp. ⁽¹⁵⁾	Navios Victory	Marshall Is.	1/01 – 6/30	1/01 – 6/30
Prosperity Shipping Corporation	—	Marshall Is.	1/01 – 6/30	1/01 – 6/30
Aldebaran Shipping Corporation	—	Marshall Is.	1/01 – 6/30	1/01 – 6/30
JTC Shipping and Trading Ltd. ⁽¹¹⁾	Holding Company	Malta	1/01 – 6/30	1/01 – 6/30
Navios Maritime Partners L.P.	N/A	Marshall Is.	1/01 – 6/30	1/01 – 6/30
Navios Maritime Operating LLC.	N/A	Marshall Is.	1/01 – 6/30	1/01 – 6/30
Navios Partners Finance (US) Inc.	Co-Borrower	Delaware	1/01 – 6/30	1/01 – 6/30
Navios Partners Europe Finance Inc.	Sub-Holding Company	Marshall Is.	1/01 – 6/30	1/01 – 6/30
Solange Shipping Ltd. ⁽¹⁶⁾	Navios Avior	Marshall Is.	1/01 – 6/30	3/30 – 6/30
Mandora Shipping Ltd. ⁽¹⁶⁾	Navios Centaurus	Marshall Is.	1/01 – 6/30	3/30 – 6/30
Olympia II Navigation Limited	Navios Domino	Marshall Is.	1/01 – 6/30	3/31 – 6/30
Pingel Navigation Limited	Navios Delight	Marshall Is.	1/01 – 6/30	3/31 – 6/30
Ebba Navigation Limited	Navios Destiny	Marshall Is.	1/01 – 6/30	3/31 – 6/30
Clan Navigation Limited	Navios Devotion	Marshall Is.	1/01 – 6/30	3/31 – 6/30
Sui An Navigation Limited ⁽²³⁾	Navios Dedication	Marshall Is.	1/01 – 6/30	3/31 – 6/30
Bertyl Ventures Co.	Navios Azure	Marshall Is.	1/01 – 6/30	3/31 – 6/30
Silvanus Marine Company	Navios Summer	Marshall Is.	1/01 – 6/30	3/31 – 6/30
Anthimar Marine Inc.	Navios Amarillo	Marshall Is.	1/01 – 6/30	3/31 – 6/30
Enplo Shipping Limited	Navios Verde	Marshall Is.	1/01 – 6/30	3/31 – 6/30
Morven Chartering Inc.	Matson Oahu	Marshall Is.	1/01 – 6/30	3/31 – 6/30
Rodman Maritime Corp.	Navios Spring	Marshall Is.	1/01 – 6/30	3/31 – 6/30
Isolde Shipping Inc.	Navios Indigo	Marshall Is.	1/01 – 6/30	3/31 – 6/30
Velour Management Corp.	Navios Vermilion	Marshall Is.	1/01 – 6/30	3/31 – 6/30
Evian Shiptrade Ltd.	Matson Lanai	Marshall Is.	1/01 – 6/30	3/31 – 6/30
Theros Ventures Limited	Navios Lapis	Marshall Is.	1/01 – 6/30	3/31 – 6/30
Legato Shipholding Inc.	Navios Tempo	Marshall Is.	1/01 – 6/30	3/31 – 6/30
Inastros Maritime Corp.	Navios Chrysalis	Marshall Is.	1/01 – 6/30	3/31 – 6/30
Zoner Shiptrade S.A.	Navios Dorado	Marshall Is.	1/01 – 6/30	3/31 – 6/30
Jasmer Shipholding Ltd.	Navios Nerine	Marshall Is.	1/01 – 6/30	3/31 – 6/30
Thetida Marine Co.	Navios Magnolia	Marshall Is.	1/01 – 6/30	3/31 – 6/30
Jaspero Shiptrade S.A.	Navios Jasmine	Marshall Is.	1/01 – 6/30	3/31 – 6/30
Peran Maritime Inc.	Zim Baltimore(ex Navios Felicitas)	Marshall Is.	1/01 – 6/30	3/31 – 6/30
Nefeli Navigation S.A.	Navios Unison	Marshall Is.	1/01 – 6/30	3/31 – 6/30
Crayon Shipping Ltd	Navios Miami	Marshall Is.	1/01 – 6/30	3/31 – 6/30
Chernava Marine Corp.	Bahamas	Marshall Is.	1/01 – 6/30	3/31 – 6/30
Proteus Shiptrade S.A	Zim Carmel	Marshall Is.	1/01 – 6/30	3/31 – 6/30
Vythos Marine Corp.	Navios Constellation	Marshall Is.	1/01 – 6/30	3/31 – 6/30
Navios Maritime Containers Sub L.P.	Sub-Holding Company	Marshall Is.	1/01 – 6/30	3/31 – 6/30
Navios Partners Containers Finance Inc.	Sub-Holding Company	Marshall Is.	1/01 – 6/30	3/31 – 6/30
Boheme Navigation Company	Sub-Holding Company	Marshall Is.	1/01 – 6/30	3/31 – 6/30
Navios Partners Containers Inc.	Sub-Holding Company	Marshall Is.	1/01 – 6/30	3/31 – 6/30
Iliada Shipping S.A.	Operating Company	Marshall Is.	1/01 – 6/30	3/31 – 6/30

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Vinetree Marine Company	Operating Company	Marshall Is.	1/01 – 6/30	3/31 – 6/30
Afros Maritime Inc.	Operating Company	Marshall Is.	1/01 – 6/30	3/31 – 6/30
Cavos Navigation Co. ⁽⁹⁾	Navios Libra	Marshall Is.	1/01 – 6/30	1/01 – 6/30
Perivoia Shipmanagement Co. ⁽¹⁰⁾	Navios Amitie	Marshall Is.	1/01 – 6/30	1/01 – 6/30
Pleione Management Limited ⁽¹⁰⁾	Navios Star	Marshall Is.	1/01 – 6/30	1/01 – 6/30
Bato Marine Corp. ⁽²¹⁾	Navios Armonia	Marshall Is.	1/01 – 6/30	3/05 – 6/30
Agron Navigation Company ⁽²¹⁾	TBN II	Marshall Is.	1/01 – 6/30	3/05 – 6/30
Teuta Maritime S.A. ⁽²²⁾	TBN VI	Marshall Is.	1/01 – 6/30	3/05 – 6/30
Ambracia Navigation Company ⁽²⁹⁾	Navios Primavera	Marshall Is.	1/01 – 6/30	3/05 – 6/30
Artala Shipping Co. ⁽²²⁾	TBN IV	Marshall Is.	1/01 – 6/30	3/05 – 6/30
Migen Shipmanagement Ltd.	Sub-Holding Company	Marshall Is.	1/01 – 6/30	3/05 – 6/30
Bole Shipping Corporation ⁽²⁴⁾	Spectrum N	Marshall Is.	1/01 – 6/30	4/28 – 6/30
Brandeis Shipping Corporation ⁽²⁴⁾	Ete N	Marshall Is.	1/01 – 6/30	5/10 – 6/30
Buff Shipping Corporation ⁽²⁴⁾	Fleur N	Marshall Is.	1/01 – 6/30	5/10 – 6/30
Morganite Shipping Corporation ⁽²²⁾	TBN V	Marshall Is.	1/01 – 6/30	6/01 – 6/30
Balder Maritime Ltd. ⁽²⁶⁾	Navios Koyo	Marshall Is.	1/01 – 6/30	6/04 – 6/30
Melpomene Shipping Corporation ⁽²⁵⁾	TBN VII	Marshall Is.	1/01 – 6/30	6/23 – 6/30
Urania Shipping Corporation ⁽²⁵⁾	TBN VIII	Marshall Is.	1/01 – 6/30	6/23 – 6/30
Terpsichore Shipping Corporation ⁽⁸⁾	TBN IX	Marshall Is.	1/01 – 6/30	6/23 – 6/30
Erato Shipping Corporation ⁽⁸⁾	TBN X	Marshall Is.	1/01 – 6/30	6/23 – 6/30
Lavender Shipping Corporation ⁽¹²⁾⁽⁷⁾	Navios Ray	Marshall Is.	1/01 – 6/30	6/30 – 6/30
Nostos Shipmanagement Corp. ^{(12) (7)}	Navios Bonavis	Marshall Is.	1/01 – 6/30	6/30 – 6/30
Navios Maritime Acquisition Corporation	Sub-Holding Company	Marshall Is.	1/01 – 6/30	—
Navios Acquisition Europe Finance Inc.	Sub-Holding Company	Marshall Is.	1/01 – 6/30	—
Navios Acquisition Finance (US) Inc.	Co-Issuer of Ship Mortgage Notes	Delaware	1/01 – 6/30	—
Navios Maritime Midstream Partners GP LLC	Holding Company	Marshall Is.	1/01 – 6/30	—
Letil Navigation Ltd.	Sub-Holding Company	Marshall Is.	1/01 – 6/30	—
Navios Maritime Midstream Partners Finance (US) Inc.	Sub-Holding Company	Delaware	1/01 – 6/30	—
Aegean Sea Maritime Holdings Inc.	Sub-Holding Company	Marshall Is.	1/01 – 6/30	—
Amorgos Shipping Corporation	Nave Cosmos	Marshall Is.	1/01 – 6/30	—
Andros Shipping Corporation	Nave Polaris	Marshall Is.	1/01 – 6/30	—
Antikithira Shipping Corporation	Nave Equator	Marshall Is.	1/01 – 6/30	—
Antiparos Shipping Corporation	Nave Atria	Marshall Is.	1/01 – 6/30	—
Antipaxos Shipping Corporation	Nave Dorado	Marshall Is.	1/01 – 6/30	—
Antipsara Shipping Corporation	Nave Velocity	Marshall Is.	1/01 – 6/30	—
Crete Shipping Corporation	Nave Cetus	Marshall Is.	1/01 – 6/30	—
Delos Shipping Corporation	Nave Photon	Marshall Is.	1/01 – 6/30	—
Folegandros Shipping Corporation	Nave Andromeda	Marshall Is.	1/01 – 6/30	—
Ikaria Shipping Corporation	Nave Aquila	Marshall Is.	1/01 – 6/30	—
Ios Shipping Corporation	Nave Cielo	Cayman Islands	1/01 – 6/30	—
Iraklia Shipping Corporation	Bougainville	Marshall Is.	1/01 – 6/30	—
Kimolos Shipping Corporation	Former Vessel- Owning Company	Marshall Is.	1/01 – 6/30	—
Kithira Shipping Corporation	Nave Orbit	Marshall Is.	1/01 – 6/30	—
Kos Shipping Corporation	Nave Bellatrix	Marshall Is.	1/01 – 6/30	—
Lefkada Shipping Corporation	Nave Buena Suerte	Marshall Is.	1/01 – 6/30	—
Leros Shipping Corporation	Former Vessel- Owning Company	Marshall Is.	1/01 – 6/30	—
Mytilene Shipping Corporation	Nave Orion	Marshall Is.	1/01 – 6/30	—
Oinousses Shipping Corporation	Nave Jupiter	Marshall Is.	1/01 – 6/30	—
Psara Shipping Corporation	Nave Luminosity	Marshall Is.	1/01 – 6/30	—
Rhodes Shipping Corporation	Nave Cassiopeia	Marshall Is.	1/01 – 6/30	—
Samos Shipping Corporation	Nave Synergy	Marshall Is.	1/01 – 6/30	—
Samothrace Shipping Corporation	Nave Pulsar	Marshall Is.	1/01 – 6/30	—
Serifos Shipping Corporation	Nave Estella	Marshall Is.	1/01 – 6/30	—
Sifnos Shipping Corporation	Nave Titan	Marshall Is.	1/01 – 6/30	—
Skiathos Shipping Corporation	Nave Capella	Marshall Is.	1/01 – 6/30	—

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Skopelos Shipping Corporation	Nave Ariadne	Cayman Islands	1/01 – 6/30	—
Skyros Shipping Corporation	Nave Sextans	Marshall Is.	1/01 – 6/30	—
Syros Shipping Corporation	Nave Alderamin	Marshall Is.	1/01 – 6/30	—
Thera Shipping Corporation	Nave Atropos	Marshall Is.	1/01 – 6/30	—
Tilos Shipping Corporation	Nave Spherical	Marshall Is.	1/01 – 6/30	—
Tinos Shipping Corporation	Nave Rigel	Marshall Is.	1/01 – 6/30	—
Zakynthos Shipping Corporation	Nave Quasar	Marshall Is.	1/01 – 6/30	—
Cyrus Investments Corp.	Baghdad	Marshall Is.	1/01 – 6/30	—
Olivia Enterprises Corp.	Erbil	Marshall Is.	1/01 – 6/30	—
Limnos Shipping Corporation	Nave Pyxis	Marshall Is.	1/01 – 6/30	—
Thasos Shipping Corporation	Nave Equinox	Marshall Is.	1/01 – 6/30	—
Agistri Shipping Limited	Operating Subsidiary	Malta	1/01 – 6/30	—
Paxos Shipping Corporation	Former Vessel- Owning Company	Marshall Is.	1/01 – 6/30	—
Donoussa Shipping Corporation	Former Vessel- Owning Company	Marshall Is.	1/01 – 6/30	—
Schinoussa Shipping Corporation	Former Vessel- Owning Company	Marshall Is.	1/01 – 6/30	—
Alonnisos Shipping Corporation	Former Vessel- Owning Company	Marshall Is.	1/01 – 6/30	—
Makronisos Shipping Corporation	Former Vessel- Owning Company	Marshall Is.	1/01 – 6/30	—
Shinyo Loyalty Limited	Former Vessel- Owning Company	Hong Kong	1/01 – 6/30	—
Shinyo Navigator Limited	Former Vessel- Owning Company	Hong Kong	1/01 – 6/30	—
Amindra Navigation Co.	Sub-Holding Company	Marshall Is.	1/01 – 6/30	—
Navios Maritime Midstream Partners L.P.	Sub-Holding Company	Marshall Is.	1/01 – 6/30	—
Navios Maritime Midstream Operating LLC	Sub-Holding Company	Marshall Is.	1/01 – 6/30	—
Shinyo Dream Limited	Former Vessel- Owning Company	Hong Kong	1/01 – 6/30	—
Shinyo Kannika Limited	Former Vessel- Owning Company	Hong Kong	1/01 – 6/30	—
Shinyo Kieran Limited	Nave Universe	British Virgin Islands	1/01 – 6/30	—
Shinyo Ocean Limited	Former Vessel- Owning Company	Hong Kong	1/01 – 6/30	—
Shinyo Saowalak Limited	Nave Constellation	British Virgin Islands	1/01 – 6/30	—
Sikinos Shipping Corporation	Former Vessel- Owning Company	Marshall Is.	1/01 – 6/30	—
Kerkyra Shipping Corporation	Nave Galactic	Marshall Is.	1/01 – 6/30	—
Doxa International Corp.	Nave Electron	Marshall Is.	1/01 – 6/30	—
Alkmene Shipping Corporation	Star N	Marshall Is.	1/01 – 6/30	—
Aphrodite Shipping Corporation	Aurora N	Marshall Is.	1/01 – 6/30	—
Dione Shipping Corporation	Lumen N	Marshall Is.	1/01 – 6/30	—
Persephone Shipping Corporation	Hector N	Marshall Is.	1/01 – 6/30	—
Rhea Shipping Corporation	Perseus N	Marshall Is.	1/01 – 6/30	—
Tzia Shipping Corporation ⁽³⁰⁾	Nave Celeste	Marshall Is.	1/01 – 6/30	—
Boysenberry Shipping Corporation	Former Vessel- Owning Company	Marshall Is.	1/01 – 6/30	—
Cadmium Shipping Corporation	Former Vessel- Owning Company	Marshall Is.	1/01 – 6/30	—
Celadon Shipping Corporation	Former Vessel- Owning Company	Marshall Is.	1/01 – 6/30	—
Cerulean Shipping Corporation	Former Vessel- Owning Company	Marshall Is.	1/01 – 6/30	—
Kleio Shipping Corporation ⁽⁶⁾	TBN XI	Marshall Is.	1/01 – 6/30	—
Polymnia Shipping Corporation ⁽⁶⁾	TBN XII	Marshall Is.	1/01 – 6/30	—
Goddess Shiptrade Inc. ⁽²¹⁾	Navios Astra	Marshall Is.	1/01 – 6/30	—
Navios Acquisition Merger Sub.Inc.	Merger SPV	Marshall Is.	1/01 – 6/30	—

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Aramis Navigation Inc. ⁽³⁾	Navios Azimuth	Marshall Is.	1/01 – 6/30	—
Thalia Shipping Corporation ⁽⁶⁾	TBN XV	Marshall Is.	1/01 – 6/30	—
Muses Shipping Corporation ⁽⁶⁾	TBN XVI	Marshall Is.	1/01 – 6/30	—
Euterpe Shipping Corporation ⁽⁸⁾	TBN XIV	Marshall Is.	1/01 – 6/30	—
Calliope Shipping Corporation ⁽⁶⁾	TBN XIII	Marshall Is.	1/01 – 6/30	—
Karpathos Shipping Corporation ⁽⁶⁾	TBN XXI	Marshall Is.	6/22 – 6/30	—
Patmos Shipping Corporation ⁽⁶⁾	TBN XXII	Marshall Is.	6/22 – 6/30	—
Tarak Shipping Corporation ⁽⁶⁾	TBN XVIII	Marshall Is.	4/26 – 6/30	—
Astrovalos Shipping Corporation ⁽⁸⁾	TBN XVII	Marshall Is.	4/26 – 6/30	—
Ithaki Shipping Corporation ⁽²⁷⁾	TBN XX	Marshall Is.	4/26 – 6/30	—
Gavdos Shipping Corporation ⁽⁶⁾	TBN XIX	Marshall Is.	4/26 – 6/30	—

- (1) The vessel was sold on August 13, 2021.
- (2) The vessel was sold on October 29, 2021.
- (3) The vessel was acquired on July 9, 2021.
- (4) The vessel was sold on August 16, 2021.
- (5) The vessel was sold in September 2022.
- (6) Expected to be delivered by the second half of 2024.
- (7) The vessel was acquired on June 30, 2021 (see Note 5 – Vessels, net).
- (8) Expected to be delivered by the first half of 2024.
- (9) The vessel was delivered on July 24, 2019 (see Note 15 – Leases).
- (10) The vessels were delivered on May 28, 2021 and June 10, 2021 (see Note 15 – Leases).
- (11) Not a vessel-owning subsidiary and only holds right to charter-in contracts.
- (12) Vessels under the sale and leaseback transaction.
- (13) The vessel was sold on December 10, 2020.
- (14) The vessels were acquired on June 29, 2020, following the liquidation of Navios Europe II.
- (15) The vessels were acquired on September 30, 2020.
- (16) The vessels were acquired on March 30, 2021 (see Note 5 – Vessels, net).
- (17) The vessel was sold on January 13, 2021 (see Note 5 – Vessels, net).
- (18) The vessel was sold on January 28, 2021 (see Note 5 – Vessels, net).
- (19) The vessel was sold on February 10, 2021 (see Note 5 – Vessels, net).
- (20) The vessel was sold on March 25, 2021 (see Note 5 – Vessels, net).
- (21) Expected to be delivered by the second half of 2022.
- (22) Expected to be delivered in the first half of 2023.
- (23) The vessel was sold on July 31, 2021.
- (24) The vessels were acquired on May 10, 2021 (see Note 5 – Vessels, net).
- (25) Expected to be delivered by the second half of 2023.
- (26) The vessel was acquired on June 4, 2021 (see Note 5 – Vessels, net).
- (27) Expected to be delivered by the first half of 2025.
- (28) The vessel agreed to be sold in February 2022. The sale is expected to be completed in September 2022 (see Note 5 – Vessels, net).
- (29) The vessel was delivered on July 27, 2022 (see Note 12 – Commitments and Contingencies).
- (30) The vessel was delivered on July 5, 2022 (see Note 12 – Commitments and Contingencies).
- (31) The vessel agreed to be sold in September 2022. The sale is expected to be completed in the fourth quarter of 2022 (see Note 17 – Subsequent Events).

Revenue and Expense Recognition:

Revenue from time chartering

Revenues from time chartering and bareboat 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. 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 components 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. 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 and bareboat chartering of vessels amounted to \$255,288 and \$145,241 for the three month periods ended June 30, 2022 and 2021, respectively. Revenue from time chartering and bareboat chartering of vessels amounted to \$476,606 and \$207,740 for the six month periods ended June 30, 2022 and 2021, respectively.

Revenue from voyage contracts

Under a voyage charter, a vessel is provided for the transportation of specific goods between specific ports in return for payment of an agreed upon freight per ton of cargo. Upon adoption of ASC 606, the Company 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 \$10,835 and \$4,389 for the three month periods ended June 30, 2022 and 2021, respectively. Revenue from voyage contracts amounted to \$17,406 and \$5,609 for the six month periods ended June 30, 2022 and 2021, respectively.

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Pooling arrangements

For vessels operating in pooling arrangements, the Company earns a portion of total revenues generated by the pool, net of expenses incurred by the pool. The amount allocated to each pool participant vessel, including the Company's vessels, is determined in accordance with an agreed-upon formula, which is determined by points awarded to each vessel in the pool based on the vessel's age, design and other performance characteristics. Revenue under pooling arrangements is accounted for as variable rate operating leases on the accrual basis and is recognized when an agreement with the pool exists, price is fixed, service is provided and the collectability is reasonably assured. The allocation of such net revenue may be subject to future adjustments by the pool however, such changes are not expected to be material. The Company recognizes net pool revenue on a monthly and quarterly basis, when the vessel has participated in a pool during the period and the amount of pool revenue can be estimated reliably based on the pool report. Revenue from vessels operating in pooling arrangements amounted to \$13,726 and \$2,379 for the three month periods ended June 30, 2022 and 2021, respectively. Revenue from vessels operating in pooling arrangements amounted to \$22,392 and \$3,723 for the six month periods ended June 30, 2022 and 2021, respectively.

Revenue from profit-sharing

Profit-sharing revenues are calculated at an agreed percentage of the excess of the charterer's average daily income (calculated on a quarterly or semi-annual 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. Profit-sharing revenue amounted to \$812 and \$0 for the three month periods ended June 30, 2022 and 2021, respectively. Profit-sharing revenue amounted to \$874 and \$0 for the six month periods ended June 30, 2022 and 2021, 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.

Recent Accounting Pronouncements:

These condensed consolidated 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, 2021. On January 1, 2022, the Company adopted the provisions of ASU 2021-05, Lease (Topic 842): Lessors—Certain Leases with Variable Lease Payments ("ASU 2021-05") and this adoption did not have a material effect on Company's interim condensed consolidated financial position, results of operations, and cash flows.

NOTE 3 – ACQUISITION OF NAVIOS CONTAINERS AND NAVIOS ACQUISITION

ACQUISITION OF NAVIOS CONTAINERS

On March 31, 2021, Navios Partners completed the merger (the "NMCI Merger") contemplated by the Agreement and Plan of Merger (the "NMCI Merger Agreement"), dated as of December 31, 2020, by and amongst Navios Partners, its direct wholly-owned subsidiary NMM Merger Sub LLC ("Merger Sub"), Navios Maritime Containers L.P. ("Navios Containers LP") and Navios Maritime Containers GP LLC, Navios Containers LP's general partner. Pursuant to the NMCI Merger Agreement, Merger Sub merged with and into Navios Containers LP, with Navios Containers LP continuing as the surviving partnership. As a result of the NMCI Merger, Navios Containers LP became a wholly-owned subsidiary of Navios Partners. Pursuant to the terms of the NMCI Merger Agreement, each outstanding common unit of Navios Containers LP that was held by a unitholder other than Navios Partners, Navios Containers LP and their respective subsidiaries was converted into the right to receive 0.39 of a common unit of Navios Partners. Following the exercise of the optional second merger ("Second Merger"), Navios Containers LP merged with and into Navios Maritime Containers Sub LP ("Navios Containers" which shall include all its predecessors), with Navios Containers continuing as the surviving partnership, and Migen Shipmanagement Ltd, a wholly owned subsidiary of Navios Partners, became Navios Containers' general partner.

Navios Partners accounted for the NMCI Merger "as a business combination achieved in stages", which results in the application of the "acquisition method," as defined under ASC 805, Business Combinations. Navios Partners' previously held equity interest in Navios Containers was remeasured to its fair value at March 31, 2021, the date the controlling interest was acquired and the resulting gain was recognized in earnings. Under the acquisition method, the fair value of the consideration paid by Navios Partners in connection with the transaction was allocated to Navios Containers' net assets based on their estimated fair values at the date of the completion of the NMCI Merger. The excess of the fair value of the identifiable net assets acquired of \$342,674 over the total purchase price consideration of \$298,621, resulted in a bargain gain of \$44,053. The transaction resulted in a bargain gain as a result of the share price of Navios Containers trading at a discount to their net asset value ("NAV").

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The fair value of the vessels was determined based on vessel valuations, obtained from independent third party shipbrokers, which are among other things, based on recent sales and purchase transactions of similar vessels. The fair value of the unfavorable lease terms (intangible liabilities) was determined by reference to market data and the discounted amount of expected future cash flows. The key assumptions that were used in the discounted cash flow analysis were as follows: (i) the contracted charter rate of the acquired charter over the remaining lease term compared to the current market charter rates for a similar contract and (ii) discounted using the Company's relevant discount factor of 8.89%.

As of March 31, 2021, Navios Partners' previously held interest of 35.7% in Navios Containers was remeasured to a fair value of \$106,997, determined using the closing price per common unit of \$9.23 of NMCI as of the closing date of the NMCI merger, resulting in revaluation gain of \$75,387 which along with the equity gain of \$5,452 from the operations of Navios Containers upon the closing date aggregate to a gain on acquisition of control in the amount of \$80,839 and is presented in, "Equity in net earnings of affiliated companies", in the accompanying condensed Consolidated Statement of Operations. The acquisition of the remaining interest of 64.3% through the issuance of newly issued common units in Navios Partners was recorded at a fair value of \$191,624 on the basis of 8,133,452 common units issued at a closing price per common unit of \$23.56 as of the closing date of the NMCI Merger.

Since the completion of the merger on March 31, 2021, beginning from April 1, 2021, the results of operations of Navios Containers are included in Navios Partners' condensed Consolidated Statements of Operations.

For the three month periods ended June 30, 2022 and June 30, 2021, transaction costs amounted to \$0 and \$87, respectively, have been expensed in the condensed Consolidated Statement of Operations within the caption "General and administrative expenses".

For the six month periods ended June 30, 2022 and June 30, 2021, transaction costs amounted to \$0 and \$188, respectively, have been expensed in the condensed Consolidated Statement of Operations within the caption "General and administrative expenses".

The following table summarizes the consideration exchanged and the fair value of assets acquired and liabilities assumed on March 31, 2021:

Purchase price:	
Fair value of previously held interest (35.7%)	\$ 106,997
Equity issuance (8,133,452 Navios Partners units * \$23.56)	191,624
Total purchase price	298,621
Fair value of assets acquired and liabilities assumed:	
Vessels	770,981
Current assets (including cash of \$10,282)	29,033
Unfavorable lease terms	(224,490)
Long term debt and financial liabilities assumed (including current portion)	(227,434)
Current liabilities	(5,416)
Fair value of net assets acquired	342,674
Bargain gain	\$ 44,053

The acquired intangible, listed below, as determined at the acquisition date and amortized under the straight line method over the period indicated below:

	Within One Year	Year Two	Year Three	Year Four	Year Five	Year Six	Total
Time charters with unfavorable lease terms	\$ (126,710)	(52,501)	(20,431)	(12,462)	(11,445)	(941)	\$ (224,490)

Intangible liabilities subject to amortization are amortized using straight line method over their estimated useful lives to their estimated residual value of zero.

The following is a summary of the acquired identifiable intangible liability:

Description	Amount
Unfavorable lease terms	\$ (224,490)

ACQUISITION OF NAVIOS ACQUISITION

On August 25, 2021 (date of obtaining control), Navios Partners purchased 44,117,647 newly issued shares of Navios Maritime Acquisition Corporation ("Navios Acquisition"), thereby acquiring a controlling interest of 62.4% in Navios Acquisition, and the results of operations of Navios Acquisition are included in Navios Partners' Consolidated Statements of Operations commencing on August 26, 2021.

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On October 15, 2021, Navios Partners completed the merger with Navios Acquisition (the “NNA Merger” and together with the NMCI Merger, the “Mergers”) and as a result thereof, Navios Acquisition became a wholly-owned subsidiary of Navios Partners. Each outstanding share of common stock of Navios Acquisition that was held by a stockholder other than Navios Partners was converted into the right to receive 0.1275 of a common unit of Navios Partners. As a result of the NNA Merger, 3,388,226 common units of Navios Partners were issued to former public stockholders of Navios Acquisition.

Navios Partners accounted for the control obtained “as a business combination”, which resulted in the application of the “acquisition method,” as defined under ASC 805, Business Combinations, as well as the recognition of the equity interest in Navios Acquisition not held by Navios Partners to its fair value at the date the controlling interest is acquired by Navios Partners as noncontrolling interest on the Consolidated Balance Sheet. The excess of the fair value of Navios Acquisition’s identifiable net assets acquired of \$211,597 over the fair value of the consideration transferred of \$150,000 and the fair value of the noncontrolling interest of \$57,635, resulted in a bargain gain upon obtaining control of \$3,962.

The fair value of the consideration of \$150,000 has been treated as deemed contribution with an equal increase in total partner’s capital. The fair value of the noncontrolling interest was determined by using the Navios Acquisition’s closing price of \$2.17 as of August 25, 2021 (date of obtaining control). The fair value of the vessels was determined based on vessel valuations, obtained from independent third party shipbrokers, which are among other things, based on recent sales and purchase transactions of similar vessels. The fair value of the favorable and unfavorable lease terms (intangible assets and liabilities) were determined by reference to market data and the discounted amount of expected future cash flows. The key assumptions that were used in the discounted cash flow analysis were as follows: (i) the contracted charter rate of the acquired charter over the remaining lease term compared to the current market charter rates for a similar contract and (ii) discounted using the Company’s relevant discount factor of 10.43%.

Navios Acquisition’s balances are included in Navios Partners’ condensed Consolidated Balance Sheets as of June 30, 2022 and Navios Partners’ Consolidated Balance Sheets as of December 31, 2021, while Navios Acquisitions’ results of operations are only included in Navios Partners’ condensed Consolidated Statement of Operations for the three and six month periods ended June 30, 2022.

The following table summarizes the fair value of the consideration transferred the fair value of assets acquired and liabilities assumed and the fair value of the noncontrolling interest in Navios Acquisition assumed on August 25, 2021:

Purchase consideration:	
Fair value of the consideration	\$ 150,000
Fair value of noncontrolling interest (37.6%)	57,635
Total purchase consideration	207,635
Fair value of Navios Acquisition’s assets acquired and liabilities assumed:	
Vessels	1,003,040
Other long-term assets	27,291
Operating lease assets	128,619
Current assets (including cash and restricted cash of \$32,394)	64,180
Favorable lease terms	112,139
Unfavorable lease terms	(6,529)
Long term debt and financial liabilities assumed (including current portion)	(811,608)
Operating lease liabilities (including current portion)	(128,619)
Current liabilities	(176,916)
Fair value of Navios Acquisition’s net assets	211,597
Bargain gain upon obtaining control	\$ 3,962

The intangible assets and liabilities, listed below, as determined at the date of obtaining control and are amortized under the straight line method over the period indicated below:

	Within One Year	Year Two	Year Three	Year Four	Year Five	Year Six and thereafter	Total
Time charters with favorable lease terms	\$ 24,398	18,232	18,156	17,702	11,182	22,469	\$ 112,139
Time charters with unfavorable lease terms	\$ (4,672)	(1,857)	—	—	—	—	\$ (6,529)

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Intangible assets and liabilities subject to amortization are amortized using straight line method over their estimated useful lives to their estimated residual value of zero.

The following is a summary of the identifiable intangible asset and liability at the date of obtaining control:

Description	Amount
Favorable lease terms	\$ 112,139
Unfavorable lease terms	\$ (6,529)

NOTE 4 – CASH AND CASH EQUIVALENTS

	June 30, 2022	December 31, 2021
Cash and cash equivalents	\$ 163,362	\$ 159,467
Restricted cash	11,262	9,979
Total cash and cash equivalents and restricted cash	\$ 174,624	\$ 169,446

As of June 30, 2022 and December 31, 2021, restricted cash amounted to \$11,262 and \$9,979, respectively, and mainly related to amounts held in retention accounts in order to service debt and interest payments, as required by certain of the Company's credit facilities and financial liabilities.

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.

NOTE 5 – VESSELS, NET

Vessels	Cost	Accumulated Depreciation	Net Book Value
Balance December 31, 2021	\$ 3,220,627	\$ (368,057)	\$ 2,852,570
Additions/ (Depreciation)	6,274	(71,930)	(65,656)
Balance June 30, 2022	\$ 3,226,901	\$ (439,987)	\$ 2,786,914

During the six month periods ended June 30, 2022 and 2021, the Company capitalized certain extraordinary fees and costs related to vessels' regulatory requirements, including ballast water treatment system installation and exhaust gas cleaning system installation, amounted to \$6,274 and \$4,865, respectively, and are presented under the caption "Acquisition of/ additions to vessels, net of cash acquired" in the condensed Consolidated Statements of Cash Flows (see Note 13 – Transactions with related parties and affiliates).

Acquisition of Vessels

2021

On June 30, 2021, Navios Partners acquired the Navios Ray, a 2012-built Capesize vessel of 179,515 dwt and the Navios Bonavis, a 2009-built Capesize vessel of 180,022 dwt, from its affiliate, Navios Holdings, for an aggregate purchase price of \$58,000 (see Note 13 – Transactions with related parties and affiliates).

On June 4, 2021, Navios Partners acquired the Navios Koyo, a 2011-built Capesize vessel of 181,415 dwt, from its affiliate, Navios Holdings, for a purchase price of \$28,567 (including \$67 capitalized expenses) (see Note 13 – Transactions with Related Parties).

On May 10, 2021, Navios Partners acquired the Ete N, a 2012-built Containership of 2,782 TEU, the Fleur N, a 2012-built Containership of 2,782 TEU and the Spectrum N, a 2009-built Containership of 2,546 TEU from Navios Acquisition, for an aggregate purchase price of \$55,500 (see Note 13 – Transactions with related parties and affiliates).

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On March 30, 2021, Navios Partners acquired the Navios Avior, a 2012-built Panamax vessel of 81,355 dwt, and the Navios Centaurus, a 2012-built Panamax vessel of 81,472 dwt, from its affiliate, Navios Holdings, for an acquisition cost of \$39,320 (including \$70 capitalized expenses), including working capital balances of \$(5,766) (see Note 13 – Transactions with related parties and affiliates).

The acquisition of the individual vessels from Navios Holdings (except for the Navios Koyo) and Navios Acquisition was effected through the acquisition of all of the capital stock of the respective vessel-owning companies, which held the ownership and other contractual rights and obligations related to each of the acquired vessels. Management accounted for each acquisition as an asset acquisition under ASC 805.

Sale of Vessels

2021

On March 25, 2021, the Company sold the Joie N, a 2011-built Ultra-Handymax vessel of 56,557 dwt, to an unrelated third party, for a net sale price of \$8,190.

On February 10, 2021, the Company sold the Castor N, a 2007-built Containership of 3,091 TEU to an unrelated third party for a net sale price of \$8,869.

On January 28, 2021, the Company sold the Solar N, a 2006-built Containership of 3,398 TEU to an unrelated third party for a net sale price of \$11,074.

On January 13, 2021, the Company sold the Esperanza N, a 2008-built Containership of 2,007 TEU to an unrelated third party for a net sale price of \$4,559.

Following the sale of the vessels during the period ended June 30, 2021, the aggregate amount of \$511, was presented under the caption “Loss on sale of vessels” in the condensed Consolidated Statements of Operations.

Vessels agreed to be sold

In February 2022, Navios Partners agreed to sell the Navios Utmost and the Navios Unite, two 2006-built Containerships of 8,204 TEU each, to an unrelated third party, for an aggregate sale price of \$220,000. In September 2022, Navios Partners completed the sale of the Navios Utmost. The sale of the Navios Unite is expected to be completed in September 2022.

NOTE 6 – INTANGIBLE ASSETS AND LIABILITIES

Intangible assets as of June 30, 2022 and December 31, 2021 consisted of the following:

	Cost	Accumulated Amortization	Net Book Value
Favorable lease terms December 31, 2021	\$ 195,854	\$ (95,432)	\$ 100,422
Amortization for the period	—	(12,430)	(12,430)
Favorable lease terms June 30, 2022	<u>\$ 195,854</u>	<u>\$ (107,862)</u>	<u>\$ 87,992</u>

Amortization expense of favorable lease terms for each of the periods ended June 30, 2022 and 2021 is presented in the following table:

	Three Month Period Ended		Six Month Period Ended	
	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
Favorable lease terms	\$ (5,565)	\$ (292)	\$ (12,430)	\$ (583)
Total	<u>\$ (5,565)</u>	<u>\$ (292)</u>	<u>\$ (12,430)</u>	<u>\$ (583)</u>

The aggregate amortization of the intangibles for the 12-month periods ending June 30, is estimated to be as follows:

Period	Amount
2023	\$ 18,483
2024	18,156
2025	17,702
2026	11,180
2027 and thereafter	22,471
Total	<u>\$ 87,992</u>

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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 5.9 years for the remaining favorable lease terms.

Intangible liabilities as of June 30, 2022 and December 31, 2021 consisted of the following:

	Cost	Accumulated Amortization	Net Book Value
Unfavorable lease terms December 31, 2021	\$ 231,019	\$ (108,538)	\$ 122,481
Amortization for the period	—	(39,426)	(39,426)
Unfavorable lease terms June 30, 2022	\$ 231,019	\$ (147,964)	\$ 83,055

Amortization income of unfavorable lease terms for each of the periods ended June 30, 2022 and 2021 is presented in the following table:

	Three Month Period Ended		Six Month Period Ended	
	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
Unfavorable lease terms	\$ 17,587	\$ 42,026	\$ 39,426	\$ 42,026
Total	\$ 17,587	\$ 42,026	\$ 39,426	\$ 42,026

The aggregate amortization of the intangible liabilities for the 12-month periods ending June 30 is estimated to be as follows:

Period	Amount
2023	\$ 44,586
2024	16,792
2025	12,204
2026	9,473
Total	\$ 83,055

Intangible liabilities 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 2.7 years for the remaining unfavorable lease terms.

NOTE 7 – BORROWINGS

Borrowings as of June 30, 2022 and December 31, 2021 consisted of the following:

	June 30, 2022	December 31, 2021
Credit facilities	\$ 799,796	\$ 825,267
Financial liabilities	499,570	549,178
Total borrowings	\$ 1,299,366	\$ 1,374,445
Less: Current portion of long-term borrowings, net	(221,301)	(255,137)
Less: Deferred finance costs, net	(12,023)	(12,736)
Long-term borrowings, net	\$ 1,066,042	\$ 1,106,572

As of June 30, 2022, the total borrowings, net of deferred finance costs under the Navios Partners' credit facilities and financial liabilities were \$1,287,343.

Credit Facilities

As of June 30, 2022, the Company had secured credit facilities with various banks with a total outstanding balance of \$799,796. The purpose of the facilities was to finance the acquisition of vessels or refinance existing indebtedness. All of the facilities are denominated in U.S. dollars and bear interest rate (as defined in the loan agreement) plus spread ranging from 225 bps to 310 bps, per annum. The facilities are repayable in either semi-annual or quarterly installments, followed by balloon payments with maturities, ranging from the second quarter of 2023 to the second quarter of 2027. See also the maturity table included below.

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Hellenic Bank Public Company Limited: On May 9, 2022, Navios Partners entered into a new credit facility with Hellenic Bank Public Company Limited of up to \$25,235 in order to refinance the existing indebtedness of five of its vessels and for working capital purposes. On May 11, 2022, the full amount was drawn. As of June 30, 2022, the total outstanding balance was \$25,235 and is repayable in one installment of \$1,455, 13 quarterly installments of \$1,035 each, five quarterly installments of \$895 each and one installment of \$850 together with a final balloon payment of \$5,000 to be paid on the last repayment date. The facility matures in the second quarter of 2027 and bears interest at Term Secured Overnight Financing Rate (“SOFR”) plus credit adjustment spread plus 250 bps per annum.

Skandinaviska Enskilda Banken AB: On June 29, 2022, Navios Partners entered into a new credit facility with Skandinaviska Enskilda Banken AB of up to \$55,000 in order to refinance the existing indebtedness of four of its vessels and for general corporate purposes. On June 30, 2022, the full amount was drawn. As of June 30, 2022, the total outstanding balance was \$55,000 and is repayable in 19 consecutive quarterly installments of \$1,960 each and a final balloon payment of \$17,760 to be paid on the last repayment date. The facility matures in the second quarter of 2027 and bears interest at SOFR plus 225 bps per annum.

ABN Amro Bank N.V.: On March 28, 2022, Navios Partners entered into a new credit facility with ABN Amro Bank N.V. of up to \$55,000 in order to refinance the existing indebtedness of three of its vessels and for general corporate purposes. On March 31, 2022, the full amount was drawn. As of June 30, 2022, the total outstanding balance was \$53,300 and is repayable in 19 consecutive quarterly installments of \$1,700 each together with a final balloon payment of \$21,000 to be paid on the last repayment date. The facility matures in the first quarter of 2027 and bears interest at daily cumulative or non-cumulative compounded RFR rate (as defined in the loan agreement) plus 225 bps per annum.

Amounts drawn under the credit facilities are secured by first preferred mortgages on certain Navios Partners’ vessels and other collateral and are guaranteed by the respective vessel-owning subsidiaries.

Financial Liabilities

In October 2019, Navios Acquisition entered into sale and leaseback agreements with unrelated third parties for \$90,811 in order to refinance six product tankers. Navios Acquisition has a purchase obligation to acquire the vessels at the end of the lease term and under ASC 842-40, the transaction was determined to be a failed sale. In May 2022, the Company exercised its purchase option for two out of six vessels before the end of the lease term, by prepaying a predetermined amount and an amount of \$11,295 was prepaid. As of June 30, 2022, the outstanding balance under these agreements was \$51,250 and is repayable through periods ranging from three to six years in consecutive quarterly installments of up to \$1,834 each, with a repurchase obligation of up to \$16,500 in total. The sale and leaseback arrangements bear interest at LIBOR plus a margin ranging from 335 bps to 355 bps per annum, depending on the vessel financed.

Credit Facilities and Financial Liabilities

The credit facilities and certain financial liabilities 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’, Angeliki Frangou’s or their affiliates’ ownership in Navios Partners of at least 5.0%; 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 Agreements (defined herein).

As of each of June 30, 2022 and December 31, 2021, the security deposits under certain sale and leaseback agreements were \$10,078, and are presented under “Other long-term assets” in the condensed Consolidated Balance Sheets.

The Company’s credit facilities and certain financial liabilities also require compliance with a number of financial covenants, including: (i) maintain a required security ranging over 105% to 140%; (ii) minimum free consolidated liquidity in an amount equal to \$500 per owned vessel and a number of vessels as defined in the Company’s credit facilities and financial liabilities; (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 the Company’s credit facilities and financial liabilities) ranging from less than 0.75 to 0.80; and (v) maintain a minimum net worth ranging from \$30,000 to \$135,000.

It is an event of default under the credit facilities and certain financial liabilities 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 June 30, 2022, 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 and certain financial liabilities.

The annualized weighted average interest rates of the Company’s total borrowings for the three and six month periods ended June 30, 2022 was 4.27% and 3.98%, respectively. The annualized weighted average interest rates of the Company’s total borrowings for the three and six month periods ended June 30, 2021 was 3.90% and 3.90%, respectively.

The maturity table below reflects the principal payments for the next five 12-month periods ending June 30 and thereafter of all borrowings of Navios Partners outstanding as of June 30, 2022, based on the repayment schedules of the respective credit facilities and financial liabilities.

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Period ending June 30,	Amount
2023	225,844
2024	293,367
2025	375,070
2026	171,492
2027 and thereafter	233,593
Total	\$ 1,299,366

NOTE 8 – FAIR VALUE OF FINANCIAL INSTRUMENTS

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

Fair value of financial 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 deposits.

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 deposits.

Amounts due from related parties, short-term: The carrying amount of due from related parties, short-term reported in the condensed Consolidated Balance Sheets approximates its fair value due to the short-term nature of these receivables.

Amounts due from related parties, long-term: The carrying amount of due from related parties long-term reported in the condensed Consolidated Balance Sheets approximates its fair value due to the long-term nature of these receivables.

Amounts due to related parties, short-term: The carrying amount of due to related parties, short-term reported in the condensed Consolidated Balance Sheets approximates its fair value due to the short-term nature of these payables.

Long-term borrowings, including current portion, net: The book value has been adjusted to reflect the net presentation of deferred finance costs. The outstanding balance of the floating rate loans and financial liabilities continues to approximate its fair value, excluding the effect of any deferred finance costs.

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

	June 30, 2022		December 31, 2021	
	Book Value	Fair Value	Book Value	Fair Value
Cash and cash equivalents	\$ 163,362	\$ 163,362	\$ 159,467	\$ 159,467
Restricted cash	\$ 11,262	\$ 11,262	\$ 9,979	\$ 9,979
Amounts due from related parties, short-term	\$ 14,722	\$ 14,722	\$ —	\$ —
Amounts due from related parties, long-term	\$ 36,302	\$ 36,302	\$ 35,245	\$ 35,245
Amounts due to related parties, short-term	\$ —	\$ —	\$ (64,204)	\$ (64,204)
Long-term borrowings, including current portion, net	\$ (1,287,343)	\$ (1,299,366)	\$ (1,361,709)	\$ (1,374,445)

Fair Value Measurements

The estimated fair value of the Company's 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 June 30, 2022 and December 31, 2021.

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	Fair Value Measurements as at June 30, 2022			
	Total	Level I	Level II	Level III
Cash and cash equivalents	\$ 163,362	\$ 163,362	\$ —	\$ —
Restricted cash	\$ 11,262	\$ 11,262	\$ —	\$ —
Amounts due from related parties, short-term ⁽²⁾	\$ 14,722	\$ —	\$ 14,722	\$ —
Amounts due from related parties, long-term ⁽³⁾	\$ 36,302	\$ —	\$ 36,302	\$ —
Long-term borrowings, including current portion, net ⁽¹⁾	\$ (1,299,366)	\$ —	\$ (1,299,366)	\$ —

	Fair Value Measurements as at December 31, 2021			
	Total	Level I	Level II	Level III
Cash and cash equivalents	\$ 159,467	\$ 159,467	\$ —	\$ —
Restricted cash	\$ 9,979	\$ 9,979	\$ —	\$ —
Amounts due from related parties, long-term ⁽³⁾	\$ 35,245	\$ —	\$ 35,245	\$ —
Amounts due to related parties, short-term ⁽⁴⁾	\$ (64,204)	\$ —	\$ (64,204)	\$ —
Long-term borrowings, including current portion, net ⁽¹⁾	\$ (1,374,445)	\$ —	\$ (1,374,445)	\$ —

- (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 the Company's creditworthiness.
- (2) The fair value of the Company's short-term receivable from related parties is estimated based on currently available debt with similar contract terms, interest rate and remaining maturities as well as taking into account the counterparty's creditworthiness.
- (3) The fair value of the Company's long-term receivable from related parties is estimated based on currently available debt with similar contract terms, interest rate and remaining maturities as well as taking into account the counterparty's creditworthiness.
- (4) The fair value of the Company's short-term payable to related parties is estimated based on currently available debt with similar contract terms, interest rate and remaining maturities as well as taking into account the Company's creditworthiness.

As of each of June 30, 2022 and December 31, 2021, there were no assets measured at fair value on a non-recurring basis.

NOTE 9 – ISSUANCE OF UNITS

On May 21, 2021, Navios Partners entered into a new Continuous Offering Program Sales Agreement (“\$110.0m Sales Agreement”) for the issuance and sale from time to time through its agent of common units having an aggregate offering price of up to \$110,000. As of June 30, 2021 and December 31, 2021, since the commencement of the \$110.0m Sales Agreement, Navios Partners had issued 2,914,022 units and 3,963,249 units, respectively, and received net proceeds of \$78,134 and \$103,691, respectively. Pursuant to the issuance of the common units, as of June 30, 2021 and December 31, 2021, Navios Partners issued 59,470 and 80,883 general partnership units, respectively, to its General Partner in order to maintain its 2.0% ownership interest. As of June 30, 2021 and December 31, 2021, the net proceeds from the issuance of the general partnership units were approximately \$1,636 and \$2,172, respectively. No additional sales were made subsequent to December 31, 2021 or will be made under this program.

On April 9, 2021, Navios Partners entered into a Continuous Offering Program Sales Agreement (“\$75.0m Sales Agreement”) for the issuance and sale from time to time through its agent of common units having an aggregate offering price of up to \$75,000. As of each of June 30, 2021 and December 31, 2021, since the commencement of the \$75.0m Sales Agreement, Navios Partners had issued 2,437,624 units and received net proceeds of \$73,117. Pursuant to the issuance of the common units, as of each of June 30, 2021 and December 31, 2021, Navios Partners issued 49,747 general partnership units to its General Partner in order to maintain its 2.0% ownership interest. As of each of June 30, 2021 and December 31, 2021, the net proceeds from the issuance of the general partnership units were approximately \$1,530. No additional sales were made subsequent to December 31, 2021 or will be made under this program.

On November 18, 2016, Navios Partners entered into a Continuous Offering Program Sales Agreement for the issuance and sale from time to time through its agent of common units having an aggregate offering price of up to \$25,000. An amended Sales Agreement was entered into on August 3, 2020. As of each of June 30, 2021 and December 31, 2021, since the date of the amended Sales Agreement, Navios Partners had issued 1,286,857 units and received net proceeds of \$23,918. Pursuant to the issuance of the common units, as of each of June 30, 2021 and December 31, 2021, Navios Partners issued 26,265 general partnership units to its general partner in order to maintain its 2.0% ownership interest. As of each of June 30, 2021 and December 31, 2021, the net proceeds from the issuance of the general partnership units were \$501. No additional sales were made subsequent to December 31, 2021 or will be made under this program.

Pursuant to the terms of the NMCI Merger Agreement, each outstanding common unit of Navios Containers that was held by a unitholder other than Navios Partners, Navios Containers and their respective subsidiaries was converted into the right to receive 0.39 of a common unit of Navios Partners. As a result of the NMCI Merger, 8,133,452 common units of Navios Partners were issued to former public unitholders of Navios Containers. Pursuant to the issuance of the common units, Navios Partners issued 165,989 general partner units, resulting in net proceeds of \$3,911 (see Note 3 – Acquisition of Navios Containers and Navios Acquisition).

Pursuant to the terms of the NNA Merger Agreement, each outstanding common unit of Navios Acquisition that was held by a stockholder other than Navios Partners, was converted into the right to receive 0.1275 of a common unit of Navios Partners. As a result of the NNA Merger, 3,388,226 common units of Navios Partners were issued to former public stockholders of Navios Acquisition. Pursuant to the issuance of the common units, Navios Partners issued 69,147 general partner units, resulting in net proceeds of \$1,893 (see Note 3 – Acquisition of Navios Containers and Navios Acquisition).

The effect of compensation expense arising from the restricted common units granted in December 2019 and 2018 and February 2019, amounted to \$40 and \$82 for the three and six month periods ended June 30, 2022, respectively, 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 2019, 2018 and 2017 and February 2019, amounted to \$116 and \$234 for the three and six month periods ended June 30, 2021, respectively, and was presented under the caption “General and administrative expenses” in the condensed Consolidated Statements of Operations.

As of June 30, 2022, the estimated compensation cost relating to service conditions of non-vested restricted common units granted in 2018 and 2019 not yet recognized was \$84.

As of June 30, 2022, there were 42,916 restricted common units outstanding that remained unvested.

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NOTE 10 – SEGMENT INFORMATION

ASC 280, “Segment Reporting,” establishes standards for reporting information about operating segments on a basis consistent with the Company’s internal organizational structure as well as information about geographical areas, business segments and major customers in financial statements for details on the Company’s business segments. The Company uses the “management approach” in determining reportable operating segments. The management approach considers the internal organization and reporting used by the Company’s chief operating decision maker for making operating decisions and assessing performance as the source for determining the Company’s reportable segments.

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, including the chief operating decision maker, reviews operating results solely by revenue per day and operating results of the fleet as a whole, determining where to allocate resources and drive business forward by examining consolidated results. 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, Containerships and Tankers 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 June 30, 2022	Three Month Period ended June 30, 2021	Six Month Period ended June 30, 2022	Six Month Period ended June 30, 2021
Asia	\$ 180,047	\$ 86,858	\$ 321,244	\$ 124,940
Europe	77,047	51,803	150,963	72,465
North America	23,567	13,348	45,071	19,667
Total	\$ 280,661	\$ 152,009	\$ 517,278	\$ 217,072

NOTE 11 – INCOME TAXES

The Republic of the Marshall Islands, Malta and Liberia do not impose a tax on international shipping income. Under the laws of the Republic of the Marshall Islands, Malta, Cayman Islands, Liberia, British Virgin Islands and Hong Kong, 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 on the basis of the applicable licensing regime are subject to tax liability towards the Greek state, which is calculated on the basis of the relevant vessel’s tonnage. A tax credit is recognized for tonnage tax (or similar tax) paid abroad, up to the amount of the tax due in Greece.

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The owner, the manager and the bareboat charterer or the financial lessee (where applicable) are liable to pay the tax due to the Greek state. The payment of said tax exhausts the tax liability of the foreign ship owning company, the bareboat charterer, the financial lessee (as applicable) and the relevant manager against any tax, duty, charge or contribution payable on income from the exploitation of the foreign flagged vessel outside Greece.

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 12 – 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 bareboat 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 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 of \$2,770 was paid during the year ended December 31, 2017 and the second half of \$2,770 was paid during the year ended December 31, 2018. As of June 30, 2022, the total amount of \$6,451, including expenses, is presented under the caption "Other long-term assets" in the condensed Consolidated Balance Sheets.

On October 18, 2019, Navios Partners agreed to bareboat charter-in, under a ten-year bareboat contract each, from an unrelated third party, the Navios Amitie and the Navios Star, two newbuilding Panamax vessels of 82,002 dwt and 81,994 dwt, respectively. The vessels were delivered in Navios Partner's fleet on May 28, 2021 and June 10, 2021, respectively. Navios Partners has the option to acquire the vessels after the end of the fourth year for the remaining period of the bareboat charters. Navios Partners had agreed to pay in total \$12,328, representing a deposit for the option to acquire the vessels after the end of the fourth year, of which \$1,434 was paid during the year ended December 31, 2019, \$10,034 was paid during the year ended December 31, 2020, and the remaining amount of \$860 was paid upon the delivery of the vessels. As of June 30, 2022, the total amount of \$13,648, including expenses, is presented under the caption "Other long-term assets" in the condensed Consolidated Balance Sheets.

On January 25, 2021, Navios Partners agreed to bareboat charter-in, under a 15-year bareboat contract each, from an unrelated third party, three newbuilding Capesize vessels of approximately 180,000 dwt each. Navios Partners has the options to acquire the vessels after the end of year four for the remaining period of the bareboat charters. Navios Partners agreed to pay in total \$10,500, representing a deposit for the options to acquire the vessels after the end of the fourth year, of which \$5,250 was paid in August 2021 and the remaining amount of \$5,250 will be paid upon the delivery of the vessels. The vessels are expected to be delivered into Navios Partners' fleet during the second half of 2022 and the first half of 2023. As of June 30, 2022, the total amount of \$5,508, including expenses, is presented under the caption "Other long-term assets" in the condensed Consolidated Balance Sheets.

On March 25, 2021, Navios Partners agreed to bareboat charter-in, under a 15-year bareboat contract, from an unrelated third party, one newbuilding Capesize vessel, of approximately 180,000 dwt. Navios Partners has the option to acquire the vessel after the end of year four for the remaining period of the bareboat charter. Navios Partners agreed to pay in total \$3,500, representing a deposit for the option to acquire the vessel after the end of the fourth year of which \$1,750 was paid in August 2021 and the remaining amount of \$1,750 will be paid upon the delivery of the vessel. The vessel is expected to be delivered by the first half of 2023. As of June 30, 2022, the total amount of \$1,820, including expenses, is presented under the caption "Other long-term assets" in the condensed Consolidated Balance Sheets.

In June 2021, Navios Partners agreed to bareboat charter-in, under a ten-year bareboat contract, from an unrelated third party, one newbuilding Capesize vessel, of approximately 180,000 dwt. Navios Partners has the option to acquire the vessel after the end of year four for the remaining period of the bareboat charter. Navios Partners agreed to pay in total \$12,000, representing a deposit for the option to acquire the vessel after the end of the fourth year of which \$6,000 was paid in September 2021 and the remaining amount of \$6,000 will be paid upon the delivery of the vessel. The vessel is expected to be delivered by the second half of 2022. In September 2021, Navios Partners declared its option to purchase the vessel. As of June 30, 2022, the total amount of \$6,348, including expenses, is presented under the caption "Other long-term assets" in the condensed Consolidated Balance Sheets.

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Pursuant to a novation agreement dated December 20, 2021, the Company agreed to novate the shipbuilding contract and to simultaneously enter into a bareboat charter agreement to bareboat charter-in a newbuilding Panamax vessel of 82,003 dwt, under a ten-year bareboat contract, from an unrelated third party, the Navios Primavera. On July 27, 2022, Navios Partners took delivery of the Navios Primavera. Navios Partners agreed to pay in total \$6,316, of which \$3,158 was paid in April 2021 and the remaining amount of \$3,158 was paid in the first quarter of 2022. In December 2021, Navios Partners declared its option to purchase the vessel. The Company-lessee has performed an assessment based on provisions of ASC 842 and concluded that it controls the underlying asset that is under construction before the commencement date of the lease. Consequently, as of June 30, 2022, the Company has capitalized the installments paid by the owner-lessee to the yard, amounted to \$6,316 and recognized an equal amount liability presented under the caption "Other long-term liabilities" in the condensed Consolidated Balance Sheets. As of June 30, 2022, the total amount of \$12,632 (including installments of \$6,316 paid by the owner-lessee to the yard) is presented under the caption "Deposits for vessels acquisitions" in the condensed Consolidated Balance Sheets.

On July 2, 2021, Navios Partners agreed to purchase four 5,300 TEU newbuilding containerships, from an unrelated third party, for a purchase price of \$61,600 each. The vessels are expected to be delivered into Navios Partners' fleet during the second half of 2023 and first half of 2024. Navios Partners agreed to pay in total \$18,480 in three installments for each vessel and the remaining amount of \$43,120 for each vessel plus extras will be paid upon delivery of the vessel. On August 13, 2021, the first installment of each vessel of \$6,160, or \$24,640 accumulated for the four vessels, was paid. In May 2022, the aggregate amount of \$12,320 in relation to the second installment for two vessels, was paid. As of June 30, 2022, the total amount of \$36,960 is presented under the caption "Deposits for vessels acquisitions" in the condensed Consolidated Balance Sheets.

On October 1, 2021, Navios Partners exercised its option to acquire two 5,300 TEU newbuilding containerships, from an unrelated third party, for a purchase price of \$61,600 each. The vessels are expected to be delivered into Navios Partners' fleet during the second half of 2024. Navios Partners agreed to pay in total \$18,480 in three installments for each vessel and the remaining amount of \$43,120 for each vessel plus extras will be paid upon delivery of the vessel. On November 15, 2021, the first installment of each vessel of \$6,160, or \$12,320 accumulated for the two vessels, was paid. As of June 30, 2022, the total amount of \$12,320 is presented under the caption "Deposits for vessels acquisitions" in the condensed Consolidated Balance Sheets.

In November 2021, Navios Partners agreed to purchase four 5,300 TEU newbuilding containerships (two plus two optional), from an unrelated third party, for a purchase price of \$62,825 each. The vessels are expected to be delivered into Navios Partners' fleet during the second half of 2023 and in 2024. Navios Partners agreed to pay in total \$25,130 in four installments for each vessel and the remaining amount of \$37,695 plus extras for each vessel will be paid upon delivery of the vessel. In the first quarter of 2022, the aggregate amount of \$12,565 in relation to the first installment for two vessels, was paid. In the second quarter of 2022, the aggregate amount of \$18,848 in relation to the first installment for two vessels and the second installment of one vessel, was paid. As of June 30, 2022, the total amount of \$31,413 is presented under the caption "Deposits for vessels acquisitions" in the condensed Consolidated Balance Sheets.

Pursuant to a novation agreement dated January 28, 2022, the Company agreed to novate the shipbuilding contract and to simultaneously enter into a bareboat charter agreement to bareboat charter-in a newbuilding Panamax vessel, under a ten-year bareboat contract, from an unrelated third party. The vessel has approximately 81,000 dwt and is expected to be delivered in Navios Partners' fleet during the first half of 2023. Navios Partners agreed to pay in total \$6,860, of which \$3,430 was paid in July 2021 and the remaining amount of \$3,430 was paid in April 2022. In January 2022, Navios Partners declared its option to purchase the vessel. As of June 30, 2022, the total amount of \$6,860 is presented under the caption "Deposits for vessels acquisitions" in the condensed Consolidated Balance Sheets.

In April 2022, Navios Partners agreed to purchase four 115,000 dwt Aframax/LR2 newbuilding vessels for a purchase price of \$58,500 each (plus \$4,158 in additional features). The vessels are expected to be delivered into Navios Partners' fleet during 2024 and the first quarter of 2025. Navios Partners agreed to pay in total \$23,400 in four installments for each vessel and the remaining amount of \$35,100 plus extras for each vessel will be paid upon delivery of each vessel.

In June 2022, Navios Partners agreed to purchase two newbuilding liquified natural gas (LNG) dual fuel 7,700 TEU containerships, from an unrelated third party, for a purchase price of \$120,610 each. The vessels are expected to be delivered into Navios Partners' fleet during the second half of 2024. Navios Partners agreed to pay in total \$48,244 in four installments for each vessel and the remaining amount of \$72,366 for each vessel will be paid upon delivery of the vessel. The closing of the transaction is subject to completion of customary documentation, including the issuance of refund guarantees.

Upon acquisition of the majority of outstanding stock of Navios Acquisition, Navios Partners assumed the following commitments:

In September 2018, Navios Acquisition agreed to a 12-year bareboat charter-in agreement with de-escalating purchase options for Baghdad and Erbil, two newbuilding Japanese VLCCs of 313,433 dwt and 313,486 dwt, respectively. On October 28, 2020, Navios Acquisition took delivery of the Baghdad. The average daily rate under bareboat charter-in agreement of Baghdad amounts to \$21. On February 17, 2021, Navios Acquisition took delivery of the Erbil. The average daily rate under bareboat charter-in agreement of Erbil amounts to \$21. As of June 30, 2022, the total amount of \$2,642 is presented under the caption "Other long-term assets" in the condensed Consolidated Balance Sheets.

In the first quarter of 2019, Navios Acquisition exercised its option to a 12-year bareboat charter-in agreement with de-escalating purchase options for Nave Electron, a newbuilding Japanese VLCC of 313,239 dwt. On August 30, 2021, Navios Partners took delivery of the Nave Electron. The average daily rate under bareboat charter-in agreement of the Nave Electron amounts to \$21. As of June 30, 2022, the total amount of \$1,900 is presented under the caption "Other long-term assets" in the condensed Consolidated Balance Sheets.

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In the second quarter of 2020, Navios Acquisition exercised its option for Nave Celeste, a newbuilding Japanese VLCC of 313,418 dwt under a 12-year bareboat charter agreement with de-escalating purchase options. On July 5, 2022, Navios Partners took delivery of the Nave Celeste. The average daily rate under this bareboat charter-in agreement will amount to \$21. As of June 30, 2022, the total amount of \$294 is presented under the caption “Other long-term assets” in the condensed Consolidated Balance Sheets.

As of June 30, 2022, the Company’s future minimum lease commitments under the Company’s charter-in contracts, are as follows:

Period ending June 30,	Amount
2023	53,366
2024	64,200
2025	63,725
2026	63,509
2027	62,925
2028 and thereafter	418,545
Total	\$ 726,270

NOTE 13 – TRANSACTIONS WITH RELATED PARTIES AND AFFILIATES

Vessel operating expenses: In August 2019, Navios Partners extended the duration of its management agreement (“Management Agreement”) with the Manager until January 1, 2025, with an automatic renewal for an additional five years, unless earlier terminated by either party. Vessel operating expenses were fixed for two years commencing from January 1, 2020 at: (a) \$4.35 daily rate per Ultra-Handymax Vessel; (b) \$4.45 daily rate per Panamax Vessel; (c) \$5.41 daily rate per Capesize Vessel; and (d) \$6.90 daily rate per Containership of TEU 6,800. In December 2019, the Management Agreement was further amended to include from January 1, 2020, a \$6.1 daily rate per Sub-Panamax/Panamax Containership.

Following the completion of the NMCI Merger, the fleet of Navios Containers is included in Navios Partners’ owned fleet and continued to be operated by the Manager (see Note 3 – Acquisition of Navios Containers and Navios Acquisition). As per the terms of the Navios Containers’ management agreement with the Manager (the “NMCI Management Agreement”), vessel operating expenses were fixed for two years commencing from January 1, 2020 at: (a) \$6.22 daily rate per Containership of TEU 3,000 up to 4,999; (b) \$7.78 daily rate per Containership of TEU 8,000 up to 9,999; and (c) \$8.27 daily rate per Containership of TEU 10,000 up to 11,999.

Upon acquisition of the majority of outstanding stock of Navios Acquisition, the fleet of Navios Acquisition is included in Navios Partners’ owned fleet and continued to be operated by Tankers Manager (see Note 3 – Acquisition of Navios Containers and Navios Acquisition). As per the terms of Navios Acquisition’s management agreement with Tankers Manager (the “NNA Management Agreement” and together with the Management Agreement and the NMCI Management Agreement, the “Management Agreements”), vessel operating expenses were fixed for two years commencing from January 1, 2020 at: (a) \$6.83 per day per MR2 and MR1 product tanker and chemical tanker vessel; (b) \$7.23 per day per LR1 product tanker vessel; and (c) \$9.65 per day per VLCC.

The Management Agreements also provide for a technical and commercial management fee of \$0.05 per day per vessel, an annual increase of 3% after January 1, 2022 for the remaining period unless agreed otherwise.

Following completion of the Mergers, the Managers provided commercial and technical management services to Navios Partners’ vessels until December 31, 2021 for a daily fee of: (a) \$4.35 per Ultra-Handymax Vessel; (b) \$4.45 per Panamax Vessel; (c) \$5.41 per Capesize Vessel; (d) \$6.1 per Containership of TEU 1,300 up to 3,400; (e) \$6.22 per Containership of TEU 3,450 up to 4,999; (f) \$6.9 per Containership of TEU 6,800; (g) \$7.78 per Containership of TEU 8,000 up to 9,999; (h) \$8.27 per Containership of TEU 10,000 up to 11,999; (i) \$6.83 per MR2 and MR1 product tanker and chemical tanker vessel; (j) \$7.23 per LR1 product tanker vessel; and (k) \$9.65 per VLCC. Commencing from January 1, 2022 vessel operating expenses are fixed for one year for a daily fee of: (a) \$4.48 per Ultra-Handymax Vessel; (b) \$4.58 per Panamax Vessel; (c) \$5.57 per Capesize Vessel; (d) \$6.28 per Containership of TEU 1,300 up to 3,400; (e) \$6.40 per Containership of TEU 3,450 up to 4,999; (f) \$7.11 per Containership of TEU 6,800; (g) \$8.01 per Containership of TEU 8,000 up to 9,999; (h) \$8.52 per Containership of TEU 10,000 up to 11,999; (i) \$7.03 per MR2 and MR1 product tanker and chemical tanker vessel; (j) \$7.44 per LR1 product tanker vessel; and (k) \$9.94 per VLCC.

Pursuant to the acquisition of the 36-vessel drybulk fleet, which includes charter-in vessels, Navios Partners and the Manager, on July 25, 2022, amended the Management Agreement to include a technical and commercial management fee of \$0.025 per charter-in vessel per day.

The Management Agreements also provide for payment of a termination fee, equal to the fees charged for the full calendar year (for Navios Partners, Navios Containers and Navios Acquisition) preceding the termination date in the event the agreements are terminated on or before December 31, 2024.

Drydocking expenses are reimbursed at cost for all vessels.

During the three and six month periods ended June 30, 2022 certain extraordinary fees and costs related to vessels’ regulatory requirements, including ballast water treatment system installation and exhaust gas cleaning system installation under Company’s Management Agreement, amounted to \$3,628 and \$6,274, respectively, and are presented under the caption “Acquisition of/ additions to vessels, net of cash acquired” in the condensed Consolidated Statements of Cash Flows.

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During the three and six month periods ended June 30, 2021 certain extraordinary fees and costs related to vessels' regulatory requirements, including ballast water treatment system installation and exhaust gas cleaning system installation under Company's Management Agreement, amounted to \$1,398 and \$4,865, respectively, and are presented under the caption "Acquisition of/ additions to vessels, net of cash acquired" in the condensed Consolidated Statements of Cash Flows. During the three and six month periods ended June 30, 2022, certain extraordinary fees and costs related to COVID-19 measures, including crew related expenses, amounted to \$2,342 and \$5,297, respectively, and are presented under the caption of "Direct vessel expenses" in the condensed Consolidated Statements of Operations.

Total vessel operating expenses for the three and six month periods ended June 30, 2022 amounted to \$73,989 and \$147,161, respectively. Total vessel operating expenses for the three and six month periods ended June 30, 2021 amounted to \$41,771 and \$64,733, respectively.

General and administrative expenses: Pursuant to the administrative services agreement (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. Under the Administrative Services Agreement, which provide for allocable general and administrative costs, the Manager is reimbursed for reasonable costs and expenses incurred in connection with the provision of these services. In August 2019, Navios Partners extended the duration of its existing Administrative Services Agreement with the Manager until January 1, 2025, to be automatically renewed for another five years. The agreement also provides for payment of a termination fee, equal to the fees charged for the full calendar year preceding the termination date in the event the Administrative Services Agreement is terminated on or before December 31, 2024.

Total general and administrative expenses charged by the Manager for the three and six month periods ended June 30, 2022 amounted to \$10,318 and \$20,523, respectively. Total general and administrative expenses charged by the Manager for the three and six month periods ended June 30, 2021 amounted to \$6,113 and \$9,798, respectively.

Balance due from/ (to) related parties: Balance due from related parties (both short and long term) as of June 30, 2022 and December 31, 2021 amounted to \$51,024 and \$35,245, respectively, of which the current receivable was \$14,722 and \$0, respectively, and the long-term receivable was \$36,302, and \$35,245, respectively. Balance due to related parties, short-term as of June 30, 2022 and December 31, 2021 amounted to \$0 and \$64,204, respectively, and mainly consisted of payables to the Managers. The balances mainly consisted of administrative fees, drydocking, extraordinary fees and costs related to regulatory requirements including ballast water treatment system, other expenses, as well as fixed vessel operating expenses, in accordance with the Management Agreements.

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General partner: Olympos Maritime Ltd., an entity affiliated to our Chairwoman and Chief Executive Officer, Angeliki Frangou, is the holder of Navios Partners' general partner interest.

Acquisition of vessels:

2021

On June 30, 2021, Navios Partners acquired the Navios Ray, a 2012-built Capesize vessel of 179,515 dwt and the Navios Bonavis, a 2009-built Capesize vessel of 180,022 dwt, from its affiliate, Navios Holdings, for an aggregate purchase price of \$58,000.

On June 4, 2021, Navios Partners acquired the Navios Koyo, a 2011-built Capesize vessel of 181,415 dwt, from its affiliate, Navios Holdings, for a purchase price of \$28,567 (including \$67 capitalized expenses).

On May 10, 2021, Navios Partners acquired the Ete N, a 2012-built Containership of 2,782 TEU, the Fleur N, a 2012-built Containership of 2,782 TEU and the Spectrum N, a 2009-built Containership of 2,546 TEU from Navios Acquisition, for an aggregate purchase price of \$55,500.

Following the completion of the NMCI Merger on March 31, 2021, the 29-vessel fleet of Navios Containers was included in Navios Partners' owned fleet.

On March 30, 2021, Navios Partners acquired the Navios Avior, a 2012-built Panamax vessel of 81,355 dwt, and the Navios Centaurus, a 2012-built Panamax vessel of 81,472 dwt, from Navios Holdings, for an acquisition cost of \$39,320 (including \$70 capitalized expenses), including working capital balances of \$(5,766).

Navios Acquisition Credit Facility: On August 24, 2021, Navios Partners and Navios Acquisition entered into a loan agreement under which Navios Partners agreed to make available to Navios Acquisition a working capital facility of up to \$45,000. The full amount of the facility was drawn. The facility bore interest at the rate of 11.50% per annum. As of each of June 30, 2022 and December 31, 2021, the outstanding balance of \$45,000 was eliminated upon consolidation. The full amounts borrowed, including accrued interest, were repaid in August 2022.

Loan payable to affiliated company: On March 19, 2021, Navios Acquisition entered into a secured loan agreement with a subsidiary of N Shipmanagement Acquisition Corp. ("NSM"), an entity affiliated with Navios Acquisition's Chairwoman and Chief Executive Officer, for a loan of up to \$100,000 to be used for general corporate purposes (the "NSM Loan Agreement"). The loan would be repayable in two years and bore interest at a rate of 11% per annum, payable quarterly.

In August 2021, Navios Acquisition entered into a supplemental agreement (the "Supplemental Loan Agreement") to amend the NSM Loan Agreement. The Supplemental Loan Agreement provided for: (i) the issuance of 8,823,529 newly-issued shares of common stock of Navios Acquisition in settlement of \$30,000 of the outstanding balance of the NSM Loan Agreement and (ii) the repayment of \$35,000 of the outstanding balance of the NSM Loan Agreement in cash as of the date of the Supplemental Loan Agreement and the repayment in cash on January 7, 2022 of the remainder of the outstanding balance of the NSM Loan Agreement, of approximately \$33,112.

On December 23, 2021, the outstanding amount of \$33,112 was repaid. As of June 30, 2022, there was no outstanding balance of the NSM Loan Agreement. Upon completion of the NNA Merger, the newly-issued shares of common stock of Navios Acquisition were converted into common units of Navios Partners on the same terms applicable to other outstanding shares of common stock of Navios Acquisition.

NOTE 14 – CASH DISTRIBUTIONS AND EARNINGS PER UNIT

The amount of distributions paid by Navios Partners and the decision to make any distribution is determined by the Company's board of directors and will depend on, among other things, Navios Partners' cash requirements as measured by market opportunities and restrictions under its credit agreements and other debt obligations and such other factors as the Board of Directors may deem advisable. There is no guarantee that the Company will pay the quarterly distribution on the common units in any quarter. 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.

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There are incentive distribution rights held by Navios GP L.L.C., which are analyzed as follows:

	Total Quarterly Distribution Target Amount	Marginal Percentage Interest in Distributions		
		Common Unitholders	Incentive Distribution Right Holder	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%	13%	2%
Third Target Distribution	above \$6.5625 up to \$7.875	75%	23%	2%
Thereafter	above \$7.875	50%	48%	2%

The first 98% of the quarterly distribution is paid to all common unitholders. The incentive distributions rights (held by Navios GP L.L.C.) apply only after a minimum quarterly distribution of \$6.0375 per unit.

In January 2021, the Board of Directors of Navios Partners authorized its quarterly cash distribution for the three month period ended December 31, 2020 of \$0.05 per unit. The distribution was paid on February 12, 2021 to all unitholders of common units and general partner units of record as of February 9, 2021. The aggregate amount of the declared distribution was \$579.

In April 2021, the Board of Directors of Navios Partners authorized its quarterly cash distribution for the three month period ended March 31, 2021 of \$0.05 per unit. The distribution was paid on May 14, 2021 to all unitholders of common units and general partner units of record as of May 11, 2021. The aggregate amount of the declared distribution was \$1,127.

In July 2021, the Board of Directors of Navios Partners authorized its quarterly cash distribution for the three month period ended June 30, 2021 of \$0.05 per unit. The distribution was paid on August 12, 2021 to all unitholders of common units and general partner units of record as of August 9, 2021. The aggregate amount of the declared distribution was \$1,384.

In January 2022, the Board of Directors of Navios Partners authorized its quarterly cash distribution for the three month period ended December 31, 2021 of \$0.05 per unit. The distribution was paid on February 11, 2022 to all unitholders of common units and general partner units of record as of February 9, 2022. The aggregate amount of the declared distribution was \$1,541.

In April 2022, the Board of Directors of Navios Partners authorized its quarterly cash distribution for the three month period ended March 31, 2022 of \$0.05 per unit. The distribution was paid on May 12, 2022 to all unitholders of common units and general partner units of record as of May 9, 2022. The aggregate amount of the declared distribution was \$1,541.

In July 2022, the Board of Directors of Navios Partners authorized its quarterly cash distribution for the three month period ended June 30, 2022 of \$0.05 per unit. The distribution was paid on August 12, 2022 to all unitholders of common units and general partner units of record as of August 9, 2022. The aggregate amount of the declared distribution was \$1,541.

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 per common unit is determined by dividing net income 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 six month periods ended June 30, 2022 and 2021.

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

	Three Month Period Ended		Six Month Period Ended	
	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
Net income	\$ 118,160	\$ 99,913	\$ 203,825	\$ 236,592
Income attributable to:				
Common unitholders	\$ 115,797	\$ 97,914	\$ 199,749	\$ 231,860
Weighted average units outstanding basic				
Common unitholders	30,154,171	22,653,219	30,154,171	17,041,426
Earnings per unit basic:				
Common unitholders	\$ 3.84	\$ 4.32	\$ 6.62	\$ 13.61
Weighted average units outstanding diluted				
Common unitholders	30,197,087	22,739,569	30,197,087	17,127,776
Earnings per unit diluted:				
Common unitholders	\$ 3.83	\$ 4.31	\$ 6.61	\$ 13.54
Earnings per unit distributed basic:				
Common unit holders	\$ 0.05	\$ 0.05	\$ 0.10	\$ 0.10
Earnings per unit distributed diluted:				
Common unitholders	\$ 0.05	\$ 0.05	\$ 0.10	\$ 0.10

Potential common units of 42,916 and 86,350 for the six month periods ended June 30, 2022 and 2021, respectively, are included in the calculation of diluted earnings per unit.

NOTE 15 – LEASES

Time charter out contracts and pooling arrangements

The Company's contract revenues from time chartering, bareboat chartering and pooling arrangements are governed by ASC 842.

Bareboat charter-in contracts

On July 24, 2019, Navios Partners took delivery of the Navios Libra, a 2019-built Panamax vessel of 82,011 dwt, for a ten-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 an operating lease right-of-use asset at an amount equal to the operating liability adjusted for the carrying amount of the straight-line liability.

On May 28, 2021 and June 10, 2021, Navios Partners took delivery of the Navios Amitie and the Navios Star, two 2021-built Panamax vessels of 82,002 dwt and 81,994 dwt, respectively. 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 \$5.9. The Company has performed assessments considering the lease classification criteria under ASC 842 and concluded that the arrangements are operating leases. 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.

Upon acquisition of the majority of outstanding stock of Navios Acquisition, Navios Partners took delivery of two 12-year bareboat charter-in vessels, with de-escalating purchase options, the Baghdad, a 2020-built Japanese VLCC of 313,433 dwt and the Erbil, a 2021-built Japanese VLCC of 313,486 dwt. The average daily rate under bareboat charter-in agreement each of Baghdad and Erbil, amounts to \$21. 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.

On August 30, 2021, Navios Partners took delivery of the Nave Electron, a 2021-built VLCC vessel of 313,329 dwt. 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 \$21. The Company has performed assessments considering the lease classification criteria under ASC 842 and concluded that the arrangements are operating leases. 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 the leases 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 applies the respective incremental borrowing rate based on the remaining lease term of the specific lease. Navios Partners' incremental borrowing rates were approximately 7% for the Navios Libra, 5% for the Navios Amitie and the Navios Star, 6% for Baghdad and Erbil and 4% for the Nave Electron.

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

As of June 30, 2022 and December 31, 2021, the unamortized balance of the lease liability amounted \$234,867 and \$243,804, respectively, and is presented under the captions “Operating lease liabilities, current portion” and “Operating lease liabilities, net, non-current portion” in the condensed Consolidated Balance Sheets. Right of use assets amounted \$235,822 and \$244,337 as at June 30, 2022 and December 31, 2021, respectively, and are presented under the caption “Operating lease assets” in the condensed Consolidated Balance Sheets.

The Company recognizes the lease payments for its operating leases as charter hire expenses on a straight-line basis over the lease term. Lease expense for the three and six month periods ended June 30, 2022 amounted to \$7,702, and \$15,319, respectively. Lease expense for the three and six month periods ended June 30, 2021 amounted to \$841 and \$1,354, respectively. Lease expense is included under the caption “Time charter and voyage expenses” in the condensed Consolidated Statements of Operations.

For the three and six month periods ended June 30, 2022, the sublease income (net of commissions, if any) for vessels where the Company is a lessee amounted to \$18,117 and \$34,299, respectively. For the three and six month periods ended June 30, 2021, the sublease income (net of commissions, if any) for vessels where the Company is a lessee amounted to \$3,917 and \$4,889, respectively. Sublease income is included in the condensed Consolidated Statements of Operations under the caption “Time charter and voyage revenues”.

The table below provides the total amount of lease payments on an undiscounted basis on the Company’s chartered-in contracts as of June 30, 2022:

Period ending June 30,	Amount
2023	\$ 30,558
2024	30,615
2025	30,356
2026	30,368
2027 and thereafter	181,207
Total	\$ 303,104
Operating lease liabilities, including current portion	\$ 234,867
Discount based on incremental borrowing rate	\$ 68,237

Bareboat charter-out contract

Subsequently to the charter-in agreement, the Company entered into bareboat charter-out agreements for a firm charter period of 10-years for the vessels Baghdad and Erbil. The agreement includes an optional period of five years. The Company performed also an assessment of the lease classification under the ASC 842 and concluded that the arrangements are operating leases.

The Company recognizes in relation to the operating leases for the charter-out agreements the charter-out hire income in the condensed Consolidated Statements of Operations on a straight-line basis. For the three and six month periods ended June 30, 2022, the charter hire income (net of commissions, if any) amounted to \$5,247 and \$10,432, respectively and it is included in the condensed Consolidated Statements of Operations under the caption “Time charter and voyage revenues”.

NOTE 16 – PREPAID EXPENSES AND OTHER CURRENT ASSETS

Prepaid expenses and other current assets consist of the following:

	June 30, 2022	December 31, 2021
Prepaid voyage costs	\$ 4,353	\$ 2,829
Inventories	26,408	21,072
Claims receivable	26,459	5,568
Other	4,368	3,651
Total prepaid expenses and other current assets	\$ 61,588	\$ 33,120

Claims receivable mainly represent claims against vessels' insurance underwriters in respect of damages arising from accidents or other insured risks, as well as claims under charter contracts.

NOTE 17 – SUBSEQUENT EVENTS

In July 2022, Navios Partners agreed to enter into a new credit facility with a commercial bank for a total amount of up to \$86,240 in order to finance the acquisition of two newbuilding 5,300 TEU containerships. The credit facility will mature seven years after the drawdown and will bear interest at SOFR plus 200 bps per annum. The facility remains subject to completion of definitive documentation and is expected to close in the third quarter of 2022.

On July 26, 2022, Navios Partners agreed to acquire a 36-vessel drybulk fleet for a gross purchase price of \$835,000, including the assumption of \$441,641 of bank liabilities, bareboat obligations and finance leasing obligations, subject to debt and working capital adjustments, from Navios Holdings. The fleet consists of 26 owned vessels and 10 chartered-in vessels (all with purchase options). On July 29, 2022, 15 of the 36 vessels were delivered to Navios Partners. On September 8, 2022, the remaining 21 vessels were delivered to Navios Partners.

In July 2022, the Board of Directors of Navios Partners authorized a common unit repurchase program for up to \$100,000 of the Company’s common units. 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 financial and other considerations, including working capital and planned or anticipated growth opportunities. 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.

In September 2022, Navios Partners entered into a new credit facility with a commercial bank for a total amount up to \$210,000 in order to refinance indebtedness secured on 15 drybulk vessels and five containerships. The credit facility matures in the second quarter of 2025 and bears interest at SOFR plus 250 bps per

annum.

On September 6, 2022, Navios Partners agreed to sell the Navios Camelia, a 2009-built Panamax vessel of 75,162 dwt to an unrelated third party for a sale price of \$15,000. The sale is expected to be completed during the fourth quarter of 2022.

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: September 13, 2022

Dated 29 June 2022

\$55,000,000

TERM LOAN FACILITY

CUSTOMIZED DEVELOPMENT S.A.
KOHYLIA SHIPMANAGEMENT S.A.
FLORAL MARINE LTD. and
IANTHE MARITIME S.A.
as joint and several Borrowers

and

THE BANKS AND FINANCIAL INSTITUTIONS

listed in Schedule 1
as Lenders

and

SKANDINAVISKA ENSKILDA BANKEN AB (PUBL)

as Mandated Lead Arranger

and

SKANDINAVISKA ENSKILDA BANKEN AB (PUBL)

as Facility Agent

and

SKANDINAVISKA ENSKILDA BANKEN AB (PUBL)

as Security Agent

and

SKANDINAVISKA ENSKILDA BANKEN AB (PUBL) OSLO BRANCH

as Account Bank

FACILITY AGREEMENT

relating to
the refinancing of existing indebtedness secured over four bulk carriers

WATSON FARLEY
&
WILLIAMS

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Execution

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PARTIES

- (1) **CUSTOMIZED DEVELOPMENT S.A.**, a corporation incorporated in the Republic of Liberia whose registered address is at 80 Broad Street, Monrovia, Liberia as a borrower ("**Borrower A**")
- (2) **KOHYLIA SHIPMANAGEMENT S.A.**, a corporation incorporated in the Republic of the Marshall Islands whose registered address is at Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, Marshall Islands MH 96960 as a borrower ("**Borrower B**")
- (3) **FLORAL MARINE LTD.**, a corporation incorporated in the Republic of the Marshall Islands whose registered address is at Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, Marshall Islands MH 96960 as a borrower ("**Borrower C**")
- (4) **IANTHE MARITIME S.A.**, a corporation incorporated in the Republic of the Marshall Islands whose registered address is at Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, Marshall Islands MH 96960 as a borrower ("**Borrower D**")
- (5) **THE BANKS AND THE FINANCIAL INSTITUTIONS** listed in Part B of Schedule 1 (*The Parties*) as lenders (the "**Original Lenders**")
- (6) **SKANDINAVISKA ENSKILDA BANKEN AB (PUBL)** as agent of the other Finance Parties (the "**Facility Agent**")
- (7) **SKANDINAVISKA ENSKILDA BANKEN AB (PUBL)** as security agent for the Secured Parties (the "**Security Agent**")
- (8) **SKANDINAVISKA ENSKILDA BANKEN AB (PUBL)** as mandated lead arranger (the "**Mandated Lead Arranger**")
- (9) **SKANDINAVISKA ENSKILDA BANKEN AB (PUBL) OSLO BRANCH** as account bank (the "**Account Bank**")

BACKGROUND

The Lenders have agreed to make available to the Borrowers a senior secured term loan facility in an aggregate amount of up to \$55,000,000 in four Tranches, the aggregate of each Tranche in an amount equal to the lesser of (i) \$13,750,000 and (ii) 55 per cent. of the Initial Market of the Ship relevant to that Tranche for the purpose of refinancing the Existing Indebtedness secured on the Ships.

INTERPRETATION

OPERATIVE PROVISIONS

1 DEFINITIONS AND INTERPRETATION

1.1 Definitions

In this Agreement:

“**Account Bank**” means Skandinaviska Enskilda Banken AB (Publ) Oslo branch, acting through its office at Filipstad Brygge 1, 0252 Oslo, Norway or any replacement bank or other financial institution as may be approved by the Facility Agent acting with the authorisation of the Majority Lenders.

“**Account Security**” means a document creating Security over the Earnings Accounts in agreed form.

“**Additional Business Day**” means any day specified as such in the Reference Rate Terms.

“**Advance**” means a borrowing of all or part of a Tranche under this Agreement.

“**Affiliate**” means, in relation to any person, a Subsidiary of that person or a Holding Company of that person or any other Subsidiary of that Holding Company.

“**Annex VI**” means Annex VI of the Protocol of 1997 to amend the International Convention for the Prevention of Pollution from Ships 1973 (Marpol), as modified by the Protocol of 1978 relating thereto.

“**Approved Brokers**” means any firm or firms of insurance brokers approved in writing by the Facility Agent (acting on the instructions of the Majority Lenders).

“**Approved Classification**” means, in relation to a Ship, as at the date of this Agreement, the classification in relation to that Ship specified in Schedule 7 (*Details of the Ships and other definitions*) with the relevant Approved Classification Society or the equivalent classification with another Approved Classification Society.

“**Approved Classification Society**” means, in relation to a Ship, as at the date of this Agreement, the classification society in relation to that Ship specified in Schedule 7 (*Details of the Ships and other definitions*) or any other classification society approved in writing by the Facility Agent acting with the authorisation of the Majority Lenders.

“**Approved Flag**” means, in relation to a Ship, the flag of Bahamas, Bermuda, Cayman Islands, Cyprus, Greece, Hong Kong, Liberia, Malta, Panama, the Marshall Islands, Singapore or the United Kingdom or such other flag approved in writing by the Facility Agent acting with the authorisation of the Lenders, such authorisation not to be unreasonably withheld.

“**Approved Manager**” means as at the date of this Agreement:

- (a) in relation to a Ship, the Head Manager;
- (b) in relation to Ship A and Ship B, Navios Corporation Management Inc., a corporation incorporated under the laws of the Republic of the Marshall Islands having its registered address at Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, Marshall Islands MH 96960 as manager;

- (c) in relation to Ship C and Ship D, Navios Technical Management S.A., a corporation incorporated under the laws of the Republic of the Marshall Islands having its registered address at Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, Marshall Islands MH 96960 as manager; and/or
- (d) any Affiliate of Navios Shipmanagement Inc. or any other person approved in writing by the Facility Agent acting with the authorisation of the Majority Lenders, such authorisation not to be unreasonably withheld, as the commercial and technical manager of any Ship.

“**Approved Valuer**” means Arrow Sale and Purchase (UK) Limited, Braemar Seascope Shipping Limited, Simpson Spence Young Ltd, Fearnleys AS, Clarkson Securities AS, Maersk Broker K/S, Howe Robinson, Allied Shipbroking, Barry Rogliano Salles and VesselsValue (or any Affiliate of such person through which valuations are commonly issued) and any other firm or firms of independent sale and purchase shipbrokers approved in writing by the Facility Agent, acting with the authorisation of the Majority Lenders.

“**Article 55 BRRD**” means Article 55 of Directive 2014/59/EU establishing a framework for the recovery and resolution of credit institutions and investment firms.

“**Assignable Charter**” means any time charterparty, consecutive voyage charter or contract of affreightment in respect of a Ship of a duration (or capable of exceeding a duration) of 13 months or more or any bareboat charter entered into in accordance with Clauses 22.16 (*Restrictions on chartering, appointment of managers etc.*) and 22.19 (*Charterparty Assignment*).

“**Assignment Agreement**” means an agreement substantially in the form set out in Schedule 5 (*Form of Assignment Agreement*) or any other form agreed between the relevant assignor and assignee.

“**Authorisation**” means an authorisation, consent, approval, resolution, licence, exemption, filing, notarisation, legalisation or registration.

“**Availability Period**” means, in relation to each Tranche, the period from and including the date of this Agreement to and including 31 July 2022, or such later date as may be agreed by the Facility Agent in writing.

“**Available Commitment**” means a Lender’s Commitment minus:

- (a) the amount of its participation in the outstanding Loan; and
- (b) in relation to any proposed Utilisation, the amount of its participation in any Advance that is due to be made on or before the proposed Utilisation Date.

“**Available Facility**” means the aggregate for the time being of each Lender’s Available Commitment.

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

“Bail-In Legislation” means:

- (a) in relation to an EEA Member Country which has implemented, or which at any time implements, Article 55 BRRD, the relevant implementing law or regulation as described in the EU Bail-In Legislation Schedule from time to time;
- (b) in relation to any state other than such an EEA Member Country and the United Kingdom, any analogous law or regulation from time to time which requires contractual recognition of any Write-down and Conversion Powers contained in that law or regulation; and
- (c) in relation to the United Kingdom, the UK Bail in Legislation.

“Balloon Instalments” has the meaning given in Clause 6.1 (*Repayment of Loan*).

“Baseline CAS” means any rate which is specified as such in the Reference Rate Terms.

“Borrower” means Borrower A, Borrower B, Borrower C or Borrower D.

“Business Day” means a day (other than a Saturday or Sunday) on which banks are open for general business in Stockholm, Athens, Oslo and New York and in relation to:

- (a) any date for payment or purchase of an amount relating to the Loan, any part of the Loan or Unpaid Sum; or
- (b) the determination of the first day or the last day of an Interest Period for the Loan, any part of the Loan or Unpaid Sum, or otherwise in relation to the determination of the length of such an Interest Period,

which is an Additional Business Day relating to the Loan, that part of the Loan or Unpaid Sum.

“Central Bank Rate” has the meaning given to that term in the Reference Rate Terms.

“Central Bank Rate Adjustment” has the meaning given to that term in the Reference Rate Terms.

“Central Bank Rate Spread” has the meaning given to that term in the Reference Rate Terms.

“Change of Control” has the meaning given to it in Clause 7.2 (*Change of control*).

“Charter” means any charter relating to a Ship, or other contract for its employment, whether or not already in existence (including without limitation, any Initial Charter and an Assignable Charter).

“Charter Guarantee” means any guarantee, bond, letter of credit or other instrument (whether or not already issued) supporting a Charter.

“Charterparty Assignment” means, in relation to an Assignable Charter, a first priority assignment of the rights of the relevant Borrower under that Assignable Charter and any related Charter Guarantee executed or to be executed by that Borrower in favour of the Security Agent in agreed form.

“Code” means the United States Internal Revenue Code of 1986.

“Commitment” means:

(a) in relation to an Original Lender, the amount set opposite its name under the heading “Commitment” in Part B of Schedule 1 (*The Parties*) and the amount of any other Commitment transferred to it under this Agreement; and

(b) in relation to any other Lender, the amount of any Commitment transferred to it under this Agreement,

to the extent not cancelled, reduced or transferred by it under this Agreement.

“Compounded Reference Rate” means, in relation to any RFR Banking Day during the Interest Period of the Loan or any part of the Loan, the percentage rate per annum which is the Daily Non-Cumulative Compounded RFR Rate for that RFR Banking Day.

“Compounding Methodology Supplement” means, in relation to the Daily Non-Cumulative Compounded RFR Rate or the Cumulative Compounded RFR Rate, a document which:

(a) is agreed in writing by the Borrowers, the Facility Agent (in its own capacity) and the Facility Agent (acting on the instructions of Majority Lenders);

(b) specifies a calculation methodology for that rate; and

(c) has been made available to the Borrowers and each Finance Party.

“Confidential Information” means all information relating to any Transaction Obligor, the Group, the Finance Documents or the Facility of which a Finance Party becomes aware in its capacity as, or for the purpose of becoming, a Finance Party or which is received by a Finance Party in relation to, or for the purpose of becoming a Finance Party under, the Finance Documents or the Facility from either:

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

(b) another Finance Party, if the information was obtained by that Finance Party directly or indirectly from any member of the Group or any of its advisers,

in whatever form, and includes information given orally and any document, electronic file or any other way of representing or recording information which contains or is derived or copied from such information but excludes:

(i) information that:

(A) is or becomes public information other than as a direct or indirect result of any breach by that Finance Party of Clause 43 (*Confidential Information*); or

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

- (C) is known by that Finance Party before the date the information is disclosed to it in accordance with paragraphs (a) or (b) above or is lawfully obtained by that Finance Party after that date, from a source which is, as far as that Finance Party is aware, unconnected with the Group and which, in either case, as far as that Finance Party is aware, has not been obtained in breach of, and is not otherwise subject to, any obligation of confidentiality; or
- (D) in relation to the Guarantor such information as the Guarantor is entitled to disclose by rules and regulations of the SEC and any US Stock Exchange applicable to the Guarantor, and

(ii) any Funding Rate.

“**Confidentiality Undertaking**” means a confidentiality undertaking in substantially the appropriate form recommended by the LMA from time to time or in any other form agreed between the Borrowers and the Facility Agent.

“**Corresponding Debt**” means any amount, other than any Parallel Debt, which a Borrower owes to a Secured Party under or in connection with the Finance Documents.

“**Cumulative Compounded RFR Rate**” means, in relation to an Interest Period for the Loan or any part of the Loan, the percentage rate per annum determined by the Facility Agent (or by any other Finance Party which agrees to determine that rate in place of the Facility Agent) in accordance with the methodology set out in Schedule 10 (*Cumulative Compounded RFR Rate*) or in any relevant Compounding Methodology Supplement.

“**Daily Non-Cumulative Compounded RFR Rate**” means, in relation to any RFR Banking Day during an Interest Period for the Loan or any part of the Loan, the percentage rate per annum determined by the Facility Agent (or by any other Finance Party which agrees to determine that rate in place of the Facility Agent) in accordance with the methodology set out in Schedule 9 (*Daily Non-Cumulative Compounded RFR Rate*) or in any relevant Compounding Methodology Supplement.

“**Daily Rate**” means the rate specified as such in the Reference Rate Terms.

“**Deed of Covenant**” means, in relation to a Ship, if required by the laws of the Approved Flag of that Ship, a deed of covenant collateral to the Mortgage over that Ship in agreed form.

“**Deed of Release**” means, in relation to the Existing Loan Agreement, any deed releasing the Borrowers and the other Transaction Obligors from their obligations under the Existing Loan Agreement and any relevant Existing Security under the Existing Loan Agreement in a form acceptable to the Facility Agent.

“**Default**” means an Event of Default or a Potential Event of Default.

“**Delegate**” means any delegate, agent, attorney or co-trustee appointed by the Security Agent.

“**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 Facility (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, if applicable, any Transaction Obligor; 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 or, if applicable, any Transaction Obligor preventing that, or any other, Party or, if applicable, any Transaction Obligor:
 - (i) from performing its payment obligations under the Finance Documents; or
 - (ii) from communicating with other Parties or, if applicable, any Transaction Obligor 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 or, if applicable, any Transaction Obligor whose operations are disrupted.

“**Document of Compliance**” has the meaning given to it in the ISM Code.

“**dollars**” and “**\$**” mean the lawful currency, for the time being, of the United States of America.

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

- (a) the following, save to the extent that any of them is, with the prior written consent of the Facility Agent, pooled or shared with any other person:
 - (i) all freight, hire and passage moneys including, without limitation, all moneys payable under, arising out of or in connection with a Charter or a Charter Guarantee;
 - (ii) the proceeds of the exercise of any lien on sub-freights;
 - (iii) compensation payable to the Borrower which is the owner of that Ship or the Security Agent in the event of requisition of that Ship for hire or use;
 - (iv) remuneration for salvage and towage services;
 - (v) demurrage and detention moneys;
 - (vi) without prejudice to the generality of sub-paragraph (i) above, damages for breach (or payments for variation or termination) of any charterparty or other contract for the employment of that Ship;
 - (vii) all moneys which are at any time payable under any Insurances in relation to loss of hire;
 - (viii) all monies which are at any time payable to a Borrower in relation to general average contribution; and
- (b) if and whenever that Ship is employed on terms whereby any moneys falling within sub-paragraphs (i) to (viii) of paragraph (a) above are pooled or shared with any other person, that proportion of the net receipts of the relevant pooling or sharing arrangement which is attributable to that Ship.

“Earnings Account” means:

- (a) an account in the name of Borrower A with the Account Bank with account number NO3397500409448;
- (b) an account in the name of Borrower B with the Account Bank with account number NO1197500409456;
- (c) an account in the name of Borrower C with the Account Bank with account number NO8697500409464;
- (d) an account in the name of Borrower D with the Account Bank with account number NO6497500409472;
- (e) any other account in the name of the Borrowers with the Account Bank which may, with the prior written consent of the Facility Agent, be opened in the place of the account referred to in paragraph (a) above, irrespective of the number or designation of such replacement account; or
- (f) any sub-account of any account referred to in paragraphs (a) to (e) above.

“EEA Member Country” means any member state of the European Union, Iceland, Liechtenstein and Norway.

“Environmental Approval” means any present or future permit, ruling, variance or other Authorisation required under Environmental Laws.

“Environmental Claim” means any claim by any governmental, judicial or regulatory authority or any other person which arises out of an Environmental Incident or an alleged Environmental Incident or which relates to any Environmental Law and, for this purpose, **“claim”** includes a claim for damages, compensation, contribution, injury, fines, losses and penalties or any other payment of any kind, including in relation to clean-up and removal, 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:

- (a) any release, emission, spill or discharge of Environmentally Sensitive Material whether within a Ship or from a Ship into any other vessel or into or upon the air, water, land or soils (including the seabed) or surface water; or
- (b) any incident in which Environmentally Sensitive Material is released, emitted, spilled or discharged into or upon the air, water, land or soils (including the seabed) or surface water from a vessel other than any Ship and which involves a collision between any Ship and such other vessel or some other incident of navigation or operation, in either case, in connection with which a Ship is actually or potentially liable to be arrested, attached, detained or injuncted and/or a Ship and/or any Transaction Obligor and/or any operator or manager of a 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, emitted, spilled or discharged into or upon the air, water, land or soils (including the seabed) or surface water otherwise than from a Ship and in connection with which a Ship is actually or potentially liable to be arrested and/or where any Transaction Obligor and/or any operator or manager of a Ship is at fault or allegedly at fault or otherwise liable to any legal or administrative action.

“**Environmental Law**” means any present or future law relating to pollution or protection of human health or the environment, to conditions in the workplace, to the carriage, generation, handling, storage, use, release or spillage of Environmentally Sensitive Material or to actual or threatened releases of Environmentally Sensitive Material.

“**Environmentally Sensitive Material**” means and includes all contaminants, oil, oil products, toxic substances and any other substance (including any chemical, gas or other hazardous or noxious substance) which is (or is capable of being or becoming) polluting, toxic or hazardous.

“**EU Bail-In Legislation Schedule**” means the document described as such and published by the LMA from time to time.

“**EU Ship Recycling Regulation**” means Regulation (EU) No 1257/2013 of the European Parliament and of the Council of 20 November 2013 on ship recycling and amending Regulation (EC) No 1013/2006 and Directive 2009/16/EC (Text with EEA relevance).

“**Event of Default**” means any event or circumstance specified as such in Clause 25 (*Events of Default*).

“**Existing Indebtedness**” means, at any date, the outstanding Financial Indebtedness of the Borrowers on that date under the Existing Loan Agreement.

“**Existing Loan Agreement**” means the loan agreement dated 12 February 2019 (as amended and supplemented from time to time) and made among (i) the Borrowers as joint and several borrowers, (ii) the Guarantor as guarantor, (iii) DVB Bank SE as arranger, (iv) the financial institutions listed in Part B of Schedule 1 therein as lenders, (v) DVB Bank SE as facility agent, (vi) DVB Bank SE as security agent and (vii) DVB Bank SE as account bank.

“**Existing Security**” means any Security created to secure the Existing Indebtedness.

“**Facility**” means the term loan facility made available under this Agreement as described in Clause 2 (*The Facility*).

“**Facility Office**” means the office or offices notified by a Lender to the Facility Agent in writing on or before the date it becomes a Lender (or, following that date, by not less than 5 Business Days’ written notice) as the office or offices through which it will perform its obligations under this Agreement.

“**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 Application Date” means:

- (a) in relation to a “withholdable payment” described in section 1473(1)(A)(i) of the Code (which relates to payments of interest and certain other payments from sources within the US), 1 July 2014; or
- (b) in relation to a “passthru payment” described in section 1471(d)(7) of the Code not falling within paragraph (a) above, the first date from which such payment may become subject to a deduction or withholding required by FATCA.

“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.

“Fee Letter” means any letter or letters dated on or about the date of this Agreement between any of the Facility Agent, the Security Agent, the Mandated Lead Arranger and any Obligor setting out any of the fees referred to in Clause 11 (*Fees*).

“Finance Document” means:

- (a) this Agreement;
- (b) any Fee Letter;
- (c) the Guarantee;
- (d) any Utilisation Request;
- (e) any Reference Rate Supplement;
- (f) any Compounding Methodology Supplement;
- (g) any Security Document;
- (h) any other document which is executed for the purpose of establishing any priority or subordination arrangement in relation to the Secured Liabilities; or
- (i) any other document designated as such by the Facility Agent and the Borrowers.

“Finance Party” means the Facility Agent, the Security Agent, the Mandated Lead Arranger, the Account Bank or a Lender.

“Financial Indebtedness” means any indebtedness for or in relation to:

- (a) moneys borrowed;
- (b) any amount raised by acceptance under any acceptance credit facility or dematerialised equivalent;

- (c) any amount raised pursuant to any note purchase facility or the issue of bonds, notes, debentures, loan stock or any similar instrument;
- (d) the amount of any liability in relation to any lease or hire purchase contract which would, in accordance with GAAP, be treated as a balance sheet liability;
- (e) receivables sold or discounted (other than any receivables to the extent they are sold on a non-recourse basis);
- (f) any amount raised under any other transaction (including any forward sale or purchase agreement) of a type not referred to in any other paragraph of this definition having the commercial effect of a borrowing;
- (g) any derivative transaction entered into in connection with protection against or benefit from fluctuation in any rate or price (and, when calculating the value of any derivative transaction, only the marked to market value (or, if any actual amount is due as a result of the termination or close-out of that derivative transaction, that amount) shall be taken into account);
- (h) any counter-indemnity obligation in relation to a guarantee, indemnity, bond, standby or documentary letter of credit or any other instrument issued by a bank or financial institution; and
- (i) the amount of any liability in relation to any guarantee or indemnity for any of the items referred to in paragraphs (a) to (h) above.

“**Funding Rate**” means any individual rate notified by a Lender to the Facility Agent pursuant to sub-paragraph (ii) of paragraph (a) of Clause 10.3 (*Cost of funds*).

“**GAAP**” means generally accepted accounting principles in the US.

“**General Assignment**” means, in relation to a Ship, the general assignment creating Security over:

- (a) that Ship’s Earnings, its Insurances and any Requisition Compensation in relation to that Ship; and
- (b) any Charter and any Charter Guarantee in relation to that Ship,

in agreed form.

“**Group**” means the Guarantor and its Subsidiaries for the time being (excluding any Subsidiaries whose shares are listed on any public stock exchange and whose financial statements are not consolidated into the financial statements of the Guarantor) and “**member of the Group**” shall be construed accordingly.

“**Group Vessel**” means any ship (including, but not limited to, the Ship) from time to time wholly owned by a member of the Group (directly or indirectly) including chartered-in vessels for which a member of the Group has a purchase obligation but excluding, for the avoidance of doubt, any newbuilding vessels not delivered to the relevant member of the Group at the relevant time.

“**Guarantee**” means a guarantee executed by the Guarantor in agreed form.

“**Guarantor**” means Navios Maritime Partners L.P., a limited partnership formed in the Republic of the Marshall Islands whose registered address is at Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, Marshall Islands MH 96960.

“**Head Manager**” means Navios Shipmanagement Inc., a corporation domesticated under the laws of the Republic of the Marshall Islands having its registered address at Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, Marshall Islands MH 96960 as head manager.

“**Holding Company**” means, in relation to a person, any other person in relation to which it is a Subsidiary.

“**IHM**” means an inventory of hazardous materials classification in respect of a Ship from the Approved Classification Society.

“**Indemnified Person**” has the meaning given to it in Clause 14.2 (*Other indemnities*).

“**Initial Charter**” has the meaning given to that term in Schedule 7 (*Details of the Ships and other definitions*).

“**Initial Market Value**” means, in relation to a Ship, the Market Value of that Ship calculated in accordance with the valuations relative thereto referred to in paragraph 3.5 of Schedule 2, Part B.

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

- (a) all policies and contracts of insurance, including entries of that Ship in any protection and indemnity or war risks association, effected in relation to that Ship, that Ship’s Earnings or otherwise in relation to that Ship whether before, on or after the date of this Agreement; and
- (b) all rights and other assets relating to, or derived from, any of such policies, contracts or entries, including any rights to a return of premium and any rights in relation to any claim whether or not the relevant policy, contract of insurance or entry has expired on or before the date of this Agreement.

“**Interest Payment**” means the aggregate amount of interest that is, or is scheduled to become, payable under any Finance Document.

“**Interest Payment Date**” has the meaning given to it in Clause 8.2 (*Payment of interest*).

“**Interest Period**” means, in relation to the Loan or any part of the Loan, each period determined in accordance with Clause 9 (*Interest Periods*) and, in relation to an Unpaid Sum, each period determined in accordance with Clause 8.3 (*Default interest*).

“**ISM Code**” means the International Safety Management Code for the Safe Operation of Ships and for Pollution Prevention (including the guidelines on its implementation), adopted by the International Maritime Organisation, as the same may be amended or supplemented from time to time.

“**ISPS Code**” means the International Ship and Port Facility Security (ISPS) Code as adopted by the International Maritime Organization’s (IMO) Diplomatic Conference of December 2002, as the same may be amended or supplemented from time to time.

“**ISSC**” means an International Ship Security Certificate issued under the ISPS Code.

“**Lender**” means:

- (a) any Original Lender; and
- (b) any bank, financial institution, trust, fund or other entity which has become a Party in accordance with Clause 26 (*Changes to the Lenders*),

which in each case has not ceased to be a Party in accordance with this Agreement.

“**LMA**” means the Loan Market Association or any successor organisation.

“**Loan**” means the loan to be made available under the Facility or the aggregate principal amount outstanding for the time being of the borrowings under the Facility and a “**part of the Loan**” means an Advance, a Tranche, any part of a Tranche or any other part of the Loan as the context may require.

“**Lookback Period**” means the number of days specified as such in the Reference Rate Terms.

“**Major Casualty**” means, in relation to a Ship, any casualty to that Ship in relation to which the claim or the aggregate of the claims against all insurers, before adjustment for any relevant franchise or deductible, exceeds \$1,000,000 or the equivalent in any other currency.

“**Majority Lenders**” means:

- (a) if no Advance has yet been made, a Lender or Lenders whose Commitments aggregate more than 66 $\frac{2}{3}$ per cent. of the Total Commitments; or
- (b) at any other time, a Lender or Lenders whose participations in the Loan aggregate more than 66 $\frac{2}{3}$ per cent. of the amount of the Loan then outstanding or, if the Loan has been repaid or prepaid in full, a Lender or Lenders whose participations in the Loan immediately before repayment or prepayment in full aggregate more than 66 $\frac{2}{3}$ per cent. of the Loan immediately before such repayment.

“**Management Agreement**” means:

- (a) in relation to a Ship, the agreement entered into between (i) the Guarantor and (ii) the Head Manager regarding the commercial and technical management of that Ship;
- (b) in relation to Ship A and Ship B, the agreement entered into between (i) the Head Manager and (ii) the Approved Manager set out in paragraph (b) of the definition of Approved Manager regarding the commercial and technical management of Ship A and Ship B; and
- (c) in relation to Ship C and Ship D, the agreement entered into between (i) the Head Manager and (ii) the Approved Manager set out in paragraph (c) of the definition of Approved Manager regarding the commercial and technical management of Ship C and Ship D.

“**Manager’s Undertaking**” means, in relation to a Ship, the letter of undertaking from the Approved Manager relating to that Ship subordinating the rights of the Approved Manager respectively against that Ship and the relevant Borrower owing that Ship to the rights of the Finance Parties in agreed form.

“**Margin**” means the percentage rate per annum specified as such in the Reference Rate Terms.

“**Market Disruption Rate**” means the rate (if any) specified as such in the Reference Rate Terms.

“**Market Value**” means, in relation to a Ship or any other vessel, at any date, the market value of that Ship or vessel determined in accordance with paragraph (a) of Clause 23.7 (*Provision of valuations*) and, prepared:

- (a) unless otherwise specified by the Facility Agent, as at a date not more than 30 days previously;
- (b) by an Approved Valuer or Approved Valuers;
- (c) with or without physical inspection of that Ship or vessel (as the Facility Agent may require); and
- (d) on the basis of a sale for prompt delivery for cash on normal arm’s length commercial terms as between a willing seller and a willing buyer, free of any Charter.

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

- (a) the business, operations, property, condition (financial or otherwise) or prospects of the Borrowers, the Guarantor or the Group as a whole; or
- (b) the ability of any Transaction Obligor to perform its obligations under any Finance Document; or
- (c) the validity or enforceability of, or the effectiveness or ranking of any Security granted or intended to be granted pursuant to any of, the Finance Documents or the rights or remedies of any Finance Party under any of the Finance Documents.

“**Money Laundering**” has the meaning given in Article 1 of Directive 2015/849/EC of the Council of the European Communities.

“**Month**” means, in relation to any Interest Period (or any other period for the accrual of commission or fees), a period starting on one day in a calendar month, subject to adjustment in accordance with the rules specified as Business Day Conventions in the Reference Rate Terms.

“**Mortgage**” means, in relation to a Ship, a first priority, or, as the case may be, preferred ship mortgage on that Ship in agreed form.

“**Obligor**” means a Borrower or the Guarantor.

“**Original Financial Statements**” means the annual audited consolidated financial statements of the Group for its financial year ended 31 December 2021.

“**Original Jurisdiction**” means, in relation to an Obligor, the jurisdiction under whose laws that Obligor is incorporated as at the date of this Agreement.

“**Overseas Regulations**” means the Overseas Companies Regulations 2009 (SI 2009/1801).

“**Parallel Debt**” means any amount which a Borrower owes to the Security Agent under Clause 29.2 (*Parallel Debt (Covenant to pay the Security Agent)*) or under that clause as incorporated by reference or in full in any other Finance Document.

“**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 this Agreement.

“**Permitted Charter**” means, in relation to a Ship, a Charter:

- (a) which is a time, voyage or consecutive voyage charter;
- (b) the duration of which does not exceed and is not capable of exceeding, by virtue of any optional extensions, 13 months plus a redelivery allowance of not more than 30 days;
- (c) which is entered into on *bona fide* arm’s length terms at the time at which that Ship is fixed; and
- (d) in relation to which not more than two months’ hire is payable in advance,

and any other Charter which is approved in writing by the Facility Agent acting with the authorisation of the Majority Lenders.

“**Permitted Financial Indebtedness**” means:

- (a) any Financial Indebtedness incurred under the Finance Documents;
- (b) until the Utilisation Date, the Existing Indebtedness; and
- (c) any Financial Indebtedness (including without limitation, any shareholder or intra-Group loans made available to the Borrowers (or any of them) in the normal course of its business of trading and operating any of Ship) that is subordinated to all Financial Indebtedness incurred under the Finance Documents in writing in a manner acceptable to the Facility Agent in all respects.

“**Permitted Security**” means:

- (a) until the Utilisation Date, the Existing Security;
- (b) Security created by the Finance Documents;
- (c) liens for unpaid master’s and crew’s wages in accordance with first class ship ownership and management practice and not being enforced through arrest;
- (d) liens for salvage;

- (e) liens for master's disbursements incurred in the ordinary course of trading in accordance with first class ship ownership and management practice and not being enforced through arrest; and
- (f) any other lien arising by operation of law or otherwise in the ordinary course of the operation, repair or maintenance of any Ship:
 - (i) not as a result of any default or omission by any Borrower;
 - (ii) not being enforced through arrest; and
 - (iii) subject, in the case of liens for repair or maintenance, to Clause 22.16 (*Restrictions on chartering, appointment of managers etc.*),and provided such lien does not secure amounts more than 30 days overdue (unless the overdue amount is being contested in good faith by appropriate steps).

"Poseidon Principles" means the financial industry framework for assessing and disclosing the climate alignment of ship finance portfolios published in June 2019 as the same may be amended or replaced from time to time.

"Potential Event of Default" means any event or circumstance specified in Clause 25 (*Events of Default*) which would (with the expiry of a grace period, the giving of notice, the making of any determination under the Finance Documents or any combination of any of the foregoing) be an Event of Default.

"Protected Party" has the meaning given to it in Clause 12.1 (*Definitions*).

"Receiver" means a receiver or receiver and manager or administrative receiver of the whole or any part of the Security Assets.

"Reference Rate Supplement" means a document which:

- (a) is agreed in writing by the Borrowers and the Facility Agent (in its own capacity) and the Facility Agent (acting on the instructions of the Majority Lenders);
- (b) specifies the relevant terms which are expressed in this Agreement to be determined by reference to Reference Rate Terms; and
- (c) has been made available to the Borrowers and each Finance Party.

"Reference Rate Terms" means the terms set out in Schedule 8 (*Reference Rate Terms*) or in any Reference Rate Supplement.

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

"Relevant Jurisdiction" means, in relation to a Transaction Obligor:

- (a) its Original Jurisdiction;

- (b) any jurisdiction where any asset subject to, or intended to be subject to, any of the Transaction Security created, or intended to be created, by it is situated;
- (c) any jurisdiction where it conducts its business; and
- (d) the jurisdiction whose laws govern the perfection of any of the Security Documents entered into by it.

“Relevant Market” means the market specified as such in the Reference Rate Terms.

“Relevant Person” means:

- (a) the Obligors and each of their Subsidiaries; and
- (b) each of their directors, officers and employees.

“Repayment Date” means each date on which a Repayment Instalment is required to be paid under Clause 6.1 (*Repayment of Loan*).

“Repayment Instalment” has the meaning given to it in Clause 6.1 (*Repayment of Loan*).

“Repeating Representation” means each of the representations set out in Clause 18 (*Representations*) except Clause 18.10 (*Insolvency*), Clause 18.11 (*No filing or stamp taxes*) and Clause 18.12 (*Deduction of Tax*) and any representation of any Transaction Obligor made in any other Finance Document that is expressed to be a “Repeating Representation” or is otherwise expressed to be repeated.

“Reporting Day” means the day (if any) specified as such in the Reference Rate Terms.

“Reporting Time” means the relevant time (if any) specified as such in the Reference Rate Terms.

“Representative” means any delegate, agent, manager, administrator, nominee, attorney, trustee or custodian.

“Requisition” means in relation to a Ship:

- (a) any expropriation, confiscation, requisition (excluding a requisition for hire or use which does not involve a requisition for title) or acquisition of that Ship, whether for full consideration, a consideration less than its proper value, a nominal consideration or without any consideration, which is effected (whether de jure or de facto) by any government or official authority or by any person or persons claiming to be or to represent a government or official authority; and
- (b) any capture or seizure of that Ship (including any hijacking, piracy or theft) by any person whatsoever.

“Requisition Compensation” includes all compensation or other moneys payable to a Borrower by reason of any Requisition or any arrest or detention of that Ship in the exercise or purported exercise of any lien or claim.

“Restricted Party” means a person that is:

- (a) listed on any Sanctions List or targeted by Sanctions (whether designated by name or by reason of being included in a class of person); or
- (b) located in or incorporated under the laws of any country or territory that is the target of comprehensive, country- or territory-wide Sanctions; or
- (c) directly or indirectly owned or controlled by, or acting on behalf, at the direction or for the benefit of, a person referred to in (a) and/or (to the extent relevant under Sanctions) (b) above.

“Resolution Authority” means any body which has authority to exercise any Write-down and Conversion Powers.

“RFR” means the rate specified as such in the Reference Rate Terms.

“RFR Banking Day” means any day specified as such in the Reference Rate Terms.

“Safety Management Certificate” has the meaning given to it in the ISM Code.

“Safety Management System” has the meaning given to it in the ISM Code.

“Sanctions Authority” means the Norwegian state, the Swedish state, the United Nations, the European Union, the Member States of the European Union, the United Kingdom, the United States of America, and any authority acting on behalf of any of them, or their respective legislative, executive, enforcement and/or regulatory authorities or bodies acting in connection with Sanctions.

“Sanctions Laws” means the economic or financial sanctions laws and/or regulations, trade embargoes, prohibitions, restrictive measures, decisions, executive orders or notices from regulators implemented, adapted, imposed, administered, enacted and/or enforced by any Sanctions Authority.

“Sanctions List” means:

- (a) the lists of Sanctions designations and/or targets maintained by any Sanctions Authority and/or
- (b) any other Sanctions designation or target listed and/or adopted by a Sanctions Authority,

in all cases, as amended, supplemented or replaced from time to time.

“Sanctions” means any applicable (to any Relevant Person and/or Finance Party as the context provides) laws, regulations or orders concerning any trade, economic or financial sanctions or embargoes.

“Secured Liabilities” means all present and future obligations and liabilities, (whether actual or contingent and whether owed jointly or severally or in any other capacity whatsoever) of each Transaction Obligor to any Secured Party under or in connection with each Finance Document.

“Secured Party” means each Finance Party from time to time party to this Agreement, a Receiver or any Delegate.

“**Security**” means a mortgage, pledge, lien, charge, assignment, hypothecation or security interest or any other agreement or arrangement having the effect of conferring security.

“**Security Assets**” means all of the assets of the Transaction Obligors which from time to time are, or are expressed to be, the subject of the Transaction Security.

“**Security Document**” means:

- (a) any Shares Security;
- (b) any Mortgage;
- (c) any General Assignment;
- (d) any Charterparty Assignment;
- (e) any Account Security;
- (f) any Manager’s Undertaking;
- (g) any other document (whether or not it creates Security) which is executed as security for the Secured Liabilities; or
- (h) any other document designated as such by the Facility Agent and the Borrowers.

“**Security Period**” means the period starting on the date of this Agreement and ending on the date on which the Facility Agent is satisfied that there is no outstanding Commitment in force and that the Secured Liabilities have been irrevocably and unconditionally paid and discharged in full.

“**Security Property**” means:

- (a) the Transaction Security expressed to be granted in favour of the Security Agent as trustee for the Secured Parties and all proceeds of that Transaction Security;
- (b) all obligations expressed to be undertaken by a Transaction Obligor to pay amounts in relation to the Secured Liabilities to the Security Agent as trustee for the Secured Parties and secured by the Transaction Security together with all representations and warranties expressed to be given by a Transaction Obligor or any other person in favour of the Security Agent as trustee for the Secured Parties;
- (c) the Security Agent’s interest in any turnover trust created under the Finance Documents;
- (d) any other amounts or property, whether rights, entitlements, choses in action or otherwise, actual or contingent, which the Security Agent is required by the terms of the Finance Documents to hold as trustee on trust for the Secured Parties,

except:

- (i) rights intended for the sole benefit of the Security Agent; and

- (ii) any moneys or other assets which the Security Agent has transferred to the Facility Agent or (being entitled to do so) has retained in accordance with the provisions of this Agreement.

“**Servicing Party**” means the Facility Agent or the Security Agent.

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

“**Shares Security**” means, in relation to a Borrower, a document creating Security over the issued shares in that Borrower in agreed form.

“**Ship**” means Ship A, Ship B, Ship C or Ship D.

“**Ship A**” has the meaning given to that term in Schedule 7 (*Details of the Ships and other definitions*).

“**Ship B**” has the meaning given to that term in Schedule 7 (*Details of the Ships and other definitions*).

“**Ship C**” has the meaning given to that term in Schedule 7 (*Details of the Ships and other definitions*).

“**Ship D**” has the meaning given to that term in Schedule 7 (*Details of the Ships and other definitions*).

“**Specified Time**” means a day or time determined in accordance with Schedule 6 (*Timetables*).

“**Statement of Compliance**” means a Statement of Compliance related to fuel oil consumption pursuant to regulations 6.6 and 6.7 of Annex VI.

“**Subsidiary**” means that a company (S) is a subsidiary of another company (P) if:

- (a) a majority of the issued shares in S (or a majority of the issued shares in S which carry unlimited rights to capital and income distributions) are directly owned by P or are indirectly attributable to P; and
- (b) P has direct or indirect control over a majority of the voting rights attached to the issued shares of S;

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

“**Tax**” means any tax, levy, impost, duty or other charge or withholding of a similar nature (including any penalty or interest payable in connection with any failure to pay or any delay in paying any of the same).

“**Tax Credit**” has the meaning given to it in Clause 12.1 (*Definitions*).

“**Tax Deduction**” has the meaning given to it in Clause 12.1 (*Definitions*).

“**Tax Payment**” has the meaning given to it in Clause 12.1 (*Definitions*).

“**Termination Date**” means the date falling on the fifth anniversary of the Utilisation Date.

“**Third Parties Act**” has the meaning given to it in Clause 1.5 (*Third party rights*).

“**Total Commitments**” means the aggregate of the Commitments, being in an amount of up to \$55,000,000.

“**Total Loss**” means, in relation to a Ship:

- (a) actual, constructive, compromised, agreed or arranged total loss of that Ship; or
- (b) in the case of any of the events described in paragraph (a) of the definition “Requisition”, any such Requisition of a Ship unless that Ship is returned to the full control of the relevant Borrower within 60 days of such Requisition; and
- (c) in the case of any of the events described in paragraph (b) of the definition “Requisition”, any such Requisition of a Ship unless that Ship is returned to the full control of the relevant Borrower within 90 days of such Requisition, provided that in the event of piracy if the relevant underwriters confirm to the Facility Agent in writing (in customary terms) prior to the end of the 90-day period that the relevant Ship is subject to an approved piracy insurance cover, the earlier of 12 Months 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 the Total Loss of 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) the date on which a notice of abandonment is given (or deemed or agreed to be given) to the insurers; and
 - (ii) the date of any compromise, arrangement or agreement made by or on behalf of the relevant Borrower with that Ship’s insurers in which the insurers agree to treat that Ship as a total loss; and
- (c) in the case of any other type of Total Loss, the date (or the most likely date) on which it appears to the Facility Agent that the event constituting the total loss occurred.

“**Tranche**” means Tranche A, Tranche B, Tranche C or Tranche D.

“**Tranche A**” means that part of the Loan to be made available to the Borrowers to refinance the Existing Indebtedness in a principal amount not exceeding the lesser of (i) \$13,750,000 and (ii) 55 per cent. of the Initial Market Value of Ship A.

“**Tranche B**” means that part of the Loan to be made available to the Borrowers to refinance the Existing Indebtedness in a principal amount not exceeding the lesser of (i) \$13,750,000 and (ii) 55 per cent. of the Initial Market Value of Ship B.

“**Tranche C**” means that part of the Loan to be made available to the Borrowers to refinance the Existing Indebtedness in a principal amount not exceeding the lesser of (i) \$13,750,000 and (ii) 55 per cent. of the Initial Market Value of Ship C.

“**Tranche D**” means that part of the Loan to be made available to the Borrowers to refinance the Existing Indebtedness in a principal amount not exceeding the lesser of (i) \$13,750,000 and (ii) 55 per cent. of the Initial Market Value of Ship D.

“**Transaction Document**” means:

- (a) a Finance Document;
- (b) any Assignable Charter;
- (c) any Charter Guarantee relating to an Assignable Charter; or
- (d) any other document designated as such by the Facility Agent and a Borrower.

“**Transaction Obligor**” means an Obligor, the Shareholder, any Approved Manager who is a member of the Group or any other member of the Group who executes a Transaction Document.

“**Transaction Security**” means the Security created or evidenced or expressed to be created or evidenced under the Security Documents.

“**Transfer Certificate**” means a certificate substantially in the form set out in Schedule 4 (*Form of Transfer Certificate*) or any other form agreed between the Facility Agent and the Borrowers.

“**Transfer Date**” means, in relation to an assignment or a transfer, the later of:

- (a) the proposed Transfer Date specified in the relevant Assignment Agreement or Transfer Certificate; and
- (b) the date on which the Facility Agent executes the relevant Assignment Agreement or Transfer Certificate.

“**UK Bail-In Legislation**” means Part 1 of the United Kingdom Banking Act 2009 and any other law or regulation applicable in the United Kingdom relating to the resolution of unsound or failing banks, investment firms or other financial institutes or their affiliates (otherwise than through liquidation, administration or other insolvency proceedings).

“**UK Establishment**” means a UK establishment as defined in the Overseas Regulations.

“**Unpaid Sum**” means any sum due and payable but unpaid by a Transaction Obligor under the Finance Documents.

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

“**US Tax Obligor**” means:

- (a) a person which is resident for tax purposes in the US; or

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

“**Utilisation**” means the utilisation of the Facility.

“**Utilisation Date**” means the date of the Utilisation, being the date on which all the Advances are to be made.

“**Utilisation Request**” means a notice substantially in the form set out in Schedule 3 (*Utilisation Request*).

“**VAT**” means:

- (a) any value added tax imposed by the Value Added Tax Act 1994;
- (b) any tax imposed in compliance with the Council Directive of 28 November 2006 on the common system of value added tax (EC Directive 2006/112); and
- (c) any other tax of a similar nature, whether imposed in the United Kingdom or in a member state of the European Union in substitution for, or levied in addition to, such tax referred to in paragraph (a) or (b) above, or imposed elsewhere.

“**Write-down and Conversion Powers**” means:

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

1.2 Construction

(a) Unless a contrary indication appears, a reference in this Agreement to:

- (i) the “**Account Bank**”, the “**Facility Agent**”, any “**Finance Party**”, the “**Mandated Lead Arranger**”, any “**Lender**”, any “**Obligor**”, any “**Party**”, any “**Secured Party**”, the “**Security Agent**”, any “**Transaction Obligor**” or any other person shall be construed so as to include its successors in title, permitted assigns and permitted transferees to, or of, its rights and/or obligations under the Finance Documents;
- (ii) “**assets**” includes present and future properties, revenues and rights of every description;
- (iii) a liability which is “**contingent**” means a liability which is not certain to arise and/or the amount of which remains unascertained;
- (iv) “**document**” includes a deed and also a letter, fax, email or telex;
- (v) “**expense**” means any kind of cost, charge or expense (including all legal costs, charges and expenses) and any applicable Tax including VAT;
- (vi) a Lender’s “**cost of funds**” in relation to its participation in the Loan or any part of the Loan is a reference to the average cost (determined either on an actual or a notional basis) which that Lender would incur if it were to fund, from whatever source(s) it may reasonably select, an amount equal to the amount of that participation in the Loan or that part of the Loan for a period equal in length to the Interest Period of the Loan or that part of the Loan;
- (vii) a “**Finance Document**”, a “**Security Document**” or “**Transaction Document**” or any other agreement or instrument is a reference to that Finance Document, Security Document or Transaction Document or other agreement or instrument as amended, replaced, novated, supplemented, extended or restated;
- (viii) a “**group of Lenders**” includes all the Lenders;
- (ix) “**indebtedness**” includes any obligation (whether incurred as principal or as surety) for the payment or repayment of money, whether present or future, actual or contingent;
- (x) “**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;
- (xi) “**proceedings**” means, in relation to any enforcement provision of a Finance Document, proceedings of any kind, including an application for a provisional or protective measure;
- (xii) a “**person**” includes any individual, firm, company, corporation, government, state or agency of a state or any association, trust, joint venture, consortium, partnership or other entity (whether or not having separate legal personality);

- (xiii) a “**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, department or regulatory, self-regulatory or other authority or organisation;
 - (xiv) a provision of law is a reference to that provision as amended or re-enacted from time to time;
 - (xv) a time of day is a reference to Stockholm time;
 - (xvi) any English legal term for any action, remedy, method of judicial proceeding, legal document, legal status, court, official or any legal concept or thing shall, in respect of a jurisdiction other than England, be deemed to include that which most nearly approximates in that jurisdiction to the English legal term;
 - (xvii) words denoting the singular number shall include the plural and vice versa; and
 - (xviii) “**including**” and “**in particular**” (and other similar expressions) shall be construed as not limiting any general words or expressions in connection with which they are used.
- (b) Section, Clause and Schedule headings are for ease of reference only and are not to be used for the purposes of construction or interpretation of the Finance Documents.
- (c) Unless a contrary indication appears, a term used in any other Finance Document or in any notice given under, or in connection with, any Finance Document has the same meaning in that Finance Document or notice as in this Agreement.
- (d) A reference in this Agreement to a page or screen of an information service displaying a rate shall include:
- (i) any replacement page of that information service which displays that rate; and
 - (ii) the appropriate page of such other information service which displays that rate from time to time in place of that information service,
 - (iii) and, if such page or service ceases to be available, shall include any other page or service displaying that rate specified by the Facility Agent after consultation with the Borrowers.
- (e) A reference in this Agreement to a Central Bank Rate shall include any successor rate to, or replacement rate for, that rate.
- (f) Any Reference Rate Supplement overrides anything in:
- (i) Schedule 8 (*Reference Rate Terms*); or
 - (ii) any earlier Reference Rate Supplement.
- (g) A Compounding Methodology Supplement relating to the Daily Non-Cumulative Compounded RFR Rate or the Cumulative Compounded RFR Rate overrides anything relating to that rate in:
- (i) Schedule 9 (*Daily Non-Cumulative Compounded RFR Rate*) or Schedule 10 (*Cumulative Compounded RFR Rate*), as the case may be; or

- (ii) any earlier Compounding Methodology Supplement.
- (h) A Potential Event of Default is “**continuing**” if it has not been remedied or waived and an Event of Default is “**continuing**” if it has not been waived.

1.3 Construction of insurance terms

In this Agreement:

“**approved**” means, for the purposes of Clause 21 (*Insurance Undertakings*), approved in writing by the Facility Agent.

“**excess risks**” means, in respect of 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.

“**obligatory insurances**” means all insurances effected, or which any Borrower is obliged to effect, under Clause 21 (*Insurance Undertakings*) or any other provision of this Agreement or of another Finance Document.

“**policy**” 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 6 of the International Hull Clauses (1/11/02) (1/11/03), clause 8 of the Institute Time Clauses (Hulls) (1/10/83) (1/11/95) or the Institute Amended Running Down Clause (1/10/71) or any equivalent provision.

“**war risks**” includes the risk of mines and all risks excluded by clauses 29, 30 or 31 of the International Hull Clauses (1/11/02), clauses 29 or 30 of the International Hull Clauses (1/11/03), clauses 24, 25 or 26 of the Institute Time Clauses (Hulls) (1/11/95) or clauses 23, 24 or 25 of the Institute Time Clauses (Hulls) (1/10/83) or any equivalent provisions.

1.4 Agreed forms of Finance Documents

References in Clause 1.1 (*Definitions*) to any Finance Document being in “agreed form” are to that Finance Document:

- (a) in a form attached to a certificate dated the same date as this Agreement (and signed by each Borrower and the Facility Agent); or
- (b) in any other form agreed in writing between each Borrower and the Facility Agent acting with the authorisation of the Majority Lenders or, where Clause 42.2 (*All Lender matters*) applies, all the Lenders.

1.5 Third party rights

- (a) Unless expressly provided to the contrary in a Finance Document, a person who is not a Party has no right under the Contracts (Rights of Third Parties) Act 1999 (the “**Third Parties Act**”) to enforce or to enjoy the benefit of any term of this Agreement.
- (b) Subject to Clause 42.3 (*Other exceptions*) but otherwise notwithstanding any term of any Finance Document, the consent of any person who is not a Party is not required to rescind or vary this Agreement at any time.
- (c) Any Receiver, Delegate, Affiliate or any other person described in paragraph (d) of Clause 14.2 (*Other indemnities*), paragraph (b) of Clause 28.11 (*Exclusion of liability*), or paragraph (b) of Clause 29.11 (*Exclusion of liability*) may, subject to this Clause 1.5 (*Third party rights*) and the Third Parties Act, rely on any Clause of this Agreement which expressly confers rights on it.

SECTION 2

THE FACILITY

2 THE FACILITY

2.1 The Facility

Subject to the terms of this Agreement, the Lenders make available to the Borrowers a term loan facility in four Tranches in an aggregate amount not exceeding the Total Commitments.

2.2 Finance Parties' rights and obligations

- (a) The obligations of each Finance Party under the Finance Documents are several. Failure by a Finance Party to perform its obligations under the Finance Documents does not affect the obligations of any other Party under the Finance Documents. No Finance Party is responsible for the obligations of any other Finance Party under the Finance Documents.
- (b) The rights of each Finance Party under or in connection with the Finance Documents are separate and independent rights and any debt arising under the Finance Documents to a Finance Party from a Transaction Obligor is a separate and independent debt in respect of which a Finance Party shall be entitled to enforce its rights in accordance with paragraph (c) below. The rights of each Finance Party include any debt owing to that Finance Party under the Finance Documents and, for the avoidance of doubt, any part of the Loan or any other amount owed by a Transaction Obligor which relates to a Finance Party's participation in the Facility or its role under a Finance Document (including any such amount payable to the Facility Agent on its behalf) is a debt owing to that Finance Party by that Transaction Obligor.
- (c) A Finance Party may, except as specifically provided in the Finance Documents, separately enforce its rights under or in connection with the Finance Documents.

3 PURPOSE

3.1 Purpose

Each Borrower shall apply all amounts borrowed by it under the Facility only for the purpose stated in the preamble (*Background*) to this Agreement.

3.2 Monitoring

No Finance Party is bound to monitor or verify the application of any amount borrowed pursuant to this Agreement.

4 CONDITIONS OF UTILISATION

4.1 Initial conditions precedent

The Borrowers may not deliver the Utilisation Request unless the Facility Agent has received all of the documents and other evidence listed in Part A of Schedule 2 (*Conditions Precedent*) in form and substance satisfactory to the Facility Agent.

4.2 Further conditions precedent

The Lenders will only be obliged to comply with Clause 5.4 (*Lenders' participation*) if:

- (a) on the date of the Utilisation Request and on the proposed Utilisation Date and before the Advance is made available:
 - (i) no Default has occurred or would occur from the proposed Utilisation;
 - (ii) the representations set out in Clause 18 (*Representations*) to be made by each Transaction Obligor are true; and
 - (iii) to be made by each Transaction Obligor are true; and
 - (iv) no Ship has been sold or become a Total Loss; and
- (b) on or before the Utilisation Date, the Facility Agent has received, or is satisfied it will receive when the Advances are made available, all of the documents and other evidence listed in Part B of Schedule 2 (*Conditions Precedent*) in form and substance satisfactory to the Facility Agent.

4.3 Notification of satisfaction of conditions precedent

- (a) The Facility Agent shall notify the Borrowers and the Lenders promptly upon being satisfied as to the satisfaction of the conditions precedent referred to in Clause 4.1 (*Initial conditions precedent*) and Clause 4.2 (*Further conditions precedent*).
- (b) Other than to the extent that the Majority Lenders notify the Facility Agent in writing to the contrary before the Facility Agent gives the notification described in paragraph (a) above, the Lenders authorise (but do not require) the Facility Agent to give that notification. The Facility Agent shall not be liable for any damages, costs or losses whatsoever as a result of giving any such notification.

4.4 Waiver of conditions precedent

If the Majority Lenders, at their discretion, permit an Advance to be borrowed before any of the conditions precedent referred to in Clause 4.1 (*Initial conditions precedent*) or Clause 4.2 (*Further conditions precedent*) has been satisfied, the Borrowers shall ensure that that condition is satisfied within five Business Days after the Utilisation Date or such later date as the Facility Agent, acting with the authorisation of the Majority Lenders, may agree in writing with the Borrowers.

SECTION 3
UTILISATION

5 UTILISATION

5.1 Delivery of a Utilisation Request

- (a) The Borrowers may utilise the Facility by delivery to the Facility Agent of a duly completed Utilisation Request not later than the Specified Time.
- (b) The Borrowers may not deliver more than one Utilisation Request under each Tranche and all Tranches shall be drawn simultaneously on the same Utilisation Date unless otherwise agreed by the Facility Agent.

5.2 Completion of a Utilisation Request

- (a) The Utilisation Request is irrevocable and will not be regarded as having been duly completed unless:
- (b) the proposed Utilisation Date is a Business Day within the Availability Period;
- (c) the currency and amount of the Utilisation comply with Clause 5.3 (*Currency and amount*); and
- (d) the proposed Interest Period complies with Clause 9 (*Interest Periods*).

5.3 Currency and amount

- (a) The currency specified in a Utilisation Request must be dollars.
- (b) The amount of the proposed Advance must be an amount which is not more than the lower of:
 - (i) in relation to the Advance under Tranche A, \$13,750,000 and 55 per cent. of the Initial Market Value of Ship A;
 - (ii) in relation to the Advance under Tranche B, \$13,750,000 and 55 per cent. of the Initial Market Value of Ship B;
 - (iii) in relation to the Advance under Tranche C, \$13,750,000 and 55 per cent. of the Initial Market Value of Ship C;
 - (iv) in relation to the Advance under Tranche D, \$13,750,000 and 55 per cent. of the Initial Market Value of Ship D,**provided that** the aggregate amount of all Tranches shall not exceed \$55,000,000.
- (c) The amount of the proposed Advance must be an amount which would not oblige the Borrowers to provide additional security or prepay part of the Loan if the ratio set out in Clause 23 (*Security Cover*) were applied and notice was given by the Facility Agent under Clause 23.1 (*Minimum required security cover*) immediately after that Advance was utilised.

5.4 Lenders' participation

- (a) If the conditions set out in this Agreement have been met, each Lender shall make its participation in each Advance available by the Utilisation Date through its Facility Office.
- (b) The amount of each Lender's participation in each Advance will be equal to the proportion borne by its Available Commitment to the Available Facility immediately before making that Advance.
- (c) The Facility Agent shall notify each Lender of the amount of each Advance and the amount of its participation in that Advance by the Specified Time.

5.5 Payment to third parties

The Borrowers irrevocably authorise the Facility Agent on the Utilisation Date to pay to, or for the account of, the Borrowers the amounts which the Facility Agent receives from the Lenders in respect of the relevant Advance. That payment shall be made in like funds as the Facility Agent received from the Lenders in respect of the relevant Advance to the account which the Borrowers specify in the Utilisation Request.

5.6 Cancellation of Commitments

The Commitments in respect of any Tranche which are unutilised at the end of the Availability Period for such Tranche shall then be cancelled.

REPAYMENT, PREPAYMENT AND CANCELLATION

6 REPAYMENT**6.1 Repayment of Loan**

The Borrowers shall repay each Tranche by:

- (a) 19 equal consecutive quarterly instalments, each in an amount of \$490,000 (each a “**Repayment Instalment**” and together the “**Repayment Instalments**”); and
- (b) a balloon instalment in the amount of \$4,440,000 (each a “**Balloon Instalment**” and together the “**Balloon Instalments**”).

6.2 Repayment Dates

The first Repayment Instalment in respect of each Tranche shall be repaid on the date falling three Months from the Utilisation Date, each subsequent Repayment Instalment in respect of that Tranche shall be repaid at quarterly intervals thereafter and each relevant Balloon Instalment shall be repaid on the Termination Date.

6.3 Effect of cancellation and prepayment on scheduled repayments

- (a) If the Borrowers cancel the whole or any part of any Available Commitment in accordance with Clause 7.6 (*Right of repayment and cancellation in relation to a single Lender*) or if the Available Commitment of any Lender is cancelled under Clause 7.1 (Illegality and Sanctions affecting a Lender) then the Repayment Instalments and the Balloon Instalments falling after that cancellation will be reduced *pro rata* by the amount of the Available Commitments so cancelled.
- (b) If the Borrowers cancel the whole or any part of any Available Commitment in accordance with Clause 7.3 (*Voluntary and automatic cancellation*) or if the whole or part of any Commitment is cancelled pursuant to Clause 5.6 (*Cancellation of Commitments*), then the Repayment Instalments and the Balloon Instalments falling after that cancellation will be reduced *pro rata* by the amount of the Commitments so cancelled.
- (c) If any part of the Loan is repaid or prepaid in accordance with Clause 7.6 (*Right of repayment and cancellation in relation to a single Lender*) or Clause 7.1 (Illegality and Sanctions affecting a Lender) then the Repayment Instalments and the Balloon Instalments falling after that repayment or prepayment (as applicable) will be reduced *pro rata* by the amount of the Loan repaid or prepaid.
- (d) If any part of the Loan is prepaid in accordance with Clause 7.4 (*Voluntary prepayment of Loan*), then such prepayment shall be applied *pro rata* against each Tranche and the amount of the Repayment Instalments and Balloon Instalment for each Tranche for each Repayment Date falling after that repayment or prepayment will be reduced *pro rata* by the amount of the Loan repaid or prepaid, unless such voluntary prepayment is made against the full amount of each Tranche, then such amount prepaid shall be applied against that Tranche.

- (e) If any part of the Loan is prepaid in accordance with Clause 7.5 (*Mandatory prepayment on sale, seizure or Total Loss*), then the amount of the Loan prepaid shall be applied against the Tranche which has been used in respect of the relevant Ship and thereafter any balance shall reduce the then outstanding Repayment Instalments and the relevant Balloon Instalment of the other Tranches in order of maturity.

6.4 Termination Date

On the Termination Date, the Borrowers shall additionally pay to the Facility Agent for the account of the Finance Parties all other sums then accrued and owing under the Finance Documents.

6.5 Reborrowing

No Borrower may reborrow any part of the Facility which is repaid.

7 PREPAYMENT AND CANCELLATION

7.1 Illegality and Sanctions affecting a Lender

If it becomes unlawful or contrary to Sanctions in any applicable jurisdiction for a Lender to perform any of its obligations as contemplated by this Agreement or to fund or maintain its participation in an Advance or the Loan or it becomes unlawful for any Affiliate of a Lender for that Lender to do so:

- (a) that Lender shall promptly notify the Facility Agent upon becoming aware of that event;
- (b) upon the Facility Agent notifying the Borrowers, the Available Commitment of that Lender will be immediately cancelled; and
- (c) the Borrowers shall prepay that Lender's participation in the Loan on the last day of the Interest Period for the Loan occurring after the Facility Agent has notified the Borrowers or, if earlier, the date specified by the Lender in the notice delivered to the Facility Agent (being no earlier than the last day of any applicable grace period permitted by law) and that Lender's corresponding Commitment shall be cancelled in the amount of the participation prepaid.

7.2 Change of control

If there is a Change of Control:

- (a) the Borrowers and/or the Guarantor shall promptly notify the Facility Agent upon becoming aware of that event; and
- (b) if the Majority Lenders so require, the Facility Agent shall, by not less than 10 Business Days' notice to the Borrowers, cancel the Facility and declare the Loan, together with accrued interest, and all other amounts accrued under the Finance Documents immediately due and payable, whereupon the Facility will be cancelled and the Loan and all such outstanding interest and other amounts will become immediately due and payable.

In this Clause 7.2 (*Change of control*):

“**Change of Control**” means a change which results in:

- (a) Navios Maritime Holdings Inc. and/or Mrs. Angeliki Frangou and her direct descendants (either directly or indirectly) (through entities owned and controlled by her or trusts or foundations of which she is a beneficiary) ceasing to be the owner of, or having ultimate control of the voting rights attaching to more than five per cent. of all the units (including for the avoidance of doubt both general partner units and common units) in the Guarantor; or
- (b) Mrs. Angeliki Frangou and her direct descendants (either directly or indirectly) (through entities owned and controlled by her or trusts or foundations of which she is a beneficiary), ceasing to be the owner of, or having ultimate control of the voting rights attaching to all the issued shares in the general partner of the Guarantor, which is currently Olympos Maritime Ltd; or
- (c) Mrs. Angeliki Frangou ceasing to act as chairman or chief executive officer of the Guarantor and Olympos Maritime Ltd ceasing to be the general partner of the Guarantor; or
- (d) any person or group of persons acting in concert, other than Navios Maritime Holdings Inc., Mrs Angeliki Frangou and her direct descendants (either directly or indirectly), gaining control of the Guarantor.

For the purpose of paragraph (d) above “**control**” means the holding beneficially or more than 50 per cent. of the issued shares of the Guarantor (excluding any part of those issued shares that carries no right to participate beyond a specified amount in a distribution of either profits or capital);

For the purpose of paragraph (d) above “**acting in concert**” means a group of persons who, pursuant to an agreement or understanding (whether formal or informal), actively co-operate, through the acquisition directly or indirectly of shares in the Guarantor by any of them, either directly or indirectly, to obtain or consolidate control of the Guarantor

7.3 Voluntary and automatic cancellation

- (a) The Borrowers may, if they give the Facility Agent not less than ten Business Days’ (or such shorter period as the Majority Lenders may agree) prior notice, cancel the whole or any part (being a minimum amount of \$1,000,000) of the Available Facility. Any cancellation under this Clause 7.3 (*Voluntary and automatic cancellation*) shall reduce the Commitments of the Lenders rateably and the amount of the relevant Tranche(s).
- (b) The unutilised Commitment (if any) of each Lender shall be automatically cancelled at close of business on the date on which the Advances are made available.

7.4 Voluntary prepayment of Loan

The Borrowers may, if they give the Facility Agent no less than five RFR Banking Days (or such shorter period as the Majority Lenders may agree) prior notice, prepay the whole or any part of the Loan (but, if in part, being an amount that reduces the amount of the Loan by a minimum amount of \$1,000,000 or an integral multiple of that amount or such lesser amount as may be acceptable to the Majority Lenders).

7.5 Mandatory prepayment on sale, seizure or Total Loss

If a Ship is sold (without prejudice to paragraph (a) of Clause 20.12 (*Disposals*)) or becomes a Total Loss, the Borrowers shall on the Relevant Date prepay an amount equal to (i) the Tranche applicable to that Ship and (ii) such amount, if applicable, to eliminate any shortfall arising in the ratio set out in Clause 23 (*Security Cover*) immediately following the prepayment.

7.6 Right of repayment and cancellation in relation to a single Lender

- (a) If:
- (i) any sum payable to any Lender by a Borrower is required to be increased under paragraph (c) of Clause 12.2 (*Tax gross-up*); or
 - (ii) any Lender claims indemnification from a Borrower under Clause 12.3 (*Tax indemnity*) or Clause 13 (*Increased costs*),
- the Borrowers may give the Facility Agent notice of cancellation of the Commitment of that Lender and their intention to procure the repayment of that Lender's participation in the Loan.
- (b) On receipt of a notice of cancellation referred to in paragraph (a) above, the Commitment of that Lender shall immediately be reduced to zero.
- (c) On the last day of each Interest Period which ends after the Borrowers have given notice of cancellation under paragraph (a) above in relation to a Lender (or, if earlier, the date specified by the Borrowers in that notice), the Borrowers shall repay that Lender's participation in the Loan.
- (d) The Borrowers may, in the circumstances set out in paragraph (a) above, on 15 Business Days' prior notice to the Facility Agent and that Lender, replace that Lender by requiring that Lender to (and, to the extent permitted by law, that Lender shall) transfer pursuant to Clause 26 (*Changes to the Lenders*) (and not part only) of its rights and obligations under this Agreement to a Lender or other bank, financial institution, trust, fund or other entity selected by the Borrowers which confirms its willingness to assume and does assume all the obligations of the transferring Lender in accordance with Clause 26 (*Changes to the Lenders*) for a purchase price in cash or other cash payment payable at the time of the transfer equal to the outstanding principal amount of such Lender's participation in the Loan and all accrued interest (to the extent that the Facility Agent has not given a notification under Clause 26.9 (*Pro rata interest settlement*)) and other amounts payable in relation thereto under the Finance Documents.
- (e) The replacement of a Lender pursuant to paragraph (d) above shall be subject to the following conditions:
- (i) the Borrowers shall have no right to replace a Servicing Party;
 - (ii) neither the Facility Agent nor any Lender shall have any obligation to find a replacement Lender;
 - (iii) in no event shall the Lender replaced under paragraph (d) above be required to pay or surrender any of the fees received by such Lender pursuant to the Finance Documents; and
 - (iv) the Lender shall only be obliged to transfer its rights and obligations pursuant to paragraph (d) above once it is satisfied that it has complied with all necessary "know your customer" or other similar checks under all applicable laws and regulations in relation to that transfer.

- (f) A Lender shall perform the checks described in sub-paragraph (iv) of paragraph (e) above as soon as reasonably practicable following delivery of a notice referred to in paragraph (d) above and shall notify the Facility Agent and the Borrowers when it is satisfied that it has complied with those checks.

7.7 Restrictions

- (a) Any notice of cancellation or prepayment given by any Party under this Clause 7 (*Prepayment and Cancellation*) shall be irrevocable and, unless a contrary indication appears in this Agreement, shall specify the date or dates upon which the relevant cancellation or prepayment is to be made and the amount of that cancellation or prepayment and, if relevant, the part of the Loan to be prepaid or cancelled.
- (b) Any prepayment under this Agreement shall be made together with accrued interest on the amount prepaid, without premium or penalty.
- (c) No Borrower may reborrow any part of the Facility which is prepaid.
- (d) No Borrower shall repay or prepay all or any part of the Loan or cancel all or any part of the Commitments except at the times and in the manner expressly provided for in this Agreement.
- (e) No amount of the Total Commitments cancelled under this Agreement may be subsequently reinstated.
- (f) If the Facility Agent receives a notice under this Clause 7 (*Prepayment and Cancellation*) it shall promptly forward a copy of that notice to either the Borrowers or the affected Lenders, as appropriate.
- (g) If all or part of any Lender's participation in the Loan is repaid or prepaid, an amount of that Lender's Commitment (equal to the amount of the participation which is repaid or prepaid) will be deemed to be cancelled on the date of repayment or prepayment.

7.8 Application of prepayments

Any prepayment of any part of the Loan (other than a prepayment pursuant to Clause 7.1 (Illegality and Sanctions affecting a Lender)) or Clause 7.6 (*Right of repayment and cancellation in relation to a single Lender*) shall be applied pro rata to each Lender's participation in that part of the Loan.

COSTS OF UTILISATION

8 INTEREST**8.1 Calculation of interest**

- (a) The rate of interest on the Loan or any part of the Loan for any day during an Interest Period is the percentage rate per annum which is the aggregate of:
- (i) the Margin; and
 - (ii) the Compounded Reference Rate for that day.
- (b) If any day during an Interest Period for the Loan or any part of the Loan is not an RFR Banking Day, the rate of interest on the Loan or that part of the Loan for that day will be the rate applicable to the immediately preceding RFR Banking Day.

8.2 Payment of interest

The Borrowers shall pay accrued interest on the Loan or any part of the Loan on the last day of each Interest Period (each an “**Interest Payment Date**”).

8.3 Default interest

- (a) If a Transaction Obligor fails to pay any amount payable by it under a Finance Document on its due date, interest shall accrue on the Unpaid Sum from the due date up to the date of actual payment (both before and after judgment) at a rate which is 2 per cent. per annum higher than the rate which would have been payable if the Unpaid Sum had, during the period of non-payment, constituted part of the Loan in the currency of the Unpaid Sum for successive Interest Periods, each of a duration selected by the Facility Agent. Any interest accruing under this Clause 8.3 (*Default interest*) shall be immediately payable by the Transaction Obligor on demand by the Facility Agent.
- (b) Default interest (if unpaid) arising on an Unpaid Sum will be compounded with the Unpaid Sum at the end of each Interest Period applicable to that Unpaid Sum but will remain immediately due and payable.

8.4 Notifications

- (a) The Facility Agent shall no later than 3 Business Days prior to each Interest Payment Date, notify:
- (i) the Borrowers of that Interest Payment;
 - (ii) each Lender of the proportion of that Interest Payment which relates to that Lender’s participation in the Loan or the relevant part of the Loan; and
 - (iii) the Lenders and the Borrowers of:
 - (A) each applicable rate of interest relating to the determination of that Interest Payment; and

(B) to the extent it is then determinable, the Market Disruption Rate (if any) relating to the Loan or the relevant part of the Loan.

This paragraph (a) shall not apply to any Interest Payment determined pursuant to Clause 10.3 (*Cost of funds*).

- (b) The Facility Agent shall promptly notify the Borrowers of each Funding Rate relating to the Loan or any part of the Loan.
- (c) The Facility Agent shall promptly notify the Lenders and the Borrowers of the determination of a rate of interest relating to the Loan or any part of the Loan to which Clause 10.3 (*Cost of funds*) applies.
- (d) This Clause 8.4 (*Notifications*) shall not require the Facility Agent to make any notification to any Party on a day which is not a Business Day.

9 INTEREST PERIODS

9.1 Interest Periods

- (a) Subject to this Clause 9 (*Interest Periods*), each Interest Period in respect of each Tranche shall be the period specified in the Reference Rate Terms or any other period agreed between the Borrowers, the Facility Agent and the Lenders.
- (b) An Interest Period in respect of the Loan or any part of the Loan shall not extend beyond the Termination Date.
- (c) The first Interest Period for the Loan shall start on the Utilisation Date and each subsequent Interest Period shall start on the last day of the preceding Interest Period.
- (d) No Interest Period shall be longer than three Months.

9.2 Changes to Interest Periods

- (a) In respect of a Repayment Instalment, before the first day of an Interest Period for the Loan, the Facility Agent may establish an Interest Period for a part of the Loan equal to such Repayment Instalment to end on the Repayment Date relating to it and the remaining part of the Loan shall have the Interest Period specified in the Reference Rate Terms.
- (b) If the Facility Agent makes any change to an Interest Period referred to in this Clause 9.2 (*Changes to Interest Periods*), it shall promptly notify the Borrowers and the Lenders.

9.3 Non-Business Days

Any rules specified as "Business Day Conventions" in the Reference Rate Terms, shall apply to each Interest Period.

10 CHANGES TO THE CALCULATION OF INTEREST

10.1 Interest calculation if no RFR or Central Bank Rate

If:

- (a) there is no RFR or Central Bank Rate for the purposes of calculating the Daily Non-Cumulative Compounded RFR Rate for an RFR Banking Day during an Interest Period for the Loan or any part of the Loan; and
- (b) “Cost of funds will apply as a fallback” is specified in the Reference Rate Terms,
Clause 10.3 (*Cost of funds*) shall apply to the Loan or that part of the Loan (as applicable) for that Interest Period.

10.2 Market disruption

If:

- (i) a Market Disruption Rate is specified in the Reference Rate Terms; and
- (ii) before the Reporting Time for the Loan or any part of the Loan, the Facility Agent receives notifications from a Lender or Lenders (whose participations in the Loan or the relevant part of the Loan exceed 40 per cent. of the Loan or the relevant part of the Loan as appropriate) that its cost of funds relating to its participation in the Loan or that part of the Loan would be in excess of that Market Disruption Rate,

then Clause 10.3 (*Cost of funds*) shall apply to the Loan or that part of the Loan (as applicable) for the relevant Interest Period.

10.3 Cost of funds

- (a) If this Clause 10.3 (*Cost of funds*) applies to the Loan or part of the Loan for an Interest Period, Clause 8.1 (*Calculation of interest*) shall not apply to the Loan or that part of the Loan for that Interest Period and the rate of interest on the Loan or that part of the Loan for that Interest Period shall be the percentage rate per annum which is the sum of:
 - (i) the Margin; and
 - (ii) the weighted average of the rates notified to the Facility Agent by each Lender as soon as practicable and in any event by the Reporting Time for the Loan or that part of the Loan to be that which expresses as a percentage rate per annum its cost of funds relating to its participation in the Loan or that part of the Loan.
- (b) If this Clause 10.3 (*Cost of funds*) applies and the Facility Agent or the Borrowers so require, the Facility Agent and the Borrowers shall enter into negotiations (for a period of not more than 30 days) with a view to agreeing a substitute basis for determining the rate of interest or (as the case may be) an alternative basis for funding.
- (c) Subject to Clause 42.4 (*Changes to reference rates*), any substitute or alternative basis agreed pursuant to paragraph (b) above shall, with the prior consent of all the Lenders and the Borrowers, be binding on all Parties.
- (d) If paragraph (e) below does not apply and any rate notified to the Facility Agent under sub-paragraph (ii) of paragraph (a) above is less than zero, the relevant rate shall be deemed to be zero.

- (e) If this Clause 10.3 (*Cost of funds*) applies pursuant to Clause 10.2 (*Market disruption*) and a Lender's Funding Rate is less than the relevant Market Disruption Rate that Lender's cost of funds relating to its participation in the Loan or the relevant part of the Loan for that Interest Period shall be deemed, for the purposes of sub-paragraph (ii) of paragraph (a) above, to be the Market Disruption Rate for the Loan or that part of the Loan.
- (f) If this Clause 10.3 (*Cost of funds*) applies but any Lender does not supply a quotation by the time specified in sub-paragraph (ii) of paragraph (a) above, the rate of interest shall be calculated on the basis of the rates notified by the remaining Lenders.
- (g) If this Clause 10.3 (*Cost of funds*) applies, the Facility Agent shall, as soon as is practicable, notify the Borrowers.

11 FEES

11.1 Commitment fee

- (a) The Borrowers shall pay to the Facility Agent (for the account of each Lender) a fee computed at the rate of 0.50 per cent. per annum on that Lender's Available Commitment from time to time for the Availability Period.
- (b) The accrued commitment fee is payable quarterly in arrears during the period commencing on (and including) the date of this Agreement to the last day of the Availability Period on the last day of such period and, if cancelled, on the cancelled amount of the relevant Lender's Commitment at the time the cancellation is effective.
- (c) No commitment fee shall be payable if the Utilisation Date falls within five Business Days of the date of this Agreement.

11.2 Arrangement fee

The Borrowers shall pay to the Mandated Lead Arranger a non-refundable arrangement fee as set out in the relevant Fee Letter.

ADDITIONAL PAYMENT OBLIGATIONS

12 TAX GROSS UP AND INDEMNITIES

12.1 Definitions

(a) In this Agreement:

“**Protected Party**” means a Finance Party which is or will be subject to any liability, or required to make any payment, for or on account of Tax in relation to a sum received or receivable (or any sum deemed for the purposes of Tax to be received or receivable) under a Finance Document.

“**Tax Credit**” means a credit against, relief or remission for, or repayment of any Tax.

“**Tax Deduction**” means a deduction or withholding for or on account of Tax from a payment under a Finance Document, other than a FATCA Deduction.

“**Tax Payment**” means either the increase in a payment made by a Borrower to a Finance Party under Clause 12.2 (*Tax gross-up*) or a payment under Clause 12.3 (*Tax indemnity*).

(b) Unless a contrary indication appears, in this Clause 12 (*Tax Gross Up and Indemnities*) reference to “**determines**” or “**determined**” means a determination made in the absolute discretion of the person making the determination.

12.2 Tax gross-up

(a) Each Borrower shall make all payments to be made by it without any Tax Deduction, unless a Tax Deduction is required by law.

(b) The Borrowers shall promptly upon becoming aware that a Borrower must make a Tax Deduction (or that there is any change in the rate or the basis of a Tax Deduction) notify the Facility Agent accordingly. Similarly, a Lender shall notify the Facility Agent on becoming so aware in respect of a payment payable to that Lender. If the Facility Agent receives such notification from a Lender it shall notify the Borrowers and that Borrower.

(c) If a Tax Deduction is required by law to be made by a Borrower, the amount of the payment due from that Borrower shall be increased to an amount which (after making any Tax Deduction) leaves an amount equal to the payment which would have been due if no Tax Deduction had been required.

(d) If a Borrower is required to make a Tax Deduction, that Borrower shall make that Tax Deduction and any payment required in connection with that Tax Deduction within the time allowed and in the minimum amount required by law.

(e) Within 30 days of making either a Tax Deduction or any payment required in connection with that Tax Deduction, the Borrower making that Tax Deduction shall deliver to the Facility Agent for the Finance Party entitled to the payment evidence reasonably satisfactory to that Finance Party that the Tax Deduction has been made or (as applicable) any appropriate payment paid to the relevant taxing authority.

12.3 Tax indemnity

- (a) The Borrowers shall (within three Business Days of demand by the Facility Agent) pay to a Protected Party an amount equal to the loss, liability or cost which that Protected Party determines will be or has been (directly or indirectly) suffered for or on account of Tax by that Protected Party in respect of a Finance Document.
- (b) Paragraph (a) above shall not apply:
 - (i) with respect to any Tax assessed on a Finance Party:
 - (A) under the law of the jurisdiction in which that Finance Party is incorporated or, if different, the jurisdiction (or jurisdictions) in which that Finance Party is treated as resident for tax purposes; or
 - (B) under the law of the jurisdiction in which that Finance Party's Facility Office is located in respect of amounts received or receivable in that jurisdiction,

if that Tax is imposed on or calculated by reference to the net income received or receivable (but not any sum deemed to be received or receivable) by that Finance Party; or
 - (ii) to the extent a loss, liability or cost:
 - (A) is compensated for by an increased payment under Clause 12.2 (*Tax gross-up*); or
 - (B) relates to a FATCA Deduction required to be made by a Party.
- (c) A Protected Party making, or intending to make, a claim under paragraph (a) above shall promptly notify the Facility Agent of the event which will give, or has given, rise to the claim, following which the Facility Agent shall notify the Borrowers.
- (d) A Protected Party shall, on receiving a payment from a Borrower under this Clause 12.3 (*Tax indemnity*), notify the Facility Agent.

12.4 Tax Credit

If a Borrower makes a Tax Payment and the relevant Finance Party determines that:

- (a) a Tax Credit is attributable to an increased payment of which that Tax Payment forms part, to that Tax Payment or to a Tax Deduction in consequence of which that Tax Payment was received; and
 - (b) that Finance Party has obtained and utilised that Tax Credit,
- the Finance Party shall pay an amount to the Borrower which that Finance Party determines will leave it (after that payment) in the same after-Tax position as it would have been in had the Tax Payment not been required to be made by the Borrower.

12.5 Stamp taxes

The Borrowers shall pay and, within three Business Days of demand, indemnify each Secured Party against any cost, loss or liability which that Secured Party incurs in relation to all stamp duty, registration and other similar Taxes payable in respect of any Finance Document.

12.6 VAT

- (a) All amounts expressed to be payable under a Finance Document by any Party to a Finance Party which (in whole or in part) constitute the consideration for any supply for VAT purposes are deemed to be exclusive of any VAT which is chargeable on that supply, and accordingly, subject to paragraph (b) below, if VAT is or becomes chargeable on any supply made by any Finance Party to any Party under a Finance Document and such Finance Party is required to account to the relevant tax authority for the VAT, that Party must pay to such Finance Party (in addition to and at the same time as paying any other consideration for such supply) an amount equal to the amount of the VAT (and such Finance Party must promptly provide an appropriate VAT invoice to that Party).
- (b) If VAT is or becomes chargeable on any supply made by any Finance Party (the “**Supplier**”) to any other Finance Party (the “**Recipient**”) under a Finance Document, and any Party other than the Recipient (the “**Relevant Party**”) is required by the terms of any Finance Document to pay an amount equal to the consideration for that supply to the Supplier (rather than being required to reimburse or indemnify the Recipient in respect of that consideration):
- (i) (where the Supplier is the person required to account to the relevant tax authority for the VAT) the Relevant Party must also pay to the Supplier (at the same time as paying that amount) an additional amount equal to the amount of the VAT. The Recipient must (where this sub-paragraph (i) applies) promptly pay to the Relevant Party an amount equal to any credit or repayment the Recipient receives from the relevant tax authority which the Recipient reasonably determines relates to the VAT chargeable on that supply; and
- (ii) (where the Recipient is the person required to account to the relevant tax authority for the VAT) the Relevant Party must promptly, following demand from the Recipient, pay to the Recipient an amount equal to the VAT chargeable on that supply but only to the extent that the Recipient reasonably determines that it is not entitled to credit or repayment from the relevant tax authority in respect of that VAT.
- (c) Where a Finance Document requires any Party to reimburse or indemnify a Finance Party for any cost or expense, that Party shall reimburse or indemnify (as the case may be) such Finance Party for the full amount of such cost or expense, including such part of it as represents VAT, save to the extent that such Finance Party reasonably determines that it is entitled to credit or repayment in respect of such VAT from the relevant tax authority.
- (d) Any reference in this Clause 12.6 (VAT) to any Party shall, at any time when that Party is treated as a member of a group or unity (or fiscal unity) for VAT purposes, include (where appropriate and unless the context otherwise requires) a reference to the person who is treated at that time as making the supply, or (as appropriate) receiving the supply, under the grouping rules provided for in Article 11 of Council Directive 2006/112/EC (or as implemented by the relevant member state of the European Union or equivalent provisions imposed elsewhere) so that a reference to a Party shall be construed as a reference to that Party or the relevant group or unity (or fiscal unity) of which that Party is a member for VAT purposes at the relevant time or the relevant representative member (or representative or head) of that group or unity at the relevant time (as the case may be).

- (e) In relation to any supply made by a Finance Party to any Party under a Finance Document, if reasonably requested by such Finance Party, that Party must promptly provide such Finance Party with details of that Party's VAT registration and such other information as is reasonably requested in connection with such Finance Party's VAT reporting requirements in relation to such supply.

12.7 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 Finance 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 Borrower is a US Tax Obligor, or the Facility Agent reasonably believes that its obligations under FATCA or any other applicable law or regulation require it, each Lender shall, within ten Business Days of:
 - (i) where a Borrower is a US Tax Obligor and the relevant Lender is an Original Lender, the date of this Agreement;
 - (ii) where a Borrower is a US Tax Obligor on a Transfer Date and the relevant Lender is a New Lender, the relevant Transfer Date; or
 - (iii) where a Borrower is not a US Tax Obligor, the date of a request from the Facility Agent,supply to the Facility Agent:
 - (iv) a withholding certificate on Form W-8, Form W-9 or any other relevant form; or
 - (v) any withholding statement or other document, authorisation or waiver as the Facility Agent may require to certify or establish the status of such Lender under FATCA or that other law or regulation.
- (f) The Facility Agent shall provide any withholding certificate, withholding statement, document, authorisation or waiver it receives from a Lender pursuant to paragraph (e) above to the Borrowers.
- (g) If any withholding certificate, withholding statement, document, authorisation or waiver provided to the Facility Agent by a Lender pursuant to paragraph (e) above is or becomes materially inaccurate or incomplete, that Lender shall promptly update it and provide such updated withholding certificate, withholding statement, document, authorisation or waiver to the Facility Agent unless it is unlawful for the Lender to do so (in which case the Lender shall promptly notify the Facility Agent). The Facility Agent shall provide any such updated withholding certificate, withholding statement, document, authorisation or waiver to the Borrowers.
- (h) The Facility Agent may rely on any withholding certificate, withholding statement, document, authorisation or waiver it receives from a Lender pursuant to paragraph (e) or (g) above without further verification. The Facility Agent shall not be liable for any action taken by it under or in connection with paragraphs (e), (f) or (g) above.

12.8 FATCA Deduction

- (a) Each Party may make any FATCA Deduction 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 Facility Agent and the Facility Agent shall notify the other Finance Parties.

13 INCREASED COSTS

13.1 Increased costs

- (a) Subject to Clause 13.3 (*Exceptions*), the Borrowers shall, within three Business Days of a demand by the Facility Agent, pay for the account of a Finance Party the amount of any Increased Costs incurred by that Finance Party or any of its Affiliates as a result of:
- (i) the introduction of or any change in (or in the interpretation, administration or application of) any law or regulation; or
 - (ii) compliance with any law or regulation made,
in each case after the date of this Agreement; or
 - (iii) the implementation, application of or compliance with Basel III or CRD IV or any law or regulation that implements or applies Basel III or CRD IV.
- (b) In this Agreement:
- (i) “**Basel III**” means:
 - (A) the agreements on capital requirements, a leverage ratio and liquidity standards contained in “Basel III: A global regulatory framework for more resilient banks and banking systems”, “Basel III: International framework for liquidity risk measurement, standards and monitoring” and “Guidance for national authorities operating the countercyclical capital buffer” published by the Basel Committee on Banking Supervision in December 2010, each as amended, supplemented or restated;
 - (B) the rules for global systemically important banks contained in “Global systemically important banks: assessment methodology and the additional loss absorbency requirement—Rules text” published by the Basel Committee on Banking Supervision in November 2011, as amended, supplemented or restated; and
 - (C) any further guidance or standards published by the Basel Committee on Banking Supervision relating to “Basel III”.
 - (ii) “**CRD IV**” means:
 - (A) Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending regulation (EU) No. 648/2012, as amended by Regulation (EU) 2019/876;
 - (B) Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC, as amended by Directive (EU) 2019/878; and
 - (C) any other law or regulation which implements Basel III.
 - (iii) “**Increased Costs**” means:
 - (A) a reduction in the rate of return from the Facility or on a Finance Party’s (or its Affiliate’s) overall capital;
 - (B) an additional or increased cost; or

(C) a reduction of any amount due and payable under any Finance Document, which is incurred or suffered by a Finance Party or any of its Affiliates to the extent that it is attributable to that Finance Party having entered into its Commitment or funding or performing its obligations under any Finance Document.

13.2 Increased cost claims

- (a) A Finance Party intending to make a claim pursuant to Clause 13.1 (*Increased costs*) shall notify the Facility Agent of the event giving rise to the claim, following which the Facility Agent shall promptly notify the Borrowers.
- (b) Each Finance Party shall, as soon as practicable after a demand by the Facility Agent, provide a certificate confirming the amount of its Increased Costs.

13.3 Exceptions

Clause 13.1 (*Increased costs*) does not apply to the extent any Increased Cost is:

- (a) attributable to a Tax Deduction required by law to be made by a Borrower;
- (b) attributable to a FATCA Deduction required to be made by a Party;
- (c) compensated for by Clause 12.3 (*Tax indemnity*) (or would have been compensated for under Clause 12.3 (*Tax indemnity*) but was not so compensated solely because any of the exclusions in paragraph (b) of Clause 12.3 (*Tax indemnity*) applied);
- (d) compensated for by any payment made pursuant to Clause 14.3 (*Mandatory Cost*); or
- (e) attributable to the wilful breach by the relevant Finance Party or its Affiliates of any law or regulation.

14 OTHER INDEMNITIES

14.1 Currency indemnity

- (a) If any sum due from a Borrower under the Finance Documents (a “**Sum**”), or any order, judgment or award given or made in relation to a Sum, has to be converted from the currency (the “**First Currency**”) in which that Sum is payable into another currency (the “**Second Currency**”) for the purpose of:
 - (i) making or filing a claim or proof against that Borrower; or
 - (ii) obtaining or enforcing an order, judgment or award in relation to any litigation or arbitration proceedings,

that Borrower shall, as an independent obligation, on demand, indemnify each Secured Party to which that Sum is due against any cost, loss or liability arising out of or as a result of the conversion including any discrepancy between (A) the rate of exchange used to convert that Sum from the First Currency into the Second Currency and (B) the rate or rates of exchange available to that person at the time of its receipt of that Sum.

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

14.2 Other indemnities

- (a) Each Borrower shall, on demand, indemnify each Secured Party against any cost, loss or liability incurred by it as a result of:
- (i) the occurrence of any Event of Default;
 - (ii) a failure by a Borrower to pay any amount due under a Finance Document on its due date, including without limitation, any cost, loss or liability arising as a result of Clause 31 (*Sharing among the Finance Parties*);
 - (iii) funding, or making arrangements to fund, its participation in an Advance requested by the Borrowers in the Utilisation Request but not made by reason of the operation of any one or more of the provisions of this Agreement (other than by reason of default or negligence by that Secured Party alone); or
 - (iv) the Loan (or part of the Loan) not being prepaid in accordance with a notice of prepayment given by the Borrowers.
- (b) Each Borrower shall, on demand, indemnify each Finance Party, each Affiliate of a Finance Party and each officer or employee of a Finance Party or its Affiliate (each such person for the purposes of this Clause 14.2 (*Other indemnities*) an “**Indemnified Person**”), against any cost, loss or liability incurred by that Indemnified Person pursuant to or in connection with any litigation, arbitration or administrative proceedings or regulatory enquiry, in connection with or arising out of the entry into and the transactions contemplated by the Finance Documents, having the benefit of any Security constituted by the Finance Documents or which relates to the condition or operation of, or any incident occurring in relation to, any Ship unless such cost, loss or liability is caused by the gross negligence or wilful misconduct of that Indemnified Person.
- (c) Without limiting, but subject to any limitations set out in paragraph (b) above, the indemnity in paragraph (b) above shall cover any cost, loss or liability incurred by each Indemnified Person in any jurisdiction:
- (i) arising or asserted under or in connection with any law relating to safety at sea, the ISM Code, any Environmental Law or any Sanctions; or
 - (ii) in connection with any Environmental Claim.
- (d) Any Affiliate or any officer or employee of a Finance Party or of any of its Affiliates may rely on this Clause 14.2 (*Other indemnities*) subject to Clause 1.5 (*Third party rights*) and the provisions of the Third Parties Act.

14.3 Mandatory Cost

Each Borrower shall, on demand by the Facility Agent, pay to the Facility Agent for the account of the relevant Lender, such amount which any Lender certifies in a notice to the Facility Agent to be its good faith determination of the amount necessary to compensate it for complying with:

- (a) in the case of a Lender lending from a Facility Office in a Participating Member State, the minimum reserve requirements (or other requirements having the same or similar purpose) of the European Central Bank (or any other authority or agency which replaces all or any of its functions) in respect of loans made from that Facility Office; and
- (b) in the case of any Lender lending from a Facility Office in the United Kingdom, any reserve asset, special deposit or liquidity requirements (or other requirements having the same or similar purpose) of the Bank of England (or any other governmental authority or agency) and/or paying any fees to the Financial Conduct Authority and/or the Prudential Regulation Authority (or any other governmental authority or agency which replaces all or any of their functions),

which, in each case, is referable to that Lender's participation in the Loan.

14.4 Indemnity to the Facility Agent

Each Borrower shall, on demand, indemnify the Facility Agent against:

- (a) any cost, loss or liability incurred by the Facility Agent (acting reasonably) as a result of:
 - (i) investigating any event which it reasonably believes is a Default; or
 - (ii) acting or relying on any notice, request or instruction which it reasonably believes to be genuine, correct and appropriately authorised; or
 - (iii) instructing lawyers, accountants, tax advisers, surveyors or other professional advisers or experts as permitted under the Finance Documents; and
- (b) any cost, loss or liability incurred by the Facility Agent (otherwise than by reason of the Facility Agent's gross negligence or wilful misconduct) or, in the case of any cost, loss or liability pursuant to Clause 32.11 (*Disruption to Payment Systems etc.*) not including any claim based on the gross negligence, wilful misconduct or fraud of the Facility Agent in acting as Facility Agent under the Finance Documents.

14.5 Indemnity to the Security Agent

- (a) Each Borrower shall, on demand, indemnify the Security Agent and every Receiver and Delegate against any cost, loss or liability (including, without limitation, for negligence or any other category of liability whatsoever) incurred by any of them:
 - (i) in relation to or as a result of:
 - (A) any failure by a Borrower to comply with its obligations under Clause 16 (*Costs and Expenses*);
 - (B) acting or relying on any notice, request or instruction which it reasonably believes to be genuine, correct and appropriately authorised;
 - (C) the taking, holding, protection or enforcement of the Finance Documents and the Transaction Security;

- (D) the exercise of any of the rights, powers, discretions, authorities and remedies vested in the Security Agent and each Receiver and Delegate by the Finance Documents or by law;
 - (E) any default by any Transaction Obligor in the performance of any of the obligations expressed to be assumed by it in the Finance Documents;
 - (F) any action by any Transaction Obligor which vitiates, reduces the value of, or is otherwise prejudicial to, the Transaction Security; and
 - (G) instructing lawyers, accountants, tax advisers, surveyors or other professional advisers or experts as permitted under the Finance Documents,
- (ii) acting as Security Agent, Receiver or Delegate under the Finance Documents or which otherwise relates to any of the Security Property or the performance of the terms of this Agreement or the other Finance Documents (otherwise, in each case, than by reason of the relevant Security Agent's, Receiver's or Delegate's gross negligence or wilful misconduct).
- (b) The Security Agent and every Receiver and Delegate may, in priority to any payment to the Secured Parties, indemnify itself out of the Security Assets in respect of, and pay and retain, all sums necessary to give effect to the indemnity in this Clause 14.5 (*Indemnity to the Security Agent*) and shall have a lien on the Transaction Security and the proceeds of the enforcement of the Transaction Security for all monies payable to it.

15 MITIGATION BY THE FINANCE PARTIES

15.1 Mitigation

- (a) Each Finance Party shall, in consultation with the Borrowers, take all reasonable steps to mitigate any circumstances which arise and which would result in any amount becoming payable under or pursuant to, or cancelled pursuant to, any of Clause 7.1 (Illegality and Sanctions affecting a Lender), Clause 12 (*Tax Gross Up and Indemnities*), Clause 13 (*Increased Costs*) or paragraph (a) of Clause 14.3 (*Mandatory Cost*) including (but not limited to) transferring its rights and obligations under the Finance Documents to another Affiliate or Facility Office.
- (b) Paragraph (a) above does not in any way limit the obligations of any Transaction Obligor under the Finance Documents.

15.2 Limitation of liability

- (a) Each Borrower shall, on demand, indemnify each Finance Party for all costs and expenses reasonably incurred by that Finance Party as a result of steps taken by it under Clause 15.1 (*Mitigation*).
- (b) A Finance Party is not obliged to take any steps under Clause 15.1 (*Mitigation*) if either:
- (i) a Default has occurred and is continuing; or
 - (ii) in the opinion of that Finance Party (acting reasonably), to do so might be prejudicial to it.

16 COSTS AND EXPENSES

16.1 Transaction expenses

The Borrowers shall, on demand, pay the Facility Agent, the Security Agent and the Mandated Lead Arranger the amount of all costs and expenses (including legal fees and VAT) reasonably incurred by any Secured Party in connection with the negotiation, preparation, printing, execution, syndication and perfection of:

- (a) this Agreement and any other documents referred to in this Agreement or in a Security Document; and
- (b) any other Finance Documents executed after the date of this Agreement.

16.2 Amendment costs

Subject to Clause 16.4 (*Reference rate transition costs*), if:

- (a) a Transaction Obligor requests an amendment, waiver or consent; or
- (b) an amendment is required pursuant to Clause 32.9 (*Change of currency*); or
- (c) a Transaction Obligor requests, and the Security Agent agrees to, the release of all or any part of the Security Assets from the Transaction Security,

the Borrowers shall, on demand, reimburse each of the Facility Agent and the Security Agent for the amount of all costs and expenses (including legal fees and VAT) reasonably incurred by each Secured Party in responding to, evaluating, negotiating or complying with that request or requirement.

16.3 Enforcement and preservation costs

The Borrowers shall, on demand, pay to each Secured Party the amount of all costs and expenses (including legal fees and VAT) incurred by that Secured Party in connection with the enforcement of, or the preservation of any rights under, any Finance Document or the Transaction Security and with any proceedings instituted by or against that Secured Party as a consequence of it entering into a Finance Document, taking or holding the Transaction Security, or enforcing those rights.

16.4 Reference rate transition costs

The Borrowers shall on demand reimburse each of the Facility Agent and the Security Agent for the amount of all documented costs and expenses (including legal fees and VAT) reasonably incurred by each Secured Party in connection with:

- (a) the negotiation or entry into of any Reference Rate Supplement or Compounding Methodology Supplement; or
- (b) any amendment, waiver or consent relating to:
 - (i) any Reference Rate Supplement or Compounding Methodology Supplement; or
 - (ii) any change arising as a result of an amendment required under Clause 42.4 (*Changes to reference rates*).

JOINT AND SEVERAL LIABILITY OF BORROWERS

17 JOINT AND SEVERAL LIABILITY OF THE BORROWERS**17.1 Joint and several liability**

All liabilities and obligations of the Borrowers under this Agreement shall, whether expressed to be so or not, be joint and several.

17.2 Waiver of defences

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 any other Borrower;
- (b) any Lender or the Security Agent entering into any rescheduling, refinancing or other arrangement of any kind with any other Borrower;
- (c) any Lender or the Security Agent releasing any other Borrower or any Security created by a Finance Document; or
- (d) any time, waiver or consent granted to, or composition with any other Borrower or other person;
- (e) the release of any other Borrower or any other person under the terms of any composition or arrangement with any creditor of any member of the Group;
- (f) the taking, variation, compromise, exchange, renewal or release of, or refusal or neglect to perfect, take up or enforce, any rights against, or security over assets of, any other Borrower or other person or any non-presentation or non-observance of any formality or other requirement in respect of any instrument or any failure to realise the full value of any security;
- (g) any incapacity or lack of power, authority or legal personality of or dissolution or change in the members or status of any other Borrower or any other person;
- (h) any amendment, novation, supplement, extension, restatement (however fundamental, and whether or not more onerous) or replacement of a Finance Document or any other document or security including, without limitation, any change in the purpose of, any extension of or any increase in any facility or the addition of any new facility under any Finance Document or other document or security;
- (i) any unenforceability, illegality or invalidity of any obligation or any person under any Finance Document or any other document or security; or
- (j) any insolvency or similar proceedings.

17.3 Principal Debtor

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 any other Borrower under this Agreement.

17.4 Borrower restrictions

- (a) Subject to paragraph (b) below, during the Security Period no Borrower shall:
- (i) claim any amount which may be due to it from any other Borrower whether in respect of a payment made under, or matter arising out of, this Agreement or any Finance Document, or any matter unconnected with this Agreement or any Finance Document; or
 - (ii) take or enforce any form of security from any other Borrower for such an amount, or in any way seek to have recourse in respect of such an amount against any asset of any other Borrower; or
 - (iii) set off such an amount against any sum due from it to any other Borrower; or
 - (iv) prove or claim for such an amount in any liquidation, administration, arrangement or similar procedure involving any other Borrower; or
 - (v) exercise or assert any combination of the foregoing.
- (b) If during the Security Period, the Facility Agent, by notice to a Borrower, requires it to take any action referred to in paragraph (a) above in relation to any other Borrower, that Borrower shall take that action as soon as practicable after receiving the Facility Agent's notice.

17.5 Deferral of Borrowers' rights

Until all amounts which may be or become payable by the Borrowers under or in connection with the Finance Documents have been irrevocably paid in full and unless the Facility Agent otherwise directs, no Borrower will exercise any rights which it may have by reason of performance by it of its obligations under the Finance Documents:

- (a) to be indemnified by any other Borrower; or
- (b) to claim any contribution from any other Borrower in relation to any payment made by it under the Finance Documents.

SECTION 8

REPRESENTATIONS, UNDERTAKINGS AND EVENTS OF DEFAULT

18 REPRESENTATIONS

18.1 General

Each Borrower makes the representations and warranties set out in this Clause 18 (*Representations*) to each Finance Party on the date of this Agreement.

18.2 Status

- (a) It is a corporation or limited partnership, duly incorporated or formed and validly existing in good standing under the law of its jurisdiction of incorporation.
- (b) It and each Transaction Obligor has the power to own its assets and carry on its business as it is being conducted.

18.3 Share capital and ownership

- (a) Each Borrower is authorised to issue 500 registered and/or bearer shares of no par value common stock, all of which shares have been issued in registered form and are fully paid and non-assessable.
- (b) The legal title to and beneficial interest in the issued shares in each Borrower is held free of any Security (other than any Existing Security until the Utilisation Date) or any other claim by the Shareholder and each Borrower is 100 per cent. owned indirectly by the Guarantor.
- (c) None of the issued shares in any Borrower is subject to any option to purchase, pre-emption rights or similar rights.

18.4 Binding obligations

The obligations expressed to be assumed by it in each Transaction Document to which it is a party are legal, valid, binding and enforceable obligations.

18.5 Validity, effectiveness and ranking of Security

- (a) Each Finance Document to which it is a party does now or, as the case may be, will upon execution and delivery and, where applicable, registration as provided for in that Finance Document create, the Security it purports to create over any assets to which such Security, by its terms, relates, and such Security will, when created or intended to be created, be valid and effective.
- (b) No third party has or will have any Security (except for Permitted Security) over any assets that are the subject of any Transaction Security granted by it.
- (c) The Transaction Security granted by it to the Security Agent or any other Secured Party has or will when created or intended to be created have first ranking priority or such other priority it is expressed to have in the Finance Documents and is not subject to any prior ranking or *pari passu* ranking Security.

- (d) No concurrence, consent or authorisation of any person is required for the creation of or otherwise in connection with any Transaction Security.

18.6 Non-conflict with other obligations

The entry into and performance by it of, and the transactions contemplated by, each Transaction Document to which it is a party do not and will not conflict with:

- (a) any law or regulation applicable to it;
- (b) the constitutional documents of any Transaction Obligor or any member of the Group; or
- (c) any agreement or instrument binding upon it or any member of the Group or any of its assets or any member of the Group's assets or constitute a default or termination event (however described) under any such agreement or instrument.

18.7 Power and authority

- (a) It has the power to enter into, perform and deliver, and has taken all necessary action to authorise:
- (i) its entry into, performance and delivery of, each Transaction Document to which it is or will be a party and the transactions contemplated by those Transaction Documents; and
- (ii) in the case of a Borrower, its registration of the Ship owned by it under the applicable Approved Flag.
- (b) No limit on its powers will be exceeded as a result of the borrowing, granting of security or giving of guarantees or indemnities contemplated by the Transaction Documents to which it is a party.

18.8 Validity and admissibility in evidence

All Authorisations required or desirable:

- (a) to enable it to lawfully to enter into, exercise its rights and comply with its obligations in the Transaction Documents to which it is a party; and
- (b) to make the Transaction Documents to which it is a party admissible in evidence in its Relevant Jurisdictions, have been obtained or effected and are in full force and effect.

18.9 Governing law and enforcement

- (a) The choice of governing law of each Transaction Document to which it is a party will be recognised and enforced in its Relevant Jurisdictions.
- (b) Any judgment obtained in relation to a Transaction Document to which it is a party in the jurisdiction of the governing law of that Transaction Document will be recognised and enforced in its Relevant Jurisdictions.

18.10 Insolvency

No:

- (a) corporate action, legal proceeding or other procedure or step described in paragraph (a) of Clause 25.8 (*Insolvency proceedings*); or
- (b) creditors' process described in Clause 25.9 (*Creditors' process*),
has been taken or, to its knowledge, threatened in relation to a member of the Group; and none of the circumstances described in Clause 25.7 (*Insolvency*) applies to a member of the Group.

18.11 No filing or stamp taxes

Under the laws of its Relevant Jurisdictions it is not necessary that the Finance Documents to which it is a party be registered, filed, recorded, notarised or enrolled with any court or other authority in that jurisdiction or that any stamp, registration, notarial or similar Taxes or fees be paid on or in relation to the Finance Documents to which it is a party or the transactions contemplated by those Finance Documents except any filing, recording or enrolling or any tax or fee payable in relation to any Transaction Obligor which is referred to in any legal opinion delivered pursuant to Clause 4 (*Conditions of Utilisation*) and which will be made or paid promptly after the date of the relevant Finance Document.

18.12 Deduction of Tax

It is not required to make any Tax Deduction from any payment it may make under any Finance Document to which it is a party.

18.13 No default

- (a) No Event of Default and, on the date of this Agreement and on the Utilisation Date, no Default is continuing or might reasonably be expected to result from the making of any Utilisation or the entry into, the performance of, or any transaction contemplated by, any Transaction Document.
- (b) No other event or circumstance is outstanding which constitutes a default or a termination event (however described) under any other agreement or instrument which is binding on it or any of its Subsidiaries or to which its (or any of its Subsidiaries') assets are subject which might have a Material Adverse Effect.

18.14 No misleading information

- (a) Any factual information provided by any member of the Group for the purposes of this Agreement was true and accurate in all material respects as at the date it was provided or as at the date (if any) at which it is stated.
- (b) The financial projections contained in any such information have been prepared on the basis of recent historical information and on the basis of reasonable assumptions.
- (c) Nothing has occurred or been omitted from any such information and no information has been given or withheld that results in any such information being untrue or misleading in any material respect.

18.15 Financial Statements

- (a) The Original Financial Statements were prepared in accordance with GAAP consistently applied.
- (b) The Original Financial Statements give a true and fair view of the Group's financial condition as at the end of the relevant financial year and its and the Group's results of operations during the relevant financial year.
- (c) There has been no material adverse change in its assets, business or financial condition (or the assets, business or consolidated financial condition of the Group, in the case of the Guarantor) since 2 June 2022 (other than as disclosed to the Facility Agent prior to the date of this Agreement).
- (d) Its and the Guarantor's most recent financial statements delivered pursuant to Clause 19.2 (*Financial statements*):
 - (i) have been prepared in accordance with Clause 19.3 (*Requirements as to financial statements*); and
 - (ii) give a true and fair view of (if audited) or fairly represent (if unaudited) its financial condition as at the end of the relevant financial year and operations during the relevant financial year (consolidated in the case of the Guarantor).
- (e) Since the date of the most recent financial statements delivered pursuant to Clause 19.2 (*Financial statements*) there has been no material adverse change in its business, assets or financial condition (or the business or consolidated financial condition of the Group, in the case of the Guarantor).

18.16 *Pari passu* ranking

Its payment obligations under the Finance Documents to which it is a party 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.

18.17 No proceedings pending or threatened

- (a) No litigation, arbitration or administrative proceedings or investigations (including proceedings or investigations relating to any alleged or actual breach of the ISM Code or of the ISPS Code) of or before any court, arbitral body or agency which, if adversely determined, might reasonably be expected to have a Material Adverse Effect have (to the best of its knowledge and belief (having made due and careful enquiry)) been started or threatened against it or any other Transaction Obligor or any member of the Group.
- (b) No judgment or order of a court, arbitral tribunal or other tribunal or any order or sanction of any governmental or other regulatory body which might reasonably be expected to have a Material Adverse Effect has (to the best of its knowledge and belief (having made due and careful enquiry)) been made against it or any other Transaction Obligor or any member of the Group.

18.18 Valuations

- (a) All information supplied by it or on its behalf to an Approved Valuer for the purposes of a valuation delivered to the Facility Agent in accordance with this Agreement was true and accurate as at the date it was supplied or (if appropriate) as at the date (if any) at which it is stated to be given.
- (b) It has not omitted to supply any information to an Approved Valuer which, if disclosed, would adversely affect any valuation prepared by such Approved Valuer.
- (c) There has been no change to the factual information provided pursuant to paragraph (a) above in relation to any valuation between the date such information was provided and the date of that valuation which, in either case, renders that information untrue or misleading in any material respect.

18.19 No breach of laws

It has not (and no other member of the Group has) breached any law or regulation which breach has or is reasonably likely to have a Material Adverse Effect.

18.20 No Charter

No Ship is subject to any Charter other than a Permitted Charter.

18.21 Compliance with Environmental Laws

All Environmental Laws relating to the ownership, operation and management of each Ship and the business of each member of the Group (as now conducted and as reasonably anticipated to be conducted in the future) and the terms of all Environmental Approvals have been complied with.

18.22 No Environmental Claim

No Environmental Claim has been made or threatened against any member of the Group or any Ship which might reasonably be expected to have a Material Adverse Effect.

18.23 No Environmental Incident

No Environmental Incident has occurred and no person has claimed that an Environmental Incident has occurred.

18.24 ISM and ISPS Code compliance

All requirements of the ISM Code and the ISPS Code as they relate to each Borrower, the Approved Manager and each Ship have been complied with.

18.25 Taxes paid

- (a) It is not and no other member of the Group is materially overdue in the filing of any Tax returns and it is not (and no other member of the Group is) overdue in the payment of any amount in respect of Tax.
- (b) No claims or investigations are being, or to the best of its knowledge, are reasonably likely to be, made or conducted against it (or any other member of the Group) with respect to Taxes.

18.26 Financial Indebtedness

No Borrower has any Financial Indebtedness outstanding other than Permitted Financial Indebtedness.

18.27 Overseas companies

No Borrower has delivered particulars, whether in its name stated in the Finance Documents or any other name, of any UK Establishment to the Registrar of Companies as required under the Overseas Regulations or, if it has so registered, it has provided to the Facility Agent sufficient details to enable an accurate search against it to be undertaken by the Lenders at the Companies Registry.

18.28 Good title to assets

It has good, valid and marketable title to, or valid leases or licences of, and all appropriate Authorisations to use, the assets necessary to carry on its business as presently conducted.

18.29 Ownership

- (a) Each Borrower is the sole legal and beneficial owner of the Ship owned by it, its Earnings and its Insurances.
- (b) The Shareholder is the sole legal and beneficial owner of all the shares in each Borrower.
- (c) The Guarantor is the sole legal and beneficial owner of all the issued shares in the Shareholder.
- (d) With effect on and from the date of its creation or intended creation, each Transaction Obligor will be the sole legal and beneficial owner of any asset that is the subject of any Transaction Security created or intended to be created by such Transaction Obligor.
- (e) The constitutional documents of each Borrower do not and could not restrict or inhibit any transfer of the shares of any Borrower on creation or enforcement of the security conferred by the Security Documents.

18.30 Centre of main interests and establishments

For the purposes of The Council of the European Union Regulation No. 2015/848 on Insolvency Proceedings (recast) (the “**Regulation**”), its centre of main interest (as that term is used in Article 3(1) of the Regulation) is not situated in the US or the United Kingdom and it has no “establishment” (as that term is used in Article 2(10) of the Regulation) in any jurisdiction.

18.31 Place of business

No Transaction Obligor has a place of business in the US (save for the Guarantor) or the United Kingdom and its head office functions are carried out at the address stated in Part A of Schedule 1 (*The Parties*).

18.32 No employee or pension arrangements

No Borrower has any employees or any liabilities under any pension scheme.

18.33 Sanctions

No Relevant Person is:

- (a) a Restricted Party;
- (b) in breach of Sanctions; or
- (c) to its knowledge subject to or involved in any complaint, claim, proceeding, formal notice, investigation or other action by any regulatory or enforcement authority or third party concerning any Sanctions.

18.34 US Tax Obligor

No Transaction Obligor is a US Tax Obligor.

18.35 No Money laundering

- (a) Each Borrower is acting for its own account in relation to the Loan and in relation to the performance and the discharge of its respective obligations and liabilities under the Finance Documents and the transactions and other arrangements effected or contemplated by the Finance Documents to which such Borrower is a party, and the foregoing will not involve or lead to contravention of any law, official requirement or other regulatory measure or procedure implemented to combat Money Laundering.
- (b) Without prejudice to any of the foregoing, none of the Transaction Obligors nor any other member of the Group and their respective members directors, officers, Subsidiaries and, to the best of their knowledge, their Affiliates or employees has engaged in any activity or conduct which would violate any applicable anti-bribery, anti-corruption or anti-Money Laundering laws, regulations or rules in any applicable jurisdiction and each of the Transaction Obligors has instituted and maintains policies and procedures designed to prevent violation of such laws, regulations and rules.

18.36 Validity and completeness of the Deed of Release

- (a) The Deed of Release constitutes legal, valid, binding and enforceable obligations of the parties thereto.
- (b) No amendments or additions to the Deed of Release have been agreed nor have any rights under the Deed of Release been waived.

18.37 No immunity

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

18.38 Repetition

The Repeating Representations are deemed to be made by each Borrower by reference to the facts and circumstances then existing on the date of the Utilisation Request and the first day of each Interest Period.

19 INFORMATION UNDERTAKINGS

19.1 General

The undertakings in this Clause 19 (*Information Undertakings*) remain in force throughout the Security Period unless the Facility Agent, acting with the authorisation of the Majority Lenders (or, where specified, all the Lenders), may otherwise permit.

19.2 Financial statements

The Borrowers procure that the Guarantor shall supply to the Facility Agent in sufficient copies for all the Lenders:

- (a) as soon as they become available, but in any event within 180 days after the end of each of the Guarantor's financial years, commencing with the financial year ended on 31 December 2022, the annual audited consolidated financial statement of the Group for that financial year; and
- (b) as soon as the same become available, but in any event within 90 days after the end of each quarter of each of the Guarantor's financial years (ending 31 March, 30 June and 30 September), the unaudited consolidated quarterly financial statements of the Group for that financial quarter.

19.3 Requirements as to financial statements

- (a) Each set of financial statements delivered by the Guarantor pursuant to Clause 19.2 (*Financial statements*) shall be certified by an officer of the company as giving a true and fair view (if audited) or fairly representing (if unaudited) its financial condition and operations as at the date as at which those financial statements were drawn up if it has not been filed with the US Securities and Exchange Commission.
- (b) The Borrowers shall procure that each set of financial statements of the Guarantor delivered pursuant to Clause 19.2 (*Financial statements*) is prepared using GAAP, accounting practices and financial reference periods consistent with those applied in the preparation of the Original Financial Statements for the Group unless, in relation to any set of financial statements, it notifies the Facility Agent that there has been a change in GAAP, the accounting practices or reference periods, unless such change is described in the filings made with the US Securities and Exchange Commission, and its auditors (or, if appropriate, the auditors of the Guarantor) deliver to the Facility Agent:
 - (i) a description of any change necessary for those financial statements to reflect the GAAP, accounting practices and reference periods upon which the Original Financial Statements were prepared; and
 - (ii) sufficient information, in form and substance as may be reasonably required by the Facility Agent, to enable the Lenders to determine whether clause 10 (*financial covenants*) of the Guarantee has been complied with and make an accurate comparison between the financial position indicated in those financial statements and that Obligor's Original Financial Statements.

Any reference in this Agreement to those financial statements shall be construed as a reference to those financial statements as adjusted to reflect the basis upon which the Original Financial Statements were prepared.

19.4 DAC6

- (a) In this Clause 19.4 (DAC6), “DAC6” means the Council Directive of 25 May 2018 (2018/822/EU) amending Directive 2011/16/EU or any replacement legislation applicable in the United Kingdom.
- (b) The Borrowers shall supply to the Facility Agent (in sufficient copies for all the Lenders, if the Facility Agent so requests):
 - (i) promptly upon the making of such analysis or the obtaining of such advice, any analysis made or advice obtained on whether any transaction contemplated by the Transaction Documents or any transaction carried out (or to be carried out) in connection with any transaction contemplated by the Transaction Documents contains a hallmark as set out in Annex IV of DAC6; and
 - (ii) promptly upon the making of such reporting and to the extent permitted by applicable law and regulation, any reporting made to any governmental or taxation authority by or on behalf of any member of the Group or by any adviser to such member of the Group in relation to DAC6 or any law or regulation which implements DAC6 and any unique identification number issued by any governmental or taxation authority to which any such report has been made (if available).

19.5 Information: miscellaneous

Each Obligor and shall procure that each other Transaction Obligor shall supply to the Facility Agent (in sufficient copies for all the Lenders, if the Facility Agent so requests):

- (a) all material documents dispatched by it to its shareholders (or any class of them) or its creditors generally at the same time as they are dispatched unless the contents of such communication have already been disclosed in the filings made with the US Securities and Exchange Commission;
- (b) promptly upon becoming aware of them, the details of any litigation, arbitration or administrative proceedings or investigations (including proceedings or investigations relating to any alleged or actual breach of the ISM Code or of the ISPS Code) which are current, threatened or pending against any member of the Group, and which might, if adversely determined, have a Material Adverse Effect;
- (c) promptly upon becoming aware of them, the details of any judgment or order of a court, arbitral body or agency which is made against any member of the Group and which might have a Material Adverse Effect or which would involve a liability, or a potential or alleged liability, exceeding \$1,000,000 (or its equivalent in any other currency or currencies);
- (d) promptly, its constitutional documents where these have been amended or varied unless, in respect of the Guarantor, these changes have been disclosed in the filings with the US Securities and Exchange Commission;
- (e) promptly, such further information and/or documents regarding:
 - (i) each Ship, goods transported on each Ship, its Earnings or its Insurances;
 - (ii) the Security Assets;

- (iii) compliance of the Transaction Obligors with the terms of the Finance Documents;
 - (iv) the financial condition, business and operations of any member of the Group, as any Finance Party (through the Facility Agent) may reasonably request; and
- (f) promptly, such further information and/or documents as any Finance Party (through the Facility Agent) may reasonably request so as to enable such Finance Party to comply with any laws applicable to it or as may be required by any regulatory authority.

19.6 Notification of Default

- (a) Each Borrower shall, and shall procure that each other Transaction Obligor shall, notify the Facility Agent of any Default (and the steps, if any, being taken to remedy it) promptly upon becoming aware of its occurrence (unless that Obligor is aware that a notification has already been provided by another Obligor).
- (b) Promptly upon a request by the Facility Agent, each Borrower shall supply to the Facility Agent a certificate signed by an officer on its behalf certifying that no Default is continuing (or if a Default is continuing, specifying the Default and the steps, if any, being taken to remedy it).

19.7 Use of websites

- (a) Each Obligor may satisfy its obligation under the Finance Documents to which it is a party to deliver any information in relation to those Lenders (the “**Website Lenders**”) which accept this method of communication by posting this information onto an electronic website designated by the Borrowers and the Facility Agent (the “**Designated Website**”) if:
 - (i) the Facility Agent expressly agrees (after consultation with each of the Lenders) that it will accept communication of the information by this method;
 - (ii) both the relevant Obligor and the Facility Agent are aware of the address of and any relevant password specifications for the Designated Website; and
 - (iii) the information is in a format previously agreed between the relevant Obligor and the Facility Agent.

If any Lender (a “**Paper Form Lender**”) does not agree to the delivery of information electronically then the Facility Agent shall notify the Obligors accordingly and each Obligor shall supply the information to the Facility Agent (in sufficient copies for each Paper Form Lender) in paper form. In any event each Obligor shall supply the Facility Agent with at least one copy in paper form of any information required to be provided by it.

- (b) The Facility Agent shall supply each Website Lender with the address of and any relevant password specifications for the Designated Website following designation of that website by the Obligors or any of them and the Facility Agent.
- (c) A Borrower shall promptly upon becoming aware of its occurrence notify the Facility Agent if:
 - (i) the Designated Website cannot be accessed due to technical failure;
 - (ii) the password specifications for the Designated Website change;

- (iii) any new information which is required to be provided under this Agreement is posted onto the Designated Website;
- (iv) any existing information which has been provided under this Agreement and posted onto the Designated Website is amended; or
- (v) if that Obligor becomes aware that the Designated Website or any information posted onto the Designated Website is or has been infected by any electronic virus or similar software.

If a Borrower notifies the Facility Agent under sub-paragraph (i) or (v) of paragraph (c) above, all information to be provided by the Obligors under this Agreement and the other Finance Documents after the date of that notice shall be supplied in paper form unless and until the Facility Agent and each Website Lender is satisfied that the circumstances giving rise to the notification are no longer continuing.

- (d) Any Website Lender may request, through the Facility Agent, one paper copy of any information required to be provided under this Agreement which is posted onto the Designated Website. The Borrowers shall comply with any such request within 10 Business Days.

19.8 “Know your customer” checks

- (a) If:
 - (i) 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;
 - (ii) any change in the status of a Transaction Obligor (including, without limitation, a change of ownership of a Transaction Obligor save for the Guarantor) after the date of this Agreement; or
 - (iii) 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 a Finance Party (or, in the case of sub-paragraph (iii) above, 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, each Borrower shall promptly upon the request of any Finance Party supply, or procure the supply of, such documentation and other evidence as is reasonably requested by a Servicing Party (for itself or on behalf of any other Finance Party) or any Lender (for itself or, in the case of the event described in sub-paragraph (iii) above, on behalf of any prospective new Lender) in order for such Finance Party or, in the case of the event described in sub-paragraph (iii) above, 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.

- (b) Each Lender shall promptly upon the request of a Servicing Party supply, or procure the supply of, such documentation and other evidence as is reasonably requested by the Servicing Party (for itself) in order for that Servicing Party 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.

20 GENERAL UNDERTAKINGS

20.1 General

The undertakings in this Clause 20 (*General Undertakings*) remain in force throughout the Security Period except as the Facility Agent, acting with the authorisation of the Majority Lenders (or, where specified, all the Lenders) may otherwise permit.

20.2 Authorisations

Each Borrower shall, and shall procure that each other Transaction Obligor will, promptly:

- (a) obtain, comply with and do all that is necessary to maintain in full force and effect; and
- (b) supply certified copies to the Facility Agent of,
 - any Authorisation required under any law or regulation of a Relevant Jurisdiction or the state of the Approved Flag at any time of each Ship to enable it to:
 - (i) perform its obligations under the Transaction Documents to which it is a party;
 - (ii) ensure the legality, validity, enforceability or admissibility in evidence in any Relevant Jurisdiction and in the state of the Approved Flag at any time of each Ship of any Transaction Document to which it is a party; and
 - (iii) own and operate each Ship (in the case of the Borrowers).

20.3 Compliance with laws

Each Borrower shall, and shall procure that each other Transaction Obligor will, comply in all respects with:

- (a) all Sanctions Laws to which it may be subject; and
- (b) all other laws and regulations to which it may be subject, if failure so to comply has or is reasonably likely to have a Material Adverse Effect.

20.4 Environmental compliance

Each Borrower shall, and shall procure that each other Transaction Obligor will:

- (a) comply with all Environmental Laws;
- (b) obtain, maintain and ensure compliance with all requisite Environmental Approvals;
- (c) implement procedures to monitor compliance with and to prevent liability under any Environmental Law, where failure to do so has or is reasonably likely to have a Material Adverse Effect.

20.5 Environmental Claims

Each Borrower shall, and shall procure that each other Transaction Obligor will, (through the Guarantor), promptly upon becoming aware of the same, inform the Facility Agent in writing of:

- (a) any Environmental Claim against any member of the Group which is current, pending or threatened; and
- (b) any facts or circumstances which are reasonably likely to result in any Environmental Claim being commenced or threatened against any member of the Group,

where the claim, if determined against that member of the Group, has or is reasonably likely to have a Material Adverse Effect.

20.6 Taxation

- (a) Each Borrower shall, and shall procure that each other Transaction Obligor will pay and discharge all Taxes imposed upon it or its assets within the time period allowed without incurring penalties unless and only to the extent that:

- (i) such payment is being contested in good faith;
- (ii) adequate reserves are maintained for those Taxes and the costs required to contest them and both have been disclosed in its latest financial statements delivered to the Facility Agent under Clause 19.2 (*Financial statements*); and
- (iii) such payment can be lawfully withheld and failure to pay those Taxes does not have or is not reasonably likely to have a Material Adverse Effect.

- (b) No Borrower shall change its residence for Tax purposes.

20.7 Overseas companies

Each Borrower shall, and shall procure that each other Transaction Obligor will, promptly inform the Facility Agent if it delivers to the Registrar particulars required under the Overseas Regulations of any UK Establishment and it shall comply with any directions given to it by the Facility Agent regarding the recording of any Transaction Security on the register which it is required to maintain under The Overseas Companies (Execution of Documents and Registration of Charges) Regulations 2009.

20.8 No change to centre of main interests

Each Borrower shall not change the location of its centre of main interest (as that term is used in Article 3(1) of the Regulation) to either jurisdiction referred to in Clause 18.30 (*Centre of main interests and establishments*) and it will create no “**establishment**” (as that term is used in Article 2(10) of the Regulation) in any jurisdiction.

20.9 *Pari passu* ranking

Each Borrower shall and shall procure that each other Transaction Obligor will, ensure that at all times any unsecured and unsubordinated claims of a Finance Party against it under the Finance Documents rank at least *pari passu* with the claims of all its other unsecured and unsubordinated creditors except those creditors whose claims are mandatorily preferred by laws of general application to companies.

20.10 Title

- (a) Each Borrower shall hold the legal title to, and own the entire beneficial interest in:
 - (i) the Ship owned by it, its Earnings and its Insurances; and
 - (ii) with effect on and from its creation or intended creation, any other assets the subject of any Transaction Security created or intended to be created by such Borrower.
- (b) Each Borrower shall procure that the Guarantor shall hold the legal title to, and own the entire beneficial interest in with effect on and from its creation or intended creation, any assets the subject of any Transaction Security created or intended to be created by the Guarantor.

20.11 Negative pledge

- (a) No Borrower shall, and shall procure that no other Transaction Obligor will create or permit to subsist any Security over any of its assets which are, in the case of members of the Group other than the Borrowers, the subject of the Security created or intended to be created by the Finance Documents.
- (b) No Borrower shall:
 - (i) sell, transfer or otherwise dispose of any of its assets on terms whereby they are or may be leased to or re-acquired by a Transaction Obligor or any other member of the Group;
 - (ii) sell, transfer or otherwise dispose of any of its receivables on recourse terms;
 - (iii) enter into any arrangement under which money or the benefit of a bank or other account may be applied, set-off or made subject to a combination of accounts; or
 - (iv) enter into any other preferential arrangement having a similar effect,in circumstances where the arrangement or transaction is entered into primarily as a method of raising Financial Indebtedness or of financing the acquisition of an asset.
- (c) Paragraphs (a) and (b) above do not apply to any Permitted Security.

20.12 Disposals

- (a) No Borrower shall enter into a single transaction or a series of transactions (whether related or not) and whether voluntary or involuntary to sell, lease, transfer or otherwise dispose of any asset (including without limitation any Ship, its Earnings or its Insurances).
- (b) Paragraph (a) above does not apply to any Charter as all Charters are subject to Clause 22.16 (*Restrictions on chartering, appointment of managers etc.*).

20.13 Merger

No Borrower shall, and shall procure that the Guarantor shall not enter into any amalgamation, demerger, merger, consolidation or corporate reconstruction except in circumstances where the Guarantor is the surviving entity of any such event and there is no Material Adverse Effect on the Guarantor.

20.14 Change of business

- (a) Each Borrowers shall procure that no substantial change is made to the general nature of the business of the Guarantor or the Group from that carried on at the date of this Agreement.
- (b) No Borrower shall engage in any business other than the ownership and operation of its Ship.

20.15 Financial Indebtedness

No Borrower shall incur or permit to be outstanding any Financial Indebtedness except Permitted Financial Indebtedness.

20.16 Expenditure

No Borrower shall incur any expenditure, except for expenditure reasonably incurred in the ordinary course of owning, operating, maintaining and repairing its Ship.

20.17 Share capital

No Borrower shall:

- (a) purchase, cancel, redeem or retire any of its issued shares;
- (b) increase or reduce the number of shares that it is authorized to issue or change the par value of such shares or create any new class of shares;
- (c) issue any further shares except to the Shareholder and provided such new shares are made subject to the terms of the Shares Security relevant to it immediately upon the issue of such new shares in a manner satisfactory to the Security Agent and the terms of that Shares Security are complied with; or
- (d) appoint any further director, officer or secretary of that Borrower (unless the provisions of the Shares Security applicable to that Borrower are complied with).

20.18 Dividends

- (a) No Borrower shall, and shall procure that the Guarantor shall not following the occurrence of a Default which is continuing or where any of the following would result in the occurrence of an Event of Default:
 - (i) declare, make or pay any dividend, charge, fee or other distribution (or interest on any unpaid dividend, charge, fee or other distribution) (whether in cash or in kind) on or in respect of its issued shares (or any class of its shares);
 - (ii) repay or distribute any dividend or share premium reserve; or
 - (iii) redeem, repurchase, defease, retire or repay any of its issued shares or resolve to do so.
- (b) Each Borrower shall procure that the Guarantor will not enter into any other facility agreement pursuant to the terms and conditions of which the Guarantor will be restricted from paying dividends, other than following the occurrence of an Event of Default or where the payment of dividends would result in an Event of Default.

20.19 Other transactions

No Borrower shall:

- (a) be the creditor in respect of any loan or any form of credit to any person other than another Obligor and where such loan or form of credit is in the ordinary course of its business and in a manner acceptable to the Facility Agent;
- (b) give or allow to be outstanding any guarantee or indemnity in the ordinary course of its business in aggregate not more than \$500,000 to or for the benefit of any person in respect of any obligation of any other person or enter into any document under which that Borrower assumes any liability of any other person other than any guarantee or indemnity given under the Finance Documents.
- (c) enter into any material agreement other than:
 - (i) the Transaction Documents;
 - (ii) any other agreement expressly allowed under any other term of this Agreement; and
- (d) enter into any transaction on terms which are, in any respect, less favourable to that Borrower than those which it could obtain in a bargain made at arms' length; or
- (e) acquire any shares or other securities other than US or UK Treasury bills and certificates of deposit issued by major North American or European banks.

20.20 Unlawfulness, invalidity and ranking; Security imperilled

No Borrower shall, and shall procure that no other Transaction Obligor will, do (or fail to do) or cause or permit another person to do (or omit to do) anything which is likely to:

- (a) make it unlawful or contrary to Sanctions for a Transaction Obligor to perform any of its obligations under the Transaction Documents;
- (b) cause any obligation of a Transaction Obligor under the Transaction Documents to cease to be legal, valid, binding or enforceable if that cessation individually or together with any other cessations materially or adversely affects the interests of the Secured Parties under the Finance Documents;
- (c) cause any Transaction Document to cease to be in full force and effect;
- (d) cause any Transaction Security to rank after, or lose its priority to, any other Security; and
- (e) imperil or jeopardise the Transaction Security.

20.21 Further assurance

- (a) Each Borrower shall, and shall procure that each other Transaction Obligor will, and in any event within the time period specified by the Security Agent do all such acts (including procuring or arranging any registration, notarisation or authentication or the giving of any notice) or execute or procure execution of all such documents (including assignments, transfers, mortgages, charges, notices, instructions, acknowledgments, proxies and powers of attorney), as the Security Agent may specify (and in such form as the Security Agent may require in favour of the Security Agent or its nominee(s));

- (i) to create, perfect, vest in favour of the Security Agent or protect the priority of the Security or any right of any kind created or intended to be created under or evidenced by the Finance Documents (which may include the execution of a mortgage, charge, assignment or other Security over all or any of the assets which are, or are intended to be, the subject of the Transaction Security) or for the exercise of any rights, powers and remedies of any of the Secured Parties provided by or pursuant to the Finance Documents or by law;
 - (ii) to confer on the Security Agent or confer on the Secured Parties Security over any property and assets of that Transaction Obligor located in any jurisdiction equivalent or similar to the Security intended to be conferred by or pursuant to the Finance Documents;
 - (iii) to facilitate or expedite the realisation and/or sale of, the transfer of title to or the grant of, any interest in or right relating to the assets which are, or are intended to be, the subject of the Transaction Security or to exercise any power specified in any Finance Document in respect of which the Security has become enforceable; and/or
 - (iv) to enable or assist the Security Agent to enter into any transaction to commence, defend or conduct any proceedings and/or to take any other action relating to any item of the Security Property.
- (b) Each Borrower shall, and shall procure that each other Transaction Obligor will, take all such action as is available to it (including making all filings and registrations) as may be necessary for the purpose of the creation, perfection, protection or maintenance of any Security conferred or intended to be conferred on the Security Agent or the Secured Parties by or pursuant to the Finance Documents.
- (c) At the same time as a Borrower delivers to the Security Agent any document executed by itself or another Transaction Obligor pursuant to this Clause 20.21 (*Further assurance*), that Borrower shall deliver, or shall procure that such other Transaction Obligor will deliver, to the Security Agent a certificate signed by one of that Borrower's or Transaction Obligor's officers which shall:
- (i) set out the text of a resolution of that Borrower's or Transaction Obligor's directors specifically authorising the execution of the document specified by the Security Agent; and
 - (ii) state that either the resolution was duly passed at a meeting of the directors validly convened and held, throughout which a quorum of directors entitled to vote on the resolution was present, or that the resolution has been signed by all the directors or officers and is valid under that Borrower's or Transaction Obligor's articles of incorporation or limited partnership agreement, as applicable.

20.22 Money Laundering

The Borrowers undertake throughout the Security Period to:

- (a) provide the Lenders with information, certificates and any documents required by the Lenders to ensure compliance with any law, official requirement or other regulatory measure or procedure implemented to combat Money Laundering; and
- (b) notify the Lenders as soon as it becomes aware of any matters evidencing that a breach of any law, official requirement or other regulatory measure or procedure implemented to combat Money Laundering may or is about to occur.

20.23 Sanctions

- (a) No Borrower shall (and the Borrowers shall ensure that no other Relevant Person will) take any action, make any omission or use (directly or indirectly) any proceeds of the Loan, in a manner that:
 - (i) is a breach of Sanctions; and/or
 - (ii) causes (or will cause) a breach of Sanctions by any Finance Party.
- (b) No Borrower shall (and the Borrowers shall ensure that no other Relevant Person will) take any action or make any omission that results, or is reasonably likely to result, in it or any Finance Party becoming a Restricted Party.

20.24 Use of proceeds

No proceeds of any Advance shall be lent, contributed or otherwise made available, directly or indirectly, to or for the benefit of a Restricted Party (including to fund any activities or business of a Restricted Party) nor shall they be lent, contributed or otherwise made available, directly or indirectly, to any person or otherwise be applied (i) to fund any activities or business in any country or territory, that, at the time of such funding, is a country or territory which is subject to Sanctions Laws or (ii) in any other manner that would result in a violation of Sanctions Laws by any person (including any person participating in the Loan, whether as a Finance Party or otherwise) or otherwise in a manner or for a purpose prohibited by Sanctions Laws including, but not limited to, in using any benefits of any money, proceeds or services provided by, or received from, the Lenders under this Agreement, in business activities (including, but not limited to, entering into any ship finance acquisition agreement, ship refinancing agreement or charter agreement relating to a vessel, project or asset) subject to Sanctions Laws or related to a country which is subject to Sanctions Laws and/or a Restricted Party.

20.25 Anti-corruption law

- (a) No Transaction Obligor shall directly or indirectly use the proceeds of the Facility for any purpose which would breach the Bribery Act 2010, the United States Foreign Corrupt Practices Act of 1977 or other similar legislation in other jurisdictions.
- (b) Each Transaction Obligor shall:
 - (i) conduct its business in compliance with applicable anti-corruption laws; and
 - (ii) maintain policies and procedures designed to promote and achieve compliance with such laws.

20.26 Listing of Guarantor

The Borrowers shall procure that the Guarantor's shares are listed on the New York Stock Exchange or any other stock exchange acceptable to the Facility Agent.

20.27 No change in financial year

The Borrowers shall procure that the Guarantor shall not change the end of its financial year.

21 INSURANCE UNDERTAKINGS

21.1 General

The undertakings in this Clause 21 (*Insurance Undertakings*) remain in force throughout the rest of the Security Period except as the Facility Agent, acting with the authorisation of the Majority Lenders (or, where specified, all the Lenders) may otherwise permit.

21.2 Maintenance of obligatory insurances

Each Borrower shall keep the Ship owned by it insured at its expense against:

- (a) hull and machinery plus freight interest and hull interest and any other usual marine risks (including excess risks);
- (b) war risks, including blocking and trapping and to cover piracy and terrorism if those risks are excluded from fire and usual marine risks cover;
- (c) protection and indemnity risks (including freight, demurrage and defence cover without exclusion of any Environmental Incident) with a protection and indemnity association being a member of the international Group of Protection and Indemnity Clubs; and
- (d) any other risks against which the Facility Agent acting on the instructions of the Majority Lenders considers, having regard to practices and other circumstances prevailing at the relevant time, it would be reasonable for that Borrower to insure and which are specified by the Facility Agent by notice to that Borrower.

21.3 Terms of obligatory insurances

Each Borrower shall effect such insurances:

- (a) in dollars;
- (b) in the case of fire and usual marine risks and war risks (the "**Agreed Insured Value**"), in an amount on an agreed value basis at least the greater of:
 - (i) 120 per cent. of the Tranche relating to that Ship; and
 - (ii) the Market Value of that Ship;
- (c) in the case of hull and machinery insurance, in an amount on an agreed value basis of at least 80 per cent. of the Agreed Insured Value of that Ship with the remainder of that Agreed Insured Value being covered by hull interest and freight interest covers;

- (d) in the case of oil pollution liability risks, for an aggregate amount equal to the highest level of cover from time to time available under basic protection and indemnity club entry and in the international marine insurance market;
- (e) in the case of protection and indemnity risks, in respect of the full tonnage of its Ship;
- (f) on approved terms; and
- (g) through Approved Brokers and with approved insurance companies and/or underwriters or, in the case of war risks and protection and indemnity risks, in approved war risks and protection and indemnity risks associations.

21.4 Further protections for the Finance Parties

In addition to the terms set out in Clause 21.3 (*Terms of obligatory insurances*), each Borrower shall procure that the obligatory insurances shall:

- (a) subject always to paragraph (b), name that Borrower, the Guarantor or any Approved Manager as the named assured or co-assureds unless the interest of every other named assured is limited:
 - (i) in respect of any obligatory insurances for hull and machinery and war risks;
 - (A) to any provable out-of-pocket expenses that it has incurred and which form part of any recoverable claim on underwriters; and
 - (B) to any third party liability claims where cover for such claims is provided by the policy (and then only in respect of discharge of any claims made against it); and
 - (ii) in respect of any obligatory insurances for protection and indemnity risks, to any recoveries it is entitled to make by way of reimbursement following discharge of any third party liability claims made specifically against it;
- and every other named insured has undertaken in writing to the Security Agent (in such form as it requires) that any deductible shall be apportioned between that Borrower and every other named insured in proportion to the gross claims made or paid by each of them and that it shall do all things necessary and provide all documents, evidence and information to enable the Security Agent to collect or recover any moneys which at any time become payable in respect of the obligatory insurances;
- (b) whenever the Facility Agent requires, name (or be amended to name) the Security Agent as additional named insured for its rights and interests, warranted no operational interest and with full waiver of rights of subrogation against the Security Agent, but without the Security Agent being liable to pay (but having the right to pay) premiums, calls or other assessments in respect of such insurance;
 - (c) name the Security Agent as loss payee with such directions for payment as the Facility Agent may specify;
 - (d) provide that all payments by or on behalf of the insurers under the obligatory insurances to the Security Agent shall be made without set off, counterclaim or deductions or condition whatsoever;

- (e) provide that the obligatory insurances shall be primary without right of contribution from other insurances which may be carried by the Security Agent or any other Finance Party; and
- (f) provide that the Security Agent may make proof of loss if that Borrower fails to do so.

21.5 Renewal of obligatory insurances

Each Borrower shall:

- (a) at least 21 days before the expiry of any obligatory insurance:
 - (i) notify the Facility Agent of the Approved Brokers (or other insurers) and any protection and indemnity or war risks association through or with which it proposes to renew that obligatory insurance and of the proposed terms of renewal; and
 - (ii) obtain the Facility Agents' approval to the matters referred to in sub-paragraph (i) above;
- (b) at least 14 days before the expiry of any obligatory insurance, renew that obligatory insurance in accordance with the Facility Agent's approval pursuant to paragraph (a) above; and
- (c) procure that the Approved Brokers and/or the approved war risks and protection and indemnity associations with which such a renewal is effected shall promptly after the renewal notify the Facility Agent in writing of the terms and conditions of the renewal.

21.6 Copies of policies; letters of undertaking

Each Borrower shall ensure that the Approved Brokers provide the Security Agent with:

- (a) *pro forma* copies of all policies relating to the obligatory insurances which they are to effect or renew; and
- (b) a letter or letters of undertaking in a form required by the Facility Agent and including undertakings by the Approved Brokers that:
 - (i) 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 21.4 (*Further protections for the Finance Parties*);
 - (ii) they will hold such policies, and the benefit of such insurances, to the order of the Security Agent in accordance with such loss payable clause;
 - (iii) they will advise the Security Agent immediately of any material change to the terms of the obligatory insurances;
 - (iv) they will, if they have not received notice of renewal instructions from the relevant Borrower or its agents, notify the Security Agent not less than 14 days before the expiry of the obligatory insurances;
 - (v) if they receive instructions to renew the obligatory insurances, they will promptly notify the Facility Agent of the terms of the instructions;

- (vi) they will not set off against any sum recoverable in respect of a claim relating to that Ship 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
- (vii) they will arrange for a separate policy to be issued in respect of that Ship forthwith upon being so requested by the Facility Agent.

21.7 Copies of certificates of entry

Each Borrower shall ensure that any protection and indemnity and/or war risks associations in which the Ship owned by it is entered provide the Security Agent 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 Facility Agent acting on the instructions of Majority Lenders; and
- (c) a certified copy of each certificate of financial responsibility for pollution by oil or other Environmentally Sensitive Material issued by the relevant certifying authority in relation to that Ship.

21.8 Deposit of original policies

Each Borrower shall ensure that all policies relating to obligatory insurances are deposited with the Approved Brokers through which the insurances are effected or renewed.

21.9 Payment of premiums

Each Borrower shall punctually pay all premiums or other sums payable in respect of the obligatory insurances and produce all relevant receipts when so required by the Facility Agent or the Security Agent.

21.10 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.

21.11 Compliance with terms of insurances

- (a) No Borrower shall 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.
- (b) Without limiting paragraph (a) above, each Borrower shall:
 - (i) 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 sub-paragraph (iii) of paragraph (b) of Clause 21.6 (*Copies of policies; letters of undertaking*)) ensure that the obligatory insurances are not made subject to any exclusions or qualifications to which the Facility Agent has not given its prior approval;

- (ii) 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;
- (iii) make (and promptly supply copies to the Facility Agent of) all quarterly or other voyage declarations which may be required by the protection and indemnity risks association in which the Ship owned by it is entered to maintain cover for trading to the United States of America and Exclusive Economic Zone (as defined in the United States Oil Pollution Act 1990 or any other applicable legislation); and
- (iv) not employ the Ship owned by it, nor allow it to be employed, otherwise than in conformity with the terms and conditions of the obligatory insurances, without first obtaining the consent of the insurers and complying with any requirements (as to extra premium or otherwise) which the insurers specify.

21.12 Alteration to terms of insurances

No Borrower shall make or agree to any alteration to the terms of any obligatory insurance or waive any right relating to any obligatory insurance.

21.13 Settlement of claims

Each Borrower shall:

- (a) not settle, compromise or abandon any claim under any obligatory insurance for Total Loss or for a Major Casualty; and
- (b) do all things necessary and provide all documents, evidence and information to enable the Security Agent to collect or recover any moneys which at any time become payable in respect of the obligatory insurances.

21.14 Provision of copies of communications

Each Borrower shall provide the Security Agent, at the time of each such communication, with 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) above relating wholly or partly to the effecting or maintenance of the obligatory insurances.

21.15 Provision of information

Each Borrower shall promptly provide the Facility Agent (or any persons which it may designate) with any information which the Facility Agent (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 21.16 (*Mortgagee's interest and additional perils insurances*) or dealing with or considering any matters relating to any such insurances,

and the Borrowers shall, forthwith upon demand, indemnify the Security Agent in respect of all fees and other expenses incurred by or for the account of the Security Agent in connection with any such report as is referred to in paragraph (a) above.

21.16 Mortgagee's interest and additional perils insurances

- (a) The Security Agent shall be entitled from time to time to effect, maintain and renew a mortgagee's interest marine insurance and a mortgagee's interest additional perils insurance in such amounts, on such terms, through such insurers and generally in such manner as the Security Agent acting on the instructions of the Majority Lenders may reasonably from time to time consider appropriate.
- (b) Each of the insurances referred to in paragraph (a) above shall be in an amount of not less than 110 per cent. of the aggregate of (i) the Loan and (ii) any Available Facility.
- (c) The Borrowers shall upon demand fully indemnify the Security Agent in respect of all premiums and other expenses which are incurred in connection with or with a view to effecting, maintaining or renewing any insurance referred to in paragraph (a) above or dealing with, or considering, any matter arising out of any such insurance.

22 SHIP UNDERTAKINGS

22.1 General

The undertakings in this Clause 22 (*Ship Undertakings*) remain in force on and from the date of this Agreement and throughout the rest of the Security Period except as the Facility Agent, acting with the authorisation of the Majority Lenders (or, where specified, all the Lenders) may otherwise permit.

22.2 Ships' names and registration

Each Borrower shall, in respect of the Ship owned by it:

- (a) keep that Ship registered in its name under the Approved Flag from time to time at its port of registration;
- (b) not do or allow to be done anything as a result of which such registration might be suspended, cancelled or imperilled;
- (c) not enter into any dual flagging arrangement in respect of that Ship; and

- (d) not change the name of that Ship,
provided that any change of flag of a Ship shall be subject to:
 - (i) that Ship remaining subject to Security securing the Secured Liabilities created by a first priority or preferred ship mortgage on that Ship and, if appropriate, a first priority Deed of Covenant collateral to that mortgage (or equivalent first priority Security) on substantially the same terms as the Mortgage and, if applicable, related Deed of Covenant and on such other terms and in such other form as the Facility Agent, acting with the authorisation of the Majority Lenders, shall approve or require; and
 - (ii) the execution of such other documentation amending and supplementing the Finance Documents as the Facility Agent, acting with the authorisation of the Majority Lenders, shall approve or require.

22.3 Repair and classification

Each Borrower shall keep the Ship owned by it in a good and safe condition and state of repair:

- (a) consistent with first class ship ownership and management practice; and
- (b) so as to maintain the Approved Classification free of overdue recommendations and conditions.

22.4 Classification society undertaking

Each Borrower shall, in respect of the Ship owned by it, instruct the Approved Classification Society:

- (a) to send to the Security Agent, following receipt of a written request from the Security Agent, certified true copies of all original class records held by the Approved Classification Society in relation to that Ship;
- (b) to allow the Security Agent (or its agents), at any time and from time to time, to inspect the original class and related records of that Borrower and that Ship at the offices of the Approved Classification Society and to take copies of them;
- (c) to notify the Security Agent immediately in writing if the Approved Classification Society:
 - (i) receives notification from that Borrower or any person that that Ship's Approved 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 or that Ship's membership of the Approved Classification Society;
- (d) following receipt of a written request from the Security Agent:
 - (i) to confirm that that Borrower is not in default of any of its contractual obligations or liabilities to the Approved Classification Society, including confirmation that it has paid in full all fees or other charges due and payable to the Approved Classification Society; or

- (ii) to confirm that that Borrower is in default of any of its contractual obligations or liabilities to the Approved Classification Society, to specify to the Security Agent in reasonable detail the facts and circumstances of such default, the consequences of such default, and any remedy period agreed or allowed by the Approved Classification Society.

22.5 Modifications

No Borrower shall make any modification or repairs to, or replacement of, any 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.

22.6 Removal and installation of parts

- (a) Subject to paragraph (b) below, no Borrower shall remove any material part of any Ship, or any item of equipment installed on any Ship unless:
 - (i) 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;
 - (ii) the replacement part or item is free from any Security in favour of any person other than the Security Agent; and
 - (iii) the replacement part or item becomes, on installation on that Ship, the property of that Borrower and subject to the security constituted by the Mortgage on that Ship and, if applicable, the related Deed of Covenant.
- (b) 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 that Borrower.

22.7 Surveys

Each Borrower shall submit the Ship owned by it regularly to all periodic or other surveys which may be required for classification purposes and, if so required by the Facility Agent acting on the instructions of the Majority Lenders, provide the Facility Agent, with copies of all survey reports.

22.8 Inspection

Each Borrower shall permit the Security Agent (acting through surveyors or other persons appointed by it for that purpose) to board the Ship owned by it at all reasonable times and provided there is no interference with that Ship's operation to inspect its condition or to satisfy themselves about proposed or executed repairs and shall afford all proper facilities for such inspections. The cost of the inspection shall be borne by the Borrowers once per annum, unless an Event of Default has occurred, in which case the cost of all inspections while the Event of Default is continuing shall be borne by the Borrowers.

22.9 Prevention of and release from arrest

- (a) Each Borrower shall, in respect of the Ship owned by it, promptly discharge:
 - (i) all liabilities which give or may give rise to maritime or possessory liens on or claims enforceable against that Ship, its Earnings or its Insurances;

- (ii) all Taxes, dues and other amounts charged in respect of that Ship, its Earnings or its Insurances; and
 - (iii) all other outgoings whatsoever in respect of that Ship, its Earnings or its Insurances.
- (b) Each Borrower shall immediately upon receiving notice of the arrest of the Ship owned by it or of its detention in exercise or purported exercise of any lien or claim, take all steps necessary to procure its release by providing bail or otherwise as the circumstances may require.

22.10 Compliance with laws etc.

Each Borrower shall:

- (a) comply, or procure compliance with all laws or regulations:
 - (i) relating to its business generally; and
 - (ii) relating to the Ship owned by it, its ownership, employment, operation, management and registration, including, but not limited to, the ISM Code, the ISPS Code, all Environmental Laws, all Sanctions and the laws of the Approved Flag;
- (b) obtain, comply with and do all that is necessary to maintain in full force and effect any Environmental Approvals; and
- (c) without limiting paragraph (a) above, not employ the Ship owned by it nor allow its employment, operation or management in any manner contrary to any law or regulation including but not limited to the ISM Code, the ISPS Code, all Environmental Laws and Sanctions (or which would be contrary to Sanctions if Sanctions were binding on each Transaction Obligor).

22.11 ISPS Code

Without limiting paragraph (a) of Clause 22.10 (*Compliance with laws etc.*), each Borrower 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 an ISSC for that Ship; and
- (c) notify the Facility Agent immediately in writing of any actual or threatened withdrawal, suspension, cancellation or modification of the ISSC.

22.12 Sanctions and Ship trading

Without limiting Clause 22.10 (*Compliance with laws etc.*), each Borrower shall procure:

- (a) that the Ship owned by it shall not be used by or for the benefit of a Restricted Party;
- (b) that the Ship owned by it shall not be used in trading in any manner contrary to Sanctions (or which could be contrary to Sanctions if Sanctions were binding on each Transaction Obligor);

- (c) that the Ship owned by it shall not be traded in any manner which would trigger the operation of any sanctions limitation or exclusion clause (or similar) in the Insurances; and
- (d) that each Charter in respect of the Ship owned by it shall contain, for the benefit of that Borrower, language which gives effect to the provisions of paragraph (c) of Clause 22.10 (*Compliance with laws etc.*) as regards Sanctions and of this Clause 22.12 (*Sanctions and Ship trading*) and which Charter permits refusal of employment or voyage orders if such employment or compliance with such orders results in non-compliance with such provisions or breaches Sanctions (or which would result in a breach of Sanctions if Sanctions were binding on each Borrower).

22.13 Trading in war zones

- (a) In the event of hostilities in any part of the world (whether war is declared or not), no Borrower shall cause or permit any Ship to enter or trade to any zone which is declared a war zone by any government or by that Ship's war risks insurers unless:
- (b) the prior notification has been given to the Security Agent; and
- (c) the Borrower has (at its expense) effected any special, additional or modified insurance cover which the insurers require to ensure that that Ship remains properly insured in accordance with the Finance Documents (including, without limitation, any requirement for the payment of additional or extra insurance premia).

22.14 Provision of information

Without prejudice to Clause 19.5 (*Information: miscellaneous*) each Borrower shall, in respect of the Ship owned by it, promptly provide the Facility Agent with any information which it requests regarding:

- (a) that Ship, its employment, position and engagements;
- (b) the Earnings and payments and amounts due to its master and crew;
- (c) any expenditure incurred, or likely to be incurred, in connection with the operation, maintenance or repair of that Ship and any payments made by it 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 Facility Agent's request, promptly provide copies of any current Charter relating to that Ship, of any current guarantee of any such Charter, the Ship's Safety Management Certificate and any relevant Document of Compliance.

22.15 Notification of certain events

Each Borrower shall, in respect of the Ship owned by it, immediately notify the Facility Agent by fax, confirmed forthwith by letter, of:

- (a) any casualty to that Ship which is or is likely to be or to become a Major Casualty;

- (b) any occurrence as a result of which that Ship has become or is, by the passing of time or otherwise, likely to become a Total Loss;
- (c) any requisition of that Ship for hire;
- (d) any requirement or recommendation made in relation to that Ship by any insurer or classification society or by any competent authority which is not immediately complied with;
- (e) any arrest or detention of that Ship or any exercise or purported exercise of any lien on that Ship or the Earnings;
- (f) any intended dry docking of that Ship;
- (g) any Environmental Claim made against that Borrower or in connection with that Ship, or any Environmental Incident;
- (h) any claim for breach of the ISM Code or the ISPS Code being made against that Borrower, an Approved Manager or otherwise in connection with that Ship; or
- (i) any other matter, event or incident, actual or threatened, the effect of which will or could lead to the ISM Code or the ISPS Code not being complied with;
- (j) any notice, or such Borrower becoming aware, of any claim, action, suit, proceedings or investigation against any Transaction Obligor, any of its Subsidiaries or any of their respective directors, officers, employees or agents with respect to Sanctions; or
- (k) any circumstances which could give rise to a breach of any representation or undertaking in this Agreement, or any Event of Default, relating to Sanctions,

and each Borrower shall keep the Facility Agent advised in writing on a regular basis and in such detail as the Facility Agent shall require as to that Borrower's, any such Approved Manager's or any other person's response to any of those events or matters.

22.16 Restrictions on chartering, appointment of managers etc.

No Borrower shall, in respect of the Ship owned by it:

- (a) let that Ship on demise charter for any period;
- (b) enter into any time, voyage or consecutive voyage charter in respect of that Ship other than a Permitted Charter;
- (c) appoint a manager of that Ship other than an Approved Manager;
- (d) de activate or lay up that Ship; or
- (e) 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 the relevant Borrower ensures that that person has first given to the Security Agent 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.

22.17 Notice of Mortgage

Each Borrower shall keep the Mortgage registered against the Ship owned by it as a valid first preferred mortgage, carry on board that Ship a certified copy of the 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 Agent.

22.18 Sharing of Earnings

No Borrower shall enter into any agreement or arrangement for the sharing of any Earnings other than any profit-sharing arrangements on arm's length terms.

22.19 Charterparty Assignment

If any Borrower enters into an Assignable Charter that Borrower shall promptly after the date of such Assignable Charter enter into a Charterparty Assignment and the assignment contemplated thereunder shall be notified to the relevant charterer and any charter guarantor in accordance with the terms of such Charterparty Assignment and that Borrower shall use its commercially reasonable endeavours to obtain an acknowledgment of that Charterparty Assignment from the relevant Charterer and/or charter guarantor, and shall additionally deliver to the Facility Agent such other documents relevant to that Borrower and that Ship equivalent to those referred to at paragraphs 1.2, 1.3, 1.5, 1.8, 2, 6.2 and 6.6 of Part A of Schedule 2 (*Conditions Precedent*) as the Facility Agent may require.

22.20 IHM

Each Borrower shall ensure that that Ship owned by it carries an IHM classification from the relevant Approved Classification Society from the date of completion of the first dry docking of that Ship after the date of this Agreement and at all times thereafter and shall promptly deliver to the Facility Agent upon its request a copy of the class report noting the same.

22.21 Dismantling of Ships

The Borrowers confirm that they will procure that each Ship and any other Group Vessel will be (or, if sold to an intermediary with the intention of being scrapped, will use their best endeavours to procure), that such Ship and any other Group Vessel will be recycled at a recycling yard which conducts its recycling business in a socially and environmentally responsible manner, in accordance with the provisions of The Hong Kong International Convention for the Safe and Environmentally Sound Recycling of Ships, 2009 or, with regards to any EU flagged vessels, the EU Ship Recycling Regulation.

22.22 Poseidon Principles

The Borrowers shall, upon the request of any Lender and at the cost of the Borrowers on or before 31st July in each calendar year, supply or procure the supply (as specified by the relevant Lender) to the Facility Agent (on behalf of that Lender) of all information necessary in order for that Lender to comply with its obligations under the Poseidon Principles in respect of the preceding year, including, without limitation, all ship fuel oil consumption data required to be collected and reported in accordance with Regulation 22A of Annex VI and any Statement

of Compliance, in each case relating to the Ship owned by it for the preceding calendar year provided always that, for the avoidance of doubt, such information shall be “Confidential Information” for the purposes of Clause 43 (*Confidential Information*) but the Borrowers acknowledges that, in accordance with the Poseidon Principles, such information will form part of the information published regarding the relevant Lender’s portfolio climate alignment.

22.23 Notification of compliance

Each Borrower shall promptly provide the Facility Agent from time to time with evidence (in such form as the Facility Agent requires) that it is complying with this Clause 22 (*Ship Undertakings*).

23 SECURITY COVER

23.1 Minimum required security cover

Clause 23.2 (*Provision of additional security; prepayment*) applies if the Facility Agent notifies the Borrowers that:

- (a) the aggregate Market Value of the Ships; plus
- (b) the net realisable value of additional Security previously provided under this Clause 23 (*Security Cover*),
is below 130 per cent. of the Loan.

23.2 Provision of additional security; prepayment

- (a) If the Facility Agent serves a notice on the Borrowers under Clause 23.1 (*Minimum required security cover*), the Borrowers shall, on or before the date falling 30 Business Days after the date on which the Facility Agent’s notice is served (the “**Prepayment Date**”), prepay such part of the Loan as shall eliminate the shortfall.
- (b) The Borrowers may, instead of making a prepayment as described in paragraph (a) above, provide, or ensure that a third party has provided, additional security which, in the opinion of the Facility Agent acting on the instructions of the Majority Lenders:
 - (i) has a net realisable value at least equal to the shortfall; and
 - (ii) is documented in such terms as the Facility Agent may approve or require,
before the Prepayment Date; and conditional upon such security being provided in such manner, it shall satisfy such prepayment obligation.

23.3 Value of additional vessel security

The net realisable value of any additional security which is provided under Clause 23.2 (*Provision of additional security; prepayment*) and which consists of Security over a vessel shall be the Market Value of the vessel concerned.

23.4 Valuations binding

Any valuation under this Clause 23 (*Security Cover*) shall be binding and conclusive as regards each Borrower.

23.5 Provision of information

- (a) Each Borrower shall promptly provide the Facility Agent and any shipbroker acting under this Clause 23 (*Security Cover*) with any information which the Facility Agent or the shipbroker may request for the purposes of the valuation.
- (b) If any Borrower fails to provide the information referred to in paragraph (a) above by the date specified in the request, the valuation may be made on any basis and assumptions which the shipbroker or the Facility Agent considers prudent.

23.6 Prepayment mechanism

Any prepayment pursuant to Clause 23.2 (*Provision of additional security; prepayment*) shall be made in accordance with the relevant provisions of Clause 7 (*Prepayment and Cancellation*), and each such prepayment shall reduce each Tranche *pro rata* by reducing the Repayment Instalments and the Balloon Instalment in respect of that falling after such prepayment on a *pro rata* basis by the amount prepaid.

23.7 Provision of valuations

- (a) For the purpose of the Utilisation and subject to paragraph (b) below, the Market Value of any Ship shall be determined by reference to the valuation of that Ship as given by an Approved Valuer selected and appointed by the Borrowers and addressed to the Facility Agent or in the event that the Borrowers fail to do so appointed by the Facility Agent. The Agent shall, in its full discretion be entitled to request a second valuation from an Approved Valuer selected and appointed by the Facility Agent, in which case, the Market Value shall be the arithmetic average of the two valuations.
- (b) If the two valuations in respect of a Ship obtained pursuant to paragraph (a) above differ by at least 10 per cent., then a third valuation for that Ship shall be obtained from a third Approved Valuer selected by the Facility Agent, appointed by the Facility Agent and such valuation shall be addressed to the Facility Agent and the Market Value of that Ship shall be the arithmetic average of all three such valuations.
- (c) The Facility Agent shall be entitled, after the Utilisation Date, to test the security cover requirement under Clause 23.1 (*Minimum required security cover*) by reference to the Market Value of any Ship as determined in accordance with paragraphs (a) to (b) above, semi-annually during the Security Period.
- (d) The Facility Agent shall ascertain compliance with clause 10 (*financial covenants*) of the Guarantee by reference to the market value of the Fleet Vessels as provided in the Latest Accounts (as each such term is defined in the Guarantee).
- (e) Each of the valuations referred to at paragraphs (a) and (b) above shall be obtained not more than 30 days before the Utilisation Date, while each of the valuations referred to in paragraph (d) above shall be obtained not more than 30 days before the Test Date (as such term is defined in the Guarantee) of the relevant quarter.
- (f) The Facility Agent may at any time after an Event of Default has occurred and is continuing obtain valuations of any Ship and any other vessel over which additional security has been created in accordance with Clause 23.2 (*Provision of additional security; prepayment*) from Approved Valuers to enable the Facility Agent to determine the Market Value of that Ship and any other vessel and also for the purpose of testing the security cover requirement under Clause 23.1 (*Minimum required security cover*). The Facility Agent shall be entitled to determine the Market Value of any Ship at any other time.

- (g) The valuations referred to in paragraph (a) to (c) above shall be obtained at the cost and expense of the Borrowers and the Borrowers shall within three Business Days of demand by the Facility Agent pay to the Facility Agent all costs and expenses incurred by it in obtaining any such valuation. The cost of the valuations referred to in paragraph (d) for the Borrowers shall be limited to four times per annum, unless an Event of Default has occurred or the covenant contained in Clause 23.1 (*Minimum required security cover*) is not complied with, in which case the cost of all valuations shall be borne by the Borrowers.

24 ACCOUNTS AND APPLICATION OF EARNINGS

24.1 Accounts

No Borrower may, without the prior consent of the Facility Agent, maintain any bank account other than its Earnings Account.

24.2 Payment of Earnings

Each Borrower shall ensure that subject only to the provisions of the General Assignment to which it is a party, all the Earnings in respect of the Ship owned by it are paid in to its Earnings Account.

24.3 Location of Accounts

Each Borrower shall promptly:

- (a) comply with any requirement of the Facility Agent as to the location or relocation of its Earnings Account; and
- (b) execute any documents which the Facility Agent specifies to create or maintain in favour of the Security Agent Security over (and/or rights of set-off, consolidation or other rights in relation to) its Earnings Account.

24.4 Restriction on withdrawal

During the Security Period a Borrower may withdraw any sum from its Earnings Account provided that (i) no Event of Default has occurred from such withdrawal and (ii) no notice has been given to that Borrower by the Facility Agent or the Security Agent that such withdrawal is not permitted.

25 EVENTS OF DEFAULT

25.1 General

Each of the events or circumstances set out in this Clause 25 (*Events of Default*) is an Event of Default except for Clause 25.20 (*Acceleration*) and Clause 25.21 (*Enforcement of security*).

25.2 Non-payment

A Transaction Obligor does not pay on the due date any amount payable pursuant to a Finance Document at the place at and in the currency in which it is expressed to be payable unless:

- (a) its failure to pay is caused by:
 - (i) administrative or technical error; or
 - (ii) a Disruption Event; and
- (b) payment is made within three Business Days of its due date.

25.3 Specific obligations

A breach occurs of Clause 4.4 (*Waiver of conditions precedent*), clause 10 (*financial covenants*) of the Guarantee, Clause 20.10 (*Title*), Clause 20.11 (*Negative pledge*), Clause 20.20 (*Unlawfulness, invalidity and ranking; Security imperilled*), Clause 21.2 (*Maintenance of obligatory insurances*), Clause 21.3 (*Terms of obligatory insurances*), Clause 21.5 (*Renewal of obligatory insurances*), Clause 22.13 (*Trading in war zones*) or save to the extent such breach is a failure to pay and therefore subject to Clause 25.2 (*Non-payment*), Clause 23 (*Security Cover*).

25.4 Other obligations

- (a) A Transaction Obligor does not comply with any provision of the Finance Documents (other than those referred to in Clause 25.2 (*Non-payment*) and Clause 25.3 (*Specific obligations*)).
- (b) No Event of Default under paragraph (a) above will occur if the failure to comply is capable of remedy and is remedied within 15 Business Days of the Facility Agent giving notice to the Borrowers or (if earlier) any Transaction Obligor becoming aware of the failure to comply.

25.5 Misrepresentation

Any representation or statement made or deemed to be made by a Transaction Obligor in the Finance Documents or any other document delivered by or on behalf of any Transaction Obligor under or in connection with any Finance Document is or proves to have been incorrect or misleading in any material respect when made or deemed to be made.

25.6 Cross default

- (a) Any Financial Indebtedness of any Transaction Obligor (other than an Approved Manager) is not paid when due nor within any originally applicable grace period.
- (b) Any Financial Indebtedness of any Transaction Obligor (other than an Approved Manager) is declared to be or otherwise becomes due and payable prior to its specified maturity as a result of an event of default (however described) unless the Transaction Obligor (other than an Approved Manager) is contesting the declaration of an event of default or of the Financial Indebtedness becoming due and payable in good faith and on substantial grounds by appropriate proceedings and adequate reserves (in the reasonable opinion of the Facility Agent) have been set aside for its payment if such proceedings fail.
- (c) Any commitment for any Financial Indebtedness of any Transaction Obligor (other than an Approved Manager) is cancelled or suspended by a creditor of that Transaction Obligor as a result of an event of default (however described).
- (d) Any creditor of any Transaction Obligor (other than an Approved Manager) becomes entitled to declare any Financial Indebtedness of that Transaction Obligor (other than the Approved Manager) due and payable prior to its specified maturity as a result of an event of default (however described).

- (e) No Event of Default will occur under this Clause 25.6 (*Cross default*) in respect of the Guarantor if the aggregate amount of Financial Indebtedness or commitment for Financial Indebtedness falling within paragraphs (a) to (d) above is less than \$20,000,000 (or its equivalent in any other currency).

25.7 Insolvency

- (a) A Transaction Obligor (other than an Approved Manager):
- (i) is unable or admits inability to pay its debts as they fall due; or
 - (ii) is deemed to, or is declared to, be unable to pay its debts under applicable law.
- (b) A moratorium is declared in respect of any indebtedness of any Transaction Obligor (other than an Approved Manager). If a moratorium occurs, the ending of the moratorium will not remedy any Event of Default caused by that moratorium.

25.8 Insolvency proceedings

- (a) Any corporate action, legal proceedings or other procedure or step is taken in relation to:
- (i) the suspension of payments, a moratorium of any indebtedness, winding-up, dissolution, administration or reorganisation (by way of voluntary arrangement, scheme of arrangement or otherwise) of any Transaction Obligor (other than an Approved Manager);
 - (ii) a composition, compromise, assignment or arrangement with any creditor of any Transaction Obligor (other than an Approved Manager);
 - (iii) the appointment of a liquidator, receiver, administrator, administrative receiver, compulsory manager or other similar officer in respect of any Transaction Obligor (other than an Approved Manager) or any of its assets; or
 - (iv) enforcement of any Security over any assets of any Transaction Obligor (other than an Approved Manager),
- or any analogous procedure or step is taken in any jurisdiction.
- (b) Paragraph (a) above shall not apply to any winding-up petition which is frivolous or vexatious and is discharged, stayed or dismissed within 30 days of commencement.

25.9 Creditors' process

Any expropriation, attachment, sequestration, distress or execution (or any analogous process in any jurisdiction) affects any asset or assets of a Transaction Obligor (other than any Approved Manager or an arrest or detention of a Ship which, in accordance with Clause 25.14 (*Arrest*), is discharged within 30 days).

25.10 Ownership of the Obligors

There is in respect of any Borrower, a change in its ownership which results in the Guarantor owning directly or indirectly (but if indirectly only through companies with registered shares), less than 100 per cent. of the shares in that Borrower.

25.11 Unlawfulness, invalidity and ranking

- (a) It is or becomes unlawful for a Transaction Obligor to perform any of its obligations under the Finance Documents.
- (b) Any obligation of a Transaction Obligor under the Finance Documents is not or ceases to be legal, valid, binding or enforceable.
- (c) Any Finance Document ceases to be in full force and effect or to be continuing or is or purports to be determined or any Transaction Security is alleged by a party to it (other than a Finance Party) to be ineffective.
- (d) Any Transaction Security proves to have ranked after, or loses its priority to, any other Security.

25.12 Security imperilled

Any Security created or intended to be created by a Finance Document is in any way imperilled or in jeopardy.

25.13 Cessation of business

Any Transaction Obligor suspends or ceases to carry on (or threatens to suspend or cease to carry on) all or a material part of its business.

25.14 Arrest

Any arrest of a Ship or its detention in the exercise or the purported exercise of any lien or claim unless it is redelivered to the full control of the relevant Borrower within 30 days of such arrest or detention.

25.15 Expropriation

The authority or ability of any member of the Group to conduct its business is limited or wholly or substantially curtailed by any seizure, expropriation, nationalisation, intervention, restriction or other action by or on behalf of any governmental, regulatory or other authority or other person in relation to any member of the Group or any of its assets other than:

- (a) an arrest or detention of a Ship referred to in Clause 25.14 (*Arrest*); or
- (b) any Requisition.

25.16 Repudiation and rescission of agreements

A Transaction Obligor (or any other relevant party) rescinds or purports to rescind or repudiates or purports to repudiate a Transaction Document or any of the Transaction Security or evidences an intention to rescind or repudiate a Transaction Document or any Transaction Security.

25.17 Litigation

Any litigation, arbitration or administrative proceedings or investigations of, or before, any court, arbitral body or agency are started or threatened, or any judgment or order of a court, arbitral body or agency is made, in relation to any of the Transaction Documents or the transactions contemplated in any of the Transaction Documents or against any member of the Group or its assets which has or is reasonably likely to have a Material Adverse Effect.

25.18 Material adverse change

Any event or circumstance occurs which has or is reasonably likely to have a Material Adverse Effect.

25.19 Sanctions

- (a) Any of the Transaction Obligors becomes a Restricted Party or becomes owned or controlled by, or acts directly or indirectly on behalf of, a Restricted Party or any of such persons becomes the owner or controller of a Restricted Party.
- (b) Any proceeds of the Loan is made available, directly or indirectly, to or for the benefit of a Restricted Party or otherwise is, directly or indirectly, applied in a manner or for a purpose prohibited by Sanctions Laws.
- (c) Any Transaction Obligor is not in compliance with all Sanctions Laws.

25.20 Acceleration

On and at any time after the occurrence of an Event of Default which is continuing the Facility Agent may, and shall if so directed by the Majority Lenders:

- (a) by notice to the Borrowers:
 - (i) cancel the Total Commitments, whereupon they shall immediately be cancelled;
 - (ii) declare that all or part of the Loan, together with accrued interest, and all other amounts accrued or outstanding under the Finance Documents be immediately due and payable, whereupon it shall become immediately due and payable; and/or
 - (iii) declare that all or part of the Loan be payable on demand, whereupon it shall immediately become payable on demand by the Facility Agent acting on the instructions of the Majority Lenders; and/or
- (b) exercise or direct the Security Agent to exercise any or all of its rights, remedies, powers or discretions under the Finance Documents, and the Facility Agent may serve notices under sub-paragraphs (i), (ii) and (iii) of paragraph (a) above simultaneously or on different dates and any Servicing Party may take any action referred to in paragraph (b) above or Clause 25.21 (*Enforcement of security*) if no such notice is served or simultaneously with or at any time after the service of any of such notice.

25.21 Enforcement of security

On and at any time after the occurrence of an Event of Default the Security Agent may, and shall if so directed by the Majority Lenders, take any action which, as a result of the Event of Default or any notice served under Clause 25.20 (*Acceleration*), the Security Agent is entitled to take under any Finance Document or any applicable law or regulation.

SECTION 9

CHANGES TO PARTIES

26 CHANGES TO THE LENDERS

26.1 Assignments and transfers by the Lenders

Subject to this Clause 26 (*Changes to the Lenders*), a Lender (the “Existing Lender”) may:

- (a) assign any of its rights; or
- (b) transfer by novation any of its rights and obligations, under the Finance Documents to another bank or financial institution or to a trust, fund or other entity which is regularly engaged in or established for the purpose of making, purchasing or investing in loans, securities or other financial assets (the “New Lender”).

26.2 Conditions of assignment or transfer

- (a) The consent of the Borrowers is required for an assignment or transfer by an Existing Lender pursuant to Clause 26.1 (*Assignments and transfers by the Lenders*), unless the assignment or transfer is:
 - (i) to another Lender or an Affiliate of a Lender;
 - (ii) to a fund which is a Related Fund of that Lender or an Affiliate of that Lender; or
 - (iii) made at a time when an Event of Default is continuing.
- (b) The consent of the Borrowers to an assignment or transfer must not be unreasonably withheld or delayed. Each Borrower will be deemed to have given its consent five Business Days after the Existing lender has requested it unless consent is expressly refused by that Borrower within that time.
- (c) An assignment will only be effective on:
 - (i) receipt by the Facility Agent (whether in the Assignment Agreement or otherwise) of written confirmation from the New Lender (in form and substance satisfactory to the Facility Agent) that the New Lender will assume the same obligations to the other Secured Parties as it would have been under if it had been an Original Lender; and
 - (ii) performance by the Facility Agent of all necessary “know your customer” or other similar checks under all applicable laws and regulations in relation to such assignment to a New Lender, the completion of which the Facility Agent shall promptly notify to the Existing Lender and the New Lender.
- (d) Each Borrower on behalf of itself and each Transaction Obligor agrees that all rights and interests (present, future or contingent) which the Existing Lender has under or by virtue of the Finance Documents are assigned to the New Lender absolutely, free of any defects in the Existing Lender’s title and of any rights or equities which a Borrower or any other Transaction Obligor had against the Existing Lender.

- (e) A transfer will only be effective if the procedure set out in Clause 26.5 (*Procedure for transfer*) is complied with.
- (f) If:
- (i) a Lender assigns or transfers any of its rights or obligations under the Finance Documents or changes its Facility Office; and
 - (ii) as a result of circumstances existing at the date the assignment, transfer or change occurs, a Transaction Obligor would be obliged to make a payment to the New Lender or Lender acting through its new Facility Office under Clause 12 (*Tax Gross Up and Indemnities*) or under that clause as incorporated by reference or in full in any other Finance Document or Clause 13 (*Increased Costs*),
- then the New Lender or Lender acting through its new Facility Office is only entitled to receive payment under those Clauses to the same extent as the Existing Lender or Lender acting through its previous Facility Office would have been if the assignment, transfer or change had not occurred. This paragraph (f) shall not apply in respect of an assignment or transfer made in the ordinary course of the primary syndication of the Facility.
- (g) Each New Lender, by executing the relevant Transfer Certificate or Assignment Agreement, confirms, for the avoidance of doubt, that the Facility Agent has authority to execute on its behalf any amendment or waiver that has been approved by or on behalf of the requisite Lender or Lenders in accordance with this Agreement on or prior to the date on which the transfer or assignment becomes effective in accordance with this Agreement and that it is bound by that decision to the same extent as the Existing Lender would have been had it remained a Lender.

26.3 Assignment or transfer fee

The New Lender shall, on the date upon which an assignment or transfer takes effect, pay to the Facility Agent (for its own account) a fee of \$3,000.

26.4 Limitation of responsibility of Existing Lenders

- (a) Unless expressly agreed to the contrary, an Existing Lender makes no representation or warranty and assumes no responsibility to a New Lender for:
- (i) the legality, validity, effectiveness, adequacy or enforceability of the Transaction Documents, the Transaction Security or any other documents;
 - (ii) the financial condition of any Transaction Obligor;
 - (iii) the performance and observance by any Transaction Obligor of its obligations under the Transaction Documents or any other documents; or
 - (iv) the accuracy of any statements (whether written or oral) made in or in connection with any Transaction Document or any other document,
- and any representations or warranties implied by law are excluded.
- (b) Each New Lender confirms to the Existing Lender and the other Finance Parties and the Secured Parties that it:
- (i) has made (and shall continue to make) its own independent investigation and assessment of the financial condition and affairs of each Transaction Obligor and its related entities in connection with its participation in this Agreement and has not relied exclusively on any information provided to it by the Existing Lender or any other Finance Party in connection with any Transaction Document or the Transaction Security; and

- (ii) will continue to make its own independent appraisal of the creditworthiness of each Transaction Obligor and its related entities throughout the Security Period.
- (c) Nothing in any Finance Document obliges an Existing Lender to:
 - (i) accept a re-transfer or re-assignment from a New Lender of any of the rights and obligations assigned or transferred under this Clause 26 (*Changes to the Lenders*); or
 - (ii) support any losses directly or indirectly incurred by the New Lender by reason of the non-performance by any Transaction Obligor of its obligations under the Transaction Documents or otherwise.

26.5 Procedure for transfer

- (a) Subject to the conditions set out in Clause 26.2 (*Conditions of assignment or transfer*), a transfer is effected in accordance with paragraph (c) below when the Facility Agent executes an otherwise duly completed Transfer Certificate delivered to it by the Existing Lender and the New Lender. The Facility Agent shall, subject to paragraph (b) below as soon as reasonably practicable after receipt by it of a duly completed Transfer Certificate appearing on its face to comply with this Agreement and delivered in accordance with this Agreement, execute that Transfer Certificate.
- (b) The Facility Agent shall only be obliged to execute a Transfer Certificate delivered to it by the Existing Lender and the New Lender once it is satisfied it has complied with all necessary “know your customer” or other similar checks under all applicable laws and regulations in relation to the transfer to such New Lender.
- (c) Subject to Clause 26.9 (*Pro rata interest settlement*), on the Transfer Date:
 - (i) to the extent that in the Transfer Certificate the Existing Lender seeks to transfer by novation its rights and obligations under the Finance Documents and in respect of the Transaction Security, each of the Transaction Obligors and the Existing Lender shall be released from further obligations towards one another under the Finance Documents and in respect of the Transaction Security and their respective rights against one another under the Finance Documents and in respect of the Transaction Security shall be cancelled (being the “**Discharged Rights and Obligations**”);
 - (ii) each of the Transaction Obligors and the New Lender shall assume obligations towards one another and/or acquire rights against one another which differ from the Discharged Rights and Obligations only insofar as that Transaction Obligor and the New Lender have assumed and/or acquired the same in place of that Transaction Obligor and the Existing Lender;

- (iii) the Facility Agent, the Security Agent, the Mandated Lead Arranger, the New Lender and other Lenders shall acquire the same rights and assume the same obligations between themselves and in respect of the Transaction Security as they would have acquired and assumed had the New Lender been an Original Lender with the rights and/or obligations acquired or assumed by it as a result of the transfer and to that extent the Facility Agent, the Security Agent, the Mandated Lead Arranger and the Existing Lenders shall each be released from further obligations to each other under the Finance Documents; and
- (iv) the New Lender shall become a Party as a “**Lender**”.

26.6 Procedure for assignment

- (a) Subject to the conditions set out in Clause 26.2 (*Conditions of assignment or transfer*) an assignment may be effected in accordance with paragraph (c) below when the Facility Agent executes an otherwise duly completed Assignment Agreement delivered to it by the Existing Lender and the New Lender. The Facility Agent shall, subject to paragraph (b) below, as soon as reasonably practicable after receipt by it of a duly completed Assignment Agreement appearing on its face to comply with the terms of this Agreement and delivered in accordance with the terms of this Agreement, execute that Assignment Agreement.
- (b) The Facility Agent shall only be obliged to execute an Assignment Agreement delivered to it by the Existing Lender and the New Lender once it is satisfied it has complied with all necessary “know your customer” or other similar checks under all applicable laws and regulations in relation to the assignment to such New Lender.
- (c) Subject to Clause 26.9 (*Pro rata interest settlement*), on the Transfer Date:
 - (i) the Existing Lender will assign absolutely to the New Lender its rights under the Finance Documents and in respect of the Transaction Security expressed to be the subject of the assignment in the Assignment Agreement;
 - (ii) the Existing Lender will be released from the obligations (the “**Relevant Obligations**”) expressed to be the subject of the release in the Assignment Agreement (and any corresponding obligations by which it is bound in respect of the Transaction Security); and
 - (iii) the New Lender shall become a Party as a “Lender” and will be bound by obligations equivalent to the Relevant Obligations.
- (d) Lenders may utilise procedures other than those set out in this Clause 26.6 (*Procedure for assignment*) to assign their rights under the Finance Documents (but not, without the consent of the relevant Transaction Obligor or unless in accordance with Clause 26.5 (*Procedure for transfer*), to obtain a release by that Transaction Obligor from the obligations owed to that Transaction Obligor by the Lenders nor the assumption of equivalent obligations by a New Lender) **provided that** they comply with the conditions set out in Clause 26.2 (*Conditions of assignment or transfer*).

26.7 Copy of Transfer Certificate or Assignment Agreement to Borrowers

The Facility Agent shall, as soon as reasonably practicable after it has executed a Transfer Certificate or an Assignment Agreement, send to the Borrowers a copy of that Transfer Certificate or Assignment Agreement.

26.8 Security over Lenders' rights

In addition to the other rights provided to Lenders under this Clause 26 (*Changes to the Lenders*), each Lender may without consulting with or obtaining consent from any Transaction Obligor, at any time charge, assign or otherwise create Security 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 to secure obligations to a federal reserve or central bank; and
- (b) any charge, assignment or other Security 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 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 for the Lender as a party to any of the Finance Documents; or
- (ii) require any payments to be made by a Transaction Obligor other than or in excess of, 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.

26.9 Pro rata interest settlement

- (a) If the Facility Agent has notified the Lenders that it is able to distribute interest payments on a "*pro rata* basis" to Existing Lenders and New Lenders then (in respect of any transfer pursuant to Clause 26.5 (*Procedure for transfer*) or any assignment pursuant to Clause 26.6 (*Procedure for assignment*) the Transfer Date of which, in each case, is after the date of such notification and is not on the last day of an Interest Period):
 - (i) any interest or fees in respect of the relevant participation which are expressed to accrue by reference to the lapse of time shall continue to accrue in favour of the Existing Lender up to but excluding the Transfer Date ("**Accrued Amounts**") and shall become due and payable to the Existing Lender (without further interest accruing on them) on the last day of the current Interest Period (or, if the Interest Period is longer than six Months, on the next of the dates which falls at six Monthly intervals after the first day of that Interest Period); and
 - (ii) The rights assigned or transferred by the Existing Lender will not include the right to the Accrued Amounts, so that, for the avoidance of doubt:
 - (A) when the Accrued Amounts become payable, those Accrued Amounts will be payable to the Existing Lender; and
 - (B) the amount payable to the New Lender on that date will be the amount which would, but for the application of this Clause 26.9 (*Pro rata interest settlement*), have been payable to it on that date, but after deduction of the Accrued Amounts.

- (b) In this Clause 26.9 (*Pro rata interest settlement*) references to “Interest Period” shall be construed to include a reference to any other period for accrual of fees.
- (c) An Existing Lender which retains the right to the Accrued Amounts pursuant to this Clause 26.9 (*Pro rata interest settlement*) but which does not have a Commitment shall be deemed not to be a Lender for the purposes of ascertaining whether the agreement of any specified group of Lenders has been obtained to approve any request for a consent, waiver, amendment or other vote of Lenders under the Finance Documents.

27 CHANGES TO THE TRANSACTION OBLIGORS

27.1 Assignment or transfer by Transaction Obligors

No Transaction Obligor may assign any of its rights or transfer any of its rights or obligations under the Finance Documents.

27.2 Release of security

- (a) If a disposal of any asset subject to security created by a Security Document is made in the following circumstances:

- (i) the disposal is permitted by the terms of any Finance Document;
- (ii) all the Lenders agree to the disposal;
- (iii) the disposal is being made at the request of the Security Agent in circumstances where any security created by the Security Documents has become enforceable; or
- (iv) the disposal is being effected by enforcement of a Security Document,

the Security Agent may release the asset(s) being disposed of from any security over those assets created by a Security Document. However, the proceeds of any disposal (or an amount corresponding to them) must be applied in accordance with the requirements of the Finance Documents (if any).

- (b) If the Security Agent is satisfied that a release is allowed under this Clause 27.2 (*Release of security*) (at the request and expense of the Borrowers) each Finance Party must enter into any document and do all such other things which are reasonably required to achieve that release. Each other Finance Party irrevocably authorises the Security Agent to enter into any such document. Any release will not affect the obligations of any other Transaction Obligor under the Finance Documents.

THE FINANCE PARTIES

28 THE FACILITY AGENT AND THE MANDATED LEAD ARRANGER

28.1 Appointment of the Facility Agent

- (a) Each of the Mandated Lead Arranger and the Lenders appoints the Facility Agent to act as its agent under and in connection with the Finance Documents.
- (b) Each of the Mandated Lead Arranger and the Lenders authorises the Facility Agent to perform the duties, obligations and responsibilities and to exercise the rights, powers, authorities and discretions specifically given to the Facility Agent under, or in connection with, the Finance Documents together with any other incidental rights, powers, authorities and discretions.

28.2 Instructions

- (a) The Facility Agent shall:
 - (i) unless a contrary indication appears in a Finance Document, exercise or refrain from exercising any right, power, authority or discretion vested in it as Facility Agent in accordance with any instructions given to it by:
 - (A) all Lenders if the relevant Finance Document stipulates the matter is an all Lender decision; and
 - (B) in all other cases, the Majority Lenders; and
 - (ii) not be liable for any act (or omission) if it acts (or refrains from acting) in accordance with sub-paragraph (i) above (or, if this Agreement stipulates the matter is a decision for any other Finance Party or group of Finance Parties, in accordance with instructions given to it by that Finance Party or group of Finance Parties).
- (b) The Facility Agent shall be entitled to request instructions, or clarification of any instruction, from the Majority Lenders (or, if the relevant Finance Document stipulates the matter is a decision for any other Finance Party or group of Finance Parties, from that Finance Party or group of Finance Parties) as to whether, and in what manner, it should exercise or refrain from exercising any right, power, authority or discretion and the Facility Agent may refrain from acting unless and until it receives any such instructions or clarification that it has requested.
- (c) Save in the case of decisions stipulated to be a matter for any other Finance Party or group of Finance Parties under the relevant Finance Document and unless a contrary indication appears in a Finance Document, any instructions given to the Facility Agent by the Majority Lenders shall override any conflicting instructions given by any other Parties and will be binding on all Finance Parties.
- (d) Paragraph (a) above shall not apply:
 - (i) where a contrary indication appears in a Finance Document;
 - (ii) where a Finance Document requires the Facility Agent to act in a specified manner or to take a specified action;

- (iii) in respect of any provision which protects the Facility Agent's own position in its personal capacity as opposed to its role of Facility Agent for the relevant Finance Parties.
- (e) If giving effect to instructions given by the Majority Lenders would in the Facility Agent's opinion have an effect equivalent to an amendment or waiver referred to in Clause 42 (*Amendments and Waivers*), the Facility Agent shall not act in accordance with those instructions unless consent to it so acting is obtained from each Party (other than the Facility Agent) whose consent would have been required in respect of that amendment or waiver.
- (f) In exercising any discretion to exercise a right, power or authority under the Finance Documents where it has not received any instructions as to the exercise of that discretion the Facility Agent shall do so having regard to the interests of all the Finance Parties.
- (g) The Facility Agent may refrain from acting in accordance with any instructions of any Finance Party or group of Finance Parties until it has received any indemnification and/or security that it may in its discretion require (which may be greater in extent than that contained in the Finance Documents and which may include payment in advance) for any cost, loss or liability (together with any applicable VAT) which it may incur in complying with those instructions.
- (h) Without prejudice to the remainder of this Clause 28.2 (*Instructions*), in the absence of instructions, the Facility Agent shall not be obliged to take any action (or refrain from taking action) even if it considers acting or not acting to be in the best interests of the Finance Parties. The Facility Agent may act (or refrain from acting) as it considers to be in the best interest of the Finance Parties.
 - (i) The Facility Agent is not authorised to act on behalf of a Finance Party (without first obtaining that Finance Party's consent) in any legal or arbitration proceedings relating to any Finance Document. This paragraph (i) shall not apply to any legal or arbitration proceeding relating to the perfection, preservation or protection of rights under the Security Documents or enforcement of the Transaction Security or Security Documents.

28.3 Duties of the Facility Agent

- (a) The Facility Agent's duties under the Finance Documents are solely mechanical and administrative in nature.
- (b) Subject to paragraph (c) below, the Facility Agent shall promptly forward to a Party the original or a copy of any document which is delivered to the Facility Agent for that Party by any other Party.
- (c) Without prejudice to Clause 26.7 (*Copy of Transfer Certificate or Assignment Agreement to Borrowers*), paragraph (b) above shall not apply to any Transfer Certificate or any Assignment Agreement.
- (d) Except where a Finance Document specifically provides otherwise, the Facility Agent is not obliged to review or check the adequacy, accuracy or completeness of any document it forwards to another Party.
- (e) If the Facility Agent receives notice from a Party referring to any Finance Document, describing a Default and stating that the circumstance described is a Default, it shall promptly notify the other Finance Parties.

- (f) If the Facility Agent is aware of the non-payment of any principal, interest, commitment fee or other fee payable to a Finance Party (other than the Facility Agent, the Mandated Lead Arranger or the Security Agent) under this Agreement, it shall promptly notify the other Finance Parties.
- (g) The Facility Agent shall have only those duties, obligations and responsibilities expressly specified in the Finance Documents to which it is expressed to be a party (and no others shall be implied).

28.4 Role of the Mandated Lead Arranger

Except as specifically provided in the Finance Documents, the Mandated Lead Arranger has no obligations of any kind to any other Party under or in connection with any Finance Document.

28.5 No fiduciary duties

- (a) Nothing in any Finance Document constitutes the Facility Agent or the Mandated Lead Arranger as a trustee or fiduciary of any other person.
- (b) Neither the Facility Agent nor the Mandated Lead Arranger shall be bound to account to other Finance Party for any sum or the profit element of any sum received by it for its own account.

28.6 Application of receipts

Except as expressly stated to the contrary in any Finance Document, any moneys which the Facility Agent receives or recovers in its capacity as Facility Agent shall be applied by the Facility Agent in accordance with Clause 32.5 (*Application of receipts; partial payments*).

28.7 Business with the Group

The Facility Agent and the Mandated Lead Arranger may accept deposits from, lend money to, and generally engage in any kind of banking or other business with, any member of the Group.

28.8 Rights and discretions

- (a) The Facility Agent may:
 - (i) rely on any representation, communication, notice or document believed by it to be genuine, correct and appropriately authorised;
 - (ii) assume that:
 - (A) any instructions received by it from the Majority Lenders, any Finance Parties or any group of Finance Parties are duly given in accordance with the terms of the Finance Documents; and
 - (B) unless it has received notice of revocation, that those instructions have not been revoked; and
 - (iii) rely on a certificate from any person:
 - (A) as to any matter of fact or circumstance which might reasonably be expected to be within the knowledge of that person; or

- (B) to the effect that such person approves of any particular dealing, transaction, step, action or thing, as sufficient evidence that that is the case and, in the case of paragraph (A) above, may assume the truth and accuracy of that certificate.
- (b) The Facility Agent may assume (unless it has received notice to the contrary in its capacity as agent for the Finance Parties) that:
- (i) no Default has occurred (unless it has actual knowledge of a Default arising under Clause 25.2 (*Non-payment*));
 - (ii) any right, power, authority or discretion vested in any Party or any group of Finance Parties has not been exercised; and
 - (iii) any notice or request made by any Borrower (other than the Utilisation Request) is made on behalf of and with the consent and knowledge of all the Transaction Obligors.
- (c) The Facility Agent may engage and pay for the advice or services of any lawyers, accountants, tax advisers, surveyors or other professional advisers or experts.
- (d) Without prejudice to the generality of paragraph (c) above or paragraph (e) below, the Facility Agent may at any time engage and pay for the services of any lawyers to act as independent counsel to the Facility Agent (and so separate from any lawyers instructed by the Lenders) if the Facility Agent in its reasonable opinion deems this to be desirable.
- (e) The Facility Agent may rely on the advice or services of any lawyers, accountants, tax advisers, surveyors or other professional advisers or experts (whether obtained by the Facility Agent or by any other Party) and shall not be liable for any damages, costs or losses to any person, any diminution in value or any liability whatsoever arising as a result of its so relying.
- (f) The Facility Agent may act in relation to the Finance Documents and the Security Property through its officers, employees and agents and shall not:
- (i) be liable for any error of judgment made by any such person; or
 - (ii) be bound to supervise, or be in any way responsible for any loss incurred by reason of misconduct, omission or default on the part of any such person,
- unless such error or such loss was directly caused by the Facility Agent's gross negligence or wilful misconduct.
- (g) Unless a Finance Document expressly provides otherwise the Facility Agent may disclose to any other Party any information it reasonably believes it has received as agent under the Finance Documents.
- (h) Notwithstanding any other provision of any Finance Document to the contrary, neither the Facility Agent nor the Mandated Lead Arranger is obliged to do or omit to do anything if it would or might, in its reasonable opinion, constitute a breach of any law or regulation or a breach of a fiduciary duty or duty of confidentiality.
- (i) Notwithstanding any provision of any Finance Document to the contrary, the Facility Agent is not obliged to expend or risk its own funds or otherwise incur any financial liability in the performance of its duties, obligations or responsibilities or the exercise of any right, power, authority or discretion if it has grounds for believing the repayment of such funds or adequate indemnity against, or security for, such risk or liability is not reasonably assured to it.

28.9 Responsibility for documentation

Neither the Facility Agent nor the Mandated Lead Arranger is responsible or liable for:

- (a) the adequacy, accuracy or completeness of any information (whether oral or written) supplied by the Facility Agent, the Security Agent, the Mandated Lead Arranger, a Transaction Obligor or any other person in, or in connection with, any Transaction Document or the transactions contemplated in the Transaction Documents or any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with any Transaction Document;
- (b) the legality, validity, effectiveness, adequacy or enforceability of any Transaction Document or the Security Property or any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with, any Transaction Document or the Security Property; or
- (c) any determination as to whether any information provided or to be provided to any Finance Party or Secured Party is non-public information the use of which may be regulated or prohibited by applicable law or regulation relating to insider dealing or otherwise.

28.10 No duty to monitor

The Facility Agent shall not be bound to enquire:

- (a) whether or not any Default has occurred;
- (b) as to the performance, default or any breach by any Transaction Obligor of its obligations under any Transaction Document; or
- (c) whether any other event specified in any Transaction Document has occurred.

28.11 Exclusion of liability

- (a) Without limiting paragraph (b) below (and without prejudice to paragraph (e) of Clause 32.11 (*Disruption to Payment Systems etc.*) or any other provision of any Finance Document excluding or limiting the liability of the Facility Agent), the Facility Agent will not be liable for (including, without limitation, for negligence or any other category of liability whatsoever):
 - (i) any damages, costs or losses to any person, any diminution in value, or any liability whatsoever arising as a result of taking or not taking any action under or in connection with any Transaction Document or the Security Property, unless directly caused by its gross negligence or wilful misconduct;
 - (ii) exercising, or not exercising, any right, power, authority or discretion given to it by, or in connection with, any Transaction Document, the Security Property or any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with, any Transaction Document or the Security Property; or

- (iii) any shortfall which arises on the enforcement or realisation of the Security Property; or
- (iv) without prejudice to the generality of sub-paragraphs (i) to (iii) above, any damages, costs or losses to any person, any diminution in value or any liability whatsoever arising as a result of:
 - (A) any act, event or circumstance not reasonably within its control; or
 - (B) the general risks of investment in, or the holding of assets in, any jurisdiction,

including (in each case and without limitation) such damages, costs, losses, diminution in value or liability arising as a result of nationalisation, expropriation or other governmental actions; any regulation, currency restriction, devaluation or fluctuation; market conditions affecting the execution or settlement of transactions or the value of assets (including any Disruption Event); breakdown, failure or malfunction of any third party transport, telecommunications, computer services or systems; natural disasters or acts of God; war, terrorism, insurrection or revolution; or strikes or industrial action.

- (b) No Party other than the Facility Agent may take any proceedings against any officer, employee or agent of the Facility Agent in respect of any claim it might have against the Facility Agent or in respect of any act or omission of any kind by that officer, employee or agent in relation to any Transaction Document or any Security Property and any officer, employee or agent of the Facility Agent may rely on this paragraph (b) subject to Clause 1.5 (*Third party rights*) and the provisions of the Third Parties Act.
- (c) The Facility Agent will not be liable for any delay (or any related consequences) in crediting an account with an amount required under the Finance Documents to be paid by the Facility Agent if the Facility Agent has taken all necessary steps as soon as reasonably practicable to comply with the regulations or operating procedures of any recognised clearing or settlement system used by the Facility Agent for that purpose.
- (d) Nothing in this Agreement shall oblige the Facility Agent or the Mandated Lead Arranger carry out:
 - (i) any “know your customer” or other checks in relation to any person; or
 - (ii) any check on the extent to which any transaction contemplated by this Agreement might be unlawful for any Finance Party,on behalf of any Finance Party and each Finance Party confirms to the Facility Agent and the Mandated Lead Arranger that it is solely responsible for any such checks it is required to carry out and that it may not rely on any statement in relation to such checks made by the Facility Agent or the Mandated Lead Arranger.
- (e) Without prejudice to any provision of any Finance Document excluding or limiting the Facility Agent’s liability, any liability (including, without limitation, for negligence or any other category of liability whatsoever) of the Facility Agent arising under or in connection with any Transaction Document or the Security Property shall be limited to the amount of actual loss which has been finally judicially determined to have been suffered (as determined by reference to the date of default of the Facility Agent or, if later, the date on which the loss arises as a result of such default) but without reference to any special conditions or circumstances known to the Facility Agent at any time which increase the amount of that loss. In no event shall the Facility Agent be liable for any loss of profits, goodwill, reputation, business opportunity or anticipated saving, or for special, punitive, indirect or consequential damages, whether or not the Facility Agent has been advised of the possibility of such loss or damages.

28.12 Lenders' indemnity to the Facility Agent

- (a) Each Lender shall (in proportion to its share of the Total Commitments or, if the Total Commitments are then zero, to its share of the Total Commitments immediately prior to their reduction to zero) indemnify the Facility Agent, within three Business Days of demand, against any cost, loss or liability (including, without limitation, for negligence or any other category of liability whatsoever) incurred by the Facility Agent (otherwise than by reason of the Facility Agent's gross negligence or wilful misconduct) (or, in the case of any cost, loss or liability pursuant to Clause 32.11 (*Disruption to Payment Systems etc.*) notwithstanding the Facility Agent's negligence, gross negligence or any other category of liability whatsoever but not including any claim based on the fraud of the Facility Agent) in acting as Facility Agent under the Finance Documents (unless the Facility Agent has been reimbursed by a Transaction Obligor pursuant to a Finance Document).
- (b) Subject to paragraph (c) below, the Borrowers shall immediately on demand reimburse any Lender for any payment that Lender makes to the Facility Agent pursuant to paragraph (a) above.
- (c) Paragraph (b) above shall not apply to the extent that the indemnity payment in respect of which the Lender claims reimbursement relates to a liability of the Facility Agent to an Obligor.

28.13 Resignation of the Facility Agent

- (a) The Facility Agent may resign and appoint one of its Affiliates as successor by giving notice to the other Finance Parties and the Borrowers.
- (b) Alternatively, the Facility Agent may resign by giving 30 days' notice to the other Finance Parties and the Borrowers, in which case the Majority Lenders may appoint a successor Facility Agent.
- (c) If the Majority Lenders have not appointed a successor Facility Agent in accordance with paragraph (b) above within 20 days after notice of resignation was given, the retiring Facility Agent may appoint a successor Facility Agent.
- (d) If the Facility Agent wishes to resign because (acting reasonably) it has concluded that it is no longer appropriate for it to remain as agent and the Facility Agent is entitled to appoint a successor Facility Agent under paragraph (c) above, the Facility Agent may (if it concludes (acting reasonably) that it is necessary to do so in order to persuade the proposed successor Facility Agent to become a party to this Agreement as Facility Agent) agree with the proposed successor Facility Agent amendments to this Clause 28 (*The Facility Agent and the Mandated Lead Arranger*) and any other term of this Agreement dealing with the rights or obligations of the Facility Agent consistent with then current market practice for the appointment and protection of corporate trustees.
- (e) The retiring Facility Agent shall make available to the successor Facility Agent such documents and records and provide such assistance as the successor Facility Agent may reasonably request for the purposes of performing its functions as Facility Agent under the Finance Documents. The Borrowers shall, within three Business Days of demand, reimburse the retiring Facility Agent for the amount of all costs and expenses (including legal fees) properly incurred by it in making available such documents and records and providing such assistance.

- (f) The Facility Agent's resignation notice shall only take effect upon the appointment of a successor.
- (g) Upon the appointment of a successor, the retiring Facility Agent shall be discharged from any further obligation in respect of the Finance Documents (other than its obligations under paragraph (e) above) but shall remain entitled to the benefit of Clause 14.4 (*Indemnity to the Facility Agent*) and this Clause 28 (*The Facility Agent and the Mandated Lead Arranger*) and any other provisions of a Finance Document which are expressed to limit or exclude its liability (or to indemnify it) in acting as Facility Agent. Any fees for the account of the retiring Facility Agent shall cease to accrue from (and shall be payable on) that date. Any successor and each of the other Parties shall have the same rights and obligations amongst themselves as they would have had if such successor had been an original Party.
- (h) The Majority Lenders may, by notice to the Facility Agent, require it to resign in accordance with paragraph (b) above. In this event, the Facility Agent shall resign in accordance with paragraph (b) above but the cost referred to in paragraph (e) above shall be for the account of the Borrowers.
- (i) The consent of any Borrower (or any other Transaction Obligor) is not required for an assignment or transfer of rights and/or obligations by the Facility Agent.
- (j) The Facility Agent shall resign in accordance with paragraph (b) above (and, to the extent applicable, shall use reasonable endeavours to appoint a successor Facility Agent pursuant to paragraph (c) above) if on or after the date which is three months before the earliest FATCA Application Date relating to any payment to the Facility Agent under the Finance Documents, either:
 - (i) the Facility Agent fails to respond to a request under Clause 12.7 (*FATCA Information*) and a Lender reasonably believes that the Facility Agent will not be (or will have ceased to be) a FATCA Exempt Party on or after that FATCA Application Date;
 - (ii) the information supplied by the Facility Agent pursuant to Clause 12.7 (*FATCA Information*) indicates that the Facility Agent will not be (or will have ceased to be) a FATCA Exempt Party on or after that FATCA Application Date; or
 - (iii) the Facility Agent notifies the Borrowers and the Lenders that the Facility Agent will not be (or will have ceased to be) a FATCA Exempt Party on or after that FATCA Application Date;and (in each case) a Lender reasonably believes that a Party will be required to make a FATCA Deduction that would not be required if the Facility Agent were a FATCA Exempt Party, and that Lender, by notice to the Facility Agent, requires it to resign.

28.14 Confidentiality

- (a) In acting as Facility Agent for the Finance Parties, the Facility Agent shall be regarded as acting through its agency division which shall be treated as a separate entity from any other of its divisions or departments.

- (b) If information is received by a division or department of the Facility Agent other than the division or department responsible for complying with the obligations assumed by it under the Finance Documents, that information may be treated as confidential to that division or department, and the Facility Agent shall not be deemed to have notice of it nor shall it be obliged to disclose such information to any Party.
- (c) Notwithstanding any other provision of any Finance Document to the contrary, neither the Facility Agent nor the Mandated Lead Arranger is obliged to disclose to any other person (i) any confidential information or (ii) any other information if the disclosure would, or might in its reasonable opinion, constitute a breach of any law or regulation or a breach of a fiduciary duty.

28.15 Relationship with the other Finance Parties

- (a) Subject to Clause 26.9 (*Pro rata interest settlement*), the Facility Agent may treat the person shown in its records as Lender at the opening of business (in the place of the Facility Agent's principal office as notified to the Finance Parties from time to time) as the Lender acting through its Facility Office:
 - (i) entitled to or liable for any payment due under any Finance Document on that day; and
 - (ii) entitled to receive and act upon any notice, request, document or communication or make any decision or determination under any Finance Document made or delivered on that day,

unless it has received not less than five Business Days' prior notice from that Lender to the contrary in accordance with the terms of this Agreement.

- (b) Each Finance Party shall supply the Facility Agent with any information that the Security Agent may reasonably specify (through the Facility Agent) as being necessary or desirable to enable the Security Agent to perform its functions as Security Agent. Each Finance Party shall deal with the Security Agent exclusively through the Facility Agent and shall not deal directly with the Security Agent and any reference to any instructions being given by or sought from any Finance Party or group of Finance Parties to or by the Security Agent in this Agreement must be given or sought through the Facility Agent.
- (c) Any Lender may by notice to the Facility Agent appoint a person to receive on its behalf all notices, communications, information and documents to be made or despatched to that Lender under the Finance Documents. Such notice shall contain the address, fax number and (where communication by electronic mail or other electronic means is permitted under Clause 35.5 (*Electronic communication*)) electronic mail address and/or any other information required to enable the transmission of information by that means (and, in each case, the department or officer, if any, for whose attention communication is to be made) and be treated as a notification of a substitute address, fax number, electronic mail address (or such other information), department and officer by that Lender for the purposes of Clause 35.2 (*Addresses*) and sub-paragraph (ii) of paragraph (a) of Clause 35.5 (*Electronic communication*) and the Facility Agent shall be entitled to treat such person as the person entitled to receive all such notices, communications, information and documents as though that person were that Lender.

28.16 Credit appraisal by the Finance Parties

Without affecting the responsibility of any Transaction Obligor for information supplied by it or on its behalf in connection with any Transaction Document, each Finance Party confirms to the Facility Agent and the Mandated Lead Arranger that it has been, and will continue to be, solely responsible for making its own independent appraisal and investigation of all risks arising under, or in connection with, any Transaction Document including but not limited to:

- (a) the financial condition, status and nature of each member of the Group;
- (b) the legality, validity, effectiveness, adequacy or enforceability of any Transaction Document, the Security Property and any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with any Transaction Document or the Security Property;
- (c) whether that Finance Party has recourse, and the nature and extent of that recourse, against any Party or any of its respective assets under, or in connection with, any Transaction Document, the Security Property, the transactions contemplated by the Transaction Documents or any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with any Transaction Document or the Security Property;
- (d) the adequacy, accuracy or completeness of any information provided by the Facility Agent, any Party or by any other person under, or in connection with, any Transaction Document, the transactions contemplated by any Transaction Document or any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with any Transaction Document; and
- (e) the right or title of any person in or to or the value or sufficiency of any part of the Security Assets, the priority of any of the Transaction Security or the existence of any Security affecting the Security Assets.

28.17 Facility Agent's management time

Any amount payable to the Facility Agent under Clause 14.4 (*Indemnity to the Facility Agent*), Clause 16 (*Costs and Expenses*) and Clause 28.12 (*Lenders' indemnity to the Facility Agent*) shall include the cost of utilising the Facility Agent's management time or other resources and will be calculated on the basis of such reasonable daily or hourly rates as the Facility Agent may notify to the Borrowers and the other Finance Parties, and is in addition to any fee paid or payable to the Facility Agent under Clause 11 (*Fees*).

28.18 Deduction from amounts payable by the Facility Agent

If any Party owes an amount to the Facility Agent under the Finance Documents, the Facility Agent may, after giving notice to that Party, deduct an amount not exceeding that amount from any payment to that Party which the Facility Agent would otherwise be obliged to make under the Finance Documents and apply the amount deducted in or towards satisfaction of the amount owed. For the purposes of the Finance Documents that Party shall be regarded as having received any amount so deducted.

28.19 Reliance and engagement letters

Each Secured Party confirms that each of the Mandated Lead Arranger and the Facility Agent has authority to accept on its behalf (and ratifies the acceptance on its behalf of any letters or reports already accepted by the Mandated Lead Arranger or the Facility Agent) the terms of any reliance letter or engagement letters or any reports or letters provided by accountants, auditors or providers of due diligence reports in connection with the Finance Documents or the transactions contemplated in the Finance Documents and to bind it in respect of those, reports or letters and to sign such letters on its behalf and further confirms that it accepts the terms and qualifications set out in such letters.

28.20 Full freedom to enter into transactions

Without prejudice to Clause 28.7 (*Business with the Group*) or any other provision of a Finance Document and notwithstanding any rule of law or equity to the contrary, the Facility Agent shall be absolutely entitled:

- (a) to enter into and arrange banking, derivative, investment and/or other transactions of every kind with or affecting any Transaction Obligor or any person who is party to, or referred to in, a Finance Document (including, but not limited to, any interest or currency swap or other transaction, whether related to this Agreement or not, and acting as syndicate agent and/or security agent for, and/or participating in, other facilities to such Transaction Obligor or any person who is party to, or referred to in, a Finance Document);
- (b) to deal in and enter into and arrange transactions relating to:
 - (i) any securities issued or to be issued by any Transaction Obligor or any other person; or
 - (ii) any options or other derivatives in connection with such securities; and
- (c) to provide advice or other services to any Borrower or any person who is a party to, or referred to in, a Finance Document, and, in particular, the Facility Agent shall be absolutely entitled, in proposing, evaluating, negotiating, entering into and arranging all such transactions and in connection with all other matters covered by paragraphs (a), (b) and (c) above, to use (subject only to insider dealing legislation) any information or opportunity, howsoever acquired by it, to pursue its own interests exclusively, to refrain from disclosing such dealings, transactions or other matters or any information acquired in connection with them and to retain for its sole benefit all profits and benefits derived from the dealings transactions or other matters.

28.21 Amounts paid in error

- (a) If the Facility Agent pays an amount to another Party and the Facility Agent notifies that Party that such payment was an Erroneous Payment then the Party to whom that amount was paid by the Facility Agent shall on demand refund the same to the Facility Agent together with interest on that amount from the date of payment to the date of receipt by the Facility Agent, calculated by the Facility Agent to reflect its cost of funds.

- (b) Neither:
- (i) the obligations of any Party to the Facility Agent; nor
 - (ii) the remedies of the Facility Agent,
- (whether arising under this Clause 28.21 (*Amounts paid in error*) or otherwise) which relate to an Erroneous Payment will be affected by any act, omission, matter or thing which, but for this paragraph (b), would reduce, release or prejudice any such obligation or remedy (whether or not known by the Facility Agent or any other Party).
- (c) All payments to be made by a Party to the Facility Agent (whether made pursuant to this Clause 28.21 (*Amounts paid in error*) or otherwise) which relate to an Erroneous Payment shall be calculated and be made without (and free and clear of any deduction for) set-off or counterclaim.
- (d) In this Agreement, “**Erroneous Payment**” means a payment of an amount by the Facility Agent to another Party which the Facility Agent determines (in its sole discretion) was made in error.

29 THE SECURITY AGENT

29.1 Trust

- (a) The Security Agent declares that it holds the Security Property on trust for the Secured Parties on the terms contained in this Agreement and shall deal with the Security Property in accordance with this Clause 29 (*The Security Agent*) and the other provisions of the Finance Documents.
- (b) Each other Finance Party authorises the Security Agent to perform the duties, obligations and responsibilities and to exercise the rights, powers, authorities and discretions specifically given to the Security Agent under, or in connection with, the Finance Documents together with any other incidental rights, powers, authorities and discretions.

29.2 Parallel Debt (Covenant to pay the Security Agent)

- (a) Each Borrower irrevocably and unconditionally undertakes to pay to the Security Agent its Parallel Debt which shall be amounts equal to, and in the currency or currencies of, its Corresponding Debt.
- (b) The Parallel Debt of a Borrower:
- (i) shall become due and payable at the same time as its Corresponding Debt;
 - (ii) is independent and separate from, and without prejudice to, its Corresponding Debt.
- (c) For the purposes of this Clause 29.2 (*Parallel Debt (Covenant to pay the Security Agent)*), the Security Agent:
- (i) is the independent and separate creditor of each Parallel Debt;
 - (ii) acts in its own name and not as agent, representative or trustee of the Finance Parties and its claims in respect of each Parallel Debt shall not be held on trust; and
 - (iii) shall have the independent and separate right to demand payment of each Parallel Debt in its own name (including, without limitation, through any suit, execution, enforcement of security, recovery of guarantees and applications for and voting in any kind of insolvency proceeding).

- (d) The Parallel Debt of a Borrower shall be:
- (i) decreased to the extent that its Corresponding Debt has been irrevocably and unconditionally paid or discharged; and
 - (ii) increased to the extent that its Corresponding Debt has increased,
- and the Corresponding Debt of a Borrower shall be decreased to the extent that its Parallel Debt has been irrevocably and unconditionally paid or discharged,
- in each case provided that the Parallel Debt of a Borrower shall never exceed its Corresponding Debt.
- (e) All amounts received or recovered by the Security Agent in connection with this Clause 29.2 (*Parallel Debt (Covenant to pay the Security Agent)*) to the extent permitted by applicable law, shall be applied in accordance with Clause 32.5 (*Application of receipts; partial payments*).
- (f) This Clause 29.2 (*Parallel Debt (Covenant to pay the Security Agent)*) shall apply, with any necessary modifications, to each Finance Document.

29.3 Enforcement through Security Agent only

The Secured Parties shall not have any independent power to enforce, or have recourse to, any of the Transaction Security or to exercise any right, power, authority or discretion arising under the Security Documents except through the Security Agent.

29.4 Instructions

- (a) The Security Agent shall:
- (i) unless a contrary indication appears in a Finance Document, exercise or refrain from exercising any right, power, authority or discretion vested in it as Security Agent in accordance with any instructions given to it by:
 - (A) all Lenders (or the Facility Agent on their behalf) if the relevant Finance Document stipulates the matter is an all Lender decision; and
 - (B) in all other cases, the Majority Lenders (or the Facility Agent on their behalf); and
 - (ii) not be liable for any act (or omission) if it acts (or refrains from acting) in accordance with sub-paragraph (i) above (or if this Agreement stipulates the matter is a decision for any other Finance Party or group of Finance Parties, in accordance with instructions given to it by that Finance Party or group of Finance Parties).
- (b) The Security Agent shall be entitled to request instructions, or clarification of any instruction, from the Majority Lenders (or the Facility Agent on their behalf) (or, if the relevant Finance Document stipulates the matter is a decision for any other Finance Party or group of Finance Parties, from that Finance Party or group of Finance Parties) as to whether, and in what manner, it should exercise or refrain from exercising any right, power, authority or discretion and the Security Agent may refrain from acting unless and until it receives any such instructions or clarification that it has requested.

- (c) Save in the case of decisions stipulated to be a matter for any other Finance Party or group of Finance Parties under the relevant Finance Document and unless a contrary indication appears in a Finance Document, any instructions given to the Security Agent by the Majority Lenders shall override any conflicting instructions given by any other Parties and will be binding on all Finance Parties.
- (d) Paragraph (a) above shall not apply:
- (i) where a contrary indication appears in a Finance Document;
 - (ii) where a Finance Document requires the Security Agent to act in a specified manner or to take a specified action;
 - (iii) in respect of any provision which protects the Security Agent's own position in its personal capacity as opposed to its role of Security Agent for the relevant Secured Parties.
 - (iv) in respect of the exercise of the Security Agent's discretion to exercise a right, power or authority under any of:
 - (A) Clause 29.28 (*Application of receipts*);
 - (B) Clause 29.29 (*Permitted Deductions*); and
 - (C) Clause 29.30 (*Prospective liabilities*).
- (e) If giving effect to instructions given by the Majority Lenders would in the Security Agent's opinion have an effect equivalent to an amendment or waiver referred to in Clause 42 (*Amendments and Waivers*), the Security Agent shall not act in accordance with those instructions unless consent to it so acting is obtained from each Party (other than the Security Agent) whose consent would have been required in respect of that amendment or waiver.
- (f) In exercising any discretion to exercise a right, power or authority under the Finance Documents where either:
- (i) it has not received any instructions as to the exercise of that discretion; or
 - (ii) the exercise of that discretion is subject to sub-paragraph (iv) of paragraph (d) above,
- the Security Agent shall do so having regard to the interests of all the Secured Parties.
- (g) The Security Agent may refrain from acting in accordance with any instructions of any Finance Party or group of Finance Parties until it has received any indemnification and/or security that it may in its discretion require (which may be greater in extent than that contained in the Finance Documents and which may include payment in advance) for any cost, loss or liability (together with any applicable VAT) which it may incur in complying with those instructions.
- (h) Without prejudice to the remainder of this Clause 29.4 (*Instructions*), in the absence of instructions, the Security Agent may (but shall not be obliged to) take such action in the exercise of its powers and duties under the Finance Documents as it considers in its discretion to be appropriate.

- (i) The Security Agent is not authorised to act on behalf of a Finance Party (without first obtaining that Finance Party's consent) in any legal or arbitration proceedings relating to any Finance Document. This paragraph (i) shall not apply to any legal or arbitration proceeding relating to the perfection, preservation or protection of rights under the Security Documents or enforcement of the Transaction Security or Security Documents.

29.5 Duties of the Security Agent

- (a) The Security Agent's duties under the Finance Documents are solely mechanical and administrative in nature.
- (b) The Security Agent shall promptly forward to a Party the original or a copy of any document which is delivered to the Security Agent for that Party by any other Party.
- (c) Except where a Finance Document specifically provides otherwise, the Security Agent is not obliged to review or check the adequacy, accuracy or completeness of any document it forwards to another Party.
- (d) If the Security Agent receives notice from a Party referring to any Finance Document, describing a Default and stating that the circumstance described is a Default, it shall promptly notify the other Finance Parties.
- (e) The Security Agent shall have only those duties, obligations and responsibilities expressly specified in the Finance Documents to which it is expressed to be a party (and no others shall be implied).

29.6 No fiduciary duties

- (a) Nothing in any Finance Document constitutes the Security Agent as an agent, trustee or fiduciary of any Transaction Obligor.
- (b) The Security Agent shall not be bound to account to any other Secured Party for any sum or the profit element of any sum received by it for its own account.

29.7 Business with the Group

The Security Agent may accept deposits from, lend money to, and generally engage in any kind of banking or other business with, any member of the Group.

29.8 Rights and discretions

- (a) The Security Agent may:
 - (i) rely on any representation, communication, notice or document believed by it to be genuine, correct and appropriately authorised;
 - (ii) assume that:
 - (A) any instructions received by it from the Majority Lenders, any Finance Parties or any group of Finance Parties are duly given in accordance with the terms of the Finance Documents;

- (B) unless it has received notice of revocation, that those instructions have not been revoked;
 - (C) if it receives any instructions to act in relation to the Transaction Security, that all applicable conditions under the Finance Documents for so acting have been satisfied; and
- (iii) rely on a certificate from any person:
 - (A) as to any matter of fact or circumstance which might reasonably be expected to be within the knowledge of that person; or
 - (B) to the effect that such person approves of any particular dealing, transaction, step, action or thing,as sufficient evidence that that is the case and, in the case of paragraph (A) above, may assume the truth and accuracy of that certificate.
- (b) The Security Agent shall be entitled to carry out all dealings with the other Finance Parties through the Facility Agent and may give to the Facility Agent any notice or other communication required to be given by the Security Agent to any Finance Party.
- (c) The Security Agent may assume (unless it has received notice to the contrary in its capacity as security agent for the Secured Parties) that:
 - (i) no Default has occurred;
 - (ii) any right, power, authority or discretion vested in any Party or any group of Finance Parties has not been exercised; and
 - (iii) any notice or request made by any Borrower (other than the Utilisation Request) is made on behalf of and with the consent and knowledge of all the Transaction Obligors.
- (d) The Security Agent may engage and pay for the advice or services of any lawyers, accountants, tax advisers, surveyors or other professional advisers or experts.
- (e) Without prejudice to the generality of paragraph (c) above or paragraph (f) below, the Security Agent may at any time engage and pay for the services of any lawyers to act as independent counsel to the Security Agent (and so separate from any lawyers instructed by the Facility Agent or the Lenders) if the Security Agent in its reasonable opinion deems this to be desirable.
- (f) The Security Agent may rely on the advice or services of any lawyers, accountants, tax advisers, surveyors or other professional advisers or experts (whether obtained by the Security Agent or by any other Party) and shall not be liable for any damages, costs or losses to any person, any diminution in value or any liability whatsoever arising as a result of its so relying.
- (g) The Security Agent may act in relation to the Finance Documents and the Security Property through its officers, employees and agents and shall not:
 - (i) be liable for any error of judgment made by any such person; or
 - (ii) be bound to supervise, or be in any way responsible for any loss incurred by reason of misconduct, omission or default on the part of any such person, unless such error or such loss was directly caused by the Security Agent's gross negligence or wilful misconduct.

- (h) Unless a Finance Document expressly provides otherwise the Security Agent may disclose to any other Party any information it reasonably believes it has received as security agent under the Finance Documents.
- (i) Notwithstanding any other provision of any Finance Document to the contrary, the Security Agent is not obliged to do or omit to do anything if it would or might, in its reasonable opinion, constitute a breach of any law or regulation or a breach of a fiduciary duty or duty of confidentiality.
- (j) Notwithstanding any provision of any Finance Document to the contrary, the Security Agent is not obliged to expend or risk its own funds or otherwise incur any financial liability in the performance of its duties, obligations or responsibilities or the exercise of any right, power, authority or discretion if it has grounds for believing the repayment of such funds or adequate indemnity against, or security for, such risk or liability is not reasonably assured to it.

29.9 Responsibility for documentation

None of the Security Agent, any Receiver or Delegate is responsible or liable for:

- (a) the adequacy, accuracy or completeness of any information (whether oral or written) supplied by the Facility Agent, the Security Agent, the Mandated Lead Arranger, a Transaction Obligor or any other person in, or in connection with, any Transaction Document or the transactions contemplated in the Transaction Documents or any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with any Transaction Document;
- (b) the legality, validity, effectiveness, adequacy or enforceability of any Transaction Document or the Security Property or any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with, any Transaction Document or the Security Property; or
- (c) any determination as to whether any information provided or to be provided to any Secured Party is non-public information the use of which may be regulated or prohibited by applicable law or regulation relating to insider dealing or otherwise.

29.10 No duty to monitor

The Security Agent shall not be bound to enquire:

- (a) whether or not any Default has occurred;
- (b) as to the performance, default or any breach by any Transaction Obligor of its obligations under any Transaction Document; or
- (c) whether any other event specified in any Transaction Document has occurred.

29.11 Exclusion of liability

- (a) Without limiting paragraph (b) below (and without prejudice to any other provision of any Finance Document excluding or limiting the liability of the Security Agent or any Receiver or Delegate), none of the Security Agent nor any Receiver or Delegate will be liable for:
- (i) any damages, costs or losses to any person, any diminution in value, or any liability whatsoever arising as a result of taking or not taking any action under or in connection with any Transaction Document or the Security Property, unless directly caused by its gross negligence or wilful misconduct;
 - (ii) exercising, or not exercising, any right, power, authority or discretion given to it by, or in connection with, any Transaction Document, the Security Property or any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with, any Transaction Document or the Security Property; or
 - (iii) any shortfall which arises on the enforcement or realisation of the Security Property; or
 - (iv) without prejudice to the generality of sub-paragraphs (i) to (iii) above, any damages, costs or losses to any person, any diminution in value or any liability whatsoever arising as a result of:
 - (A) any act, event or circumstance not reasonably within its control; or
 - (B) the general risks of investment in, or the holding of assets in, any jurisdiction, including (in each case and without limitation) such damages, costs, losses, diminution in value or liability arising as a result of nationalisation, expropriation or other governmental actions; any regulation, currency restriction, devaluation or fluctuation; market conditions affecting the execution or settlement of transactions or the value of assets (including any Disruption Event); breakdown, failure or malfunction of any third party transport, telecommunications, computer services or systems; natural disasters or acts of God; war, terrorism, insurrection or revolution; or strikes or industrial action.
- (b) No Party other than the Security Agent, that Receiver or that Delegate (as applicable) may take any proceedings against any officer, employee or agent of the Security Agent, a Receiver or a Delegate in respect of any claim it might have against the Security Agent, a Receiver or a Delegate or in respect of any act or omission of any kind by that officer, employee or agent in relation to any Transaction Document or any Security Property and any officer, employee or agent of the Security Agent, a Receiver or a Delegate may rely on this Clause subject to Clause 1.5 (*Third party rights*) and the provisions of the Third Parties Act.
- (c) The Security Agent will not be liable for any delay (or any related consequences) in crediting an account with an amount required under the Finance Documents to be paid by the Security Agent if the Security Agent has taken all necessary steps as soon as reasonably practicable to comply with the regulations or operating procedures of any recognised clearing or settlement system used by the Security Agent for that purpose.

- (d) Nothing in this Agreement shall oblige the Security Agent to carry out:
- (i) any “know your customer” or other checks in relation to any person; or
 - (ii) any check on the extent to which any transaction contemplated by this Agreement might be unlawful for any Finance Party,
- on behalf of any Finance Party and each Finance Party confirms to the Security Agent that it is solely responsible for any such checks it is required to carry out and that it may not rely on any statement in relation to such checks made by the Security Agent.
- (e) Without prejudice to any provision of any Finance Document excluding or limiting the liability of the Security Agent or any Receiver or Delegate, any liability of the Security Agent or any Receiver or Delegate arising under or in connection with any Transaction Document or the Security Property shall be limited to the amount of actual loss which has been finally judicially determined to have been suffered (as determined by reference to the date of default of the Security Agent, Receiver or Delegate or, if later, the date on which the loss arises as a result of such default) but without reference to any special conditions or circumstances known to the Security Agent, any Receiver or Delegate at any time which increase the amount of that loss. In no event shall the Security Agent, any Receiver or Delegate be liable for any loss of profits, goodwill, reputation, business opportunity or anticipated saving, or for special, punitive, indirect or consequential damages, whether or not the Security Agent, the Receiver or Delegate has been advised of the possibility of such loss or damages.

29.12 Lenders’ indemnity to the Security Agent

- (a) Each Lender shall (in proportion to its share of the Total Commitments or, if the Total Commitments are then zero, to its share of the Total Commitments immediately prior to their reduction to zero) indemnify the Security Agent and every Receiver and every Delegate, within three Business Days of demand, against any cost, loss or liability incurred by any of them (otherwise than by reason of the Security Agent’s, Receiver’s or Delegate’s gross negligence or wilful misconduct) in acting as Security Agent, Receiver or Delegate under the Finance Documents (unless the Security Agent, Receiver or Delegate has been reimbursed by a Transaction Obligor pursuant to a Finance Document).
- (b) Subject to paragraph (c) below, the Borrowers shall immediately on demand reimburse any Lender for any payment that Lender makes to the Security Agent pursuant to paragraph (a) above.
- (c) Paragraph (b) above shall not apply to the extent that the indemnity payment in respect of which the Lender claims reimbursement relates to a liability of the Security Agent to a Borrower.

29.13 Resignation of the Security Agent

- (a) The Security Agent may resign and appoint one of its Affiliates as successor by giving notice to the other Finance Parties and the Borrowers.
- (b) Alternatively, the Security Agent may resign by giving 30 days’ notice to the other Finance Parties and the Borrowers, in which case the Majority Lenders may appoint a successor Security Agent.
- (c) If the Majority Lenders have not appointed a successor Security Agent in accordance with paragraph (b) above within 20 days after notice of resignation was given, the retiring Security Agent may appoint a successor Security Agent.

- (d) The retiring Security Agent shall make available to the successor Security Agent such documents and records and provide such assistance as the successor Security Agent may reasonably request for the purposes of performing its functions as Security Agent under the Finance Documents. The Borrowers shall, within three Business Days of demand, reimburse the retiring Security Agent for the amount of all costs and expenses (including legal fees) properly incurred by it in making available such documents and records and providing such assistance.
- (e) The Security Agent's resignation notice shall only take effect upon:
 - (i) the appointment of a successor; and
 - (ii) the transfer, by way of a document expressed as a deed, of all the Security Property to that successor.
- (f) Upon the appointment of a successor, the retiring Security Agent shall be discharged, by way of a document executed as a deed, from any further obligation in respect of the Finance Documents (other than its obligations under paragraph (b) of Clause 29.25 (*Winding up of trust*) and paragraph (d) above) but shall remain entitled to the benefit of Clause 14.5 (*Indemnity to the Security Agent*) and this Clause 29 (*The Security Agent*) and any other provisions of a Finance Document which are expressed to limit or exclude its liability (or to indemnify it) in acting as Security Agent. Any fees for the account of the retiring Security Agent shall cease to accrue from (and shall be payable on) that date. Any successor and each of the other Parties shall have the same rights and obligations amongst themselves as they would have had if such successor had been an original Party.
- (g) The Majority Lenders may, by notice to the Security Agent, require it to resign in accordance with paragraph (b) above. In this event, the Security Agent shall resign in accordance with paragraph (b) above but the cost referred to in paragraph (d) above shall be for the account of the Borrowers.
- (h) The consent of any Borrower (or any other Transaction Obligor) is not required for an assignment or transfer of rights and/or obligations by the Security Agent.

29.14 Confidentiality

- (a) In acting as Security Agent for the Finance Parties, the Security Agent shall be regarded as acting through its trustee division which shall be treated as a separate entity from any other of its divisions or departments.
- (b) If information is received by a division or department of the Security Agent other than the division or department responsible for complying with the obligations assumed by it under the Finance Documents, that information may be treated as confidential to that division or department, and the Security Agent shall not be deemed to have notice of it nor shall it be obliged to disclose such information to any Party.
- (c) Notwithstanding any other provision of any Finance Document to the contrary, the Security Agent is not obliged to disclose to any other person (i) any confidential information or (ii) any other information if the disclosure would, or might in its reasonable opinion, constitute a breach of any law or regulation or a breach of a fiduciary duty.

29.15 Credit appraisal by the Finance Parties

Without affecting the responsibility of any Transaction Obligor for information supplied by it or on its behalf in connection with any Transaction Document, each Finance Party confirms to the Security Agent that it has been, and will continue to be, solely responsible for making its own independent appraisal and investigation of all risks arising under, or in connection with, any Transaction Document including but not limited to:

- (a) the financial condition, status and nature of each member of the Group;
- (b) the legality, validity, effectiveness, adequacy or enforceability of any Transaction Document, the Security Property and any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with any Transaction Document or the Security Property;
- (c) whether that Finance Party has recourse, and the nature and extent of that recourse, against any Party or any of its respective assets under, or in connection with, any Transaction Document, the Security Property, the transactions contemplated by the Transaction Documents or any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with any Transaction Document or the Security Property;
- (d) the adequacy, accuracy or completeness of any information provided by the Security Agent, any Party or by any other person under, or in connection with, any Transaction Document, the transactions contemplated by any Transaction Document or any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with any Transaction Document; and
- (e) the right or title of any person in or to or the value or sufficiency of any part of the Security Assets, the priority of any of the Transaction Security or the existence of any Security affecting the Security Assets.

29.16 Security Agent's management time

- (a) Any amount payable to the Security Agent under Clause 14.5 (*Indemnity to the Security Agent*), Clause 16 (*Costs and Expenses*) and Clause 29.12 (*Lenders' indemnity to the Security Agent*) shall include the cost of utilising the Security Agent's management time or other resources and will be calculated on the basis of such reasonable daily or hourly rates as the Security Agent may notify to the Borrowers and the other Finance Parties, and is in addition to any fee paid or payable to the Security Agent under Clause 11 (*Fees*).
- (b) Without prejudice to paragraph (a) above, in the event of:
 - (i) a Default;
 - (ii) the Security Agent being requested by a Transaction Obligor or the Majority Lenders to undertake duties which the Security Agent and the Borrowers agree to be of an exceptional nature or outside the scope of the normal duties of the Security Agent under the Finance Documents; or
 - (iii) the Security Agent and the Borrowers agreeing that it is otherwise appropriate in the circumstances,

the Borrowers shall pay to the Security Agent any additional remuneration (together with any applicable VAT) that may be agreed between them or determined pursuant to paragraph (c) below.

- (c) If the Security Agent and the Borrowers fail to agree upon the nature of the duties, or upon the additional remuneration referred to in paragraph (b) above or whether additional remuneration is appropriate in the circumstances, any dispute shall be determined by an investment bank (acting as an expert and not as an arbitrator) selected by the Security Agent and approved by the Borrowers or, failing approval, nominated (on the application of the Security Agent) by the President for the time being of the Law Society of England and Wales (the costs of the nomination and of the investment bank being payable by the Borrowers) and the determination of any investment bank shall be final and binding upon the Parties.

29.17 Reliance and engagement letters

Each Secured Party confirms that the Security Agent has authority to accept on its behalf (and ratifies the acceptance on its behalf of any letters or reports already accepted by the Security Agent) the terms of any reliance letter or engagement letters or any reports or letters provided by accountants, auditors or providers of due diligence reports in connection with the Finance Documents or the transactions contemplated in the Finance Documents and to bind it in respect of those, reports or letters and to sign such letters on its behalf and further confirms that it accepts the terms and qualifications set out in such letters.

29.18 No responsibility to perfect Transaction Security

The Security Agent shall not be liable for any failure to:

- (a) require the deposit with it of any deed or document certifying, representing or constituting the title of any Transaction Obligor to any of the Security Assets;
- (b) obtain any licence, consent or other authority for the execution, delivery, legality, validity, enforceability or admissibility in evidence of any Finance Document or the Transaction Security;
- (c) register, file or record or otherwise protect any of the Transaction Security (or the priority of any of the Transaction Security) under any law or regulation or to give notice to any person of the execution of any Finance Document or of the Transaction Security;
- (d) take, or to require any Transaction Obligor to take, any step to perfect its title to any of the Security Assets or to render the Transaction Security effective or to secure the creation of any ancillary Security under any law or regulation; or
- (e) require any further assurance in relation to any Finance Document.

29.19 Insurance by Security Agent

- (a) The Security Agent shall not be obliged:
- (i) to insure any of the Security Assets;
 - (ii) to require any other person to maintain any insurance; or

(iii) to verify any obligation to arrange or maintain insurance contained in any Finance Document, and the Security Agent shall not be liable for any damages, costs or losses to any person as a result of the lack of, or inadequacy of, any such insurance.

- (b) Where the Security Agent is named on any insurance policy as an insured party, it shall not be liable for any damages, costs or losses to any person as a result of its failure to notify the insurers of any material fact relating to the risk assumed by such insurers or any other information of any kind, unless the Majority Lenders request it to do so in writing and the Security Agent fails to do so within 14 days after receipt of that request.

29.20 Custodians and nominees

The Security Agent may appoint and pay any person to act as a custodian or nominee on any terms in relation to any asset of the trust as the Security Agent may determine, including for the purpose of depositing with a custodian this Agreement or any document relating to the trust created under this Agreement and the Security Agent shall not be responsible for any loss, liability, expense, demand, cost, claim or proceedings incurred by reason of the misconduct, omission or default on the part of any person appointed by it under this Agreement or be bound to supervise the proceedings or acts of any person.

29.21 Delegation by the Security Agent

- (a) Each of the Security Agent, any Receiver and any Delegate may, at any time, delegate by power of attorney or otherwise to any person for any period, all or any right, power, authority or discretion vested in it in its capacity as such.
- (b) That delegation may be made upon any terms and conditions (including the power to sub delegate) and subject to any restrictions that the Security Agent, that Receiver or that Delegate (as the case may be) may, in its discretion, think fit in the interests of the Secured Parties.
- (c) No Security Agent, Receiver or Delegate shall be bound to supervise, or be in any way responsible for any damages, costs or losses incurred by reason of any misconduct, omission or default on the part of any such delegate or sub delegate.

29.22 Additional Security Agents

- (a) The Security Agent may at any time appoint (and subsequently remove) any person to act as a separate trustee or as a co-trustee jointly with it:
- (i) if it considers that appointment to be in the interests of the Secured Parties; or
 - (ii) for the purposes of conforming to any legal requirement, restriction or condition which the Security Agent deems to be relevant; or
 - (iii) for obtaining or enforcing any judgment in any jurisdiction,
- and the Security Agent shall give prior notice to the Borrowers and the Finance Parties of that appointment.
- (b) Any person so appointed shall have the rights, powers, authorities and discretions (not exceeding those given to the Security Agent under or in connection with the Finance Documents) and the duties, obligations and responsibilities that are given or imposed by the instrument of appointment.

- (c) The remuneration that the Security Agent may pay to that person, and any costs and expenses (together with any applicable VAT) incurred by that person in performing its functions pursuant to that appointment shall, for the purposes of this Agreement, be treated as costs and expenses incurred by the Security Agent.

29.23 Acceptance of title

The Security Agent shall be entitled to accept without enquiry, and shall not be obliged to investigate, any right and title that any Transaction Obligor may have to any of the Security Assets and shall not be liable for or bound to require any Transaction Obligor to remedy any defect in its right or title.

29.24 Releases

Upon a disposal of any of the Security Assets pursuant to the enforcement of the Transaction Security by a Receiver, a Delegate or the Security Agent, the Security Agent is irrevocably authorised (at the cost of the Borrowers and without any consent, sanction, authority or further confirmation from any other Secured Party) to release, without recourse or warranty, that property from the Transaction Security and to execute any release of the Transaction Security or other claim over that asset and to issue any certificates of non-crystallisation of floating charges that may be required or desirable.

29.25 Winding up of trust

If the Security Agent, with the approval of the Facility Agent determines that:

- (a) all of the Secured Liabilities and all other obligations secured by the Security Documents have been fully and finally discharged; and
- (b) no Secured Party is under any commitment, obligation or liability (actual or contingent) to make advances or provide other financial accommodation to any Transaction Obligor pursuant to the Finance Documents,
then
 - (i) the trusts set out in this Agreement shall be wound up and the Security Agent shall release, without recourse or warranty, all of the Transaction Security and the rights of the Security Agent under each of the Security Documents; and
 - (ii) any Security Agent which has resigned pursuant to Clause 29.13 (*Resignation of the Security Agent*) shall release, without recourse or warranty, all of its rights under each Security Document.

29.26 Powers supplemental to Trustee Acts

The rights, powers, authorities and discretions given to the Security Agent under or in connection with the Finance Documents shall be supplemental to the Trustee Act 1925 and the Trustee Act 2000 and in addition to any which may be vested in the Security Agent by law or regulation or otherwise.

29.27 Disapplication of Trustee Acts

Section 1 of the Trustee Act 2000 shall not apply to the duties of the Security Agent in relation to the trusts constituted by this Agreement and the other Finance Documents. Where there are any inconsistencies between (i) the Trustee Acts 1925 and 2000 and (ii) the provisions of this Agreement and any other Finance Document, the provisions of this Agreement and any other Finance Document shall, to the extent permitted by law and regulation, prevail and, in the case of any inconsistency with the Trustee Act 2000, the provisions of this Agreement and any other Finance Document shall constitute a restriction or exclusion for the purposes of the Trustee Act 2000.

29.28 Application of receipts

All amounts from time to time received or recovered by the Security Agent pursuant to the terms of any Finance Document, under Clause 29.2 (*Parallel Debt (Covenant to pay the Security Agent)*) or in connection with the realisation or enforcement of all or any part of the Security Property (for the purposes of this Clause 29 (*The Security Agent*), the “**Recoveries**”) shall be held by the Security Agent on trust to apply them at any time as the Security Agent (in its discretion) sees fit, to the extent permitted by applicable law (and subject to the remaining provisions of this Clause 29 (*The Security Agent*)), in the following order of priority:

- (a) in discharging any sums owing to the Security Agent (in its capacity as such) other than pursuant to Clause 29.2 (*Parallel Debt (Covenant to pay the Security Agent)*) or any Receiver or Delegate;
- (b) in payment or distribution to the Facility Agent, on its behalf and on behalf of the other Secured Parties, for application towards the discharge of all sums due and payable by any Transaction Obligor under any of the Finance Documents in accordance with Clause 32.5 (*Application of receipts; partial payments*);
- (c) if none of the Transaction Obligors is under any further actual or contingent liability under any Finance Document, in payment or distribution to any person to whom the Security Agent is obliged to pay or distribute in priority to any Transaction Obligor; and
- (d) the balance, if any, in payment or distribution to the relevant Transaction Obligor.

29.29 Permitted Deductions

The Security Agent may, in its discretion:

- (a) set aside by way of reserve amounts required to meet, and to make and pay, any deductions and withholdings (on account of Taxes or otherwise) which it is or may be required by any applicable law to make from any distribution or payment made by it under this Agreement; and
- (b) pay all Taxes which may be assessed against it in respect of any of the Security Property, or as a consequence of performing its duties, or by virtue of its capacity as Security Agent under any of the Finance Documents or otherwise (other than in connection with its remuneration for performing its duties under this Agreement).

29.30 Prospective liabilities

Following enforcement of any of the Transaction Security, the Security Agent may, in its discretion, or at the request of the Facility Agent, hold any Recoveries in an interest bearing suspense or impersonal account(s) in the name of the Security Agent with such financial institution (including itself) and for so long as the Security Agent shall think fit (the interest being credited to the relevant account) for later payment to the Facility Agent for application in accordance with Clause 29.28 (*Application of receipts*) in respect of:

- (a) any sum to the Security Agent, any Receiver or any Delegate; and
- (b) any part of the Secured Liabilities,

that the Security Agent or, in the case of paragraph (b) only, the Facility Agent, reasonably considers, in each case, might become due or owing at any time in the future.

29.31 Investment of proceeds

Prior to the payment of the proceeds of the Recoveries to the Facility Agent for application in accordance with Clause 29.28 (*Application of receipts*) the Security Agent may, in its discretion, hold all or part of those proceeds in an interest bearing suspense or impersonal account(s) in the name of the Security Agent with such financial institution (including itself) and for so long as the Security Agent shall think fit (the interest being credited to the relevant account) pending the payment from time to time of those moneys in the Security Agent's discretion in accordance with the provisions of Clause 29.28 (*Application of receipts*).

29.32 Currency conversion

- (a) For the purpose of, or pending the discharge of, any of the Secured Liabilities the Security Agent may convert any moneys received or recovered by the Security Agent from one currency to another, at a market rate of exchange.
- (b) The obligations of any Transaction Obligor to pay in the due currency shall only be satisfied to the extent of the amount of the due currency purchased after deducting the costs of conversion.

29.33 Good discharge

- (a) Any payment to be made in respect of the Secured Liabilities by the Security Agent may be made to the Facility Agent on behalf of the Secured Parties and any payment made in that way shall be a good discharge, to the extent of that payment, by the Security Agent.
- (b) The Security Agent is under no obligation to make the payments to the Facility Agent under paragraph (a) above in the same currency as that in which the obligations and liabilities owing to the relevant Finance Party are denominated.

29.34 Amounts received by Obligors

If any of the Obligors receives or recovers any amount which, under the terms of any of the Finance Documents, should have been paid to the Security Agent, the Borrowers will ensure that such amount received or recovered is held on trust for the Security Agent and promptly pay that amount to the Security Agent for application in accordance with the terms of this Agreement.

29.35 Application and consideration

In consideration for the covenants given to the Security Agent by each Borrower in relation to Clause 29.2 (*Parallel Debt (Covenant to pay the Security Agent)*), the Security Agent agrees with each Borrower to apply all moneys from time to time paid by such Borrower to the Security Agent in accordance with the foregoing provisions of this Clause 29 (*The Security Agent*).

29.36 Full freedom to enter into transactions

Without prejudice to Clause 29.7 (*Business with the Group*) or any other provision of a Finance Document and notwithstanding any rule of law or equity to the contrary, the Security Agent shall be absolutely entitled:

- (a) to enter into and arrange banking, derivative, investment and/or other transactions of every kind with or affecting any Transaction Obligor or any person who is party to, or referred to in, a Finance Document (including, but not limited to, any interest or currency swap or other transaction, whether related to this Agreement or not, and acting as syndicate agent and/or security agent for, and/or participating in, other facilities to such Transaction Obligor or any person who is party to, or referred to in, a Finance Document);
- (b) to deal in and enter into and arrange transactions relating to:
 - (i) any securities issued or to be issued by any Transaction Obligor or any other person; or
 - (ii) any options or other derivatives in connection with such securities; and
- (c) to provide advice or other services to the Borrowers or any person who is a party to, or referred to in, a Finance Document,

and, in particular, the Security Agent shall be absolutely entitled, in proposing, evaluating, negotiating, entering into and arranging all such transactions and in connection with all other matters covered by paragraphs (a), (b) and (c) above, to use (subject only to insider dealing legislation) any information or opportunity, howsoever acquired by it, to pursue its own interests exclusively, to refrain from disclosing such dealings, transactions or other matters or any information acquired in connection with them and to retain for its sole benefit all profits and benefits derived from the dealings transactions or other matters.

30 CONDUCT OF BUSINESS BY THE FINANCE PARTIES

No provision of this Agreement will:

- (a) interfere with the right of any Finance Party to arrange its affairs (tax or otherwise) in whatever manner it thinks fit;
- (b) oblige any Finance Party to investigate or claim any credit, relief, remission or repayment available to it or the extent, order and manner of any claim; or
- (c) oblige any Finance Party to disclose any information relating to its affairs (tax or otherwise) or any computations in respect of Tax.

31 SHARING AMONG THE FINANCE PARTIES

31.1 Payments to Finance Parties

If a Finance Party (a “**Recovering Finance Party**”) receives or recovers any amount from a Transaction Obligor other than in accordance with Clause 32 (*Payment Mechanics*) (a “**Recovered Amount**”) and applies that amount to a payment due to it under the Finance Documents then:

- (a) the Recovering Finance Party shall, within three Business Days, notify details of the receipt or recovery, to the Facility Agent;
- (b) the Facility Agent shall determine whether the receipt or recovery is in excess of the amount the Recovering Finance Party would have been paid had the receipt or recovery been received or made by the Facility Agent and distributed in accordance with Clause 32 (*Payment Mechanics*), without taking account of any Tax which would be imposed on the Facility Agent in relation to the receipt, recovery or distribution; and
- (c) the Recovering Finance Party shall, within three Business Days of demand by the Facility Agent, pay to the Facility Agent an amount (the “**Sharing Payment**”) equal to such receipt or recovery less any amount which the Facility Agent determines may be retained by the Recovering Finance Party as its share of any payment to be made, in accordance with Clause 32.5 (*Application of receipts; partial payments*).

31.2 Redistribution of payments

The Facility Agent shall treat the Sharing Payment as if it had been paid by the relevant Transaction Obligor and distribute it among the Finance Parties (other than the Recovering Finance Party) (the “**Sharing Finance Parties**”) in accordance with Clause 32.5 (*Application of receipts; partial payments*) towards the obligations of that Transaction Obligor to the Sharing Finance Parties.

31.3 Recovering Finance Party’s rights

On a distribution by the Facility Agent under Clause 31.2 (*Redistribution of payments*) of a payment received by a Recovering Finance Party from a Transaction Obligor, as between the relevant Transaction Obligor and the Recovering Finance Party, an amount of the Recovered Amount equal to the Sharing Payment will be treated as not having been paid by that Transaction Obligor.

31.4 Reversal of redistribution

If any part of the Sharing Payment received or recovered by a Recovering Finance Party becomes repayable and is repaid by that Recovering Finance Party, then:

- (a) each Sharing Finance Party shall, upon request of the Facility Agent, pay to the Facility Agent for the account of that Recovering Finance Party an amount equal to the appropriate part of its share of the Sharing Payment (together with an amount as is necessary to reimburse that Recovering Finance Party for its proportion of any interest on the Sharing Payment which that Recovering Finance Party is required to pay) (the “**Redistributed Amount**”); and

- (b) as between the relevant Transaction Obligor and each relevant Sharing Finance Party, an amount equal to the relevant Redistributed Amount will be treated as not having been paid by that Transaction Obligor.

31.5 Exceptions

- (a) This Clause 31 (*Sharing among the Finance Parties*) shall not apply to the extent that the Recovering Finance Party would not, after making any payment pursuant to this Clause, have a valid and enforceable claim against the relevant Transaction Obligor.
- (b) A Recovering Finance Party is not obliged to share with any other Finance Party any amount which the Recovering Finance Party has received or recovered as a result of taking legal or arbitration proceedings, if:
 - (i) it notified that other Finance Party of the legal or arbitration proceedings; and
 - (ii) that other Finance Party had an opportunity to participate in those legal or arbitration proceedings but did not do so as soon as reasonably practicable having received notice and did not take separate legal or arbitration proceedings.

ADMINISTRATION

32 PAYMENT MECHANICS**32.1 Payments to the Facility Agent**

- (a) On each date on which a Transaction Obligor or a Lender is required to make a payment under a Finance Document, that Transaction Obligor or Lender shall make an amount equal to such payment available to the Facility Agent (unless a contrary indication appears in a Finance Document) for value on the due date at the time and in such funds specified by the Facility Agent as being customary at the time for settlement of transactions in the relevant currency in the place of payment.
- (b) Payment shall be made to such account in the principal financial centre of the country of that currency (or, in relation to euro, in a principal financial centre in such Participating Member State or Stockholm, as specified by the Facility Agent) and with such bank as the Facility Agent, in each case, specifies.

32.2 Distributions by the Facility Agent

Each payment received by the Facility Agent under the Finance Documents for another Party shall, subject to Clause 32.3 (*Distributions to a Transaction Obligor*) and Clause 32.4 (*Clawback and pre-funding*) be made available by the Facility Agent as soon as practicable after receipt to the Party entitled to receive payment in accordance with this Agreement (in the case of a Lender, for the account of its Facility Office), to such account as that Party may notify to the Facility Agent by not less than five Business Days' notice with a bank specified by that Party in the principal financial centre of the country of that currency (or, in relation to euro, in the principal financial centre of a Participating Member State or Stockholm), as specified by that Party or, in the case of an Advance, to such account of such person as may be specified by the Borrowers in the Utilisation Request.

32.3 Distributions to a Transaction Obligor

The Facility Agent may (with the consent of the Transaction Obligor or in accordance with Clause 33 (*Set-Off*)) apply any amount received by it for that Transaction Obligor in or towards payment (on the date and in the currency and funds of receipt) of any amount due from that Transaction Obligor under the Finance Documents or in or towards purchase of any amount of any currency to be so applied.

32.4 Clawback and pre-funding

- (a) Where a sum is to be paid to the Facility Agent under the Finance Documents for another Party, the Facility Agent is not obliged to pay that sum to that other Party (or to enter into or perform any related exchange contract) until it has been able to establish to its satisfaction that it has actually received that sum.
- (b) Unless paragraph (c) below applies, if the Facility Agent pays an amount to another Party and it proves to be the case that the Facility Agent had not actually received that amount, then the Party to whom that amount (or the proceeds of any related exchange contract) was paid by the Facility Agent shall on demand refund the same to the Facility Agent together with interest on that amount from the date of payment to the date of receipt by the Facility Agent, calculated by the Facility Agent to reflect its cost of funds.

- (c) If the Facility Agent is willing to make available amounts for the account of the Borrowers before receiving funds from the Lenders then if and to the extent that the Facility Agent does so but it proves to be the case that it does not then receive funds from a Lender in respect of a sum which it paid to the Borrowers:
 - (i) the Borrowers shall on demand refund it to the Facility Agent; and
 - (ii) the Lender by whom those funds should have been made available or, if the Lender fails to do so, the Borrowers, shall on demand pay to the Facility Agent the amount (as certified by the Facility Agent) which will indemnify the Facility Agent against any funding cost incurred by it as a result of paying out that sum before receiving those funds from that Lender.

32.5 Application of receipts; partial payments

- (a) If the Facility Agent receives a payment that is insufficient to discharge all the amounts then due and payable by a Transaction Obligor under the Finance Documents, the Facility Agent shall apply that payment towards the obligations of that Transaction Obligor under the Finance Documents in the following order:
 - (i) **first**, in or towards payment pro rata of any unpaid fees, costs and expenses of, and any other amounts owing to, the Facility Agent, the Security Agent, any Receiver or any Delegate under the Finance Documents;
 - (ii) **secondly**, in or towards payment pro rata of any accrued interest and fees due but unpaid to the Lenders under this Agreement;
 - (iii) **thirdly**, in or towards payment pro rata of any principal due but unpaid to the Lenders under this Agreement; and
 - (iv) **fourthly**, in or towards payment pro rata of any other sum due but unpaid under the Finance Documents.
- (b) The Facility Agent shall, if so directed by the Majority Lenders, vary, or instruct the Security Agent to vary (as applicable) the order set out in sub-paragraphs (ii) to (iv) of paragraph (a) above.
- (c) Paragraphs (a) and (b) above will override any appropriation made by a Transaction Obligor.

32.6 No set-off by Transaction Obligors

- (a) All payments to be made by a Transaction Obligor under the Finance Documents shall be calculated and be made without (and free and clear of any deduction for) set-off or counterclaim.

32.7 Business Days

- (a) Any payment under the Finance Documents which is due to be made on a day that is not a Business Day shall be made on the next Business Day in the same calendar month (if there is one) or the preceding Business Day (if there is not).

- (b) During any extension of the due date for payment of any principal or an Unpaid Sum under this Agreement interest is payable on the principal or Unpaid Sum at the rate payable on the original due date.

32.8 Currency of account

- (a) Subject to paragraphs (b) and (c) below, dollars is the currency of account and payment for any sum due from a Transaction Obligor under any Finance Document.
- (b) Each payment in respect of costs, expenses or Taxes shall be made in the currency in which the costs, expenses or Taxes are incurred.
- (c) Any amount expressed to be payable in a currency other than dollars shall be paid in that other currency.

32.9 Change of currency

- (a) Unless otherwise prohibited by law, if more than one currency or currency unit are at the same time recognised by the central bank of any country as the lawful currency of that country, then:
 - (i) any reference in the Finance Documents to, and any obligations arising under the Finance Documents in, the currency of that country shall be translated into, or paid in, the currency or currency unit of that country designated by the Facility Agent (after consultation with the Borrowers); and
 - (ii) any translation from one currency or currency unit to another shall be at the official rate of exchange recognised by the central bank for the conversion of that currency or currency unit into the other, rounded up or down by the Facility Agent (acting reasonably).
- (b) If a change in any currency of a country occurs, this Agreement will, to the extent the Facility Agent (acting reasonably and after consultation with the Borrowers) specifies to be necessary, be amended to comply with any generally accepted conventions and market practice in the Relevant Market and otherwise to reflect the change in currency.

32.10 Currency Conversion

- (a) For the purpose of, or pending any payment to be made by any Servicing Party under any Finance Document, such Servicing Party may convert any moneys received or recovered by it from one currency to another, at a market rate of exchange.
- (b) The obligations of any Transaction Obligor to pay in the due currency shall only be satisfied to the extent of the amount of the due currency purchased after deducting the costs of conversion.

32.11 Disruption to Payment Systems etc.

If either the Facility Agent determines (in its discretion) that a Disruption Event has occurred or the Facility Agent is notified by a Borrower that a Disruption Event has occurred:

- (a) the Facility Agent may, and shall if requested to do so by a Borrower, consult with the Borrowers with a view to agreeing with the Borrowers such changes to the operation or administration of the Facility as the Facility Agent may deem necessary in the circumstances;

- (b) the Facility Agent shall not be obliged to consult with the Borrowers in relation to any changes mentioned in paragraph (a) above if, in its opinion, it is not practicable to do so in the circumstances and, in any event, shall have no obligation to agree to such changes;
- (c) the Facility Agent may consult with the Finance Parties in relation to any changes mentioned in paragraph (a) above but shall not be obliged to do so if, in its opinion, it is not practicable to do so in the circumstances;
- (d) any such changes agreed upon by the Facility Agent and the Borrowers shall (whether or not it is finally determined that a Disruption Event has occurred) be binding upon the Parties and any Transaction Obligors as an amendment to (or, as the case may be, waiver of) the terms of the Finance Documents notwithstanding the provisions of Clause 42 (*Amendments and Waivers*);
- (e) the Facility Agent shall not be liable for any damages, costs or losses to any person, any diminution in value or any liability whatsoever (including, without limitation for negligence, gross negligence or any other category of liability whatsoever but not including any claim based on the fraud of the Facility Agent) arising as a result of its taking, or failing to take, any actions pursuant to or in connection with this Clause 32.11 (*Disruption to Payment Systems etc.*); and
- (f) the Facility Agent shall notify the Finance Parties of all changes agreed pursuant to paragraph (d) above.

33 SET-OFF

A Finance Party may set off any matured obligation due from a Transaction Obligor under the Finance Documents (to the extent beneficially owned by that Finance Party) against any matured obligation owed by that Finance Party to that Transaction Obligor, regardless of the place of payment, booking branch or currency of either obligation. If the obligations are in different currencies, the Finance Party may convert either obligation at a market rate of exchange in its usual course of business for the purpose of the set-off.

34 BAIL-IN

Notwithstanding any other term of any Finance Document or any other agreement, arrangement or understanding between the parties to a Finance Document, each Party acknowledges and accepts that any liability of any party to a Finance Document under or in connection with the Finance Documents may be subject to Bail-In Action by the relevant Resolution Authority and acknowledges and accepts to be bound by the effect of:

- (a) any Bail-In Action in relation to any such liability, including (without limitation):
 - (i) a reduction, in full or in part, in the principal amount, or outstanding amount due (including any accrued but unpaid interest) in respect of any such liability;
 - (ii) a conversion of all, or part of, any such liability into shares or other instruments of ownership that may be issued to, or conferred on, it; and
 - (iii) a cancellation of any such liability; and
- (b) a variation of any term of any Finance Document to the extent necessary to give effect to any Bail-In Action in relation to any such liability.

35 NOTICES

35.1 Communications in writing

Any communication to be made under or in connection with the Finance Documents shall be made in writing and, unless otherwise stated, may be made by fax or letter.

35.2 Addresses

The address and fax number (and the department or officer, if any, for whose attention the communication is to be made) of each Party for any communication or document to be made or delivered under or in connection with the Finance Documents are:

- (a) in the case of the Borrowers, that specified in Schedule 1 (*The Parties*);
- (b) in the case of each Lender or any other Borrower, that specified in Schedule 1 (*The Parties*) or, if it becomes a Party after the date of this Agreement, that notified in writing to the Facility Agent on or before the date on which it becomes a Party;
- (c) in the case of the Facility Agent, that specified in Part C of Schedule 1 (*The Parties*);
- (d) in the case of the Security Agent, that specified in Part C of Schedule 1 (*The Parties*);
- (e) in the case of the Mandated Lead Arranger, that specified in Part D of Schedule 1 (*The Parties*);
- (f) in the case of the Account Bank, that specified in Part E of Schedule 1 (*The Parties*),
or any substitute address, fax number or department or officer as the Party may notify to the Facility Agent (or the Facility Agent may notify to the other Parties, if a change is made by the Facility Agent) by not less than five Business Days' notice.

35.3 Delivery

- (a) Any communication or document made or delivered by one person to another under or in connection with the Finance Documents will only be effective:
 - (i) if by way of fax, when received in legible form; or
 - (ii) if by way of letter, when it has been left at the relevant address or five Business Days after being deposited in the post postage prepaid in an envelope addressed to it at that address,and, if a particular department or officer is specified as part of its address details provided under Clause 35.2 (*Addresses*), if addressed to that department or officer.
- (b) Any communication or document to be made or delivered to a Servicing Party will be effective only when actually received by that Servicing Party and then only if it is expressly marked for the attention of the department or officer of that Servicing Party specified in Schedule 1 (*The Parties*) (or any substitute department or officer as that Servicing Party shall specify for this purpose).
- (c) All notices from or to a Transaction Obligor shall be sent through the Facility Agent unless otherwise specified in any Finance Document.

- (d) Any communication or document made or delivered to the Borrowers in accordance with this Clause will be deemed to have been made or delivered to each of the Transaction Obligors.
- (e) Any communication or document which becomes effective, in accordance with paragraphs (a) to (d) above, after 5.00 p.m. in the place of receipt shall be deemed only to become effective on the following day.

35.4 Notification of address and fax number

Promptly upon receipt of notification of an address and fax number or change of address or fax number pursuant to Clause 35.2 (*Addresses*) or changing its own address or fax number, the Facility Agent shall notify the other Parties.

35.5 Electronic communication

- (a) Any communication to be made between any two Parties under or in connection with the Finance Documents may be made by electronic mail or other electronic means (including, without limitation, by way of posting to a secure website) if those two Parties:
 - (i) notify each other in writing of their electronic mail address and/or any other information required to enable the transmission of information by that means; and
 - (ii) notify each other of any change to their address or any other such information supplied by them by not less than five Business Days' notice.
- (b) Any such electronic communication as specified in paragraph (a) above to be made between a Borrower and a Finance Party may only be made in that way to the extent that those two Parties agree that, unless and until notified to the contrary, this is to be an accepted form of communication.
- (c) Any such electronic communication as specified in paragraph (a) above made between any two Parties will be effective only when actually received (or made available) in readable form and in the case of any electronic communication made by a Party to the Facility Agent or the Security Agent only if it is addressed in such a manner as the Facility Agent or the Security Agent shall specify for this purpose.
- (d) Any electronic communication which becomes effective, in accordance with paragraph (c) above, after 5.00 p.m. in the place in which the Party to whom the relevant communication is sent or made available has its address for the purpose of this Agreement shall be deemed only to become effective on the following day.
- (e) Any reference in a Finance Document to a communication being sent or received shall be construed to include that communication being made available in accordance with this Clause 35.5 (*Electronic communication*).

35.6 English language

- (a) Any notice given under or in connection with any Finance Document must be in English.
- (b) All other documents provided under or in connection with any Finance Document must be:
 - (i) in English; or

- (ii) if not in English, and if so required by the Facility Agent, accompanied by a certified English translation prepared by a translator approved by the Facility Agent and, in this case, the English translation will prevail unless the document is a constitutional, statutory or other official document.

36 CALCULATIONS AND CERTIFICATES

36.1 Accounts

In any litigation or arbitration proceedings arising out of or in connection with a Finance Document, the entries made in the accounts maintained by a Finance Party are *prima facie* evidence of the matters to which they relate.

36.2 Certificates and determinations

Any certification or determination by a Finance Party of a rate or amount under any Finance Document is, in the absence of manifest error, conclusive evidence of the matters to which it relates.

36.3 Day count convention and interest calculation

- (a) Any interest, commission or fee accruing under a Finance Document will accrue from day to day and the amount of any such interest, commission or fee is calculated:
 - (i) on the basis of the actual number of days elapsed and a year of 360 days (or, in any case where the practice in the Relevant Market differs, in accordance with that market practice); and
 - (ii) subject to paragraph (b) below, without rounding.
- (b) The aggregate amount of any accrued interest, commission or fee which is, or becomes, payable by an Obligor under a Finance Document shall be rounded to 2 decimal places.

37 PARTIAL INVALIDITY

If, at any time, any provision of a Finance Document is or becomes illegal, invalid or unenforceable in any respect under any law of any jurisdiction, neither the legality, validity or enforceability of the remaining provisions under the law of that jurisdiction nor the legality, validity or enforceability of such provision under the law of any other jurisdiction will in any way be affected or impaired.

38 REMEDIES AND WAIVERS

- (a) No failure to exercise, nor any delay in exercising, on the part of any Secured Party, any right or remedy under a Finance Document shall operate as a waiver of any such right or remedy or constitute an election to affirm any Finance Document. No election to affirm any Finance Document on the part of a Secured Party shall be effective unless it is in writing. No single or partial exercise of any right or remedy shall prevent any further or other exercise or the exercise of any other right or remedy. The rights and remedies provided in each Finance Document are cumulative and not exclusive of any rights or remedies provided by law.

- (b) No variation or amendment of a Finance Document shall be valid unless in writing and signed by or on behalf of all the relevant Finance Parties in accordance with the provisions of Clause 42 (*Amendments and Waivers*).

39 ENTIRE AGREEMENT

- (a) This Agreement, in conjunction with the other Finance Documents, constitutes the entire agreement between the Parties and supersedes all previous agreements, understandings and arrangements between them, whether in writing or oral, in respect of its subject matter.
- (b) Each Borrower acknowledges that it has not entered into this Agreement or any other Finance Document in reliance on, and shall have no remedies in respect of, any representation or warranty that is not expressly set out in this Agreement or in any other Finance Document.

40 SETTLEMENT OR DISCHARGE CONDITIONAL

Any settlement or discharge under any Finance Document between any Finance Party and any Transaction Obligor shall be conditional upon no security or payment to any Finance Party by any Transaction Obligor or any other person being set aside, adjusted or ordered to be repaid, whether under any insolvency law or otherwise.

41 IRREVOCABLE PAYMENT

If the Facility Agent considers that an amount paid or discharged by, or on behalf of, a Transaction Obligor or by any other person in purported payment or discharge of an obligation of that Transaction Obligor to a Secured Party under the Finance Documents is capable of being avoided or otherwise set aside on the liquidation or administration of that Transaction Obligor or otherwise, then that amount shall not be considered to have been unconditionally and irrevocably paid or discharged for the purposes of the Finance Documents.

42 AMENDMENTS AND WAIVERS

42.1 Required consents

- (a) Subject to Clause 42.2 (*All Lender matters*) and Clause 42.3 (*Other exceptions*) any term of the Finance Documents may be amended or waived only with the consent of the Majority Lenders and, in the case of an amendment, the Borrowers and any such amendment or waiver will be binding on all Parties.
- (b) The Facility Agent may effect, on behalf of any Finance Party, any amendment or waiver permitted by this Clause 42 (*Amendments and Waivers*).
- (c) Without prejudice to the generality of Clause 28.8 (*Rights and discretions*), the Facility Agent may engage, pay for and rely on the services of lawyers in determining the consent level required for and effecting any amendment, waiver or consent under this Agreement.
- (d) Paragraph (c) of Clause 26.9 (*Pro rata interest settlement*) shall apply to this Clause 42 (*Amendments and Waivers*).

42.2 All Lender matters

- (a) Subject to Clause 42.4 (*Changes to reference rates*), an amendment of or waiver or consent in relation to any term of any Finance Document that has the effect of changing or which relates to:
- (b) the definitions of “Majority Lenders”, “Sanctions”, “Sanctions Authority”, “Sanctions Laws”, “Sanctions List” and “Restricted Party” in Clause 1.1 (*Definitions*);
- (c) a postponement to or extension of the date of payment of any amount under the Finance Documents;
- (d) a reduction in the Margin or the amount of any payment of principal, interest, fees or commission payable;
- (e) a change in currency of payment of any amount under the Finance Documents;
- (f) an increase in any Commitment or the Total Commitments, an extension of any Availability Period or any requirement that a cancellation of Commitments reduces the Commitments rateably under the Facility;
- (g) a change to any Transaction Obligor other than in accordance with Clause 27 (*Changes to the Transaction Obligors*);
- (h) any provision which expressly requires the consent of all the Lenders;
- (i) this Clause 42 (*Amendments and Waivers*);
- (j) any change to the preamble (*Background*), Clause 2 (*The Facility*), Clause 3 (*Purpose*), Clause 5 (*Utilisation*), Clause 6.3 (*Effect of cancellation and prepayment on scheduled repayments*), Clause 7.5 (*Mandatory prepayment on sale, seizure or Total Loss*), Clause 8 (*Interest*), Clause 24 (*Accounts and Application of Earnings*), Clause 26 (*Changes to the Lenders*), Clause 31 (*Sharing among the Finance Parties*), Clause 46 (*Governing Law*) or Clause 47 (*Enforcement*);
- (k) any release of, or material variation to, any Transaction Security, guarantee, indemnity or subordination arrangement set out in a Finance Document (except in the case of a release of Transaction Security as it relates to the disposal of an asset which is the subject of the Transaction Security and where such disposal is expressly permitted by the Majority Lenders or otherwise under a Finance Document);
- (l) any release of, or material variation to, any Transaction Security, guarantee, indemnity or subordination arrangement set out in a Finance Document (except in the case of a release of Transaction Security as it relates to the disposal of an asset which is the subject of the Transaction Security and where such disposal is expressly permitted by the Majority Lenders or otherwise under a Finance Document);
- (m) (other than as expressly permitted by the provisions of any Finance Document) the nature or scope of:
 - (i) the joint and several liability of the Borrowers under Clause 17 (*Joint and Several Liability of the Borrowers*);
 - (ii) the Security Assets; or

- (iii) the manner in which the proceeds of enforcement of the Transaction Security are distributed, (except in the case of sub-paragraphs (ii) and (iii) above, insofar as it relates to a sale or disposal of an asset which is the subject of the Transaction Security where such sale or disposal is expressly permitted under this Agreement or any other Finance Document);
- (n) the release of any Transaction Security unless permitted under this Agreement or any other Finance Document or relating to a sale or disposal of an asset which is the subject of the Transaction Security where such sale or disposal is expressly permitted under this Agreement or any other Finance Document, shall not be made, or given, without the prior consent of all the Lenders.

42.3 Other exceptions

- (a) An amendment or waiver which relates to the rights or obligations of a Servicing Party or the Mandated Lead Arranger (each in their capacity as such) may not be effected without the consent of that Servicing Party or the Mandated Lead Arranger, as the case may be.
- (b) The Borrowers and the Facility Agent, the Mandated Lead Arranger or the Security Agent, as applicable, may amend or waive a term of a Fee Letter to which they are party.

42.4 Changes to reference rates

- (a) Subject to Clause 42.3 (*Other exceptions*), if an RFR Replacement Event has occurred any amendment or waiver which relates to:
 - (i) providing for the use of a Replacement Reference Rate in place of the RFR; and
 - (ii)
 - (A) aligning any provision of any Finance Document to the use of that Replacement Reference Rate;
 - (B) enabling that Replacement Reference Rate to be used for the calculation of interest under this Agreement (including, without limitation, any consequential changes required to enable that Replacement Reference Rate to be used for the purposes of this Agreement);
 - (C) implementing market conventions applicable to that Replacement Reference Rate;
 - (D) providing for appropriate fallback (and market disruption) provisions for that Replacement Reference Rate; 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 Reference Rate (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 Facility Agent (acting on the instructions of the Majority Lenders) and the Borrowers.

(b) An amendment or waiver that relates to, or has the effect of, aligning the means of calculation of interest on the Loan or any part of the Loan under this Agreement to any recommendation of a Relevant Nominating Body which:

- (i) relates to the use of the RFR on a compounded basis in the international or any relevant domestic syndicated loan markets; and
- (ii) is issued on or after the date of this Agreement,

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

(c) If any Lender fails to respond to a request for an amendment or waiver described in paragraph (a) or (b) above within 5 Business Days (or such longer time period in relation to any request which the Borrowers and the Facility Agent may agree) of that request being made:

- (i) its Commitment or its participation in the Loan (as the case may be) shall not be included for the purpose of calculating the Total Commitments or the amount of the Loan (as applicable) when ascertaining whether any relevant percentage of Total Commitments or the aggregate of participations in the Loan (as applicable) 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.

(d) In this Clause 42.4 (*Changes to reference rates*):

“**RFR Replacement Event**” means:

- (a) the methodology, formula or other means of determining the RFR has, in the opinion of the Majority Lenders, and the Borrower materially changed;
- (b)
 - (i)
 - (A) the administrator of the RFR 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 the RFR is insolvent,

provided that, in each case, at that time, there is no successor administrator to continue to provide the RFR;

- (ii) the administrator of the RFR publicly announces that it has ceased or will cease, to provide the RFR permanently or indefinitely and, at that time, there is no successor administrator to continue to provide the RFR;
 - (iii) the supervisor of the administrator of the RFR publicly announces that the RFR has been or will be permanently or indefinitely discontinued; or
 - (iv) the administrator of the RFR or its supervisor announces that the RFR may no longer be used; or
- (c) the administrator of the RFR determines that the RFR should be calculated in accordance with its reduced submissions or other contingency or fallback policies or arrangements and either:
- (i) the circumstance(s) or event(s) leading to such determination are not (in the opinion of the Majority Lenders and the Borrower) temporary; or
 - (ii) the RFR is calculated in accordance with any such policy or arrangement for a period no less than the period specified as the “RFR Contingency Period” in the Reference Rate Terms; or
- (d) in the opinion of the Majority Lenders and the Borrower, the RFR is otherwise no longer appropriate for the purposes of calculating interest under this Agreement.

“**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 Reference Rate**” means a reference rate which is:

- (a) formally designated, nominated or recommended as the replacement for the RFR by:
- (i) the administrator of the RFR (provided that the market or economic reality that such reference rate measures is the same as that measured by the RFR); 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 Reference Rate” will be the replacement under sub-paragraph (ii) above;

- (b) in the opinion of the Majority Lenders and the Borrower, generally accepted in the international or any relevant domestic syndicated loan markets as the appropriate successor or alternative to the RFR; or
- (e) in the opinion of the Majority Lenders and the Borrower, an appropriate successor or alternative to the RFR.

42.5 Borrower Intent

Without prejudice to the generality of Clauses 1.2 (*Construction*), each Borrower expressly confirms that it intends that any guarantee contained in this Agreement or any other Finance Document and any Security created by any Finance Document shall extend from time to time to any (however fundamental) variation, increase, extension or addition of or to any of the Finance Documents and/or any facility or amount made available under any of the Finance Documents for the purposes of or in connection with any of the following: business acquisitions of any nature; increasing working capital; enabling investor distributions to be made; carrying out restructurings; refinancing existing facilities; refinancing any other indebtedness; making facilities available to new borrowers; any other variation or extension of the purposes for which any such facility or amount might be made available from time to time; and any fees, costs and/or expenses associated with any of the foregoing.

43 CONFIDENTIAL INFORMATION

43.1 Confidentiality

Each Finance Party agrees to keep all Confidential Information confidential and not to disclose it to anyone, save to the extent permitted by Clause 43.2 (*Disclosure of Confidential Information*) and Clause 43.4 (*Disclosure to numbering service providers*) and to ensure that all Confidential Information is protected with security measures and a degree of care that would apply to its own confidential information.

43.2 Disclosure of Confidential Information

Any Finance Party may disclose:

- (a) to any of its Affiliates and Related Funds and any of its or their officers, directors, employees, professional advisers, auditors, partners, credit insurers and insurers, reinsurers, insurance brokers and Representatives such Confidential Information as that Finance Party shall consider appropriate if any person to whom the Confidential Information is to be given pursuant to this paragraph (a) is informed in writing of its confidential nature and that some or all of such Confidential Information may be price-sensitive information (and in relation to any Confidential Information relating to the Guarantor, if the person to whom the Confidential Information is to be given has entered into a Confidentiality Undertaking except that there shall be no requirement for a Confidentiality Undertaking if the recipient is a professional adviser and is subject to professional obligations to maintain the confidentiality of the Confidential Information) except that there shall be no such requirement to so inform if the recipient is subject to professional obligations to maintain the confidentiality of the information or is otherwise bound by requirements of confidentiality in relation to the Confidential Information;
- (b) to any person:
 - (i) to (or through) whom it assigns or transfers (or may potentially assign or transfer) all or any of its rights and/or obligations under one or more Finance Documents or which succeeds (or which may potentially succeed) it as Facility Agent or Security Agent and, in each case, to any of that person's Affiliates, Related Funds, Representatives and professional advisers;
 - (ii) with (or through) whom it enters into (or may potentially enter into), whether directly or indirectly, any sub-participation in relation to, or any other transaction under which payments are to be made or may be made by reference to, one or more Finance Documents and/or one or more Transaction Obligors and to any of that person's Affiliates, Related Funds, Representatives and professional advisers;

- (iii) appointed by any Finance Party or by a person to whom sub-paragraph (i) or (ii) of paragraph (b) above applies to receive communications, notices, information or documents delivered pursuant to the Finance Documents on its behalf (including, without limitation, any person appointed under paragraph (c) of Clause 28.15 (*Relationship with the other Finance Parties*));
- (iv) who invests in or otherwise finances (or may potentially invest in or otherwise finance), directly or indirectly, any transaction referred to in sub-paragraph (i) or (ii) of paragraph (b) above;
- (v) to whom information is required or requested to be disclosed by any court of competent jurisdiction or any governmental, banking, taxation or other regulatory authority or similar body, the rules of any relevant stock exchange or pursuant to any applicable law or regulation;
- (vi) to whom information is required to be disclosed in connection with, and for the purposes of, any litigation, arbitrations, administrative or other investigations, proceedings or disputes;
- (vii) to whom or for whose benefit that Finance Party charges, assigns or otherwise creates Security (or may do so) pursuant to Clause 26.8 (*Security over Lenders' rights*);
- (viii) which is a classification society or other entity which a Lender has engaged to make the calculations necessary to enable that Lender to comply with its reporting obligations under the Poseidon Principles;
- (ix) who is a Party, a member of the Group or any related entity of a Transaction Obligor;
- (x) as a result of the registration of any Finance Document as contemplated by any Finance Document or any legal opinion obtained in connection with any Finance Document; or
- (xi) with the consent of the Guarantor;

in each case, such Confidential Information as that Finance Party shall consider appropriate if:

- (A) in relation to sub-paragraphs (i), (ii) and (iii) of paragraph (b) above, the person to whom the Confidential Information is to be given has entered into a Confidentiality Undertaking except that there shall be no requirement for a Confidentiality Undertaking if the recipient is a professional adviser and is subject to professional obligations to maintain the confidentiality of the Confidential Information;
- (B) in relation to sub-paragraph (iv) of paragraph (b) above, the person to whom the Confidential Information is to be given has entered into a Confidentiality Undertaking or is otherwise bound by requirements of confidentiality in relation to the Confidential Information they receive and is informed that some or all of such Confidential Information may be price-sensitive information;
- (C) in relation to sub-paragraphs (v), (vi) and (vii) of paragraph (b) above, the person to whom the Confidential Information is to be given is informed of its confidential nature and that some or all of such Confidential Information may be price-sensitive information except that there shall be no requirement to so

inform if, in the opinion of that Finance Party, it is not practicable so to do in the circumstances;

- (c) to any person appointed by that Finance Party or by a person to whom sub-paragraph (i) or (ii) of paragraph (b) above applies to provide administration or settlement services in respect of one or more of the Finance Documents including without limitation, in relation to the trading of participations in respect of the Finance Documents, such Confidential Information as may be required to be disclosed to enable such service provider to provide any of the services referred to in this paragraph (c) if the service provider to whom the Confidential Information is to be given has entered in to a confidentiality agreement substantially in the form of the LMA Master Confidentiality Undertaking for Use With Administration/Settlement Service Providers or such other form of confidentiality undertaking agreed between the Borrowers and the relevant Finance Party;
- (d) to any rating agency (including its professional advisers) such Confidential Information as may be required to be disclosed to enable such rating agency to carry out its normal rating activities in relation to the Finance Documents and/or the Obligors if the rating agency to whom the Confidential Information is to be given is informed of its confidential nature and that some or all of such Confidential Information may be price-sensitive information.

43.3 DAC6

Nothing in any Finance Document shall prevent disclosure of any Confidential Information or other matter to the extent that preventing that disclosure would otherwise cause any transaction contemplated by the Finance Documents or any transaction carried out in connection with any transaction contemplated by the Finance Documents to become an arrangement described in Part II A 1 of Annex IV of Directive 2011/16/EU.

43.4 Disclosure to numbering service providers

- (a) Any Finance Party may disclose to any national or international numbering service provider appointed by that Finance Party to provide identification numbering services in respect of this Agreement, the Facility and/or one or more Transaction Obligors the following information:
 - (i) names of Transaction Obligors;
 - (ii) country of domicile of Transaction Obligors;
 - (iii) place of incorporation of Transaction Obligors;
 - (iv) date of this Agreement;
 - (v) Clause 46 (*Governing Law*);
 - (vi) the names of the Facility Agent and the Mandated Lead Arranger;
 - (vii) date of each amendment and restatement of this Agreement;
 - (viii) amount of Total Commitments;
 - (ix) currency of the Facility;
 - (x) type of Facility;

- (xi) ranking of Facility;
 - (xii) Termination Date;
 - (xiii) changes to any of the information previously supplied pursuant to sub-paragraphs (i) to (xii) above; and
 - (xiv) such other information agreed between such Finance Party and the Borrowers,
to enable such numbering service provider to provide its usual syndicated loan numbering identification services.
- (b) The Parties acknowledge and agree that each identification number assigned to this Agreement, the Facility and/or one or more Transaction Obligors by a numbering service provider and the information associated with each such number may be disclosed to users of its services in accordance with the standard terms and conditions of that numbering service provider.
- (c) Each Obligor represents, on behalf of itself and the other Transaction Obligors, that none of the information set out in sub-paragraphs (i) to (xiv) of paragraph (a) above is, nor will at any time be, unpublished price-sensitive information.
- (d) The Facility Agent shall notify the Guarantor and the other Finance Parties of:
- (i) the name of any numbering service provider appointed by the Facility Agent in respect of this Agreement, the Facility and/or one or more Transaction Obligors; and
 - (ii) the number or, as the case may be, numbers assigned to this Agreement, the Facility and/or one or more Transaction Obligors by such numbering service provider.

43.5 Entire agreement

This Clause 43 (*Confidential Information*) constitutes the entire agreement between the Parties in relation to the obligations of the Finance Parties under the Finance Documents regarding Confidential Information and supersedes any previous agreement, whether express or implied, regarding Confidential Information.

43.6 Inside information

Each of the Finance Parties acknowledges that some or all of the Confidential Information is or may be price-sensitive information and that the use of such information may be regulated or prohibited by applicable legislation including securities law relating to insider dealing and market abuse and each of the Finance Parties undertakes not to use any Confidential Information for any unlawful purpose.

43.7 Notification of disclosure

Each of the Finance Parties agrees (to the extent permitted by law and regulation) to inform the Borrowers:

- (a) of the circumstances of any disclosure of Confidential Information made pursuant to sub-paragraph (v) of paragraph (b) of Clause 43.2 (*Disclosure of Confidential Information*) except where such disclosure is made to any of the persons referred to in that paragraph during the ordinary course of its supervisory or regulatory function;

- (b) upon becoming aware that Confidential Information has been disclosed in breach of this Clause 43 (*Confidential Information*); and
- (c) in respect of any publicity regarding the Facility or any of the terms thereof which shall be agreed in advance by the Guarantor and the Facility Agent unless otherwise required in connection with the Guarantor's reporting obligations under or in connection with the rules and regulations of the SEC and any US Stock Exchange applicable to the Guarantor.

43.8 Use of logo and/or trademark

Subject to the Borrowers' prior written consent (such consent not to be unreasonably withheld), each of the Facility Agent and/or the Mandated Lead Arranger and/or the Sustainability Agent has the right, at its expense, to publish information regarding its participation in, and the agency and arrangement of this Agreement and have the right to use the Borrowers' and/or the Guarantor's logo and trademark in connection with such publication.

43.9 Continuing obligations

The obligations in this Clause 43 (*Confidential Information*) are continuing and, in particular, shall survive and remain binding on each Finance Party for a period of 12 months from the earlier of:

- (a) the date on which all amounts payable by the Borrowers under or in connection with this Agreement have been paid in full and all Commitments have been cancelled or otherwise cease to be available; and
- (b) the date on which such Finance Party otherwise ceases to be a Finance Party.

44 CONFIDENTIALITY OF FUNDING RATES

44.1 Confidentiality and disclosure

- (a) The Facility Agent and each Borrower agree to keep each Funding Rate confidential and not to disclose it to anyone, save to the extent permitted by paragraphs (b) and (c) below.
- (b) The Facility Agent may disclose:
 - (i) any Funding Rate to the Borrowers pursuant to Clause 8.4 (*Notifications*); and
 - (ii) any Funding Rate to any person appointed by it to provide administration services in respect of one or more of the Finance Documents to the extent necessary to enable such service provider to provide those services if the service provider to whom that information is to be given has entered into a confidentiality agreement substantially in the form of the LMA Master Confidentiality Undertaking for Use With Administration/Settlement Service Providers or such other form of confidentiality undertaking agreed between the Facility Agent and the relevant Lender.

- (c) The Facility Agent and each Borrower may disclose any Funding Rate, to:
- (i) any of its Affiliates and any of its or their officers, directors, employees, professional advisers, auditors, partners and Representatives if any person to whom that Funding Rate is to be given pursuant to this sub-paragraph (i) is informed in writing of its confidential nature and that it may be price sensitive information except that there shall be no such requirement to so inform if the recipient is subject to professional obligations to maintain the confidentiality of that Funding Rate or is otherwise bound by requirements of confidentiality in relation to it;
 - (ii) any person to whom information is required or requested to be disclosed by any court of competent jurisdiction or any governmental, banking, taxation or other regulatory authority or similar body, the rules of any relevant stock exchange or pursuant to any applicable law or regulation if the person to whom that Funding Rate is to be given is informed in writing of its confidential nature and that it may be price sensitive information except that there shall be no requirement to so inform if, in the opinion of the Facility Agent or the relevant Borrower, as the case may be, it is not practicable to do so in the circumstances;
 - (iii) any person to whom information is required to be disclosed in connection with, and for the purposes of, any litigation, arbitration, administrative or other investigations, proceedings or disputes if the person to whom that Funding Rate is to be given is informed in writing of its confidential nature and that it may be price sensitive information except that there shall be no requirement to so inform if, in the opinion of the Facility Agent or the relevant Borrower, as the case may be, it is not practicable to do so in the circumstances; and
 - (iv) any person with the consent of the relevant Lender.

44.2 Related obligations

- (a) The Facility Agent and each Borrower acknowledge that each Funding Rate is or may be price sensitive information and that its use may be regulated or prohibited by applicable legislation including securities law relating to insider dealing and market abuse and the Facility Agent and each Borrower undertake not to use any Funding Rate for any unlawful purpose.
- (b) The Facility Agent and each Borrower agree (to the extent permitted by law and regulation) to inform the relevant Lender:
 - (i) of the circumstances of any disclosure made pursuant to sub-paragraph (ii) of paragraph (c) of Clause 44.1 (*Confidentiality and disclosure*) except where such disclosure is made to any of the persons referred to in that paragraph during the ordinary course of its supervisory or regulatory function; and
 - (ii) upon becoming aware that any information has been disclosed in breach of this Clause 44 (*Confidentiality of Funding Rates*).

44.3 No Event of Default

No Event of Default will occur under Clause 25.4 (*Other obligations*) by reason only of a Borrower's failure to comply with this Clause 44 (*Confidentiality of Funding Rates*).

Each Finance Document may be executed in any number of counterparts, and this has the same effect as if the signatures on the counterparts were on a single copy of the Finance Document.

GOVERNING LAW AND ENFORCEMENT

46 GOVERNING LAW

This Agreement and any non-contractual obligations arising out of or in connection with it are governed by English law.

47 ENFORCEMENT**47.1 Jurisdiction**

- (a) Unless specifically provided in another Finance Document in relation to that Finance Document, the courts of England have exclusive jurisdiction to settle any dispute arising out of or in connection with any Finance Document (including a dispute regarding the existence, validity or termination of any Finance Document or any non-contractual obligation arising out of or in connection with any Finance Document) (a “**Dispute**”).
- (b) The Borrowers accept that the courts of England are the most appropriate and convenient courts to settle Disputes and accordingly no Borrower will argue to the contrary.
- (c) This Clause 47.1 (*Jurisdiction*) is for the benefit of the Secured Parties only. As a result, no Secured Party shall be prevented from taking proceedings relating to a Dispute in any other courts with jurisdiction. To the extent allowed by law, the Secured Parties may take concurrent proceedings in any number of jurisdictions.

47.2 Service of process

- (a) Without prejudice to any other mode of service allowed under any relevant law, each Borrower (other than an Borrower incorporated in England and Wales):
 - (i) irrevocably appoints Hill Dickinson Services (London) Limited at its current address at The Broadgate Tower, 20 Primrose Street, London EC2A 2EW, England, as its agent for service of process in relation to any proceedings before the English courts in connection with any Finance Document; and
 - (ii) agrees that failure by a process agent to notify the relevant Borrower of the process will not invalidate the proceedings concerned.
- (b) If any person appointed as an agent for service of process is unable for any reason to act as agent for service of process, the Borrowers must immediately (and in any event within 5 days of such event taking place) appoint another agent on terms acceptable to the Facility Agent. Failing this, the Facility Agent may appoint another agent for this purpose.

This Agreement has been entered into on the date stated at the beginning of this Agreement.

EXECUTION PAGES

BORROWERS

SIGNED by

STRATIGOULA SAKELLARIOU)
) /s/ STRATIGOULA SAKELLARIOU
as attorney-in-fact)
for and on behalf of)
CUSTOMIZED DEVELOPMENT S.A.)
in the presence of:)

Witness' signature:) STAVROULA GIANNOPOULOU /s/ STAVROULA GIANNOPOULOU
Witness' name:) ATTORNEY-AT-LAW
Witness' address:) WATSON FARLEY & WILLIAMS GREECE
348 SYNGROU AVENUE
176 74 KALLITHEA
ATHENS GREECE

SIGNED by

STRATIGOULA SAKELLARIOU)
) /s/ STRATIGOULA SAKELLARIOU
as attorney-in-fact)
for and on behalf of)
KOHYLIA SHIPMANAGEMENT S.A.)
in the presence of:)

Witness' signature:) STAVROULA GIANNOPOULOU /s/ STAVROULA GIANNOPOULOU
Witness' name:) ATTORNEY-AT-LAW
Witness' address:) WATSON FARLEY & WILLIAMS GREECE
348 SYNGROU AVENUE
176 74 KALLITHEA
ATHENS GREECE

SIGNED by

STRATIGOULA SAKELLARIOU)
) /s/ STRATIGOULA SAKELLARIOU
as attorney-in-fact)
for and on behalf of)
FLORAL MARINE LTD.)
in the presence of:)

Witness' signature:) STAVROULA GIANNOPOULOU /s/ STAVROULA GIANNOPOULOU
Witness' name:) ATTORNEY-AT-LAW
Witness' address:) WATSON FARLEY & WILLIAMS GREECE
348 SYNGROU AVENUE
176 74 KALLITHEA
ATHENS GREECE

SIGNED by

STRATIGOULA SAKELLARIOU)
) /s/ STRATIGOULA SAKELLARIOU
as attorney-in-fact)
for and on behalf of)
IANTHE MARITIME S.A.)
in the presence of:)

Witness' signature:) STAVROULA GIANNOPOULOU /s/ STAVROULA GIANNOPOULOU
Witness' name:) ATTORNEY-AT-LAW
Witness' address:) WATSON FARLEY & WILLIAMS GREECE
348 SYNGROU AVENUE
176 74 KALLITHEA
ATHENS GREECE

ORIGINAL LENDERS

SIGNED by

CHARALAMPOS KAZANTZIS)
duly authorised) /s/ CHARALAMPOS KAZANTZIS
for and on behalf of)
SKANDINAVISKA ENSKILDA BANKEN AB)
(PUBL))
in the presence of:)

Witness' signature:) STAVROULA GIANNOPOULOU /s/ STAVROULA GIANNOPOULOU
Witness' name:) ATTORNEY-AT-LAW
Witness' address:) WATSON FARLEY & WILLIAMS GREECE
348 SYNGROU AVENUE
176 74 KALLITHEA
ATHENS GREECE

MANDATED LEAD ARRANGER

SIGNED by

CHARALAMPOS KAZANTZIS)
duly authorised) /s/ CHARALAMPOS KAZANTZIS
for and on behalf of)
SKANDINAVISKA ENSKILDA)
BANKEN AB (PUBL))
in the presence of:)

Witness' signature:) STAVROULA GIANNOPOULOU /s/ STAVROULA GIANNOPOULOU
Witness' name:) ATTORNEY-AT-LAW
Witness' address:) WATSON FARLEY & WILLIAMS GREECE
348 SYNGROU AVENUE
176 74 KALLITHEA
ATHEPNS GREECE

FACILITY AGENT

SIGNED by

CHARALAMPOS KAZANTZIS)
duly authorised) /s/ CHARALAMPOS KAZANTZIS
for and on behalf of)
SKANDINAVISKA ENSKILDA)
BANKEN AB (PUBL))
in the presence of:)

Witness' signature:) STAVROULA GIANNOPOULOU /s/ STAVROULA GIANNOPOULOU
Witness' name:) ATTORNEY-AT-LAW
Witness' address:) WATSON FARLEY & WILLIAMS GREECE
348 SYNGROU AVENUE
176 74 KALLITHEA
ATHENS GREECE

SECURITY AGENT

SIGNED by

CHARALAMPOS KAZANTZIS
duly authorised
for and on behalf of
**SKANDINAVISKA ENSKILDA
BANKEN AB (PUBL)**
in the presence of:

)
) /s/ CHARALAMPOS KAZANTZIS
)
)
)
)
)

Witness' signature:
Witness' name:
Witness' address:

) STAVROULA GIANNOPOULOU /s/ STAVROULA GIANNOPOULOU
) ATTORNEY-AT-LAW
) WATSON FARLEY & WILLIAMS GREECE
348 SYNGROU AVENUE
176 74 KALLITHEA
ATHENS GREECE

ACCOUNT BANK

SIGNED by

CHARALAMPOS KAZANTZIS
duly authorised
for and on behalf of
**SKANDINAVISKA ENSKILDA
BANKEN AB (PUBL) OSLO BRANCH**
in the presence of:

)
) /s/ CHARALAMPOS KAZANTZIS
)
)
)
)
)

Witness' signature:
Witness' name:
Witness' address:

) STAVROULA GIANNOPOULOU /s/ STAVROULA GIANNOPOULOU
) ATTORNEY-AT-LAW
) WATSON FARLEY & WILLIAMS GREECE
348 SYNGROU AVENUE
176 74 KALLITHEA
ATHENS GREECE

AMENDMENT NO. 11 TO THE MANAGEMENT AGREEMENT

This AMENDMENT NO. 11 TO THE MANAGEMENT AGREEMENT (the "Amendment"), dated as of July 25, 2022, is made by and between Navios Maritime Partners L.P., a Marshall Islands limited partnership ("NMLP") and Navios ShipManagement Inc., a Marshall Islands corporation ("NSM", and together with NMLP, the "Parties") and amends the Management Agreement (the "Management Agreement") entered into among the Parties on November 16, 2007 as amended and supplemented from time to time (together, with the Management Agreement, the "Agreement"). Capitalized terms used and not otherwise defined in this Amendment shall have the meanings given them in the Agreement.

WITNESSETH:

WHEREAS, the Parties desire to amend the Agreement.

NOW, THEREFORE, in consideration of the foregoing and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties hereby agree as follows:

1. In Section 1, Definitions, amend and restate the following definitions to read as follows:
"Additional Vessels" means any other dry cargo vessel of any size and type the management of which, after its delivery as a charter-in vessel or acquisition by NMLP, may be entrusted from time to time to NSM. Any such Additional Vessels for the purposes of this Agreement shall also be referred to herein as Vessels;
"Vessel" means all Owned Vessels, all Charter-in Vessels and the Additional Vessels.
2. In Section 1, Definitions, add the following definitions:
"Charter-in Vessel" means all dry cargo vessels that are chartered-in by NMLP;
"Owned Vessel" means all dry cargo vessels that are owned by NMLP;
3. In Schedule "B", second paragraph, add paragraph c., as follows:
"c. a technical and commercial management fee of \$25 per Charter-in Vessel per day"
4. Full Force and Effect. Except as modified by this Amendment, all other terms and conditions in the Agreement shall remain in full force and effect.
5. Effect. Unless the context otherwise requires, the Agreement, as amended, and this Amendment shall be read together and shall have effect as if the provisions of the Agreement, as amended, and this Amendment were contained in one agreement. After the effective date of this Amendment, all references in the Agreement to "this Agreement," "hereto," "hereof," "hereunder" or words of like import referring to the Agreement shall mean the Agreement, as amended, as further modified by this Amendment.
6. Counterparts. This Amendment may be executed in separate counterparts, all of which taken together shall constitute a single instrument.

[Remainder of page intentionally left blank. Signature page to follow.]

IN WITNESS WHEREOF, the parties hereto have executed this Amendment effective as of the day and year first above written.

NAVIOS MARITIME PARTNERS L.P.

/s/ Eryfili Tsironi

By: Eryfili Tsironi

Title: Chief Financial Officer

NAVIOS SHIPMANAGEMENT INC.

/s/ George Achniotis

By: George Achniotis

Title: President/Director

[Signature Page – Amendment No. 11 to Management Agreement]

Dated 5 September 2022

NAVIOS MARITIME PARTNERS L.P.

as Borrower

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\$210,000,000 to
refinance indebtedness secured on fifteen bulk carrier vessels and five container vessels

WATSON FARLEY
&
WILLIAMS

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THIS AGREEMENT is made on ____ September 2022

BETWEEN

- (1) **NAVIOS MARITIME PARTNERS L.P.**, a limited partnership 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 MH 96960, as **Borrower**;
- (2) **THE BANKS AND FINANCIAL INSTITUTIONS** listed in Schedule 1 (*Lenders and Commitments*), 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 Borrower a senior secured post-delivery term loan facility in one advance in an amount of up to the lesser of (i) \$210,000,000 and (ii) 35 per cent. of the aggregate Initial Market Value of the Ships, for the purpose of refinancing the Existing Indebtedness secured on the Ships.

OPERATIVE PROVISIONS

IT IS AGREED AS FOLLOWS:

1 INTERPRETATION

1.1 Definitions

Subject to Clause 1.5 (*General Interpretation*), in this Agreement:

“**Account**” means each of the Earnings Accounts, the Minimum Liquidity Account 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 and/or any time deposit held with the Account Bank in the Agreed Form and, in the plural, means all of them;

“**Accounting Information**” means the annual audited consolidated accounts or, as the case may be, the semi-annual unaudited consolidated accounts to be provided by the Borrower to the Agent in accordance with Clause 11.6 (*Provision of financial statements*) and 11.7 (*Form of financial statements*), respectively, of the Loan Agreement;

“**Additional Business Day**” means any day specified as such in the Reference Rate Terms;

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

“**Agency and Trust Deed**” means the agency and trust deed executed or to be executed between the Borrower 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 (*appointment of a new servicing bank*) of the Agency and Trust Deed;

“**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;

“**Approved Broker**” means each of Arrow Valuations Ltd, Barry Rogliano Salles, Clarkson Valuations Limited, Maersk Brokers K/S, Howe Robinson & Co Ltd London, Fearnleys and Simpson Spence Young and, in the plural, means all of them;

“**Approved Classification Society**” means a first class classification society acceptable to the Agent, being one of Lloyd’s Registry, American Bureau of Shipping (ABS), Det Norske Veritas (DNV), Bureau Veritas (BV), Korean Registry of Shipping, Nippon Kaiji Kyoyukai, Registro Italiano Navale or any other member of the International Association of Classification Societies **provided that** each of the China Classification Society, Russian Maritime Register of Shipping and Indian Register of Shipping shall not, at any time, constitute an Approved Classification Society;

“**Approved Flag**” means, in relation to a Ship, the Maltese, the Marshall Islands, the Panamanian, the Cypriot and the Liberian 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 Malta, the Republic of the Marshall Islands, the Republic of Panama, the Republic of Cyprus and the Republic of Liberia 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:

- (a) in respect of a Ship, the Initial Approved Manager set out in Schedule 6 (*Details of Ships and other definitions*);
- (b) in respect of Ship H, Ship J, Ship L and Ship R, each of Synergy Marine Pte. Ltd., Synergy Maritime Private Limited and Synergy Maritime Recruitment Services Private Limited as sub-managers of Ship H, Ship J, Ship L and Ship R; or
- (c) in respect of a Ship, any other company which is a subsidiary or affiliate of Navios Shipmanagement Inc. or of Angeliki Frangou or any other company or sub-manager which the Agent (acting on the instructions of the Majority Lenders) may approve from time to time as commercial and/or technical manager or sub-manager of that Ship;

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

“Article 55 BRRD” means Article 55 of Directive 2014/59/EU establishing a framework for the recovery and resolution of credit institutions and investment firms;

“Assignable Charter” means, in relation to a Ship, any time charterparty, consecutive voyage charter or contract of affreightment in respect of such Ship having a duration (or capable of exceeding a duration) equal or more than 12 months (including without limitation, any Initial Charter) 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 Owner 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) 30 September 2022 (or such later date as the Agent may, with the authorisation of the Majority Lenders, agree with the Borrower); or
- (b) if earlier, the date on which the Total Commitments are fully borrowed, cancelled or terminated;

“Bail-In Action” means the exercise of any Write-down and Conversion Powers;

“Bail-In Legislation” means:

- (a) in relation to an EEA Member Country which has implemented, or which at any time implements, Article 55 BRRD, the relevant implementing law or regulation as described in the EU Bail-In Legislation Schedule from time to time;
- (b) in relation to any state other than such an EEA Member Country and the United Kingdom, any analogous law or regulation from time to time which requires contractual recognition of any Write-down and Conversion Powers contained in that law or regulation; and
- (c) in relation to the United Kingdom, the UK Bail-In Legislation;

“Balloon Instalment” has the meaning given in Clause 8.1 (*Amount of Instalments*);

“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”;

“**Business Day**” means a day (other than a Saturday or Sunday) on which banks are open for general business in Hamburg, Athens, Piraeus, New York and London and in relation to:

- (i) any date for payment or purchase of dollars; or
- (ii) the determination of the first day or the last day of an Interest Period or otherwise in relation to the determination of the length of or rate for an Interest Period,
which also is an Additional Business Day;

“**Cancellation Notice**” has the meaning given in Clause 8.6 (*Optional facility cancellation*);

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

- (a) an Owner, a change in:
 - (i) the beneficial ownership of any of the shares in that Owner; or
 - (ii) the legal ownership of any of those shares; or
- (b) the Borrower, 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 their affiliates being the ultimate beneficial owner of, or having ultimate control of the voting rights attaching to:
 - (i) less than 5 per cent. of all the units (including for the avoidance of doubt both general partner units and common units) in the Borrower; or
 - (ii) less than 100 per cent. of all the issued shares in the general partner of the Borrower, which is currently Olympos Maritime Ltd;

“**Central Bank Rate**” has the meaning given to that term in the Reference Rate Terms;

“**Central Bank Rate Adjustment**” has the meaning given to that term in the Reference Rate Terms;

“**Central Bank Rate Spread**” has the meaning given to that term in the Reference Rate Terms;

“**Charterparty Assignment**” means, in relation to an Assignable Charter, an assignment of the rights of the Owner 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 Owner 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;

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

“**Commitment**” means, in relation to a Lender, the amount in respect of the Advance set opposite its name in Schedule 1 (*Lenders and Commitments*), 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 7 (*Form of Compliance Certificate*) (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 11.21 (*Compliance Certificate*);

“**Compounded Reference Rate**” means in relation to any RFR Banking Day during the Interest Period of the Advance or any part of the Advance, the percentage rate per annum which is the Daily Non-Cumulative Compounded RFR Rate for that RFR Banking Day;

“**Compounding Methodology Supplement**” means, in relation to the Daily Non-Cumulative Compounded RFR Rate or the Cumulative Compounded RFR Rate, a document which:

- (a) is agreed in writing by the Borrower and the Agent (in its own capacity) and the Agent (acting on the instructions of the Lenders);
- (b) specifies a calculation methodology for that rate; and
- (c) has been made available to the Borrower and each Creditor Party;

“**Contractual Currency**” has the meaning given in Clause 21.5 (*Currency indemnity*);

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

“**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;

“**Cumulative Compounded RFR Rate**” means, in relation to an Interest Period for the Advance or any part of the Advance, the percentage rate per annum determined by the Agent (or by any other Creditor Party which agrees to determine that rate in place of the Agent) in accordance with the methodology set out in Schedule 10 (*Cumulative Compounded RFR Rate*) or in any relevant Compounding Methodology Supplement;

“**Daily Non-Cumulative Compounded RFR Rate**” means, in relation to any RFR Banking Day during an Interest Period for the Advance or any part of the Advance, the percentage rate per annum determined by the Agent (or by any other Creditor Party which agrees to determine that rate in place of the Agent) in accordance with the methodology set out in Schedule 9 (*Daily Non-Cumulative Compounded RFR Rate*) or in any relevant Compounding Methodology Supplement;

“Daily Rate” means the rate specified as such in the Reference Rate Terms.

“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 Borrower 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 (*Drawdown Notice*) (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 Owner 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 Owner or the Security Trustee in the event of requisition of its 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 sub-paragraphs (i) to (vi) of paragraph (a) 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 Owner owning that Ship with the Account Bank designated “[name of relevant Owner] - 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;

“**EBITDA**” means the aggregate amount of combined pre-tax profits of the Group before extraordinary or exceptional items, interest, depreciation and amortisation as shown, at any relevant time, by the most recent Accounting Information;

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

“**Environmental Claim**” means:

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

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

“**Environmental Incident**” means, in relation to a Ship:

- (a) any release of Environmentally Sensitive Material from that Ship; or
- (b) any incident in which Environmentally Sensitive Material is released from a vessel other than that Ship and which involves a collision between that Ship and such other vessel or some other incident of navigation or operation, in either case, in connection with which that Ship is actually or potentially liable to be arrested, attached, detained or injuncted and/or that Ship and/or the Owner 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 Owner 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;

“**EU Bail-In Legislation Schedule**” means the document described as such and published by the LMA from time to time;

“**EU Ship Recycling Regulation**” means Regulation (EU) No 1257/2013 of the European Parliament and of the Council of 20 November 2013 on ship recycling and amending Regulation (EC) No 1013/2006 and Directive 2009/16/EC;

“**Event of Default**” means any of the events or circumstances described in Clause 19.1 (*Events of Default*);

“**Existing Indebtedness**” means, at any date, any outstanding Financial Indebtedness on that date under the Existing Loan Agreements;

“**Existing Loan Agreements**” means together:

- (a) a loan agreement dated 11 May 2021 (as amended and supplemented from time to time) and made among, *inter alios*, (i) Owner A to Owner N as joint and several borrowers, (ii) the banks and financial institutions listed in schedule 1 therein as lenders, (iii) Hamburg Commercial Bank AG as agent, (iv) Hamburg Commercial Bank AG as mandated lead arranger and (v) Hamburg Commercial Bank AG as security trustee; and
- (b) a loan agreement dated 14 December 2021 (as amended and supplemented from time to time) and made among, *inter alios*, (i) Owner O to Owner S as joint and several borrowers, (ii) the banks and financial institutions listed in schedule 1 therein as lenders, (iii) Hamburg Commercial Bank AG as agent, (iv) Hamburg Commercial Bank AG as mandated lead arranger and (v) Hamburg Commercial Bank AG as security trustee;

“**Existing Security Interests**” means any Security Interests created to secure the Existing Indebtedness;

“**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 the date falling 33 months from the Drawdown Date;

“**Final Repayment Date**” means, in relation to the Advance, the date falling on the earlier of (i) the date falling 33 months from the Drawdown Date and (ii) 30 June 2025;

“**Finance Documents**” means together:

- (a) this Agreement;
- (b) the Agency and Trust Deed;
- (c) the Account Pledges;
- (d) the Collateral Guarantees;
- (e) the Mortgages;
- (f) the General Assignments;
- (g) any Charterparty Assignments;
- (h) the Approved Manager’s Undertakings;
- (i) any Reference Rate Supplement;
- (j) any Compounding Methodology Supplement; and
- (k) any other document (whether creating a Security Interest or not) which is executed at any time by the Borrower, an Owner, an 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 Borrower, an Owner and the Group, each period of one year commencing on 1 January in respect of which its individual or, as the case may be, consolidated accounts are or ought to be prepared;

“**Fleet Vessels**” means all of the vessels (including, but not limited to, the Ships) from time to time wholly owned by members of the Group and, in the singular, means any of them;

“**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 Borrower, each Owner and all subsidiaries directly or indirectly owned by the Borrower and “**member of the Group**” shall be construed accordingly;

“**Initial Approved Manager**” has the meaning ascribed thereto in Schedule 6 (*Details of Ships and other definitions*);

“**Initial Charter**” has the meaning ascribed thereto in Schedule 6 (*Details of Ships and other definitions*);

“**Initial Charterer**” has the meaning ascribed thereto in Schedule 6 (*Details of Ships and other definitions*);

“**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 (*Condition Precedent Documents*), Part B;

“**Instalment**” has the meaning given in Clause 8.1 (*Amount of Instalments*);

“**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 Owner 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 Cover**” means, at any relevant time, the ratio of:

- (a) EBITDA; to
- (b) Interest Expenses less interest income;

“**Interest Expenses**” means, for any relevant financial period, the aggregate interest paid or payable by the Group and any member thereof as shown, at any relevant time, in the most recent Accounting Information delivered by the Borrower pursuant to Clause 11.6 (*Provision of financial statements*);

“**Interest Payment**” means the aggregate amount of interest that is, or is scheduled to become, payable under any Finance Document;

“**Interest Period**” means a period determined in accordance with Clause 5.1 (*Interest Periods*) or selected in accordance with paragraph (b) of Clause 7.3 (*Calculation of default rate of interest*);

“**Inventory of Hazardous Materials**” means, in relation to a Ship, an inventory certificate or statement of compliance (as applicable) issued by that Ship’s Approved Classification Society which is supplemented by a list of any and all materials known to be potentially hazardous utilised in the construction of, or otherwise installed on, that Ship, pursuant to the requirements of the EU Ship Recycling Regulation;

“**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 (*Lender re-organisation*), a bank or financial institution listed in Schedule 1 (*Lenders and Commitments*) and acting through its branch indicated in Schedule 1 (*Lenders and Commitments*) (or through another branch notified to the Agent under Clause 26.15 (*Change of lending office*)) or its transferee, successor or assign;

“**Liquid Funds**” means, as at the date of calculation or, as the case may be, for any accounting period, the aggregate of any cash deposits legally or beneficially held by all members of the Group and including any funds held by the Agent and other banks from time to time as minimum liquidity requirements;

“**LMA**” means the Loan Market Association or any successor organisation;

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

“**Loan Shortfall Prepayment Date**” has the meaning given in Clause 15.2 (*Prepayment; provision of additional security*);

“**Lookback Period**” means the number of days specified as such in the Reference Rate Terms;

“**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 $66\frac{2}{3}$ per cent. of the Total Commitments; and
- (b) after the Advance is made, Lenders whose Contributions total $66\frac{2}{3}$ 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 Minimum Liquidity Amount**” has the meaning given to such term in Schedule 6 (*Details of Ships and other definitions*);

“**Margin**” means 2.50 per cent. per annum;

“**Market Disruption Credit Adjustment Spread**” means any rate which is specified as such in the Reference Rate Terms;

“**Market Disruption Rate**” means the rate specified as such in the Reference Rate Terms;

“**Market Value**” means, in relation to a Ship or a Fleet Vessel, the market value thereof determined in accordance with Clause 15.3 (*Valuation of Ships*);

“**Market Value Adjusted Leverage**” means, at any relevant time, the ratio of:

- (a) the Total Debt less cash (which shall have the meaning given thereto under the US GAAP); to
- (b) the Market Value Adjusted Total Assets less cash (which shall have the meaning given thereto under the US GAAP);

“**Market Value Adjusted Total Assets**” means, at any time, Total Assets adjusted to reflect the difference between the book values of all Fleet Vessels and the aggregate Market Value of all Fleet Vessels (taking into account the benefit of any charters);

“**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 the Borrower and/or any Security Party taken as a whole;
- (b) the ability of the Borrower, an 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;

“**Minimum Liquidity Account**” means an account in the name of the Borrower with the Account Bank designated “Navios Maritime Partners L.P. – Minimum Liquidity 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 the Minimum Liquidity Account for the purposes of this Agreement;

“**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 covenant 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;

“**Net Worth**” means the amount by which the Total Assets (based on book values) exceed the Total Liabilities on a consolidated group level;

“**Notifying Lender**” has the meaning given in Clause 23.1 (*Illegality*) or Clause 24.1 (*Increased costs*) as the context requires;

“**Owner**” means each of Owner A, Owner B, Owner C, Owner D, Owner E, Owner F, Owner G, Owner H, Owner I, Owner J, Owner K, Owner L, Owner M, Owner N, Owner O, Owner P, Owner Q, Owner R and Owner S and, in the plural, means all of them;

“**Owner A**” 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;

“**Owner B**” 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;

“**Owner C**” 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;

“**Owner D**” 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;

“**Owner E**” 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;

“**Owner F**” 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;

“**Owner G**” 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;

“**Owner H**” 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;

“**Owner I**” 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;

“**Owner J**” 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;

“**Owner K**” 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;

“**Owner L**” 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;

“**Owner M**” means Camelia Shipping 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;

“**Owner N**” means Balder Maritime 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;

“**Owner O**” means Faith Marine Ltd., a corporation incorporated and existing under the laws of the Republic of Liberia whose registered address is at 80 Broad Street, Monrovia, Liberia;

“**Owner P**” means Red Rose 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;

“**Owner Q**” means Kleimar NV, a public limited liability company (*naamloze vennootschap/société anonyme*) incorporated under the laws of Belgium with its registered office (*zetel/siège*) at Suikerrui 5, 2000 Antwerp, Belgium, and registered with the Crossroads Bank for Enterprises under number 0426.557.894, RLE Antwerp, section Antwerp;

“**Owner R**” means Jasmine 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;

“**Owner S**” means Moonstone 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;

“**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 21.5 (*Currency indemnity*);

“**Permitted Security Interests**” means:

- (a) Security Interests created by the Finance Documents;
- (b) at any time prior to or on the Drawdown Date, any Existing Security Interest;
- (c) liens for unpaid master’s and crew’s wages in accordance with usual maritime practice;
- (d) liens for salvage;
- (e) 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;
- (f) 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 Owner in good faith by appropriate steps) and subject, in the case of liens for repair or maintenance, to paragraph (d) of Clause 14.13 (*Restrictions on chartering, appointment of managers etc.*);
- (g) any Security Interest created in favour of a plaintiff or defendant in any proceedings or arbitration as security for costs and expenses while an Owner is actively prosecuting or defending such proceedings or arbitration in good faith; and
- (h) 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 (*Insurance*) 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 (a) 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 Notice**” has the meaning given in Clause 8.5 (*Conditions for voluntary prepayment*);

“**Quotation Day**” means in relation to any period for which an interest rate is to be determined, two Business Days before the first day of that period unless market practice differs in the relevant syndicated loan market in which case the Quotation Day will be determined by the Agent in accordance with that market practice (and if quotations would normally be given on more than one day, the Quotation Day will be the last of those days);

“**Reference Rate Terms**” means the terms set out in Schedule 8 (*Reference Rate Terms*) or in any Reference Rate Supplement;

“**Reference Rate Supplement**” means a document which:

- (a) is agreed in writing by the Borrower and the Agent (in its own capacity) and the Agent (acting on the instructions of the Lenders);
- (b) specifies the relevant terms which are expressed in this Agreement to be determined by reference to the Reference Rate Terms; and
- (c) has been made available to the Borrower and each Creditor Party;

“**Relevant Market**” means the market specified as such in the Reference Rate Terms;

“**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;

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

“**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;

“**Replacement Reference Rate**” means a reference rate which is:

- (a) formally designated, nominated or recommended as the replacement for the RFR by:
 - (i) the administrator of the RFR (provided that the market or economic reality that such reference rate measures is the same as that measured by the RFR); 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 Reference Rate” will be the replacement under paragraph (ii) above;
- (b) in the reasonable opinion of the Lenders and the Borrower, generally accepted in the international or any relevant domestic syndicated loan markets as the appropriate successor to the RFR; or
- (c) in the reasonable opinion of the Lenders and the Borrower, an appropriate successor or alternative to the RFR;

“**Reporting Day**” means the day specified as such in the Reference Rate Terms;

“**Reporting Time**” means the relevant time (if any) specified as such in the Reference Rate Terms;

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

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

“**Restricted Party**” means a person that is:

- (a) listed on, or owned or controlled by a person listed on any Sanctions List;
- (b) located in, organised under the laws of, or owned or controlled by, or acting on behalf of, a person located in or organised under the laws of a country or territory which is a subject of country-wide or territory-wide Sanctions (any such country or territory, a “**Sanctioned Country**”); or
- (c) otherwise a subject of Sanctions.

“**Retention Account**” means an account in the name of the Borrower with the Account Bank designated “Navios Maritime Partners L.P. – 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;

“**RFR**” means the rate specified as such in the Reference Rate Terms;

“**RFR Banking Day**” means any day specified as such in the Reference Rate Terms;

“**RFR Replacement Event**” means:

- (a) the methodology, formula or other means of determining the RFR has, in the opinion of the Lenders and the Borrower, materially changed;
- (b)
 - (i) the administrator of the RFR or its supervisor publicly announces that such administrator is insolvent; or
 - (ii) 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 the RFR is insolvent,
provided that, in each case, at that time, there is no successor administrator to continue to provide the RFR;
- (c) the administrator of the RFR publicly announces that it has ceased or will cease, to provide the RFR permanently or indefinitely and, at that time, there is no successor administrator to continue to provide the RFR;
- (d) the supervisor of the administrator of the RFR publicly announces that the RFR has been or will be permanently or indefinitely discontinued; or
- (e) the administrator of the RFR or its supervisor publicly announces that the RFR may no longer be used; or
- (f) the administrator of the RFR (or the administrator of an interest rate which is a constituent element of the RFR) determines that the RFR should be calculated in accordance with its reduced submissions or other contingency or fallback policies or arrangements and either:
 - (i) the circumstance(s) or event(s) leading to such determination are not (in the opinion of the Lenders) temporary; or
 - (ii) the RFR is calculated in accordance with any such policy or arrangement for a period which is no less than 10 Additional Business Days; or
- (g) in the opinion of the Lenders and the Borrower, the RFR is otherwise no longer appropriate for the purposes of calculating interest under this Agreement;

“**Sanctions**” means any trade, economic or financial sanctions laws, regulations, embargoes or restrictive measures administered, enacted or enforced by:

- (a) the Security Council of the United Nations;
- (b) the United States;
- (c) the United Kingdom;
- (d) the European Union;
- (e) any member state of the European Union in each case if applicable to any Party of this Agreement, a Ship or any Security Party;
- (f) any country to which any Security Party or the Borrower or any affiliate of any of them is bound; or
- (g) the governments and official institutions or agencies of any of the foregoing, including without limitation, the Office of Foreign Assets Control of the US Department of Treasury (“**OFAC**”), the United States Department of State, and Her Majesty’s Treasury (“**HMT**”),

((a) to (g) together “**Sanctions Authorities**” and each a “**Sanctions Authority**”).

“**Sanctions List**” means the “Specially Designated Nationals and Blocked Persons” list maintained by OFAC, the “Consolidated List of Financial Sanctions Targets and Investment Ban List” maintained by HMT, or any similar list maintained by, or public announcement of a Sanctions designation made by, a Sanctions Authority, each as amended, supplemented or substituted from time to time.

“**Secured Liabilities**” means all liabilities which the Borrower, 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, (ii) the credit balance standing at such time to the credit of the Retention Account and (iii) the net realisable value of any additional security provided at that time under Clause 15 (*Security Cover*) 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 Borrower, each Owner and any other person (except a Creditor Party or an 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 Borrower, the Security Parties and the other Creditor Parties that:

- (a) all amounts which have become due for payment by the Borrower, an 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 the Borrower, an Approved Manager nor any Security Party has any future or contingent liability under Clauses 20 (*Fees and Expenses*), 21 (*Indemnities*) or 22 (*No Set-Off or Tax Deduction*) 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 the Borrower, an 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 Deed;

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

“**Shareholder A**” 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;

“**Shareholder B**” means, together, Camco Holdings Limited and Nav Holdings Limited, each a company incorporated under the laws of the Republic of Malta whose registered office is at 25/16 Vincenti Buildings, Strait Street, Valletta, Malta;

“**Shareholder C**” means Veja Navigation Company, 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;

“**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, Ship M, Ship N, Ship O, Ship P, Ship Q, Ship R, Ship S and Ship T, and, in the plural, means all of them;

“**Ship A**” has the meaning ascribed thereto in Schedule 6 (*Details of Ships and other definitions*);

“**Ship B**” has the meaning ascribed thereto in Schedule 6 (*Details of Ships and other definitions*);

“**Ship C**” has the meaning ascribed thereto in Schedule 6 (*Details of Ships and other definitions*);

“**Ship D**” has the meaning ascribed thereto in Schedule 6 (*Details of Ships and other definitions*);
“**Ship E**” has the meaning ascribed thereto in Schedule 6 (*Details of Ships and other definitions*);
“**Ship F**” has the meaning ascribed thereto in Schedule 6 (*Details of Ships and other definitions*);
“**Ship G**” has the meaning ascribed thereto in Schedule 6 (*Details of Ships and other definitions*);
“**Ship H**” has the meaning ascribed thereto in Schedule 6 (*Details of Ships and other definitions*);
“**Ship I**” has the meaning ascribed thereto in Schedule 6 (*Details of Ships and other definitions*);
“**Ship J**” has the meaning ascribed thereto in Schedule 6 (*Details of Ships and other definitions*);
“**Ship K**” has the meaning ascribed thereto in Schedule 6 (*Details of Ships and other definitions*);
“**Ship L**” has the meaning ascribed thereto in Schedule 6 (*Details of Ships and other definitions*);
“**Ship M**” has the meaning ascribed thereto in Schedule 6 (*Details of Ships and other definitions*);
“**Ship N**” has the meaning ascribed thereto in Schedule 6 (*Details of Ships and other definitions*);
“**Ship O**” has the meaning ascribed thereto in Schedule 6 (*Details of Ships and other definitions*);
“**Ship P**” has the meaning ascribed thereto in Schedule 6 (*Details of Ships and other definitions*);
“**Ship Q**” has the meaning ascribed thereto in Schedule 6 (*Details of Ships and other definitions*);
“**Ship R**” has the meaning ascribed thereto in Schedule 6 (*Details of Ships and other definitions*);
“**Ship S**” has the meaning ascribed thereto in Schedule 6 (*Details of Ships and other definitions*);
“**Ship T**” has the meaning ascribed thereto in Schedule 6 (*Details of Ships and other definitions*);

“**Total Assets**” means, as at the date of calculation or, as the case may be, for any accounting period, the total assets of the Group (including, without limitation, the Ships) as at that date (based on book values) or for that period (which shall have the meaning given thereto under the US GAAP) as shown in the most recent Accounting Information delivered by the Borrower pursuant to Clause 11.6 (*Provision of financial statements*);

“**Total Debt**” means, as at the date of calculation or, as the case may be, for any accounting period, the total debt of the Group as at that date or for that period (which shall have the meaning given thereto under the US GAAP) as shown in the most recent Accounting Information delivered by the Borrower pursuant to Clause 11.6 (*Provision of financial statements*);

“**Total Liabilities**” means, as at the date of calculation or, as the case may be, for any accounting period, the total liabilities of the Group as at that date or for that period (which shall have the meaning given thereto under the US GAAP) as shown in the most recent Accounting Information delivered by the Borrower pursuant to Clause 11.6 (*Provision of financial statements*);

“**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 Owner 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 Owner 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 Owner 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 (*Transfer by a Lender*);

"Trust Property" has the meaning given in clause 3.2 (*definition of "trust property"*) of the Agency and Trust Deed;

"UK Bail-In Legislation" means Part 1 of the United Kingdom Banking Act 2009 and any other law or regulation applicable in the United Kingdom relating to the resolution of unsound or failing banks, investment firms or other financial institutes or their affiliates (otherwise than through liquidation, administration or other insolvency proceedings);

"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) the Borrower if it is resident for tax purposes in the US; or
- (b) the 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;

"Write-down and Conversion Powers" means:

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

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

1.2 Construction of certain terms

In this Agreement:

- (a) a reference to:

“**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 (*Insurance*), 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 (*Meaning of “month”*);

“**obligatory insurances**” means, in relation to a Ship, all insurances effected, or which the Owner owning that Ship is obliged to effect in respect of that Ship, under Clause 13 (*Insurance*) or any other provision of this Agreement or another Finance Document;

“**parent company**” has the meaning given in Clause 1.4 (*Meaning of “subsidiary”*);

“**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) (1/10/83) or clause 6 of the International Hull Clauses (1/11/02) (1/11/03) 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 (*Meaning of “subsidiary”*);

“**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 clauses 29, 30 or 31 of the International Hull Clauses (1/11/02), clauses 29 or 30 of the International Hull Clauses (1/11/03), clauses 24, 25 or 26 of the Institute Time Clauses (Hulls) (1/11/95) or clauses 23, 24 or 25 of the Institute Time Clauses (Hulls) (1/10/83) or any equivalent provision.

- (b) a Lender’s “**cost of funds**” in relation to its participation in the Advance or any part of the Advance is a reference to the average cost (determined either on an actual or a notional basis) which that Lender would incur if it were to fund, from whatever source(s) it may reasonably select, an amount equal to the amount of that participation in the Advance or the relevant part of the Advance for a period equal in length to the Interest Period of the Advance or the relevant part of the Advance;
- (c) a reference to a page or screen of an information service displaying a rate shall include:
 - (i) any replacement page of that information service which displays that rate; and
 - (ii) the appropriate page of such other information service which displays that rate from time to time in place of that information service, and, if such page or service ceases to be available, shall include any other page or service displaying that rate specified by the Agent after consultation with the Borrower;
- (d) a reference to a “**Central Bank Rate**” shall include any successor rate to, or replacement rate for, that rate;
- (e) any Reference Rate Supplement overrides anything in:
 - (i) Schedule 8 (*Reference Rate Terms*); or
 - (ii) any earlier Reference Rate Supplement; and
- (f) a Compounding Methodology Supplement relating to the Daily Non-Cumulative Compounded RFR Rate or the Cumulative Compounded RFR Rate overrides anything relating to that rate in:
 - (i) Schedule 9 (*Daily Non-Cumulative Compounded RFR Rate*) or Schedule 10 (*Cumulative Compounded RFR Rate*), as the case may be; or
 - (ii) any earlier Compounding Methodology Supplement.

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) other than where paragraph (b) below applies:
 - (i) (subject to sub-paragraph (ii) and (iii) below) if the numerically corresponding day is not a Business Day, that period shall end on the next Business Day in that calendar month in which that period is to end if there is one, or if there is not, on the immediately preceding Business Day;

- (ii) if there is no numerically corresponding day in the calendar month in which that period is to end, that period shall end on the last Business Day in that calendar month; and
 - (iii) if an Interest Period begins on the last Business Day of a calendar month, that Interest Period shall end on the last Business Day in the calendar month in which that Interest Period is to end; and
- (b) in relation to an Interest Period for the Advance or any part of the Advance (or any other period for the accrual of commission or fees) for which there are rules specified as “Business Day Conventions” in the Reference Rate Terms, those rules shall apply.
- 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;
- (d) in relation to each Creditor Party that is incorporated in Germany or otherwise notifies the Agent that it has become subject to the regulation below (each a “**Restricted Lender**”), each Clause referring to Sanctions and/or Restricted Party shall only apply for the benefit of that Restricted Lender to the extent that the relevant sanctions provisions would not result in (i) any violation of, conflict with or liability under EU Regulation (EC) 2271/96 or (ii) a violation or conflict with section 7 foreign trade rules (AWV) (*Außenwirtschaftsverordnung*) (in connection with section 2 paragraph 15 trade law (AWG) (*Außenwirtschaftsgesetz*)) or a similar anti-boycott statute (the “**Mandatory Restrictions**”). In connection with any determination or direction relating to any part of a Clause of which a Restricted Lender does not have the benefit due to a Mandatory Restriction, and any consequential determinations to be made or actions to be taken as a result of the initial determination or action relating to any part of that Clause, for so long as they remain subject to a Mandatory Restriction, the commitments of that Restricted Lender will be excluded for the purpose of determining whether the consent of the Lenders has been obtained or whether the determination or direction by the Lenders has been made; and
- (e) Clauses 1.1 (*Definitions*) to 1.5 (*General Interpretation*) 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 Borrower a senior secured term loan facility of up to \$210,000,000 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 Borrower undertakes 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 Borrower 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 (*Individual right of action*) no Lender may commence proceedings against the Borrower, an 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) the Borrower, an 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 Borrower 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 (*Request for the Advance*) are that:

- (a) the Drawdown Date has to be a Business Day during the Availability Period;
- (b) the Advance shall be borrowed on the Drawdown Date;
- (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 aggregate 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 in respect of the Advance 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 Borrower; 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 Borrower the amount due from that Lender in respect of the Advance on the Drawdown Date under Clause 2.2 (Lenders' participations in the Advance).

4.6 Disbursement of the Advance

Subject to the provisions of this Agreement, the Agent shall on the Drawdown Date pay to the Borrower the amounts in respect of the Advance which the Agent receives from the Lenders under Clause 4.5 (*Lenders to make available Contributions*) and that payment to the Borrower shall be made:

- (a) to the account which the Borrower specifies 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 (*Disbursement of the Advance*) shall constitute the making of the Advance and the Borrower 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 Borrower on the last day of that Interest Period.

5.2 Normal rate of interest

- (a) The rate of interest on the Advance or any part of the Advance for any day during an Interest Period is the percentage rate per annum which is the aggregate of:

- (i) the Margin; and
- (ii) the Compounded Reference Rate for that day.

- (b) If any day during an Interest Period for the Advance or any part of the Advance is not a RFR Banking Day, the rate of interest on the Advance or any part of the Advance for that day will be the rate applicable to the immediately preceding RFR Banking Day.

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 paragraph (a) of Clause 6.2 (*Duration of normal Interest Periods*)), accrued interest shall be paid every three months during that Interest Period and on the last day of that Interest Period.

5.4 Notifications

- (a) The Agent shall no later than 3 Business Days upon an Interest Payment being determinable notify:

- (i) the Borrower of that Interest Payment;
- (ii) each Lender of the proportion of that Interest Payment which relates to that Lender's participation in the Advance or the relevant part of the Advance;
- (iii) each Lender and the Borrower of each applicable rate of interest relating to the determination of that Interest Payment; and
- (iv) each Lender and the Borrower of, to the extent it is then determinable, the Market Disruption Rate (if any) relating to the Advance or the relevant part of the Advance.

This paragraph (a) shall not apply to any Interest Payment determined pursuant to Clause 5.7 (*Cost of funds*).

- (b) The Agent shall promptly notify the Borrower of each rate of interest notified pursuant to sub-paragraph (ii) of paragraph (a) of Clause 5.7 (*Cost of funds*) relating to the Advance or any part of the Advance.
- (c) The Agent shall promptly notify each Lender and the Borrower of the determination of a rate of interest relating to the Advance or any part of the Advance to which Clause 5.7 (*Cost of funds*) applies.
- (d) This Clause 5.4 (*Notifications*) shall not require the Agent to make any notification to any Party on a day which is not a Business Day.
- (e) No Interest Period for the Advance or any part of the Advance shall be longer than three Months.

5.5 Interest calculation if no RFR or Central Bank Rate

If:

- (a) there is no RFR or Central Bank Rate for the purposes of calculating the Daily Non-Cumulative Compounded RFR Rate for an RFR Banking Day during an Interest Period for the Advance or any part of the Advance; and
- (b) “Cost of funds will apply as a fallback” is specified in the Reference Rate Terms,
Clause 5.7 (*Cost of funds*) shall apply to the Advance or the relevant part of the Advance for that Interest Period.

5.6 Market disruption

If:

- (a) a Market Disruption Rate is specified in the Reference Rate Terms; and
- (b) before the Reporting Time for the Loan, the Agent receives notifications from a Lender or Lenders (whose Contributions exceed 30 per cent. of the Loan) that its cost of funds relating to its participation in the Loan would be in excess of that Market Disruption Rate,
then Clause 5.7 (*Cost of funds*) shall apply to the Loan or the relevant part of the Loan.

5.7 Cost of funds

- (a) If this Clause 5.7 (*Cost of funds*) applies to the Loan or any part of the Loan for an Interest Period, Clause 5.2 (*Normal rate of interest*) shall not apply to the Loan or the relevant part of the Loan for that Interest Period and the rate of interest on the Loan or the relevant part of the Loan for that Interest Period shall be the percentage rate per annum which is the sum of:
 - (i) the Margin; and
 - (ii) the weighted average of the rates notified to the Agent by each Lender as soon as practicable and in any event by the Reporting Time, to be that which expresses as a percentage rate per annum its cost of funds relating to its participation in the Loan or the relevant part of the Loan.

- (b) If this Clause 5.7 (*Cost of funds*) applies and the Agent or the Borrower so require, the Agent and the Borrower shall enter into negotiations (for a period of not more than 30 days) with a view to agreeing a substitute basis for determining the rate of interest or (as the case may be) an alternative basis for funding.
- (c) Subject to Clause 27.4 (*Changes to reference rates*), any substitute or alternative basis agreed pursuant to paragraph (b) above shall, with the prior consent of all the Lenders and the Borrower, be binding on all Parties.
- (d) If paragraph (e) below does not apply and any rate notified to the Agent under sub-paragraph (ii) of paragraph (a) above is less than zero, the relevant rate shall be deemed to be zero.
- (e) If this Clause 5.7 (*Cost of funds*) applies pursuant to Clause 5.6 (*Market disruption*) and:
 - (i) a Lender's rate notified pursuant to sub-paragraph (ii) of paragraph (a) above is less than the relevant Cumulative Compounded RFR Rate; or
 - (ii) a Lender does not notify a rate to the Agent by the time specified in sub-paragraph (ii) of paragraph (a) above,that Lender's cost of funds relating to its participation in the Loan or the relevant part of the Loan for that Interest Period shall be deemed, for the purposes of sub-paragraph (ii) of paragraph (a) above, to be the Cumulative Compounded RFR Rate for the Loan or the relevant part of the Loan.
- (f) If this Clause 5.7 (*Cost of funds*) applies, the Agent shall, as soon as practicable, notify the Borrower.

5.8 Notice of prepayment

If the Borrower does not agree with an interest rate set by the Agent under Clause 5.7 (*Cost of funds*), the Borrower may give the Agent not less than 5 Business Days' notice of its intention to prepay the Loan at the end of the interest period set by the Agent.

5.9 Prepayment; termination of Commitments

A notice under Clause 5.8 (*Notice of prepayment*) shall be irrevocable; the Agent shall promptly notify the Lenders of the Borrower's 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 relevant Lender shall be cancelled; and
- (b) on the last Business Day of the interest period set by the Agent, the Borrower shall prepay (without premium or penalty) the Loan or, as the case may be, the relevant Lender's Contribution, together with accrued interest thereon at the applicable rate plus the Margin.

5.10 Application of prepayment

The provisions of Clause 8 (*Repayment and Prepayment*) 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 (*Duration of Interest Periods for Instalments*) and 6.4 (*Non-availability of matching deposits for Interest Period selected*), each Interest Period in respect of the Loan shall be:

- (a) 3 months; or
- (b) such other period (as proposed by the Borrower 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 Loan) as the Agent may, with the authorisation of the Majority Lenders, agree with the Borrower (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 (*Repayment and Prepayment*) 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 Borrower has 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 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 Borrower shall pay interest in accordance with the following provisions of this Clause 7 (*Default Interest*) on any amount payable by the Borrower under any Finance Document which the Agent, the Security Trustee or the other designated payee does not receive on or before the relevant date, that is:

- (a) the date on which the Finance Documents provide that such amount is due for payment; or
- (b) if a Finance Document provides that such amount is payable on demand, the date on which the demand is served; or
- (c) if such amount has become immediately due and payable under Clause 19.4 (*Acceleration of Loan*) 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 2.00 per cent. above:

- (a) in the case of an overdue amount of principal, the rate set out at paragraph (a) of Clause 7.3 (*Calculation of default rate of interest*); or
- (b) in the case of any other overdue amount, the rate set out at paragraph (b) of Clause 7.3 (*Calculation of default rate of interest*).

7.3 Calculation of default rate of interest

The rates referred to in Clause 7.2 (*Default rate of interest*) 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 plus, in respect of successive Interest Periods of any duration (including at call) up to three months which the Agent may select from time to time, a rate from time to time determined by the Agent by reference to each Lender's "cost of funds" (as such term is referred to in paragraph (b) of Clause 1.2 (*Construction of certain terms*)).

7.4 Notification of Interest Periods and default rates

The Agent shall promptly notify the Lenders and the Borrower of each interest rate determined by the Agent under Clause 7.3 (*Calculation of default rate of interest*) and of each Interest Period selected by the Agent for the purposes of paragraph (b) of Clause 7.3 (*Calculation of default rate of interest*) of that Clause; but this shall not be taken to imply that the Borrower is 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 Interest 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 Interest 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 Borrower shall repay the Loan by:

- (a) 11 consecutive instalments, of which the first three shall each be in the amount of \$10,000,000 and the following eight shall each be in the amount of \$7,570,000 (each an "**Instalment**" and, together, the "**Instalments**"); and

- (b) together with the last Instalment, a balloon instalment in the amount of \$119,440,000 (the “**Balloon Instalment**”),
Provided that, if the amount advanced is less than \$210,000,000, 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 shall be repaid on the date falling three months 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 Borrower 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 Borrower 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 Borrower and the Agent.

8.5 Conditions for voluntary prepayment

The conditions referred to in Clause 8.4 (*Voluntary prepayment*) are as follows:

- (a) the Agent has received from the Borrower at least 3 Business Days’ prior irrevocable written notice (each, a “**Prepayment Notice**”) specifying the amount to be prepaid, the date on which the prepayment is to be made and against which advance the Prepayment needs to be applied;
- (b) the Borrower has provided evidence satisfactory to the Agent that any consent required by any Owner 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 Owner or any Security Party has been complied with;
- (c) the Borrower is in compliance with Clause 8.10 (*Amounts payable on prepayment*) on or prior to the date of prepayment; and
- (d) in respect of the Loan 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).

8.6 Optional facility cancellation

The Borrower 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 Borrower under paragraphs (a) and (b) of Clause 8.5 (*Conditions for voluntary prepayment*).

8.8 Mandatory prepayment

The Borrower shall be obliged to prepay the Relevant Amount:

- (a) if a Ship is sold, on or before the date on which the sale is completed by delivery of the Ship to the buyer; or
- (b) if a Ship becomes a Total Loss, on the earlier of the date falling 90 days after the Total Loss Date and the date of receipt by the Security Trustee of the proceeds of insurance relating to such Total Loss.

In this Clause 8.8 (*Mandatory prepayment*):

“**Relevant Amount**” means:

- (a) an amount equal to the Relevant Fraction of the Loan on the date on which (i) the relevant Ship is sold or (ii) the relevant Ship becomes a Total Loss; or
- (b) 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 that 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 Borrower 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 (*Indemnities*) or otherwise).

8.11 Application of partial prepayment or cancellation

Each partial prepayment shall be applied:

- (a) if made pursuant to Clauses 5.8 (*Notice of prepayment*), 8.8 (*Mandatory prepayment*), 15.2 (*Prepayment; provision of additional security*), 19.2 (*Actions following an Event of Default*), 23.3 (*Prepayment; termination of Commitment*) or 24.6 (*Prepayment; termination of Commitment*), *pro rata* against the relevant Instalments and the Balloon Instalment; and

- (b) if made pursuant to Clause 8.4 (*Voluntary prepayment*) in order of maturity of the relevant 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 (*Condition Precedent Documents*) 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 (*Condition Precedent Documents*) in form and substance satisfactory to the Agent and its lawyers;
 - (ii) any fee payable pursuant to Clause 20.1 (*Fees*); and
 - (iii) payment of any expenses payable pursuant to Clause 20.2 (*Costs of negotiation, preparation etc.*) 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 Advance;
 - (ii) the representations and warranties in Clause 10 (*Representations and Warranties*) and those of the Borrower, an 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 5.6 (*Market disruption*) 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 Borrower would not be obliged to provide additional security or prepay part of the Loan respectively 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 Borrower 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 (*Documents, fees and no default*) are satisfied, the Borrower 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

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

10.2 Status

The Borrower is duly formed, validly existing and in good standing under the laws of the Marshall Islands.

10.3 Share capital and ownership

- (a) 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 are the ultimate beneficial owners of, and have the ultimate control of the voting rights attaching to at least 5 per cent. of all units as the case may be in the Borrower.
- (b) Each of Owner A, Owner B, Owner C and Owner D is authorised to issue 50,000 registered shares with a par value of \$1.00 per share, all of which have been issued in registered form and are fully paid and non-assessable and are held, free of any Security Interest or other claim, by Shareholder A.
- (c) Each of Owner E, Owner G and Owner N is authorised to issue 500 registered and/or bearer shares without par value, all of which have been issued in registered form and are fully paid and non-assessable and are held, free of any Security Interest or other claim, by Shareholder A.
- (d) Each of Owner F, Owner H, Owner I, Owner J, Owner K and Owner L, is authorised to issue 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 non-assessable and are held, free of any Security Interest or other claim, by Shareholder A.
- (e) Owner M is authorised to issue 500 registered shares without par value, all of which have been issued in registered form and are fully paid and non-assessable and are held, free of any Security Interest or other claim, by Shareholder A.
- (f) Owner Q is authorised to issue 4,835,003 registered shares with no par value, all of which have been issued in registered form and are held, free of any Security Interest or other claim, by Shareholder B.

- (g) Each of Owner O and Owner P is authorised to issue 500 registered shares without par value, all of which will be issued in registered form and fully paid and non-assessable and held, free of any Security Interest or other claim on the Drawdown Date, by Shareholder C.
- (h) Each of Owner R and Owner S is authorised to issue 500 registered shares with a par value of \$1.00 per share, all of which will have been issued in registered form and be fully paid and non-assessable and held, free of any Security Interest or other claim on the Drawdown Date, by Shareholder C.

10.4 Limited Partnership/Corporate power

The Borrower or, as the case may be, each Owner has the limited partnership or corporate capacity, as applicable, and has taken all limited partnership or corporate action, as applicable, and obtained all consents necessary for it:

- (a) in the case of each Owner, 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 it is a party; and
- (c) in the case of the Borrower, to borrow under this Agreement and, in the case of the Borrower and/or each Owner to make all the payments contemplated by, and to comply with, those Finance Documents to which it is a party.

10.5 Consents in force

All the consents referred to in Clause 10.4 (*Limited Partnership/Corporate power*) 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 the Borrower or, as the case may be, each Owner 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 the Borrower's or that Owner's legal, valid and binding obligations enforceable against the Borrower or that Owner 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 (*Legal validity; effective Security Interests*) at the time of the execution and delivery of each Finance Document to which the Borrower and each other Security Party is a party:

- (a) the Borrower, or as the case may be, each other Security Party 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 the Borrower, an 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 the Borrower of the Loan (or any part thereof), and the compliance by the Borrower, an Approved Manager and each other Security Party 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 the Borrower, an Approved Manager or other Security Party (as the case may be); or
 - (iii) any contractual or other obligation or restriction which is binding on the Borrower, an Approved Manager or other Security Party (as the case may be) or any of its assets, and
- (b) will not have a Material Adverse Effect; and
- (c) is for the corporate benefit of the Borrower, an Approved Manager and/or each other Security Party.

10.9 No withholding taxes

All payments which the Borrower or any Owner 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 Borrower, an Approved Manager or any Security Party to any Creditor Party in connection with any Finance Document satisfied the requirements of Clause 11.5 (*Information provided to be accurate*); all audited and unaudited accounts and financial statements which have been so provided satisfied the requirements of Clause 11.7 (*Form of financial statements*) and are true, correct and not misleading and present fairly and accurately the financial position of the Borrower, the Owners or the Group (as the case may be); and there has been no change in the financial position or state of affairs of the Borrower, the Owners 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 the Borrower, an 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 the 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 Borrower and, as the case may be, the Owners are in compliance with Clauses 11.2 (*Title and negative pledge*), sub-paragraph (i) of paragraph (b) of Clause 11.3 (*No disposal of assets*), 11.10 (*Maintenance of Security Interests*), 11.11 (*Notification of litigation*), 13.3 (*Terms of obligatory insurances*), 14.3 (*Repair and classification*) and 14.10 (*Compliance with laws etc.*) and none of the events listed in paragraph (f) of Clause 19.1 (*Events of Default*) has occurred in respect of the Borrower or any Security Party.

10.15 Taxes paid

The Borrower has paid all taxes applicable to, or imposed on or in relation to the Borrower and its business.

10.16 ISM Code and ISPS Code compliance

All requirements of the ISM Code and the ISPS Code as they relate to the Borrower, the Owners, an Approved Manager and the Ships have been complied with.

10.17 No Money laundering

- (a) The Borrower:
 - (i) will not, and will procure that no 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. The 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

- (ii) 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).
- (b) The 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.
- (c) The Agent shall promptly notify the Lenders of any written notice it receives under this Clause 10.17 (*No Money laundering*).

10.18 No immunity

Neither the Borrower, nor any Owner or any of their respective 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 Borrower 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 Borrower 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 Sanctions

- (a) Neither the Borrower, nor any Security Party, nor any member of the Group or any of their respective directors or officers or, to the Borrower's or the relevant Security Party's or the relevant member of the Group's knowledge (after due and careful inquiry), any of the Borrower's or such Security Party's or such member of the Group's employees, affiliates, agents or representatives:
 - (i) is a Restricted Party;

- (ii) has been engaged in any transaction, activity or conduct that could reasonably be expected to result in its becoming a Restricted Party;
- (iii) has or intends to have any business operations or other dealings:
 - (A) in any Sanctioned Country which may result in a violation of any Sanctions applicable to it;
 - (B) with any Specially Designated National (SDN) on OFAC's SDN list or with a designated person targeted by asset freeze sanctions imposed by the UN, EU, Switzerland or HMT or owned or controlled by any such SDN or designated person; or
 - (C) involving commodities or services of a Sanctioned Country origin or shipped to, through, or from a Sanctioned Country, or on Sanctioned Country owned or registered vessels or aircraft, or finance or subsidise any of the foregoing exceeding 5 per cent. aggregated in comparison to the Borrower's or each Owner's total assets or revenues;
- (iv) has received notice of, or is otherwise aware of, any claim, action, suit, proceedings or investigation involving it with respect to Sanctions; and/or
- (v) is acting on behalf of or at the direction of any Restricted Party.
- (b) Each member of the Group, has taken, to the extent applicable to it, reasonable measures to ensure compliance with any Sanctions and will not use any part of the proceeds from the Loan or any part of the Loan in a manner which may result in a violation of any Sanctions by any person.
- (c) The representations and warranties provided for in this Clause 10.21 (*Sanctions*) are only given by, and/or (as applicable) shall only apply to, any member of the Group which is a German Relevant Person (as defined in Clause 19.9 (*Relevant Persons*)) or any other member of the Group bound by any applicable statutory anti-boycott law or regulation insofar as the giving of and compliance with such representations and warranties do not and will not result in a violation of or conflict with or liability under section 7 of the German Foreign Trade Regulation (*Außenwirtschaftsverordnung, AWV*) (in conjunction with section 4 and section 19 paragraph 3 no. 1 a) of the German Foreign Trade Act (*Außenwirtschaftsgesetz, AWG*)), any provision of Council Regulation (EC) 2271/96 or any similar applicable anti-boycott law or regulation.
- (d) In relation to a Restricted Lender, the representations and warranties provided for in this Clause 10.21 (*Sanctions*) shall only apply for the benefit of that Restricted Lender to the extent that such benefit and the exercise of any rights based on such representations and warranties will not result in a violation of or conflict with or liability under section 7 of the German Foreign Trade Regulation (*Außenwirtschaftsverordnung, AWV*) (in conjunction with section 4 and section 19 paragraph 3 no. 1 a) of the German Foreign Trade Act (*Außenwirtschaftsgesetz, AWG*)), any provision of Council Regulation (EC) 2271/96 or any similar applicable anti-boycott law or regulation. In connection with any amendment, waiver, determination or direction relating to any part of this Clause 10.21 (*Sanctions*) of which a Restricted Lender does not have the benefit, the commitments of that Restricted Lender will be disregarded for all purposes when determining whether the consent of the Majority Lenders or such other applicable quorum has been obtained or whether the determination or direction by the Majority Lenders or such other applicable quorum has been made.

10.22 Repetition

The representations and warranties in this Clause 10 (*Representations and Warranties*) shall be deemed to be repeated by the Borrower:

- (a) on the date of service of the Drawdown Notice;
- (b) on the Drawdown Date; and
- (c) with the exception of Clauses 10.9 (*No withholding taxes*) and 10.14 (*Compliance with certain undertakings*), on the first day of each Interest Period and on the date of any Compliance Certificate issued pursuant to Clause 11.21 (*Compliance Certificate*).

as if made with reference to the facts and circumstances existing on each such day.

11 GENERAL UNDERTAKINGS

11.1 General

The Borrower undertakes with each Creditor Party to comply with the following provisions of this Clause 11 (*General Undertakings*) 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

The Borrower will:

- (a) procure that no Owner shall create or permit to arise any Security Interest in respect of any asset, property or revenue present or future, 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 of each of the Owners, other than Security Interests arising in the normal course of the Borrower's business of acquiring, operating and (re)financing vessels.

11.3 No disposal of assets

The Borrower will procure that no Owner 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,

provided that:

- (i) in the case of an Owner, paragraph (a) does not apply to any charter of a Ship or any sale of a Ship, subject to:
 - (A) the Owner making the mandatory prepayment of the Relevant Amount pursuant to Clause 8.8 (*Mandatory prepayment*); and

- (B) no Event of Default having occurred, which is continuing at the relevant time; and
- (ii) in the case of the Borrower, paragraphs (a) and (b) do not apply unless such transfer, lease or disposal constitutes or results in a Material Adverse Change.

11.4 No other liabilities or obligations to be incurred

The Borrower will procure that no Owner 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 or speculative transactions) 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;
- (b) at any time prior to or on the Drawdown Date, the Existing Indebtedness;
- (c) 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; and
- (d) liabilities or obligations reasonably incurred in the normal course of its business of acquiring, operating and financing or refinancing vessels (and issuing relevant guarantees), acquiring shares in vessel owning companies (or their holding companies) and Financial Indebtedness from any type of lender or lessor for such acquisitions and all other matters incidental thereto.

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 the 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

The 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 Borrower, the consolidated audited annual financial statements of the Borrower for that Financial Year (commencing with the financial statements for the Financial Year ended on 31 December 2022); 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 Borrower, the semi-annual consolidated unaudited financial statements of the Borrower, for that 6-month period (commencing with the financial statements for the 6-month period ended on 30 June 2023), duly certified as to their correctness by the Chief Financial Officer or other officer of the Borrower; and
- (c) promptly after each request by the Agent, such further financial or other information in respect of the Borrower, a Ship, 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 other contracts of employment having a duration of 12 months or longer and operational expenditures for the Ships) as may be requested by the Agent.

11.7 Form of financial statements

All financial statements delivered under Clause 11.6 (*Provision of financial statements*) 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 Borrower;
- (b) fairly represent the financial condition of the Borrower 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 Borrower and the Group and each of its/their subsidiaries.

11.8 Shareholder and creditor notices

The Borrower will send the Agent copies of any relevant press releases in respect of an Owner and, promptly upon its request, copies of all communications which are received by it in its capacity as indirect shareholder of each Owner or dispatched to the Owners' creditors or any class of them.

11.9 Consents

The Borrower will and shall procure, where applicable, that each Owner shall maintain in force and promptly obtain or renew, and will promptly send certified copies to the Agent of, all consents required:

- (a) for the Borrower and that Owner to perform their respective obligations under any Finance Document and/or any Underlying Document to which each is, or as the case may be, will be a party;
- (b) for the validity or enforceability of any Finance Document and/or any Underlying Document to which each is, or as the case may be, will be a party; and
- (c) for that Owner to continue to own and operate the Ship owned by it,
and the Borrower will and shall procure that each Owner will comply (or procure compliance as the case may be) with the terms of all such consents.

11.10 Maintenance of Security Interests

The 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

The Borrower will provide the Agent with details of any legal or administrative action involving the Borrower, each Owner and the Ship owned by it, the Earnings or the Insurances in respect of that Ship, any other Security Party or an Approved Manager, as soon as such action is instituted or it becomes apparent to the 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 the Borrower shall procure that all reasonable measures are taken to defend any such legal or administrative action.

11.12 No amendment to Underlying Documents

The Borrower shall not, and shall procure that no Owner shall, 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

The Borrower will maintain its place of business, and keep its corporate documents and records, at the address stated in paragraph (a) of Clause 28.2 (*Addresses for communications*); and the Borrower will not 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

The 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 an authorised representative of the Borrower and which:

- (a) states that no Event of Default or Potential Event of Default has occurred; or
- (b) states that no Event of Default or Potential Event of Default has occurred, except for a specified event or matter, of which all material details are given.

The Agent may serve requests under this Clause 11.14 (*Confirmation of no default*) 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 Advance has been made) Commitments exceeding 10 per cent. of the Total Commitments; and this Clause 11.14 (*Confirmation of no default*) does not affect the Borrower's obligations under Clause 11.15 (*Notification of default*).

11.15 Notification of default

The Borrower will notify the Agent as soon as the 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

The Borrower shall, and shall procure that each Owner will, as soon as practicable after receiving the request, provide the Agent with any additional financial or other information relating:

- (a) to the Borrower, that Owner and the Ship owned by it, the Earnings or the Insurances or any Ship; 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

The 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 Borrower will provide a certified English translation prepared by a translator approved by the Agent.

11.18 General and administrative costs

The Borrower shall ensure that the payment of all the general and administrative costs of the Borrower and any Owner in connection with the ownership and operation of the Ship owned by it (including, without limitation, the payment of the fees payable to an Approved Manager for the services provided pursuant to any management agreement) shall be fully subordinated to the payment obligations of the Borrower and that Owner under this Agreement or the Collateral Guarantee to which it is a party (as the case may be) and the other Finance Documents to which it is a party throughout the Security Period.

11.19 "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 or change in the internal policy of any Creditor Party made after the date of this Agreement;
- (b) any change in the composition of the shareholders of the Borrower or any Security Party after the date of this Agreement; or
- (c) a proposed assignment or transfer by a Lender of any of its rights and obligations under this Agreement to a party that is not a Lender prior to such assignment or transfer,

obliges the Agent or any Lender (or, in the case of paragraph (c), any prospective new Lender) to comply with "know your customer" or similar identification procedures in circumstances where the necessary information is not already available to it, the Borrower 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.

11.20 Minimum Liquidity

The Borrower shall maintain in the Minimum Liquidity Account credit balances in an amount equal to the aggregate of not less than the Mandatory Minimum Liquidity Amount commencing from the Drawdown Date and at all times thereafter throughout the remainder of the Security Period.

11.21 Compliance Certificate

- (a) The Borrower 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 (*Provision of financial statements*) (commencing with the financial statements of the Borrower for the Financial Year ended on 31 December 2022).
- (b) Each Compliance Certificate shall be duly signed by the chief financial officer of the Borrower, evidencing (*inter alia*) the Borrower’s compliance (or not, as the case may be) with the provisions of Clause 12.5 (*Financial Covenants*), Clause 11.20 (*Minimum Liquidity*) and Clause 15.1 (*Minimum required security cover*).

11.22 No Money laundering

- (a) The Borrower:
 - (i) will not, and will procure that no 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 Union of 20 May 2015) and any comparable US federal and state laws; and
 - (ii) 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.
- (b) The Borrower:
 - (i) shall confirm to the Agent 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 Advance 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); and
 - (ii) 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.

- (c) The Agent shall promptly notify the Lenders of any written notice it receives under sub-paragraph (ii) of paragraph (b) of Clause 11.22 (*No Money laundering*) above.

11.23 Sanctions

- (a) The Borrower undertakes that neither it nor its subsidiaries will, directly or indirectly,
- (i) engage in any activities in conflict with or in violation of any Sanctions and, in particular,
 - (ii) use the proceeds of the Loan or any part of the Loan to lend, contribute or otherwise make available such proceeds to any subsidiary, joint venture partner or other person that is a Restricted Party;
 - (iii) directly or indirectly fund all or part of any repayment or prepayment of the Loan with funds that are the property of, are beneficially owned directly or indirectly by, or are derived from any transaction with or action involving a Restricted Party; or
 - (iv) otherwise act in any manner with respect to such proceeds which would result in a violation by any person (including any Finance Party or any person participating in the transaction, whether as initial purchaser, advisor, investor or otherwise) of Sanctions.
- (b) The undertakings provided for in this Clause 11.23 (*Sanctions*) are only given by, and/or (as applicable) shall only apply to, any member of the Group which is a German Relevant Person or any other member of the Group bound by any applicable statutory anti-boycott law or regulation insofar as the giving of and compliance with such undertakings do not and will not result in a violation of or conflict with or liability under section 7 of the German Foreign Trade Regulation (*Außenwirtschaftsverordnung, AWV*) (in conjunction with section 4 and section 19 paragraph 3 no. 1 a) of the German Foreign Trade Act (*Außenwirtschaftsgesetz, AWG*)), any provision of Council Regulation (EC) 2271/96 or any other applicable anti-boycott or similar applicable laws or regulation.
- (c) In relation to a Restricted Lender, the undertakings provided for in this Clause 11.23 (*Sanctions*) shall only apply for the benefit of that Restricted Lender to the extent that such benefit and the exercise of any rights based on such undertakings will not result in a violation of or conflict with or liability under section 7 of the German Foreign Trade Regulation (*Außenwirtschaftsverordnung, AWV*) (in conjunction with section 4 and section 19 paragraph 3 no. 1 a) of the German Foreign Trade Act (*Außenwirtschaftsgesetz, AWG*)), any provision of Council Regulation (EC) 2271/96 or any similar applicable anti-boycott law or regulation. In connection with any amendment, waiver, determination or direction relating to any part of this Clause 11.23 (*Sanctions*) of which a Restricted Lender does not have the benefit, the Commitments of that Restricted Lender will be disregarded for all purposes when determining whether the consent of the Majority Lenders (or such other applicable quorum) has been obtained or whether the determination or direction by the Majority Lenders (or such other applicable quorum) has been made.

12 CORPORATE UNDERTAKINGS

The Borrower also undertakes with each Creditor Party to comply with the following provisions of this Clause 12 (*Corporate Undertakings*) at all times during the Security Period except as the Agent, acting with the authorisation of the Majority Lenders, may otherwise permit in writing.

12.1 Maintenance of status

The Borrower will maintain its separate limited partnership existence and remain in good standing under the laws of the Republic of the Marshall Islands.

12.2 Negative undertakings

The Borrower will not:

- (a) change the nature of its business or allow any Owner to change the nature of its business;
- (b) pay any dividend or make any other form of distribution or effect any form of redemption, purchase or return of its issued shares 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) allow the Owners to provide any form of credit or financial assistance to:
 - (i) a person who is directly or indirectly interested in that Owner'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 Owner than those which it could obtain in a bargain made at arms' length;
- (d) allow the Owners to 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) change, or allow an Owner to change, its Financial Year;
- (f) allow the Owners to issue, allot or grant any person a right to any shares or repurchase or reduce its issued shares;
- (g) allow the Owners to 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
- (h) and procure that the Owners will not enter into any form of amalgamation, merger or de-merger, acquisition, divesture, split-up or any form of reconstruction or reorganisation, which in respect of the Borrower would result in the occurrence of an Event of Default as a result of such amalgamation, merger or de-merger, acquisition, divesture, split-up or any form of reconstruction or reorganisation.

12.3 Subordination

- (a) All rights which the Borrower at any time has against an Owner or its assets shall be fully subordinated to the rights of the Lenders under the Finance Documents; and in particular, the Borrower shall not during the Security Period:

- (b) claim, or in a bankruptcy of an Owner prove for, any amount payable to the Borrower by that Owner, whether in respect of this or any other transaction;
- (c) take or enforce any Security Interest for any such amount; or
- (d) claim to set-off any such amount against any amount payable by the Borrower to that Owner.

12.4 Borrower's Subsidiaries

The Borrower shall provide the Agent with a list of the Borrower's (direct and indirect) subsidiaries at the date of this Agreement (together with information requested by the Agent pursuant to paragraph (c) of Clause 11.6 (*Provision of financial statements*) 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 Borrower.

12.5 Financial Covenants

The Borrower shall ensure that at all times:

- (a) the Market Value Adjusted Leverage shall be no greater than 75 per cent.;
- (b) the Net Worth of the Group shall not be less than \$135,000,000;
- (c) the Interest Cover shall be at least 2 to 1; and
- (d) the members of the Group will maintain Liquid Funds in an amount equal to at least the product of \$500,000 and the total number of the Fleet Vessels at that time.

13 INSURANCE

13.1 General

The Borrower also undertakes with each Creditor Party, on and from the Drawdown Date, to comply with the following provisions of this Clause 13 (*Insurance*), except as the Agent may, with the authority of the Majority Lenders, otherwise permit in writing (such permission not to be unreasonably withheld in respect of a change relating to the class or classification society under paragraph (b) Clause 13.11 (*Compliance with terms of insurances*)).

13.2 Maintenance of obligatory insurances

The Borrower shall procure that each Owner keeps the Ship owned by it insured at the expense of that Owner 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 Owner.

13.3 Terms of obligatory insurances

The Borrower shall procure that each Owner 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 (*Terms of obligatory insurances*), the Borrower shall procure that each Owner ensures 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 Owners 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 Owner 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

The Borrower shall procure that each Owner:

- (a) at least 14 days before the expiry of any obligatory insurance effected by it:
 - (i) notifies the Security Trustee of the brokers, underwriters, insurance companies and any protection and indemnity or war risks association through or with whom that Owner proposes to renew that obligatory insurance and of the proposed terms and conditions of renewal; and

- (ii) seeks 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, renews that obligatory insurance in accordance with the Security Trustee's approval pursuant to paragraph (a); and
- (c) procures 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

The Borrower shall procure that each Owner ensures that 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 (*Further protections for the Creditor Parties*);
- (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 the 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 the 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

The Borrower shall procure that each Owner ensures that any protection and indemnity and/or war risks associations in which the Ship owned by that Owner 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 Owner'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 Owner 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

The Borrower shall procure that each Owner ensures 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

The Borrower shall procure that each Owner punctually pays 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

The Borrower shall procure that each Owner ensures 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

The Borrower shall procure that no Owner does or omits to do (or permits 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 procure that each Owner:

- (a) takes 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 paragraph (c) of Clause 13.6 (*Copies of policies; letters of undertaking*)) 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) does 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) makes (and promptly supplies 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 an Approved Manager complies with this requirement; and
- (d) does not employ that Ship, nor allows 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

The Borrower shall procure that no Owner either makes or agrees to any alteration to the terms of any obligatory insurance or waives any right relating to any obligatory insurance.

13.13 Settlement of claims

The Borrower shall procure that no Owner 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

The Borrower shall procure that each Owner provides the Security Trustee, when so requested, copies of all written communications between that Owner 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 Owner'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 Owner 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, the Borrower shall procure that each Owner 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 (*Mortgagee's interest and additional perils insurances*) or dealing with or considering any matters relating to any such insurances,

and that Owner 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 Owner 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 Owner 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 Owner 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 Owner, of any operator, charterer, manager or sub-manager of that Ship or of any officer, employee or agent of that Owner 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 Owner, any other person referred to in paragraph (i) above, or of any officer, employee or agent of that Owner 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 Borrower 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 (*Insurance*) 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 Owners, each Ship and its Insurances (including, without limitation, changes in the availability or the cost of insurance coverage or the risks to which the Owner owning that Ship may be subject) and the Borrower 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 Borrower of any proposed modification under Clause 13.17 (*Review of insurance requirements*) to the requirements of this Clause 13 (*Insurance*) 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 Borrower as an amendment to this Clause 13 (*Insurance*) and shall bind the Borrower 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 Owner 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 (*Modification of insurance requirements*).

14 SHIP COVENANTS

14.1 General

The Borrower also undertakes with each Creditor Party on and from the Drawdown Date to comply or to procure that each Owner complies with the following provisions of this Clause 14 (*Ship Covenants*) at all times during the Security Period except as the Agent, acting with the authorisation of the Majority Lenders, may otherwise permit in writing (such permission not to be unreasonably withheld in respect of a change of an Approved Flag under Clause 14.2 (*Ship's name and registration*)).

14.2 Ship's name and registration

The Borrower shall procure that each Owner 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

The Borrower shall procure that each Owner ensures that an Approved Manager shall, keep the Ship owned by that Owner 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 an Approved Classification Society; 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 5 to act on behalf of the relevant Owner 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

The Borrower shall procure that each Owner instructs the classification society referred to in Clause 14.3 (*Repair and classification*) (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 Owner;
- (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 Owner 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 Owner'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 Owner 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 Owner 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

The Borrower shall procure that no Owner 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

The Borrower shall procure that no Owner 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 Owner and subject to the security constituted by the relevant Mortgage **Provided that** an Owner 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

The Borrower shall procure that each Owner submits 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

The Borrower shall procure that each Owner permits the Security Trustee (by surveyors or other persons appointed by it for that purpose) to board the Ship owned by that Owner 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

The Borrower shall procure that each Owner promptly discharges:

- (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 Owner shall procure its release by providing bail or otherwise as the circumstances may require.

14.10 Compliance with laws etc.

The Borrower shall procure that each Owner 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 Owner;
- (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 the Borrower has (at its expense) effected any special, additional or modified insurance cover which the Security Trustee may require.

14.11 Provision of information

The Borrower shall procure that each Owner 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, an 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 Owner's or an Approved Manager's Document of Compliance, Safety Management Certificate and the ISSC.

14.12 Notification of certain events

The Borrower shall procure each Owner:

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

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

- (A) that Owner 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 Owner'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 Owner 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 Owner'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 (*Events of default*) 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 (*Condition Precedent Documents*), Part A as the Agent may require; and
- (b) shall 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 Owner 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 material insurance claim in relation to a Ship;
 - (v) 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;
 - (vi) 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;

- (vii) 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;
- (viii) any unscheduled dry docking of that Ship;
- (ix) any Environmental Claim made against that Owner or in connection with that Ship, or any Environmental Incident;
- (x) any claim for breach of the ISM Code or the ISPS Code being made against that Owner, Approved Manager or otherwise in connection with that Ship;
- (xi) its intention to de-activate or lay up its Ship; or
- (xii) 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 Owner shall keep the Security Trustee advised in writing on a regular basis and in such detail as the Security Trustee shall require of that Owner's, 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.

The Borrower shall procure that no Owner shall, 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 an 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

The Borrower shall procure that each Owner 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 Owner to the Security Trustee.

14.15 Sharing of Earnings

The Borrower shall procure that no Owner 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 Owner under a charter to which that Owner is a party and (ii) any pool agreement, in either case, on bona fide arm's length terms).

14.16 ISPS Code

The Borrower shall procure that each Owner 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.

14.17 Hazardous materials and sustainable dismantling

- (a) The Borrower shall procure that each Owner carries on board of its Ship the Inventory of Hazardous Materials required by the Approved Classification Society of the Ship on board that Ship.
- (b) The Borrower shall procure that each Owner ensures that in the event its Ship is permanently put out of service, it is dismantled at, or sold for dismantling only to buyers that undertake to dismantle that Ship at, a ship yard complying with such standards as are required by the Hong Kong International Convention for the safe and environmentally sound recycling of ships of 15 May 2009 or by the EU Ship Recycling Regulation.

14.18 Sustainability reporting

The Borrower shall, at its own cost, starting with the calendar year ending 31 December 2022, supply or procure the supply by the Approved Classification Society to the Agent of all information regarding the annual emissions in respect of each Ship for the preceding calendar year as provided to the IMO and shall issue and publish a sustainability report.

15 SECURITY COVER

15.1 Minimum required security cover

Clause 15.2 (*Prepayment; provision of additional security*) applies if the Agent notifies the Borrower 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 Borrower under Clause 15.1 (*Minimum required security cover*), the Borrower 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 (*Minimum required security cover*) (the "**Loan Shortfall Prepayment Date**") unless at least five calendar days before the Loan Shortfall Prepayment Date the Borrower has 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 Borrower does not agree with such valuation, the Borrower 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 (*Valuation of Ships*) 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 Borrower 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 (*Valuation of Ships*) to be prepared:
 - (i) as at a date not more than 30 days previously;
 - (ii) with or without physical inspection of that Ship (as the Agent may require); and
 - (iii) 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 (*Valuation of Ships*) 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 (*Valuation of Ships*) 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 (*Prepayment; provision of additional security*) 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 (*Valuation of Ships*).

15.5 Valuations binding

Any valuation under Clause 15.2 (*Prepayment; provision of additional security*), 15.3 (*Valuation of Ships*) or 15.4 (*Value of additional vessel security*) shall be binding and conclusive as regards the Borrower, 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 Borrower shall promptly provide the Agent and any Approved Broker or expert acting under Clause 15.3 (*Valuation of Ships*) or 15.4 (*Value of additional vessel security*) with any information which the Agent or that Approved Broker or expert may request for the purposes of the valuation; and, if the Borrower fails 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 Borrower's obligations under Clauses 20.2 (*Costs of negotiation, preparation etc.*), 20.3 (*Costs of variations, amendments, enforcement etc.*) and 21.2 (*Other breakage costs*), the Borrower 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 Borrower shall provide the Agent with a valuation of each Ship, dated as of June or, as the case may be, December of each calendar year during the Security Period, within the month of July or January following thereafter respectively and the Agent may, otherwise, request valuations to determine the Borrower's compliance under Clause 15.1 (*Minimum required security cover*) 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 the Borrower or any Owner 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 the Borrower or any Owner 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 "Navios Maritime Partners L.P.") or to such other account with such other bank as the Agent may from time to time notify to the Borrower 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 Borrower and the other Creditor Parties.

16.2 Payment on non-Business Day

If any payment by the Borrower or any Owner 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

- (a) Any interest, commission or fee accruing under a Finance Document will accrue from day to day and the amount of any such interest, commission or fee is calculated:
- (i) on the basis of the actual number of days elapsed and a year of 360 days or, in any case where the practice in the Relevant Market differs, in accordance with that market practice; and
- (ii) subject to paragraph (b) below, without rounding.
- (b) The aggregate amount of any accrued interest, commission or fee which is, or becomes, payable by the Borrower or any Security Party under a Finance Document shall be rounded to two decimal places.

16.4 Distribution of payments to Creditor Parties

Subject to Clauses 16.5 (*Permitted deductions by Agent*), 16.6 (*Agent only obliged to pay when monies received*) and 16.7 (*Refund to Agent of monies not received*):

- (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 the Borrower or any Lender any sum which the Agent is expecting to receive for remittance or distribution to the 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 the Borrower or a Lender, without first having received that sum, the 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 (*Refund to Agent of monies not received*) 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 Borrower and each Security Party under the Finance Documents and all payments in respect of those amounts made by the Borrower 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 Borrower and each Security Party under the Finance Documents and all payments in respect of those amounts made by the Borrower and any Security Party.

16.11 Accounts prima facie evidence

If any accounts maintained under Clauses 16.9 (*Creditor Party accounts*) and 16.10 (*Agent's memorandum account*) show an amount to be owing by the 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 the Borrower under Clauses 20 (*Fees and Expenses*), 21 (*Indemnities*) and 22 (*No Set-Off or Tax Deduction*) of this Agreement or by the 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 in respect of the Loan;
 - (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 Borrower, 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 paragraph (a) of Clause 17.1 (*Normal order of application*); and
- (c) THIRDLY: any surplus shall be paid to the Borrower 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 paragraph (a) of Clause 17.1 (*Normal order of application*), 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 sub-paragraph (i) of paragraph (a) of Clause 17.1 (*Normal order of application*);
- (b) secondly, in or towards satisfaction of the amounts set out under (ii) of paragraph (a) of Clause 17.1 (*Normal order of application*); 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 Borrower, the Security Parties and the other Creditor Parties provide for a different manner of application from that set out in Clause 17.1 (*Normal order of application*) but not, for the avoidance of doubt, that set out in Clause 17.2 (*Application by any covered bond Lender*) 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 (*Variation of order of application*) 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 (*Application of Receipts*) and any notice which the Agent gives under Clause 17.3 (*Variation of order of application*) shall override any right of appropriation possessed, and any appropriation made, by the Borrower or either Security Party.

18 APPLICATION OF EARNINGS

18.1 Payment of Earnings

The 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) the Accounts shall be maintained with the Account Bank;
- (b) all Earnings of the Ship shall be paid to the Earnings Account for that Ship; and
- (c) the Mandatory Minimum Liquidity Amount required pursuant to Clause 11.20 (*Minimum Liquidity*) shall be maintained in the Minimum Liquidity Account.

18.2 Monthly retentions

The Borrower undertakes 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 one-third of the amount of the relevant Instalment falling due under Clause 8.1 (*Amount of Instalments*) on the next Repayment Date and the Borrower irrevocably authorises the Agent to make those transfers on behalf of the Owners (in its sole discretion and without any obligation) if the Owners fail to do so.

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 (*Monthly retentions*), the Borrower shall procure that the Owners 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 (*Distribution of payments to Creditor Parties*) 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 (*Amount of Instalments*); or
- (b) the amount of interest in respect of the Loan payable on that interest payment date, in discharge of the Borrower's 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 (*Interest accrued on the Accounts*) shall be credited to the relevant Account and may be released to the relevant Owner pursuant to Clause 18.10 (*Restriction on withdrawal*).

18.7 Location of Accounts

The Borrower shall, and shall procure that each Owner will, 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 (*Fees and Expenses*) or 21 (*Indemnities*) to a Creditor Party or payment of which any Creditor Party has become entitled to demand under Clauses 20 (*Fees and Expenses*) or 21 (*Indemnities*).

18.9 Borrower's obligations unaffected

The provisions of this Clause 18 (*Application of Earnings*) (as distinct from a distribution effected under Clause 18.4 (*Application of retentions*)) do not affect:

- (a) the liability of the Borrower to make payments of principal and interest on the due dates; or
- (b) any other liability or obligation of the Borrower or any Security Party under any Finance Document.

18.10 Restriction on withdrawal

During the Security Period no sum may be withdrawn by the Borrower or an Owner from the Retention Account (other than interest pursuant to Clause 18.6 (*Release of accrued interest*)), 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 Borrower or the Owners 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 (*Monthly retentions*), 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 Borrower or Owners 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) the 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 by the Borrower, an Approved Manager or any Security Party occurs of any provision of a Finance Document (other than a breach covered by paragraph (a)) 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
- (c) (subject to any applicable grace period specified in the Finance Documents) any material breach by the Borrower, an Approved Manager or any Security Party occurs of any provision of a Finance Document (other than a breach falling within paragraphs (a) or (b)); or
- (d) any representation, warranty or statement made or repeated by, or by an officer of, the Borrower, an 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
- (e) 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 Owner 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 Owner 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 Owner exceeds an amount of \$15,000,000 (or the equivalent in any other currency in aggregate), becomes enforceable; or
- (f) 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 Owner 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 the Borrower 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
- (g) the Borrower or any Owner 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

- (h) it becomes unlawful in any Pertinent Jurisdiction or impossible:
 - (i) for the Borrower, an 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
- (i) any official consent necessary to enable any Owner to own, operate or charter the Ship owned by it or to enable any Owner, an 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, an Approved Manager or, as the case may be, that Security Party; or
- (j) it appears to the Majority Lenders that, without their prior consent, a Change of Control has occurred after the date of this Agreement; or
- (k) 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
- (l) the security constituted by a Finance Document is in any way imperilled or in jeopardy; or
- (m) the Borrower, an Approved Manager or any Security Party or any other person (other than a Creditor Party) repudiates any of the Finance Documents to which the Borrower, an Approved Manager or that Security Party or person is a party or evidences an intention to do so; or
- (n) 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 the Borrower or any other Security Party; or
 - (ii) the commencement of legal or administrative action involving the Borrower, a Ship, either of an Approved Manager or any Security Party; or
 - (iii) the withdrawal of any material license or governmental or regulatory approval in respect of a Ship, an Owner, an Approved Manager or any Owner'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 Borrower or an 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 Borrower a notice stating that all or part of the Commitments and of the other obligations of each Lender to the Borrower under this Agreement are cancelled; and/or
 - (ii) serve on the Borrower 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 sub-paragraph (i) or (ii) of paragraph (a) Clause 19.2 (*Actions following an Event of Default*), 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 sub-paragraph (i) of paragraph (a) of Clause 19.2 (*Actions following an Event of Default*), the Commitments and all other obligations of each Lender to the Borrower under this Agreement shall be cancelled.

19.4 Acceleration of Loan

On the service of a notice under sub-paragraph (ii) of paragraph (a) of Clause 19.2 (*Actions following an Event of Default*), 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 Borrower 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 sub-paragraph (i) of paragraph (a) of Clause 19.2 (*Actions following an Event of Default*) or sub-paragraph (ii) of paragraph (a) of Clause 19.2 (*Actions following an Event of Default*) simultaneously or on different dates and it and/or the Security Trustee may take any action referred to in Clause 19.2 (*Actions following an Event of Default*) 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, each Approved Manager and each Security Party a copy or the text of any notice which the Agent serves on the Borrower under Clause 19.2 (*Actions following an Event of Default*); but the notice shall become effective when it is served on the Borrower, and no failure or delay by the Agent to send a copy or the text of the notice to any other person shall invalidate the notice or provide the Borrower, an 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 (*Interests several*).

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 (*Events of Default*), a "**Relevant Person**" means a Borrower or any Security Party.

19.10 Interpretation

In paragraph (e) of Clause 19.1 (*Events of Default*) 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 paragraph (f) of Clause 19.1 (*Events of Default*) "**petition**" includes an application.

20 FEES AND EXPENSES

20.1 Fees

The Borrower shall pay to the Agent on the Drawdown Date, a non-refundable structuring fee in the amount equal to 0.23 per cent. of the Loan actually drawn.

20.2 Costs of negotiation, preparation etc.

The Borrower 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 Borrower 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 Borrower and relating to a Finance Document or any other Pertinent Document or, subject to sub-paragraph (ii) of paragraph (b) of Clause 20.4 (*RFR transition costs*);
- (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 Borrower 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 (*Security Cover*) 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.

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 RFR transition costs

The Borrower shall on demand reimburse each of the Agent and the Security Trustee for the amount of all costs and expenses (including legal fees) reasonably incurred by each Creditor Party in connection with:

- (a) the negotiation or entry into of any Reference Rate Supplement or Compounding Methodology Supplement; or
- (b) any amendment, waiver or consent relating to:
 - (i) any Reference Rate Supplement or Compounding Methodology Supplement; or
 - (ii) any change arising as a result of an amendment required pursuant to any of Clause 5.7 (*Cost of funds*) or 27.4 (*Changes to reference rates*), including without limitation any costs relating to amendments to the Finance Documents and/or any registration requirements.

20.5 Documentary taxes

The Borrower 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 Borrower to pay such a tax.

20.6 Certification of amounts

A notice which is signed by two officers of a Creditor Party, which states that a specified amount, or aggregate amount, is due to that Creditor Party under this Clause 20 (*Fees and Expenses*) 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 Borrower 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 Borrower (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 Borrower on the amount concerned under Clause 7 (*Default Interest*)) 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 (*Events of Default*),

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 Other breakage costs

Without limiting its generality, Clause 21.1 (*Indemnities regarding borrowing and repayment of Loan*) 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.

21.3 Miscellaneous indemnities

The Borrower 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.

21.4 Environmental Indemnity

Without prejudice to the generality of Clause 21.3 (*Miscellaneous indemnities*), this Clause 21.4 (*Environmental Indemnity*) 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.

21.5 Currency indemnity

If any sum due from the 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 the 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 Borrower 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 21.5 (*Currency indemnity*), 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.

The 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 Borrower 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 21.5 (*Currency indemnity*) creates a separate liability of the Borrower which is distinct from its other liabilities under the Finance Documents and which shall not be merged in any judgment or order relating to those other liabilities.

21.6 Certification of amounts

A notice which is signed by 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 (*Indemnities*) 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.

21.7 Sums deemed due to a Lender

For the purposes of this Clause 21 (*Indemnities*), a sum payable by the Borrower 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 Borrower 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 the Borrower is required by law to make.

22.2 Grossing-up for taxes

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

- (a) the 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) the 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 Borrower 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 Borrower 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 (*Grossing-up for taxes*). Within 30 days after making any tax deduction, the 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 (*No Set-Off or Tax Deduction*) “**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 the 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 the 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 Borrower, 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 Borrower, 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 the Borrower and the Agent and the Agent shall notify the other Creditor Parties.

23 ILLEGALITY, ETC.

23.1 Illegality

This Clause 23 (*Illegality, etc.*) 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 Borrower, the Security Parties, the Security Trustee and the other Lenders of the notice under Clause 23.1 (*Illegality*) which the Agent receives from the Notifying Lender.

23.3 Prepayment; termination of Commitment

On the Agent notifying the Borrower under Clause 23.2 (*Notification of illegality*), 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 (*Illegality*) as the date on which the notified event would become effective the Borrower shall prepay the Notifying Lender’s Contribution on the last day of the then current Interest Period in accordance with Clauses 8.10 (*Amounts payable on prepayment*) and 8.11 (*Application of partial prepayment or cancellation*).

24 INCREASED COSTS

24.1 Increased costs

This Clause 24 (*Increased Costs*) 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 Costs*), “**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 (*Indemnities regarding borrowing and repayment of Loan*) or by Clause 22 (*No Set-Off or Tax Deduction*) or a FATCA Deduction required to be made by a Party.

For the purposes of this Clause 24.2 (*Meaning of “increased cost”*) 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 Borrower of claim for increased costs

The Agent shall promptly notify the Borrower and the Security Parties of the notice which the Agent received from the Notifying Lender under Clause 24.1 (*Increased costs*).

24.4 Payment of increased costs

The Borrower 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 Borrower 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 Borrower is not willing to continue to compensate the Notifying Lender for the increased cost under Clause 24.4 (*Payment of increased costs*), the Borrower 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 (*Notice of prepayment*) shall be irrevocable; the Agent shall promptly notify the Notifying Lender of the Borrower's 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 Borrower shall prepay (without premium or penalty) the Notifying Lender's Contribution, together with accrued interest thereon at the applicable rate plus the Margin.

24.7 Application of prepayment

Clause 8 (*Repayment and Prepayment*) 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 Borrower 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 the Borrower at any office in any country of that Creditor Party in or towards satisfaction of any sum then due from the 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 the 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 (*Application of credit balances*); 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 (*Set-Off*), a sum payable by the Borrower 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 (*Set-Off*), 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 the Borrower.

26 TRANSFERS AND CHANGES IN LENDING OFFICES

26.1 Transfer by Borrower

The Borrower may not 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 (*Effective Date of Transfer Certificate*), a Lender (the "**Transferor Lender**") may at any time, without the consent of the Borrower or any Security Party but after consultation with the Borrower, 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 4 (*Transfer Certificate*) 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 Deed.

All costs and expenses relating to a transfer effected pursuant to this Clause 26.2 (*Transfer by a Lender*) 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 Borrower, the Security Parties, the Security Trustee and each of the other Lenders;
- (b) on behalf of the Transferee Lender, send to the 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 (*Transfer Certificate, delivery and notification*) on or before that date.

26.5 No transfer without Transfer Certificate

Except as provided in Clause 26.17 (*Security over Lenders' rights*) no assignment or transfer of any right or obligation of a Lender under any Finance Document is binding on, or effective in relation to, the 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 Borrower 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 the 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 the 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 5.6 (*Market disruption*) and Clause 20 (*Fees and Expenses*), 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 the 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 (*Effective Date of Transfer Certificate*)) of the Transfer Certificate; and the Agent shall make the register available for inspection by any Lender, the Security Trustee and the Borrower 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

The 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 (*Transfers and Changes in Lending Offices*) and to the extent the cooperation of the Borrower and/or any Security Party shall be required to effect any such transfer, the Borrower 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 Borrower 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 Borrower's prior consent and without serving a notice thereon; the Lenders may assign without the Borrower's prior consent but after consultation with the Borrower, 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 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 Borrower 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).

26.13 Disclosure of information

- (a) A Lender may, without the prior consent of the Borrower, 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 Borrower 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.
- (b) 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).
- (c) 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 Borrower is entitled to disclose by rules and regulations of the SEC and any US Stock Exchange applicable to the Borrower and shall require such other party to sign a confidentiality agreement. The Borrower shall, and shall procure that any other Security Party shall:

- (i) 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 (*Transfers and Changes in Lending Offices*);
- (ii) if requested to do so by a Lender, jointly with that Lender approach relationship banks of the Group for the purposes of a potential syndication and assisting the Mandated Lead Arranger in the preparation of an information memorandum for a potential syndication;
- (iii) procure that the directors and officers of the Borrower 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 Borrower reasonably in advance) to the Borrower or that Security Party; and
- (iv) permit any Transferee Lender to board the Ship at all reasonable times and locations to inspect its condition in accordance with Clause 14.8 (*Inspection*).

26.14 Confidentiality

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

26.15 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.

26.16 Notification

On receiving such a notice, the Agent shall notify the Borrower 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.

26.17 Security over Lenders' rights

In addition to the other rights provided to Lenders under this Clause 26 (*Transfers and Changes in Lending Offices*), each Lender may without consulting with or obtaining consent from, the Borrower or any Security Party, at any time charge, assign or otherwise create a Security Interest in or over (whether by way of collateral or otherwise) all or any of its rights under any Finance Document to secure obligations of that Lender including, without limitation:

- (a) any charge, assignment or other Security Interest to secure obligations to a federal reserve or central bank; and

- (b) in the case of any Lender which is a fund, any charge, assignment or other Security Interest granted to any holders (or trustee or representatives of holders) of obligations owed, or securities issued, by that Lender as security for those obligations or securities;
except that no such charge, assignment or Security Interest shall:
- (i) release a Lender from any of its obligations under the Finance Documents or substitute the beneficiary of the relevant charge, assignment or Security Interest for the Lender as a party to any of the Finance Documents; or
 - (ii) require any payments to be made by the 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.

26.18 Securitisation

The Borrower shall, and the Borrower 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.

26.19 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, the Borrower or a Security Party would be obliged to make a payment to the Transferee Lender under Clause 22.2 (*Grossing-up for taxes*) 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 (*Exceptions*) any term of the Finance Documents may be amended or waived only with the consent of the Majority Lenders and the Borrower and any such amendment or waiver will be binding on all Creditor Parties and the Borrower.
- (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 "Change of Control", "Majority Lenders", "Finance Documents" or "RFR Replacement Event" in Clause 1.1 (*Definitions*);
 - (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 8 (*Repayment and Prepayment*), 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 15 (*Security Cover*), Clause 26 (*Transfers and Changes in Lending Offices*), this Clause 27.2 (*Exceptions*) or Clause 27.4 (*Changes to reference rates*);
 - (vii) the definitions of "Restricted Party", "Sanctions Authorities" or "Sanctions List" in Clause 1.1 (*Definitions*) or Clause 11.23 (*Sanctions*);
 - (viii) any release of any Security Interest, guarantee, indemnities or subordination arrangement created by any Finance Document;
 - (ix) any change of the currency in which the Loan is provided or any amount is payable under any of the Finance Documents;
 - (x) any change to the Replacement Reference Rate pursuant to Clause 27.4 (*Changes to reference rates*);
 - (xi) an extension of the Availability Period; or
 - (xii) a change in Clauses 16.4 (*Distribution of payments to Creditor Parties*) or 22.2 (*Grossing-up for taxes*),
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 (*Required consents*) and 27.2 (*Exceptions*) and Clause 27.4 (*Changes to reference rates*), no document, and, subject to Clause 27.5 (*Deemed consent*), 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 the Borrower, an 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 Changes to reference rates

- (a) If a RFR Replacement Event has occurred in relation to the RFR, the Agent (acting on the instructions of all Lenders) shall be entitled to:
- (i) replace the RFR with a Replacement Reference Rate;
 - (ii) adjust the pricing on the Replacement Reference Rate by the amendment of the Margin or otherwise, in each case at its discretion, 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 Reference Rate (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); and
 - (iii) amend this Agreement for the purpose of any of:
 - (A) providing for the use of a Replacement Reference Rate [in place of the RFR];
 - (B) aligning any provision of any Finance Document to the use of that Replacement Reference Rate;
 - (C) enabling that Replacement Reference Rate to be used for the calculation of interest under this Agreement (including, without limitation, any consequential changes required to enable that Replacement Reference Rate to be used for the purposes of this Agreement);
 - (D) implementing market conventions applicable to that Replacement Reference Rate;
 - (E) providing for appropriate fallback (and market disruption) provisions for that Replacement Reference Rate; or
 - (F) adjusting the pricing in accordance with paragraph (ii) above.
- (b) The Agent shall promptly notify the Borrower and each Creditor Party of any replacement of the RFR, any adjustment of pricing and any amendment of this Agreement made pursuant to paragraph (a) above, which shall take effect immediately as from (and including) the date specified in such notification.
- (c) If required by the Agent (acting on the instructions of all Lenders), the Borrower shall (and shall procure that each other Security Party shall) enter into such supplemental, replacement or other agreement in relation to any Finance Document as the Agent may specify to extend the effect of any of the amendments referred to in paragraph (a) above to such Finance Document.

27.5 Deemed consent

With respect to:

- (a) the replacement of the RFR with a Replacement Reference Rate in accordance with sub-paragraph (i) of paragraph (a) of Clause 27.4 (*Changes to reference rates*) (and the designation of such benchmark as permitted under sub-paragraphs (b) and (c) of the definition of “Replacement Reference Rate”);
- (b) the adjustment of pricing in accordance with sub-paragraph (ii) of paragraph (a) Clause 27.4 (*Changes to reference rates*);
- (c) any amendment of any Finance Document as contemplated in sub-paragraph (iii) of paragraph (a) of Clause 27.4 (*Changes to reference rates*); and
- (d) any other amendment, variation, waiver, suspension or limit requested by a Borrower or any Security Party which requires the approval of all Lenders or the Majority Lenders (as the case may be),

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.

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, fax or e-mail shall be sent:

- (a) to the Borrower: 7, Avenue de Grande Bretagne

Office 11B2
MC 98000 Monaco

Tel No: + (377) 9798-2140
Fax: + (377) 9798-2141
Email: legal_corp@navios.com;
vpapaefthymiou@navios.com
for the attention of: Vasiliki Papaefthymiou
- (b) to a Lender: At the address below its name in Schedule 1 (*Lenders and Commitments*) 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
D-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 Borrower, the Lenders and the Security Parties.

28.3 Effective date of notices

Subject to Clauses 28.4 (*Service outside business hours*) and 28.5 (*Illegible notices*):

- (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 (*Effective date of notices*) 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 (*Illegible notices*) 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 (*Effective date of notices*) and 28.4 (*Service outside business hours*) 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

- (a) Any communication from the Agent or the other Creditor Parties made by electronic means will be sent unsecured and without electronic signature, however, the Borrower 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.
- (b) The Borrower hereby acknowledges and accepts 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 Borrower resulting from such unsecured electronic mail communication.
- (c) If the Borrower or any other Security Party wishes to cease all electronic communication, it 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.
- (d) For as long as electronic communication is an accepted form of communication, the Parties shall:
 - (i) 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
 - (ii) notify each other of any change to their respective addresses or any other such information supplied to them; andin 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.
- (e) The Borrower undertakes and declares that any documents to fulfil the disclosure of the financial circumstances according to Sec. 18 of the German Banking Act (KWG) that were or are hereinafter submitted to the Hamburg Commercial Bank AG electronically or on data carriers through the Borrower or any other Security Party or any of them or a third party are complete and correct. It further agrees and declares that:
 - (i) it is irrelevant whether such documents were submitted with or without signature;

- (ii) documents submitted to Hamburg Commercial Bank AG electronically or on data carriers according to Sec. 18 of the German Banking Act (KWG) have the same legal significance as documents with signature in paper form; and
- (iii) until written revocation, the declaration under this Clause 28.7 (*Electronic communication*) shall remain valid.

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 (*Notices*), “**notice**” includes any demand, consent, authorisation, approval, instruction, waiver or other communication.

29 SUPPLEMENTAL

29.1 Rights cumulative, non-exclusive

The rights and remedies which the Finance Documents give to each Creditor Party are:

- (a) cumulative;
- (b) may be exercised as often as appears expedient; and
- (c) shall not, unless a Finance Document explicitly and specifically states so, be taken to exclude or limit any right or remedy conferred by any law.

29.2 Severability of provisions

If any provision of a Finance Document is or subsequently becomes void, unenforceable or illegal, that shall not affect the validity, enforceability or legality of the other provisions of that Finance Document or of the provisions of any other Finance Document.

29.3 Counterparts

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

29.4 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.

29.5 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.

29.6 Electronic disclosure

- (a) The Borrower hereby recognises 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.

30 BAIL-IN

Notwithstanding any other term of any Finance Document or any other agreement, arrangement or understanding between the parties to a Finance Document, each Party acknowledges and accepts that any liability of any party to a Finance Document under or in connection with the Finance Documents may be subject to Bail-In Action by the relevant Resolution Authority and acknowledges and accepts to be bound by the effect of:

- (a) any Bail-In Action in relation to any such liability, including (without limitation):
- (i) a reduction, in full or in part, in the principal amount, or outstanding amount due (including any accrued but unpaid interest) in respect of any such liability;
 - (ii) a conversion of all, or part of, any such liability into shares or other instruments of ownership that may be issued to, or conferred on, it; and
 - (iii) a cancellation of any such liability; and
- (b) a variation of any term of any Finance Document to the extent necessary to give effect to any Bail-In Action in relation to any such liability.

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 (*Choice of forum for the exclusive benefit of the Creditor Parties*), 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 (*Exclusive English jurisdiction*) 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.

The Borrower shall not commence any proceedings in any country other than England in relation to a Dispute.

31.4 Process agent

The Borrower irrevocably appoints Hill Dickinson Services (London) Limited at their office for the time being, presently at The Broadgate Tower, 7th Floor, 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 (*Law and Jurisdiction*) 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 (*Law and Jurisdiction*), “**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.

EXECUTION PAGES

BORROWER

SIGNED by GEORGIOS PANAGAKIS) /s/ GEORGIOS PANAGAKIS
as an attorney-in-fact)
for and on behalf of)
NAVIOS MARITIME PARTNERS L.P.)
in the presence of:)

/s/ AIKATERINA DIMITRIOU
AIKATERINA DIMITRIOU
WATSON FARLEY & WILLIAMS
348 SYNGROU AVENUE
176 74 KALLITHEA
ATHENS - GREECE

LENDERS

SIGNED by CHARALAMPOS KAZANTZIS) /s/ CHARALAMPOS KAZANTZIS
for and on behalf of)
HAMBURG COMMERCIAL BANK AG)
in the presence of:)

/s/ AIKATERINA DIMITRIOU
AIKATERINA DIMITRIOU
WATSON FARLEY & WILLIAMS
348 SYNGROU AVENUE
176 74 KALLITHEA
ATHENS - GREECE

AGENT

SIGNED by CHARALAMPOS KAZANTZIS) /s/ CHARALAMPOS KAZANTZIS
for and on behalf of)
HAMBURG COMMERCIAL BANK AG)
in the presence of:)

/s/ AIKATERINA DIMITRIOU
AIKATERINA DIMITRIOU
WATSON FARLEY & WILLIAMS
348 SYNGROU AVENUE
176 74 KALLITHEA
ATHENS - GREECE

MANDATED LEAD ARRANGER

SIGNED by CHARALAMPOS KAZANTZIS) /s/ CHARALAMPOS KAZANTZIS
for and on behalf of)
HAMBURG COMMERCIAL BANK AG)
in the presence of:)

/s/ AIKATERINA DIMITRIOU
AIKATERINA DIMITRIOU
WATSON FARLEY & WILLIAMS
348 SYNGROU AVENUE
176 74 KALLITHEA
ATHENS - GREECE

SECURITY TRUSTEE

SIGNED by CHARALAMPOS KAZANTZIS) /s/ CHARALAMPOS KAZANTZIS
for and on behalf of)
HAMBURG COMMERCIAL BANK AG)
in the presence of:)

/s/ AIKATERINA DIMITRIOU
AIKATERINA DIMITRIOU
WATSON FARLEY & WILLIAMS
348 SYNGROU AVENUE
176 74 KALLITHEA
ATHENS - GREECE