

**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: August 17, 2017

Commission File No. 001-34104

NAVIOS MARITIME ACQUISITION CORPORATION

**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 Form 20-F or Form 40-F: Form 20-F Form 40-F

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1): Yes No

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7): Yes No

Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934. Yes No

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

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NAVIOS MARITIME ACQUISITION CORPORATION

FORM 6-K

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This Report on Form 6-K is hereby incorporated by reference into the Navios Maritime Acquisition Corporation Registration Statements on Form F-3, File Nos. 333-170896 and 333-214739.

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, 2017 and 2016 of Navios Maritime Acquisition Corporation (referred to herein as “we,” “us” or “Navios Acquisition”). 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 Acquisition’s 2016 Annual Report filed on Form 20-F with the Securities and Exchange Commission.

This Report contains forward-looking statements (as defined in Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended) concerning future events and expectations, including with respect to Navios Acquisition’s future dividends, 2017 cash flow generation and Navios Acquisition’s growth strategy and measures to implement such strategy; including expected vessel acquisitions and entering into further time charters. Words such as “may,” “expects,” “intends,” “plans,” “believes,” “anticipates,” “hopes,” “estimates,” and variations of such words and similar expressions are intended to identify forward-looking statements. Such statements include comments regarding expected revenue and time charters. These forward-looking statements are based on the information available to, and the expectations and assumptions deemed reasonable by, Navios Acquisition at the time this filing was made. Although Navios Acquisition believes that the expectations reflected in such forward-looking statements are reasonable, no assurance can be given that such expectations will prove to have been correct. These statements involve known and unknown risks and are based upon a number of assumptions and estimates which are inherently subject to significant uncertainties and contingencies, many of which are beyond the control of Navios Acquisition. 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, the creditworthiness of our charterers and the ability of our contract counterparties to fulfill their obligations to us, tanker industry trends, including charter rates and 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 Acquisition operates; risks associated with operations outside the United States; and other factors listed from time to time in the Navios Acquisition’s filings with the U.S. Securities and Exchange Commission, including its annual and interim reports filed on Form 20-F and Form 6-K. Navios Acquisition 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 Acquisition’s expectations with respect thereto or any change in events, conditions or circumstances on which any statement is based. Navios Acquisition makes no prediction or statement about the performance of its common stock.

Dividend Policy

On August 9, 2017, the Board of Directors declared a quarterly cash dividend in respect of the second quarter of 2017 of \$0.05 per share of common stock payable on September 14, 2017 to stockholders of record as of September 7, 2017. 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 Acquisition’s 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.

Equity Transactions

On January 17, 2017, Navios Acquisition redeemed, through the holder’s put option, 100,000 shares of puttable common stock and paid cash of \$1.0 million to the holder upon redemption.

During the six month period ended June 30, 2017, Navios Acquisition entered into securities purchase agreements with Navios Maritime Midstream Partners L.P. (“Navios Midstream”) pursuant to which Navios Acquisition invested in Navios Midstream by purchasing 6,858 general partnership units for an aggregate consideration of \$0.1 million in order to maintain its 2.0% partnership interest in Navios Midstream in light of Navios Midstream’s continuous offering sales program. As of June 30, 2017, Navios Acquisition owned a 59.0% limited partner interest in Navios Midstream, which included a 2.0% general partner interest.

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On May 8, 2017, Navios Acquisition redeemed, through the holder's put option, 75,000 shares of puttable common stock and paid cash of \$0.8 million to the holder upon redemption.

As of June 30, 2017, Navios Acquisition had the following equity outstanding: 150,407,990 shares of common stock and 1,000 shares of Series C Convertible Preferred Stock held by Navios Maritime Holdings Inc. ("Navios Holdings").

On August 8, 2017, Navios Acquisition redeemed, through the holder's put option, 50,000 shares of puttable common stock and paid cash of \$0.5 million to the holder upon redemption.

Fleet

As of August 17, 2017, our fleet consisted of a total of 36 double-hulled tanker vessels, aggregating approximately 3.9 million deadweight tons, or dwt. The fleet includes eight VLCC tankers (over 200,000 dwt per ship), which transport crude oil, eight Long Range 1 ("LR1") product tankers (60,000-79,999 dwt per ship), 18 Medium Range 2 ("MR2") product tankers (30,000-59,999 dwt per ship) and two chemical tankers (25,000 dwt per ship), which transport refined petroleum products and bulk liquid chemicals. All our vessels are currently chartered-out to high-quality counterparties, including affiliates of Navig8 Chemicals Shipping and Trading Co ("Navig8"), Shell Tankers Singapore Private LTD ("Shell") and Mansel LTD ("Mansel"), with an average remaining charter period of approximately one year. As of August 17, 2017, we had charters covering 94.0% of available days in 2017 and 28.5% of available days in 2018.

Vessels	Type	Year Built	DWT	Net Charter Rate (1)	Profit Sharing	Expiration Date (2)
Owned Vessels						
Nave Polaris	Chemical Tanker	2011	25,145	Floating Rate(8)	None	November 2017
Nave Cosmos	Chemical Tanker	2010	25,130	Floating Rate(8)	None	November 2017
Nave Velocity	MR2 Product Tanker	2015	49,999	\$ 11,850(19)	50%/50%	July 2018
Nave Sextans	MR2 Product Tanker	2015	49,999	\$ 16,294	None	January 2018
Nave Pyxis	MR2 Product Tanker	2014	49,998	\$ 16,294	None	February 2018
Nave Luminosity	MR2 Product Tanker	2014	49,999	\$ 14,072	50%/50%	September 2017
				\$ 11,850(19)	50%/50%	September 2018
Nave Jupiter	MR2 Product Tanker	2014	49,999	\$ 11,850(19)	50%/50%	May 2018
Bougainville				\$ 16,296(5)		September 2017
				14,138		September 2018
	MR2 Product Tanker	2013	50,626	14,420	100%	September 2019
Nave Alderamin	MR2 Product Tanker	2013	49,998	\$ 12,675(16)	None	February 2018
Nave Bellatrix	MR2 Product Tanker	2013	49,999	\$ 12,838(17)	None	December 2017
Nave Capella	MR2 Product Tanker	2013	49,995	\$ 13,825(11)	None	December 2017
Nave Orion	MR2 Product Tanker	2013	49,999	\$ 12,675(18)	None	March 2018
Nave Titan	MR2 Product Tanker	2013	49,999	\$ 11,850(19)	50%/50%	June 2018
Nave Aquila	MR2 Product Tanker	2012	49,991	\$ 12,344(3)	None	November 2017
Nave Atria	MR2 Product Tanker	2012	49,992	\$ 11,850(19)	50%/50%	July 2018
Nave Orbit	MR2 Product Tanker	2009	50,470	\$ 17,750(14)	None	November 2017
Nave Equator	MR2 Product Tanker	2009	50,542	\$ 17,000	None	October 2017
Nave Equinox					ice-transit premium (4)	November 2017
Nave Pulsar	MR2 Product Tanker	2007	50,922	\$ 11,603(15)	50%/50%	January 2018/
				\$ 12,344	and	October 2018
					ice-transit premium (6)	October 2018
Nave Dorado	MR2 Product Tanker	2005	47,999	\$ 12,245(20)	None	January 2018
Nave Atropos	LR1 Product Tanker	2013	74,695	Floating Rate(13)	None	October 2019
Nave Rigel	LR1 Product Tanker	2013	74,673	\$ 18,022	50%/50%	August 2019
Nave Cassiopeia	LR1 Product Tanker	2012	74,711	Floating Rate(13)	None	February 2019
Nave Cetus	LR1 Product Tanker	2012	74,581	\$ 18,022	50%/50%	April 2019
Nave Estella	LR1 Product Tanker	2012	75,000	\$ 13,260(21)	None	March 2018
Nave Andromeda	LR1 Product Tanker	2011	75,000	\$ 17,775	50%/50%	May 2018
Nave Ariadne	LR1 Product Tanker	2007	74,671	\$ Floating Rate	None	February 2018
Nave Cielo	LR1 Product Tanker	2007	74,671	\$ 17,775	50%/50%	May 2018

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Nave Buena Suerte ⁽¹⁰⁾	VLCC	2011	297,491	Floating Rate ⁽¹²⁾	None	August 2017
Nave Quasar	VLCC	2010	297,376	Floating Rate ⁽⁷⁾	None	March 2018
Nave Synergy	VLCC	2010	299,973	Floating Rate ⁽⁷⁾	None	February 2018
Nave Galactic	VLCC	2009	297,168	Floating Rate ⁽⁹⁾	None	September 2017
Nave Spherical	VLCC	2009	297,188	\$ 41,475	None	November 2017
Nave Neutrino ⁽¹⁰⁾	VLCC	2003	298,287	\$ 37,520	None	September 2017
Nave Electron ⁽¹⁰⁾	VLCC	2002	305,178	Floating Rate ⁽⁷⁾	None	December 2017
Nave Photon	VLCC	2008	297,395	\$ 40,488	None	December 2017

- (1) Net time charter-out rate per day (net of commissions), presented in USD.
- (2) Estimated dates assuming the midpoint of the redelivery period by charterers, including owner's extension options not declared yet.
- (3) Charterer's option to extend the charter for 12 months at \$14,813 net per day.
- (4) Profit sharing based on a formula which incorporates a premium when vessels are trading in ice. For the Nave Equinox the premium is \$1,481 net per day for the first 12 months and \$1,728 net per day for the six month optional period.
- (5) Rate can increase to \$19,013 net per day in year one and \$19,393 in year two calculated based on a formula. Charterer's option to extend the charter for two years at \$14,708 net per day for the first year and \$15,002 net per day for the second year, plus profit sharing for both years.
- (6) The premium for the Nave Pulsar when vessel is trading on ice is \$1,975 net per day. Charterer's option to extend the charter for one year at \$13,455 net per day.
- (7) Rate based on VLCC pool earnings.
- (8) Rate based on chemical tankers pool earnings.
- (9) Rate is based upon daily BTR TD3. Navios Acquisition will receive 100% of the index rate up to \$41,969 net per day, 90% of the index rate from \$41,969 net per day to \$44,438 net per day and 50% of any amount in excess of \$44,438 net per day. The contract provides for a minimum rate of \$29,625 net per day and \$27,156 net per day for the last nine months of the contract.
- (10) Navios Acquisition has granted an option to Navios Midstream to purchase the vessel from Navios Acquisition at fair market value. The options are extended for an additional two-year period expiring on November 18, 2018.
- (11) Charterer's option to extend for one year at \$14,813 net per day.
- (12) Rate is based upon daily BTR TD3. Navios Acquisition will receive 100% of the index rate up to \$41,969 net per day, 90% up until \$44,438 net per day and 50% of any amount in excess of \$44,438 net per day. The contract provides a minimum rate of \$19,750 net per day.
- (13) Rate based on LR1 pool earnings.
- (14) Charterer's option to extend for two years at \$20,500 net per day.
- (15) Charterer's option to extend for six months at \$13,084 net per day.
- (16) Charterer's option to extend the charter for one year at \$13,650 net per day.
- (17) Charterer's option to extend the charter for one year at \$14,319 net per day.
- (18) Charterer's option to extend the charter for one year at \$13,894 net per day.
- (19) Charterer's option to extend the charter for one year at \$13,331 net per day.
- (20) Charterer's option to extend the charter for six months at \$13,529 net per day.
- (21) Charterer's option to extend the charter for one year at \$14,625 net per day.

Charter Policy and Industry Outlook

Our core fleet currently consists of 36 vessels, of which eight are VLCCs, 26 are product tankers and two are chemical tankers. All of our vessels are chartered-out to high-quality counterparties, including affiliates of Navig8, Shell and Mansel with an average remaining charter period of approximately one year. Many of our charters have profit sharing arrangements (see fleet table above). While all of our vessels are currently chartered-out, we intend to deploy any vessels that would become open—not chartered-out—to leading charterers in a mix of long, medium and short-term time charters, depending on the vessels' positions, seasonality and market outlook. This chartering strategy is intended to allow us to capture increased profits during strong charter markets, while developing relatively stable cash flows from longer-term time charters. We will also seek profit sharing arrangements in our long-term time charters, to provide us with potential incremental revenue above the contracted minimum charter rates.

Using Navios Holdings' global network of relationships and extensive experience in the maritime transportation industry, coupled with its commercial, financial and operational expertise, we plan to opportunistically grow our fleet through the timely and selective acquisition of high-quality newbuilding or secondhand vessels when we believe those acquisitions will result in attractive returns on invested capital and increased cash flow. We also intend to engage in opportunistic dispositions where we can achieve attractive values for our vessels as we assess the market cycle. We believe our diverse and versatile fleet, combined with the experience and long-standing relationships of Navios Holdings with participants in the maritime transportation industry, position us to identify and take advantage of attractive acquisition opportunities.

Factors Affecting Navios Acquisition's 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. Other key factors that will be fundamental to our business, future financial condition and results of operations include:

- the demand for seaborne transportation services;
- the ability of Navios Holdings' commercial and chartering operations to successfully employ our vessels at economically attractive rates, particularly as our fleet expands and our charters expire;
- the effective and efficient technical management of our vessels;
- Navios Holdings' ability to satisfy technical, health, safety and compliance standards of major commodity traders; and
- the strength of and growth in the number of our customer relationships, especially with major commodity traders.

In addition to the factors discussed above, we believe certain specific factors will impact our combined and consolidated results of operations. These factors include:

- the charter hire earned by our vessels under our charters;
- our access to capital required to acquire additional vessels and/or to implement our business strategy;
- our ability to sell vessels at prices we deem satisfactory;
- our level of debt and the related interest expense and amortization of principal; and
- the level of any dividend to our stockholders.

Voyage and Time Charter

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

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

Time charters are available for varying periods, ranging from a single trip (spot charter) to long-term which may be many years. In general, a long-term time charter assures the vessel owner of a consistent stream of revenue. Operating the vessel in the spot market affords the owner greater spot market opportunity, which may result in high rates when vessels are in high demand or low rates when vessel availability exceeds demand. 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 the control of management.

The cost to maintain and operate a vessel increases with the age of the vessel. Older vessels are less fuel efficient, cost more to insure and require upgrades from time to time to comply with new regulations. As of August 17, 2017 the average age of Navios Acquisition's owned fleet is 6.5 years. But, as such fleet ages or if Navios Acquisition expands its fleet by acquiring previously owned and older vessels the cost per vessel would be expected to rise and, assuming all else, including rates, remains constant, vessel profitability would be expected to decrease.

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

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Set forth below are selected historical and statistical data for Navios Acquisition for each of the three and six month periods ended June 30, 2017 and 2016 that the Company believes may be useful in better understanding the Company's financial position and results of operations.

	Three month period ended June 30,		Six month period ended June 30,	
	2017 (unaudited)	2016 (unaudited)	2017 (unaudited)	2016 (unaudited)
FLEET DATA				
Available days ⁽¹⁾	3,256	3,437	6,463	6,914
Operating days ⁽²⁾	3,253	3,428	6,455	6,899
Fleet utilization ⁽³⁾	99.9%	99.8%	99.9%	99.8%
Vessels operating at period end	36	38	36	38
AVERAGE DAILY RESULTS				
Time charter equivalent rate per day ⁽⁴⁾	\$ 17,491	\$ 21,380	\$ 18,475	\$ 22,055

Navios Acquisition believes that the important measures for analyzing trends in its results of operations consist of the following:

- Available days:** Available days for the fleet are total calendar days the vessels were in Navios Acquisition's possession for the relevant period after subtracting off-hire days associated with major repairs, drydocking or special surveys. The shipping industry uses available days to measure the number of days in a relevant period during which vessels should be capable of generating revenues.
- Operating days:** Operating days are the number of available days in the relevant period less the aggregate number of days that the vessels are off-hire due to any reason, including unforeseen circumstances. The shipping industry uses operating days to measure the aggregate number of days in a relevant period during which vessels actually generate revenues.
- Fleet utilization:** Fleet utilization is the percentage of time that Navios Acquisition's 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 a company's efficiency in finding suitable employment for its vessels and minimizing the amount of days that its vessels are off hire for reasons other than scheduled repairs, dry dockings or special surveys.
- TCE Rate:** Time charter equivalent rate per day is defined as voyage and time charter revenues less voyage expenses during a period divided by the number of available days during the period. The TCE Rate per day is a standard shipping industry performance measure used primarily to present the actual daily earnings generated by vessels of various types of charter contracts for the number of available days of the fleet.

Period-over-Period Comparisons

For the Three Month Period ended June 30, 2017 compared to the Three Month Period ended June 30, 2016

The following table presents consolidated revenue and expense information for the three month periods ended June 30, 2017 and 2016. This information was derived from the unaudited condensed consolidated statements of operations of Navios Acquisition for the respective periods.

<u>Expressed in thousands of U.S. dollars</u>	<u>Three Month period Ended June 30, 2017 (unaudited)</u>	<u>Three Month period Ended June 30, 2016 (unaudited)</u>
Revenue	\$ 58,458	\$ 74,495
Time charter and voyage expenses	(5,585)	(1,017)
Direct vessel expenses	(934)	(1,405)
Management fees (entirely through related party transactions)	(23,678)	(24,318)
General and administrative expenses	(3,693)	(5,981)
Depreciation and amortization	(14,220)	(14,294)
Interest income	2,546	880
Interest expense and finance cost	(19,785)	(18,913)
Equity/ (loss) in net earnings of affiliated companies	(57,728)	3,731
Other income/ (expense), net	202	(994)
Net (loss)/ income	\$ (64,417)	\$ 12,184

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Revenue: Revenue for the three month period ended June 30, 2017 decreased by \$16.0 million, or 21.5%, to \$58.5 million, as compared to \$74.5 million for the same period of 2016. The decrease was mainly attributable to a: (i) decrease in the market rates during the second quarter ended June 30, 2017, as compared to the same period in 2016; and (ii) decrease in revenue by \$3.3 million due to the sale of two chemical tankers in the fourth quarter of 2016. The time charter equivalent rate, or TCE Rate, decreased to \$17,491 for the three month period ended June 30, 2017, from \$21,380 for the three month period ended June 30, 2016.

Time charter and voyage expenses: Time charter and voyage expenses for the three month period ended June 30, 2017 increased by \$4.6 million to \$5.6 million, as compared to \$1.0 million for the three month period ended June 30, 2016. The increase was attributable to a (i) \$4.1 million backstop commitment to Navios Midstream; and (ii) \$0.7 million increase in bunkers and other voyage expenses; partially mitigated by a \$0.2 million decrease in broker commission costs.

Direct vessel expenses: Direct vessel expenses, comprising of the amortization of dry dock and special survey costs and expenses incurred in connection with specialized work performed on certain vessels of our fleet amounted to \$0.9 million for the three month period ended June 30, 2017, as compared to \$1.4 million for the three month period ended June 30, 2016.

Management fees: Management fees for the three month period ended June 30, 2017 decreased by \$0.6 million to \$23.7 million as compared to \$24.3 million for the three month period ended June 30, 2016, attributable to the decrease in the number of vessels operating under Navios Acquisition's fleet, partially mitigated by the increase in management fees in effect as of May 29, 2016, described below. Pursuant to our Management Agreement, Navios Tankers Management Inc. (the "Manager"), a wholly owned subsidiary of Navios Holdings, provided commercial and technical management services to Navios Acquisition's vessels for a daily fee of: (a) \$6,000 per MR2 product tanker and chemical tanker vessel; (b) \$7,000 per LR1 product tanker vessel; and (c) \$9,500 per VLCC, through May 2016. Navios Acquisition fixed the fees for commercial and technical ship management services of its fleet for two additional years from May 29, 2016 through May 2018, at a daily fee of: (a) \$6,350 per MR2 product tanker and chemical tanker vessel; (b) \$7,150 per LR1 product tanker vessel; and (c) \$9,500 per VLCC.

General and administrative expenses: Total general and administrative expenses for the three month period ended June 30, 2017 decreased by \$2.3 million to \$3.7 million compared to \$6.0 million for the three month period ended June 30, 2016, mainly due to a (i) \$2.0 million decrease in compensation to the directors and/or officers of the Company; and (ii) \$0.3 million decrease in other general and administrative expenses, including professional fees and expenses. For the three month periods ended June 30, 2017 and 2016, the expenses charged by Navios Holdings for administrative services were \$2.3 million and \$2.4 million, respectively.

Depreciation and amortization: Depreciation and amortization decreased by \$0.1 million to \$14.2 million for the three month period ended June 30, 2017 as compared to \$14.3 million for the three month period ended June 30, 2016, due to the sale of vessels mentioned above. Depreciation of a vessel is calculated using an estimated useful life of 25 years from the date the vessel was originally delivered from the shipyard.

Interest income: Interest income for the three month period ended June 30, 2017 increased by \$1.7 million to \$2.5 million compared to \$0.9 million for the three month period ended June 30, 2016. The increase was mainly attributable to the increase of the interest income accrued under the revolving loans granted to Navios Holdings, Navios Europe Inc. ("Navios Europe I") and Navios Europe (II) Inc. ("Navios Europe II").

Interest expense and finance cost: Interest expense and finance cost for the three month period ended June 30, 2017 increased by \$0.9 million to \$19.8 million, as compared to \$18.9 million for the three month period ended June 30, 2016, due to (i) the increase in the amortization and write-off of deferred finance cost by \$0.9 million to \$1.7 million for the three month period ended June 30, 2017 as compared to \$0.8 million for the same period of 2016; and (ii) the increase of the weighted average interest rate for the three month period ended June 30, 2017 was 6.43% compared to 6.00%, in the same period in 2016; partially mitigated by the decrease of the average outstanding loan balance to \$1,105.5 million for the three month period ended June 30, 2017 as compared to \$1,187.9 million for the three month period ended June 30, 2016. As of June 30, 2017 and 2016, the outstanding loan balance under Navios Acquisition's credit facilities was \$1,098.7 million and \$1,181.9 million, respectively.

Equity/ (loss) in net earnings of affiliated companies: Equity in net earnings of affiliated companies decreased by \$61.5 million to \$57.7 million loss for the three month period ended June 30, 2017, as compared to \$3.7 million equity for the same period in 2016. The decrease mainly resulted from a: (i) \$59.1 million non-cash other-than-temporary-impairment ("OTTI") loss relating to its investment in Navios Midstream recognized during the three month period ended June 30, 2017; and (ii) a \$2.4 million decrease in equity in net earnings of Navios Midstream.

Other income/ (expense), net: Other income, net for the three month period ended June 30, 2017 was \$0.2 million. For the comparative period of 2016, other expense, net was \$1.0 million and included the deductible and other costs for the litigation initiated in March 2016.

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The following table presents consolidated revenue and expense information for the six month periods ended June 30, 2017 and 2016. This information was derived from the unaudited condensed consolidated statements of operations of Navios Acquisition for the respective periods.

<u>Expressed in thousands of U.S. dollars</u>	<u>For the Six Months Ended June 30, 2017 (unaudited)</u>	<u>For the Six Months Ended June 30, 2016 (unaudited)</u>
Revenue	\$ 122,940	\$ 154,914
Time charter and voyage expenses	(8,763)	(2,438)
Direct vessel expenses	(1,827)	(2,049)
Management fees (entirely through related party transactions)	(47,096)	(48,504)
General and administrative expenses	(6,456)	(9,510)
Depreciation and amortization	(28,440)	(29,177)
Gain on sale of vessel	—	2,282
Interest income	4,740	1,534
Interest expense and finance cost	(38,632)	(38,038)
Equity/ (loss) in net earnings of affiliated companies	(54,960)	8,622
Other (expense), net	(308)	(1,682)
Net (loss)/ income	\$ (58,802)	\$ 35,954

Revenue: Revenue for the six month period ended June 30, 2017 decreased by \$32.0 million, or 20.6%, to \$122.9 million, as compared to \$154.9 million for the same period of 2016. The decrease was mainly attributable to a: (i) decrease in the market rates during the six month period ended June 30, 2017, as compared to the same period in 2016; and (ii) decrease in revenue by \$7.0 million due to the sale of one MR2 product tanker in January 2016 and two chemical tankers in the fourth quarter of 2016. Available days of the fleet decreased to 6,463 days for the six month period ended June 30, 2017, as compared to 6,914 days for the six month period ended June 30, 2016. The TCE Rate decreased to \$18,475 for the six month period ended June 30, 2017, from \$22,055 for the six month period ended June 30, 2016.

Time charter and voyage expenses: Time charter and voyage expenses for the six month period ended June 30, 2017 increased by approximately \$6.3 million to \$8.8 million as compared to \$2.4 million for the six month period ended June 30, 2016. The increase was attributable to a (i) \$5.2 million backstop commitment to Navios Midstream; and (ii) \$1.4 million increase in bunkers and other voyage expenses; partially mitigated by a \$0.2 million decrease in broker commission costs.

Direct vessel expenses: Direct vessel expenses, comprising of the amortization of dry dock and special survey costs and expenses incurred in connection with specialized work performed on certain vessels of our fleet, amounted to \$1.8 million for the six month period ended June 30, 2017, as compared to \$2.0 million for the six month period ended June 30, 2016.

Management fees: Management fees for the six month period ended June 30, 2017 decreased by \$1.4 million to \$47.1 million, as compared to \$48.5 million for the six month period ended June 30, 2016, attributable to the decrease in the number of vessels operating under Navios Acquisition's fleet, partially mitigated by the increase in management fees in effect as of May 29, 2016, described below. Pursuant to our Management Agreement, the Manager, a wholly owned subsidiary of Navios Holdings, provided commercial and technical management services to Navios Acquisition's vessels for a daily fee of: (a) \$6,000 per MR2 product tanker and chemical tanker vessel; (b) \$7,000 per LR1 product tanker vessel; and (c) \$9,500 per VLCC, through May 2016. Navios Acquisition fixed the fees for commercial and technical ship management services of its fleet for two additional years from May 29, 2016 through May 2018, at a daily fee of: (a) \$6,350 per MR2 product tanker and chemical tanker vessel; (b) \$7,150 per LR1 product tanker vessel; and (c) \$9,500 per VLCC.

General and administrative expenses: Total general and administrative expenses for the six month period ended June 30, 2017 decreased by approximately \$3.1 million to \$6.5 million compared to \$9.5 million for the six month period ended June 30, 2016. The decrease was mainly attributable to: (a) \$2.3 million decrease of compensation to the directors and/ or officers of the Company; and (b) a \$0.8 million decrease in other general and administrative expenses, including professional fees and expenses. For the six month periods ended June 30, 2017 and 2016, the expenses charged by Navios Holdings for administrative services were \$4.5 million and \$4.8 million, respectively.

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Depreciation and amortization: Depreciation and amortization decreased by \$0.7 million to \$28.4 million for the six month period ended June 30, 2017 as compared to \$29.2 million for the six month period ended June 30, 2016, due to the sale of vessels mentioned above. Depreciation of a vessel is calculated using an estimated useful life of 25 years from the date the vessel was originally delivered from the shipyard.

Gain on sale of vessels: The gain on sale of vessels for the six month period ended June 30, 2017 amounted to \$0 as compared to \$2.3 million for the same period in 2016, due to the sale of the Nave Lucida on January 27, 2016.

Interest income: Interest income for the six month period ended June 30, 2017 increased by \$3.2 million to \$4.7 million, as compared to \$1.5 million for the six month period ended June 30, 2016. The increase was mainly attributable to the increase of the interest income accrued under the revolving loans granted to Navios Holdings, Navios Europe I and Navios Europe II.

Interest expense and finance cost: Interest expense and finance cost for the six month period ended June 30, 2017 increased by \$0.6 million to \$38.6 million, as compared to \$38.0 million for the six month period ended June 30, 2016.

The increase was due to the increase in the weighted average interest rate for the six month period ended June 30, 2017 to 6.42% from 5.97%, during the six month period ended June 30, 2016 and to an increase of \$0.9 million in the amortization and write-off of deferred finance cost to \$2.7 million in the six month period ended June 30, 2017, as compared to \$1.9 million for the same period of 2016. The average outstanding loan balance decreased to \$1,108.2 million for the six month period ended June 30, 2017 as compared to \$1,194.5 million for the six month period ended June 30, 2016. As of June 30, 2017 and 2016, the outstanding loan balance under Navios Acquisition's credit facilities was \$1,098.7 million and \$1,181.9 million, respectively.

Equity/ (loss) in net earnings of affiliated companies: Equity in net earnings of affiliated companies decreased by \$63.6 million to \$55.0 million loss for the six month period ended June 30, 2017, as compared to \$8.6 million equity for the same period in 2016. The decrease mainly resulted from a: (i) \$59.1 million non-cash OTTI loss relating to its investment in Navios Midstream recognized during the six month period ended June 30, 2017; and (ii) \$4.5 million decrease in equity in net earnings of Navios Midstream.

Other expense, net: Other expense, net for the six month period ended June 30, 2017 was \$0.3 million as compared to \$1.7 million for the same period in 2016 and included the deductible and other costs for the litigation initiated in March 2016.

Liquidity and Capital Resources

Our primary short-term liquidity needs are to fund general working capital requirements, dry docking expenditures, minimum cash balance maintenance as per our credit facility agreements and debt repayment, and other obligations from time to time, while our long-term liquidity needs primarily relate to expansion and investment capital expenditures and other maintenance capital expenditures and debt repayment. Expansion capital expenditures are primarily for the purchase or construction of vessels to the extent the expenditures increase the operating capacity of or revenue generated by our fleet, while maintenance capital expenditures primarily consist of dry docking expenditures and expenditures to replace vessels in order to maintain the operating capacity of or revenue generated by our fleet. We anticipate that our primary sources of funds for our short-term liquidity needs will be cash flows from operations, proceeds from asset sales and bank borrowings, which we believe will be sufficient to meet our existing short-term liquidity needs for at least the next 12 months.

Generally, our long-term sources of funds will be from cash from operations, long-term bank borrowings and other debt or equity financings. We expect that we will rely upon cash from operations and upon external financing sources, including bank borrowings, to fund acquisitions, expansion and investment capital expenditures and other commitments we have entered into. We cannot assure you that we will be able to secure adequate financing or obtain additional funds on favorable terms, to meet our liquidity needs.

Navios Acquisition may use funds to repurchase its outstanding capital stock 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 Acquisition deems appropriate and subject to its cash requirements for other purposes, compliance with the covenants under Navios Acquisition's debt agreements, and other factors management deems relevant.

Cash Flow

Cash flows for the six month period ended June 30, 2017 compared to the six month period ended June 30, 2016:

The following table presents cash flow information for the six month periods ended June 30, 2017 and 2016.

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	Six Month Period Ended June 30, 2017 (unaudited)	Six Month Period Ended June 30, 2016 (unaudited)
Expressed in thousands of U.S. dollars		
Net cash provided by operating activities	\$ 33,139	\$ 50,237
Net cash (used in)/ provided by investing activities	(1,948)	17,027
Net cash used in financing activities	(28,939)	(52,533)
Net increase in cash and cash equivalents	\$ 2,252	\$ 14,731
Cash and cash equivalents, beginning of the period	49,292	54,805
Cash and cash equivalents, end of period	\$ 51,544	\$ 69,536

Cash provided by operating activities for the six month period ended June 30, 2017 as compared to the six month period ended June 30, 2016:

Net cash provided by operating activities decreased by \$17.1 million to \$33.1 million for the period ended June 30, 2017 as compared to net cash provided by operating activities of \$50.2 million for the same period in 2016. The decrease is analyzed as follows:

The net loss for the six month period ended June 30, 2017 was \$58.8 million compared to \$36.0 million income for the six month period ended June 30, 2016. In determining net cash provided by operating activities for the six month period ended June 30, 2017, the net loss was adjusted for the effect of depreciation and amortization of \$28.4 million, \$2.6 million for amortization and write-off of deferred finance fees and bond premium, \$1.8 million for the amortization of drydock and special survey costs and \$58.4 million for equity/ (loss) in net earnings of affiliated companies, net of dividends received.

Accounts receivable decreased by \$9.5 million from \$20.9 million for the year ended December 31, 2016, to \$11.4 million for the six month period June 30, 2017, due to the decrease in receivables due from charterers.

Amounts due from related parties, short-term, decreased by \$6.0 million from \$25.0 million to \$19.0 million in the six month period ended June 30, 2017, which mainly relates to payment of management fees for our vessels. Please refer to the relevant discussion below, under "Related Parties Transactions".

Amounts due from related parties, long-term, excluding the principal amount related to the Navios Holdings Credit Facility, increased by \$16.0 million in the six month period ended June 30, 2017, which mainly related to payment of management fees under the terms of our Management Agreement and special survey and drydocking expenses for certain vessels of our fleet and the increase by \$9.1 million of the loan granted to Navios Europe II, classified under "Cash (used in)/ provided by investing activities". Please refer to the relevant discussion below, under "Related Party Transactions".

Accounts payable decreased by \$0.4 million to \$4.4 million for the six month period ended June 30, 2017 from \$4.9 million at December 31, 2016, due to a decrease in various payables.

Accrued expenses increased by \$0.6 million to \$11.6 million for the six month period ended June 30, 2017, from \$11.0 million on December 31, 2016. The increase was attributable to a \$0.8 million increase in accrued legal and professional fees and a \$0.1 million increase in accrued interest, partially mitigated by a \$0.3 million decrease in accrued voyage expenses.

Payment for dry dock and special survey costs incurred in the six month period ended June 30, 2017 and 2016 was \$4.9 million and \$2.3 million, respectively, and related to drydock and special survey costs incurred for certain vessels of the fleet.

Amounts due to related parties, short-term increased by \$5.9 million from \$0 for the year ended December 31, 2016 to \$5.9 million for the six month period ended June 30, 2017, mainly due to backstop commitments and other payables to Navios Midstream.

Deferred revenue primarily relates to cash received from charterers prior to it being earned and also includes the current portion of deferred gain on sale of the Nave Celeste and the C. Dream to Navios Midstream. Deferred revenue relating to cash received from charterers was recognized as revenue over the voyage or charter period. Deferred revenue amounted to \$8.5 million as of June 30, 2017 and December 31, 2016.

Cash (used in)/ provided by investing activities for the six month period ended June 30, 2017 as compared to the six month period ended June 30, 2016:

Net cash used in/ provided by investing activities decreased by \$19.0 million to \$1.9 million outflow as of June 30, 2017 from \$17.0 million inflow as of June 30, 2016.

Net cash used in investing activities for the six month period ended June 30, 2017, resulted from a: (i) \$9.1 million loan granted to Navios Europe II (Navios Revolving Loans II); and (ii) \$0.1 million investment in Navios Midstream in order to maintain the 2% general partner interest. The decrease was partially mitigated by \$7.2 million from dividends received from Navios Midstream.

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Net cash provided by investing activities for the six month period ended June 30, 2016, resulted from: (i) \$18.4 million of net proceeds from the sale of the Nave Lucida; and (ii) \$2.9 million in dividends received from Navios Midstream. The \$21.3 million increase was mitigated by a \$4.3 million loan granted to Navios Europe II (Navios Revolving Loans II).

Cash used in financing activities for the six month period ended June 30, 2017 as compared to the six month period ended June 30, 2016:

Net cash used in financing activities decreased by \$23.6 million to \$28.9 million at June 30, 2017 from \$52.5 million at June 30, 2016.

Net cash used in financing activities for the six month period ended June 30, 2017 resulted from: (i) \$63.2 million of loan repayments; (ii) \$15.8 million of dividends paid; (iii) \$1.8 million for the redemption of puttable common stock; and was partially mitigated by: (a) \$49.8 million in loan proceeds, net of deferred finance fees; and (b) \$2.1 million decrease in restricted cash.

Net cash used in financing activities for the six month period ended June 30, 2016, resulted from: (i) \$34.7 million of loan repayments; (ii) \$15.9 million of dividends paid; and (iii) \$2.0 million of redemption of puttable common stock.

Reconciliation of Adjusted EBITDA to Net Cash from Operating Activities

	Three Month Period Ended June 30, 2017 (unaudited)	Three Month Period Ended June 30, 2016 (unaudited)	Six Month Period Ended June 30, 2017 (unaudited)	Six Month Period Ended June 30, 2016 (unaudited)
Expressed in thousands of U.S. dollars				
Net cash provided by operating activities	\$ 5,554	\$ 24,176	\$ 33,139	\$ 50,237
Net (decrease)/ increase in operating assets	(4,590)	(7,378)	395	14,581
Net decrease/ (increase) in operating liabilities	8,136	8,774	(6,005)	(1,415)
Net interest cost	17,239	18,033	33,892	36,504
Amortization and write-off of deferred finance costs and bond premium	(1,663)	(822)	(2,579)	(1,864)
Equity/ (loss) in net earnings of affiliates (including OTTI loss), net of dividends received	(58,721)	343	(58,413)	833
Payments for drydocking	2,021	2,324	4,928	2,324
Other-than-temporary-impairment loss on equity investment	59,104	—	59,104	—
Adjusted EBITDA	\$ 27,080	\$ 45,450	\$ 64,461	\$ 101,200
	Three Month Period Ended June 30, 2017 (unaudited)	Three Month Period Ended June 30, 2016 (unaudited)	Six Month Period Ended June 30, 2017 (unaudited)	Six Month Period Ended June 30, 2016 (unaudited)
Net cash provided by operating activities	\$ 5,554	\$ 24,176	\$ 33,139	\$ 50,237
Net cash provided by/ (used in) investing activities	\$ 526	\$ 1,935	\$ (1,948)	\$ 17,027
Net cash used in financing activities	\$ (13,509)	\$ (21,216)	\$ (28,939)	\$ (52,533)

EBITDA represents net (loss)/income before interest and finance costs, before depreciation and amortization and before income taxes. Adjusted EBITDA in this document represents EBITDA before stock-based compensation, gain on sale of vessel and other- than- temporary- impairment loss on equity investment. We use Adjusted EBITDA as liquidity measure and reconcile Adjusted EBITDA to net cash provided by/ (used in) operating activities, the most comparable U.S. GAAP liquidity measure. Adjusted EBITDA in this document is calculated as follows: net cash provided by/(used in) operating activities adding back, when applicable and as the case may be, the effect of: (i) net increase/(decrease) in operating assets; (ii) net (increase)/decrease in operating liabilities; (iii) net interest cost; (iv) amortization of deferred finance cost and other related expenses; (v) equity in net earnings of affiliated companies, net of dividends received; (vi) payments for dry dock and special survey costs; and (vii) impairment charges. Navios Acquisition believes that Adjusted EBITDA is the basis upon which liquidity can be assessed and present useful information to investors regarding Navios Acquisition's ability to service and/or incur indebtedness, pay capital expenditures, meet working capital requirements and pay dividends. Navios Acquisition also believes that Adjusted EBITDA is 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. Adjusted EBITDA has limitations as analytical tool, and should not be considered in isolation or as a substitute for the analysis of Navios Acquisition's results as reported under U.S. GAAP. Some of these limitations are: (i) Adjusted EBITDA does not reflect changes in, or cash requirements for, working capital needs; and (ii)

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although depreciation and amortization are non-cash charges, the assets being depreciated and amortized may have to be replaced in the future. Adjusted EBITDA does not reflect any cash requirements for such capital expenditures. Because of these limitations, Adjusted EBITDA should not be considered as a principal indicator of Navios Acquisition's performance. Furthermore, our calculation of Adjusted EBITDA may not be comparable to that reported by other companies due to differences in methods of calculation.

Adjusted EBITDA for the three month period ended June 30, 2017 decreased by approximately \$18.4 million to \$27.1 million as compared to \$45.5 million for the same period of 2016. The decrease in Adjusted EBITDA was mainly due to a: (a) \$16.0 million decrease in revenue, as described above; (b) \$4.6 million increase in time charter expenses mainly due to the \$4.1 million accrued backstop commitment to Navios Midstream; and (c) \$2.4 million decrease in equity/ (loss) in net earnings of affiliated companies, partially mitigated by a; (i) \$2.0 million decrease in general and administrative expenses (excluding the share-based compensation expense); (ii) \$1.2 million decrease in other income/ (expense), net; (iii) \$0.7 million decrease in direct vessel expenses (excluding amortization of dry dock and special survey costs); and (iv) \$0.6 million decrease in management fees, mainly due to the sale of two chemical tankers in the fourth quarter of 2016, as discussed above.

Adjusted EBITDA for the six month period ended June 30, 2017 decreased by approximately \$36.7 million to \$64.5 million as compared to \$101.2 million for the same period of 2016. The decrease in Adjusted EBITDA was mainly due to a: (a) \$32.0 million decrease in revenue, as described above; (b) \$6.3 million increase in time charter expenses mainly due to the \$5.2 million accrued backstop commitment to Navios Midstream; and (c) \$4.5 million decrease in equity/ (loss) in net earnings of affiliated companies, partially mitigated by a; (i) \$2.5 million decrease in general and administrative expenses (excluding the share-based compensation expense); (ii) \$1.4 million decrease in management fees, mainly due to the sale of one MR2 product tanker in January 2016 and two chemical tankers in the fourth quarter of 2016; (iii) \$1.4 million decrease in other expense, net; and (iv) \$0.7 million decrease in direct vessel expenses (excluding amortization of dry dock and special survey costs).

Long-Term Debt Obligations and Credit Arrangements

Ship Mortgage Notes

8 1/8% First Priority Ship Mortgages: On November 13, 2013, the Company and its wholly owned subsidiary, Navios Acquisition Finance (US) Inc. ("Navios Acquisition Finance" and together with the Company, the "2021 Co-Issuers") issued \$610.0 million in first priority ship mortgage notes (the "Existing Notes") due on November 15, 2021 at a fixed rate of 8.125%.

On March 31, 2014, the Company completed a sale of \$60.0 million of its first priority ship mortgage notes due in 2021 (the "Additional Notes", and together with the Existing Notes, the "2021 Notes"). The terms of the Additional Notes are identical to the Existing Notes and were issued at 103.25% plus accrued interest from November 13, 2013.

The 2021 Notes are fully and unconditionally guaranteed on a joint and several basis by all of Navios Acquisition's subsidiaries with the exception of Navios Acquisition Finance (a co-issuer of the 2021 Notes).

The 2021 Co-Issuers have the option to redeem the 2021 Notes in whole or in part, at any time: (i) before November 15, 2016, at a redemption price equal to 100% of the principal amount, plus a make-whole premium, plus accrued and unpaid interest, if any; and (ii) on or after November 15, 2016, at a fixed price of 106.094% of the principal amount, which price declines ratably until it reaches par in 2019, plus accrued and unpaid interest, if any.

At any time before November 15, 2016, the 2021 Co-Issuers may redeem up to 35% of the aggregate principal amount of the 2021 Notes with the net proceeds of an equity offering at 108.125% of the principal amount of the 2021 Notes, plus accrued and unpaid interest, if any, so long as at least 65% of the aggregate principal amount of the Existing Notes remains outstanding after such redemption.

In addition, upon the occurrence of certain change of control events, the holders of the 2021 Notes will have the right to require the 2021 Co-Issuers to repurchase some or all of the 2021 Notes at 101% of their face amount, plus accrued and unpaid interest to the repurchase date.

The 2021 Notes contain covenants which, among other things, limit the incurrence of additional indebtedness, issuance of certain preferred stock, the payment of dividends, redemption or repurchase of capital stock or making restricted payments and investments, creation of certain liens, transfer or sale of assets, entering in transactions with affiliates, merging or consolidating or selling all or substantially all of the 2021 Co-Issuers' properties and assets and creation or designation of restricted subsidiaries. The 2021 Co-Issuers were in compliance with the covenants as of June 30, 2017.

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The Existing Notes and the Additional Notes are treated as a single class for all purposes under the indenture including, without limitation, waivers, amendments, redemptions and other offers to purchase and the Additional Notes rank evenly with the Existing Notes. The Additional Notes and the Existing Notes have the same CUSIP number.

Guarantees

The Company's 2021 Notes are fully and unconditionally guaranteed on a joint and several basis by all of the Company's subsidiaries with the exception of Navios Acquisition Finance (a co-issuer of the 2021 notes). The Company's 2021 Notes are unregistered. The guarantees of our subsidiaries that own mortgaged vessels are senior secured guarantees and the guarantees of our subsidiaries that do not own mortgaged vessels are senior unsecured guarantees. All subsidiaries, including Navios Acquisition Finance, are 100% owned. Navios Acquisition does not have any independent assets or operations. Except as provided above, Navios Acquisition does not have any subsidiaries that are not guarantors of the 2021 Notes.

Credit Facilities

As of June 30, 2017, the Company had secured credit facilities with various banks with a total outstanding balance of \$428.7 million. The purpose of the facilities was to finance the construction or acquisition of vessels or refinance existing indebtedness. All of the facilities are denominated in U.S. Dollars and bear interest based on LIBOR plus spread ranging from 230 bps to 400 bps per annum. The facilities are repayable in either semi-annual or quarterly installments, followed by balloon payments with maturities, ranging from July 2018 to October 2022. See also "Contractual obligations" below.

ABN AMRO Bank N.V.: In February 2017, the Company drew \$26.7 million under this credit facility with ABN AMRO Bank N.V. which is secured with its two chemical tankers, following the full repayment of the previous financing arrangements. The facility is repayable in four equal consecutive quarterly installments of \$0.7 million each, with a final balloon payment of the balance to be repaid on the last repayment date. The maturity date of the loan is in February 2018. The loan bears interest at LIBOR plus 400 bps per annum. In June, 2017, the Company prepaid the outstanding balance of \$26.0 million and an amount of \$0.7 million was written-off from the deferred finance costs. As of June 30, 2017, there was no outstanding amount under this facility.

HSH Nordbank: In June 2017, Navios Acquisition entered into a loan facility for an amount of \$24.0 million to refinance the credit facility with ABN AMRO Bank N.V. of its two chemical tankers. The facility is repayable in 17 equal consecutive quarterly installments of \$0.6 million each, with a final balloon payment of the balance to be repaid on the last repayment date. The facility matures in September 2021 and bears interest at LIBOR plus 300 bps per annum. As of June 30, 2017, the outstanding balance was \$24.0 million.

As of June 30, 2017, no amounts were available to be drawn from our facilities.

The loan facilities include, among other things, compliance with loan to value ratios and certain financial covenants: (i) minimum liquidity higher of \$40.0 million or \$1.0 million per vessel; (ii) net worth ranging from \$50.0 million to \$135.0 million; and (iii) total liabilities divided by total assets, adjusted for market values to be lower than 75%. It is an event of default under the credit facilities if such covenants are not complied with, including the loan to value ratios for which the Company may provide sufficient additional security to prevent such an event.

As of June 30, 2017, the Company was in compliance with the covenants in each of its credit facilities.

Amounts drawn under the facilities are secured by first preferred mortgages on Navios Acquisition's vessels and other collateral and are guaranteed by each vessel-owning subsidiary. The credit facilities contain a number of restrictive covenants that prohibit or limit Navios Acquisition from, among other things: incurring or guaranteeing indebtedness; entering into affiliate transactions; changing the flag, class, management or ownership of Navios Acquisition's vessels; changing the commercial and technical management of Navios Acquisition's vessels; selling Navios Acquisition's vessels; and subordinating the obligations under each credit facility to any general and administrative costs relating to the vessels, including the fixed daily fee payable under the management agreement. The credit facilities also require Navios Acquisition to comply with the ISM Code and ISPS Code and to maintain valid safety management certificates and documents of compliance at all times.

Off-Balance Sheet Arrangements – Legal Proceedings

Charter hire payments to third parties for chartered-in vessels are treated as operating leases for accounting purposes. As of June 30, 2017, Navios Acquisition has provided backstop commitments for certain vessels of Navios Midstream. Please see discussion below under "Contractual Obligations".

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The Company 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 the Company believes that a liability may be probable, and for which the amounts are reasonably estimable, based upon facts known at the date of the financial statements were prepared. In the opinion of the management, the ultimate disposition of these matters individually and in aggregate will not materially affect the Company's financial position, results of operations or liquidity.

Contractual Obligations

The following table summarizes our long-term contractual obligations as of June 30, 2017:

(In thousands of U.S. dollars)	Payments due by period (Unaudited)				Total
	Less than 1 year	1-3 years	3-5 years	More than 5 years	
Long-term debt obligations ⁽¹⁾	\$40,211	\$207,213	\$818,420	\$ 32,813	\$1,098,657
Total contractual obligations	\$40,211	\$207,213	\$818,420	\$ 32,813	\$1,098,657

- (1) The amount identified does not include interest costs associated with the outstanding credit facilities, which are based on LIBOR, plus the costs of complying with any applicable regulatory requirements and a margin ranging from 250 bps to 320 bps per annum or the \$670.0 million 2021 Notes which have a fixed rate of 8.125%.

Navios Holdings, Navios Acquisition and Navios Maritime Partners L.P. ("Navios Partners") have made available to Navios Europe I revolving loans up to \$24.1 million to fund working capital requirements (collectively, the "Navios Revolving Loans I"). As of June 30, 2017, the amount undrawn under the Navios Revolving Loans I was \$4.8 million, of which Navios Acquisition may be required to fund an amount ranging from \$0 to \$4.8 million. See Note 11 for the Investment in Navios Europe I.

Navios Holdings, Navios Acquisition and Navios Partners have made available to Navios Europe II revolving loans up to \$43.5 million to fund working capital requirements (collectively, the "Navios Revolving Loans II"). In March 2017, the availability under the Navios Revolving Loans II was increased by \$14.0 million. As of June 30, 2017, the amount undrawn under the Navios Revolving Loans II was \$15.0 million, of which Navios Acquisition may be required to fund an amount ranging from \$0 to \$15.0 million. See Note 11 for the Investment in Navios Europe II.

On November 18, 2014, Navios Acquisition entered into backstop agreements with Navios Midstream. In accordance with the terms of the backstop agreements, Navios Acquisition has provided backstop commitments for a two-year period as of the redelivery of each of the Nave Celeste, the Shinyo Ocean and the Shinyo Kannika from their original charters, at a net rate of \$35,000, \$38,400 and \$38,025, respectively. In connection with their redelivery in the first quarter of 2017, Navios Midstream entered into new charter contracts with third parties for the above vessels. Those contracts provide for index linked charter rates or pool earnings, as the case may be. Backstop commitments are triggered if the actual rates achieved are below the backstop rates.

The backstop agreement for the Shinyo Ocean, the Shinyo Kannika and the Nave Celeste became effective upon re-delivery of the vessels during the six month period ended June 30, 2017. The Company has provisionally recognized a liability of \$4.1 million and \$5.2 million under "Time charter and voyage expenses" in the condensed consolidated statements of operations for the three and six month periods ended June 30, 2017 for which the Company believes it represents a reasonable estimate of the loss for the backstop agreements.

On September 19, 2016, Navios Acquisition entered into a \$70.0 million secured loan facility with Navios Holdings. Please refer to the relevant discussion below, under "Related Parties Transactions".

Related Party Transactions

The Navios Holdings Credit Facilities: On September 19, 2016, Navios Acquisition entered into a \$70.0 million secured loan facility with Navios Holdings. The loan facility is secured by all of Navios Holdings' interest in Navios Acquisition and 78.5% of Navios Holdings' interest in Navios South American Logistics Inc. ("Navios Logistics"), representing a majority of the shares outstanding of Navios Logistics. The secured loan facility provided for an arrangement fee of \$0.7 million, is available for up to five drawings and has a fixed interest rate of 8.75% with a maturity date of November 15, 2018. As of June 30, 2017 and December 31, 2016, the outstanding receivable balance of \$53.1 million and \$50.7 million, respectively, included in the consolidated balance sheets under "Due from related parties, long-term", consisted of the drawdown of \$50.0 million on September 20, 2016 net of the arrangement fee, upon deduction of the applicable expenses for the origination of the loan facility and the accrued interest of \$3.5 million and \$1.2 million, respectively. The arrangement fee is deferred and amortized using the effective interest rate method. Total interest income for the three and six month periods ended June 30, 2017 amounted to \$2.4 million and \$1.2 million, respectively.

In March 2016, Navios Acquisition entered into the \$50.0 million Revolver with Navios Holdings, which was available for multiple drawings up to a limit of \$50.0 million. The Revolver had a margin of LIBOR plus 300 bps and a maturity until December 2018. On April 14, 2016, Navios Acquisition and Navios Holdings announced that the Revolver was terminated. No borrowings had been made under the Revolver.

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Management fees: Pursuant to the Management Agreement dated May 28, 2010 and as amended in May 2012 and May 2014, the Manager, a wholly-owned subsidiary of Navios Holdings, provided commercial and technical management services to Navios Acquisition's vessels for a fixed daily fee of: (a) \$6,000 per MR2 product tanker and chemical tanker vessel; (b) \$7,000 per LR1 product tanker vessel; and (c) \$9,500 per VLCC, through May 2016.

Pursuant to an amendment to the Management Agreement dated as of May 19, 2016, Navios Acquisition fixed the fees for commercial and technical ship management services of its fleet for two additional years from May 29, 2016 through May 2018, at a daily fee of: (a) \$6,350 per MR2 product tanker and chemical tanker vessel; (b) \$7,150 per LR1 product tanker vessel; and (c) \$9,500 per VLCC.

Dry docking expenses are reimbursed by Navios Acquisition at cost.

Total management fees for each of the three month periods ended June 30, 2017 and 2016 amounted to \$23.7 million and \$24.3 million, respectively. Total management fees for each of the six month periods ended June 30, 2017 and 2016 amounted to \$47.1 million and \$48.5 million, respectively.

Included in direct vessel expenses, there is an amount of \$0.7 million for the three and six month periods ended June 30, 2016, that was incurred for specialized work performed in connection with certain vessels.

General and administrative expenses: On May 28, 2010, Navios Acquisition entered into an Administrative Services Agreement with Navios Holdings, pursuant to which Navios Holdings provides certain administrative management services to Navios Acquisition 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 services. Navios Holdings is reimbursed for reasonable costs and expenses incurred in connection with the provision of these services. In May 2014, Navios Acquisition extended the original duration of its existing Administrative Services Agreement with Navios Holdings, until May 2020.

For each of the three month periods ended June 30, 2017 and 2016 the expense arising from administrative services rendered by Navios Holdings amounted to \$2.3 million and \$2.4 million, respectively. For each of the six month periods ended June 30, 2017 and 2016 the expense arising from administrative services rendered by Navios Holdings amounted to \$4.5 million and \$4.8 million, respectively.

Balance due from related parties (excluding Navios Europe I, Navios Europe II and Navios Holdings Credit Facility): Balance due from related parties as of June 30, 2017 and December 31, 2016 was \$31.2 million and \$25.8 million, respectively, and included the short-term and long-term amounts mainly due from Navios Holdings. The balances mainly consisted of special survey and dry docking expenses for certain vessels of our fleet, as well as management fees, in accordance with the Management Agreement.

Balance due to related parties, short-term: Amounts due to related parties, short-term as of June 30, 2017 and December 31, 2016 was \$5.9 million and \$0, respectively, and mainly consisted of backstop commitments and other payables to Navios Midstream.

Omnibus Agreements

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

Midstream Omnibus Agreement: Navios Acquisition entered into an omnibus agreement (the "Midstream Omnibus Agreement"), with Navios Midstream, Navios Holdings and Navios Partners in connection with the Navios Midstream IPO, pursuant to which Navios Acquisition, Navios Midstream, Navios Holdings, Navios Partners and their controlled affiliates generally have agreed not to acquire or own any VLCCs, crude oil tankers, refined petroleum product tankers, LPG tankers or chemical tankers under time charters of five or more years without the consent of the Navios Midstream General Partner. The Midstream Omnibus Agreement contains significant exceptions that will allow Navios Acquisition, Navios Holdings, Navios Partners or any of their controlled affiliates to compete with Navios Midstream under specified circumstances.

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Under the Midstream Omnibus Agreement, Navios Midstream and its subsidiaries will grant to Navios Acquisition a right of first offer on any proposed sale, transfer or other disposition of any of its VLCCs or any crude oil tankers, refined petroleum product tankers, LPG tankers or chemical tankers and related charters owned or acquired by Navios Midstream. Likewise, Navios Acquisition will agree (and will cause its subsidiaries to agree) to grant a similar right of first offer to Navios Midstream for any of the VLCCs, crude oil tankers, refined petroleum product tankers, LPG tankers or chemical tankers under charter for five or more years it might own. These rights of first offer will not apply to: (a) sale, transfer or other disposition of vessels between any affiliated subsidiaries, or pursuant to the terms of any charter or other agreement with a charter party, or (b) merger with or into, or sale of substantially all of the assets to, an unaffiliated third-party.

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

Backstop Agreement: On November 18, 2014, Navios Acquisition entered into backstop agreements with Navios Midstream. In accordance with the terms of the backstop agreements, Navios Acquisition has provided backstop commitments for a two-year period as of the redelivery of each of the Nave Celeste, the Shinyo Ocean and the Shinyo Kannika from their original charters, at a net rate of \$35,000, \$38,400 and \$38,025, respectively. In connection with their redelivery in the first quarter of 2017, Navios Midstream entered into new charter contracts with third parties for the above vessels. Those contracts provide for index linked charter rates or pool earnings as the case may be. Backstop commitments are triggered if the actual rates achieved are below the backstop rates. The backstop agreement for the Shinyo Ocean, the Shinyo Kannika and the Nave Celeste became effective upon re-delivery of the vessels during 2017. The Company has recognized a liability of \$4.1 million and \$5.2 million (\$0 for the same periods in 2016), under “Time charter and voyage expenses” in the condensed consolidated statements of operations for the three and six month period ended June 30, 2017 for which the Company believes it represents a reasonable estimate of the loss for the backstop agreements. For the six month periods ended June 30, 2017, the liability amounted to \$5.2 million (December 31, 2016: \$0).

Navios Midstream General Partner Option Agreement with Navios Holdings: Navios Acquisition entered into an option agreement, dated November 18, 2014, with Navios Holdings under which Navios Acquisition grants Navios Holdings the option to acquire any or all of the outstanding membership interests in Navios Midstream General Partner and all of the incentive distribution rights in Navios Midstream representing the right to receive an increasing percentage of the quarterly distributions when certain conditions are met. The option shall expire on November 18, 2024. Any such exercise shall relate to not less than twenty-five percent of the option interest and the purchase price for the acquisition of all or part of the option interest shall be an amount equal to its fair market value.

Option Vessels: Navios Midstream holds purchase options for three VLCCs of Navios Acquisition, the Nave Buena Suerte, the Nave Neutrino and the Nave Electron, which expire on November 18, 2018. The purchase options pursuant to the extended period do not include any backstop commitments from Navios Acquisition.

Sale of the C. Dream and the Nave Celeste: On June 18, 2015, Navios Acquisition sold the vessel-owning subsidiaries of the C. Dream and the Nave Celeste to Navios Midstream for a sale price of \$100.0 million in total. Out of the \$100.0 million purchase price, \$73.0 million was paid in cash and the remaining amount was paid through the issuance of 1,592,920 subordinated Series A Units of Navios Midstream. In conjunction with the transaction, Navios Midstream also issued 32,509 general partner units to the General Partner, in order for the General Partner to maintain its 2.0% general partnership interest, for \$0.6 million. Please see Note 11- “Transactions with related parties”.

Participation in offerings of affiliates: On July 29, 2016, Navios Midstream launched a continuous offering sales program of its common units for an aggregate offering of up to \$25.0 million.

On September 30, 2016, December 30, 2016, February 16, 2017 and May 5, 2017, Navios Acquisition entered into securities purchase agreements with Navios Midstream pursuant to which Navios Acquisition made an investment in Navios Midstream by purchasing 5,655, 1,143 and 6,446 and 412 general partnership interests, respectively, in order to maintain its 2.0% partnership interest in Navios Midstream in light of such continuous offering sales program. The consideration paid in each of the six month period ended June 30, 2017 and the year ended December 31, 2016 was \$0.08 million and \$0.09 million, respectively.

The Company determined, under the equity method, that the issuance of common units of Navios Midstream qualified as a sale of shares by the investee. As a result, a net loss of \$0.01 and \$0.05 million was recognized in “Equity/ (loss) in net earnings of affiliated companies” for the three and six month period ended June 30, 2017.

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Balance due from Navios Europe I: Balance due from Navios Europe I as of June 30, 2017 amounted to \$13.4 million (December 31, 2016: \$12.3 million) which included the Navios Revolving Loans I of \$7.1 million (December 31, 2016: \$7.1 million), the non-current amount of \$2.7 million (December 31, 2016: \$2.2 million) related to the accrued interest income earned under the Navios Term Loans I under the caption “Due from related parties, long-term” and the accrued interest income earned under the Navios Revolving Loans I of \$3.6 million (December 31, 2016: \$2.9 million) under the caption “Due from related parties, short-term.”

The Navios Revolving Loans I and the Navios Term Loans I earn interest and an annual preferred return, respectively, at 12.7% per annum, on a quarterly compounding basis and are repaid from free cash flow (as defined in the loan agreement) to the fullest extent possible at the end of each quarter. There are no covenant requirements or stated maturity dates. As of June 30, 2017, the amount undrawn under the Navios Revolving Loans I was \$4.8 million of which Navios Acquisition may be required to fund an amount ranging from \$0 to \$4.8 million.

Balance due from Navios Europe II: Balance due from Navios Europe II as of June 30, 2017 amounted to \$27.9 million (December 31, 2016: \$16.4 million) which included the Navios Revolving Loans II of \$20.7 million (December 31, 2016: \$11.6 million), the non-current amount of \$2.9 million (December 31, 2016: \$2.1 million) related to the accrued interest income earned under the Navios Term Loans II under the caption “Due from related parties, long-term” and the accrued interest income earned under the Navios Revolving Loans II of \$4.4 million (December 31, 2016: \$2.7 million) under the caption “Due from related parties, short-term.”

The Navios Revolving Loans II and the Navios Term Loans II earn interest and an annual preferred return, respectively, at 18% per annum, on a quarterly compounding basis and are repaid from free cash flow (as defined in the loan agreement) to the fullest extent possible at the end of each quarter. There are no covenant requirements or stated maturity dates. As of June 30, 2017, the amount undrawn under the Navios Revolving Loans II was \$15.0 million, of which Navios Acquisition may be required to fund an amount ranging from \$0 to \$15.0 million.

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 in the statements of operations.

Interest Rate Risk

As of June 30, 2017, Navios Acquisition had a total of \$1,098.7 million in long-term and short-term indebtedness. Borrowings under our credit facilities bear interest at rates based on a premium over U.S. \$ LIBOR except for the interest rate on the Existing Notes and the Additional Notes which is fixed. Therefore, we are exposed to the risk that our interest expense may increase if interest rates rise. For the six month period ended June 30, 2017, we paid interest on our outstanding debt at a weighted average interest rate of 6.42%. A 1% increase in LIBOR would have increased our interest expense for the six month period ended June 30, 2017 by \$2.2 million.

Concentration of Credit Risk

Financial instruments, which potentially subject us to significant concentrations of credit risk, consist principally of trade accounts receivable. We closely monitor our exposure to customers for credit risk. We have policies in place to ensure that we trade with customers with an appropriate credit history. For the six month period ended June 30, 2017, Navig8, Shell and Mansel accounted for 29.0%, 14.0% and 14.0%, respectively, of Navios Acquisition’s revenue. For the year ended December 31, 2016, these three customers accounted for 33.0%, 20.0% and 14.7%, respectively, of Navios Acquisition’s revenue.

Cash and Cash Equivalents

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 Acquisition does maintain cash deposits and equivalents in excess of government-provided insurance limits. Navios Acquisition also minimizes exposure to credit risk by dealing with a diversified group of major financial institutions.

Inflation

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

Recent Accounting Pronouncements

In January 2017, the FASB issued Accounting Standard Update (“ASU”) ASU 2017-03 “Accounting Changes and Error Corrections (Topic 250) and Investments-Equity Method and Joint Ventures (Topic 323).” The ASU amends the Codification for SEC staff announcements made at recent Emerging Issues Task Force (EITF) meetings. The SEC guidance that specifically relates to our Consolidated Financial Statements was from the September 2016 meeting, where the SEC staff expressed their expectations about the extent of disclosures registrants should make about the effects of the new FASB guidance as well as any amendments issued prior to adoption, on revenue (ASU 2014-09), leases (ASU 2016-02) and credit losses on financial instruments (ASU 2016-13) in accordance with SAB Topic 11.M. Registrants are required to disclose the effect that recently issued accounting standards will have on their financial statements when adopted in a future period. In cases where a registrant cannot reasonably estimate the impact of the adoption, then additional qualitative disclosures should be considered. The ASU incorporates these SEC staff views into ASC 250 and adds references to that guidance in the transition paragraphs of each of the three new standards. The adoption of this new accounting guidance did not have a material effect on the Company’s Consolidated Financial Statements.

In November 2016, the FASB issued ASU 2016-18, “Statement of Cash Flows (Topic 230): Restricted Cash”. This Update addresses the classification and presentation of changes in restricted cash on the statement of cash flows under Topic 230, Statement of Cash Flows. The amendments are effective for public business entities for fiscal years beginning after December 15, 2017, and interim periods within those fiscal years. Early adoption is permitted for all entities. The Company is currently assessing the impact that adopting this new accounting guidance will have on its consolidated financial statements.

In August 2016, the FASB issued ASU 2016-15, “Statement of Cash Flows: Classification of Certain Cash Receipts and Cash Payments”. This update addresses eight specific cash flow issues with the objective of reducing the existing diversity in practice. The amendments are effective for public business entities for fiscal years beginning after December 15, 2017, and interim periods within those fiscal years. Early adoption is permitted for all entities. The Company is currently assessing the impact that adopting this new accounting guidance will have on its consolidated financial statements.

In February 2016, the FASB issued ASU 2016-02, “Leases (Topic 842)”. ASU 2016-02 will apply to both types of leases — capital (or finance) leases and operating leases. According to the new Accounting Standard, lessees will be required to recognize assets and liabilities on the balance sheet for the rights and obligations created by all leases with terms of more than 12 months. ASU 2016-02 is effective for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years. Early application is permitted. The Company is currently assessing the impact that adopting this new accounting guidance will have on its consolidated financial statements and footnotes disclosures.

In January 2016, FASB issued ASU 2016-01, “Financial Instruments—Overall (Subtopic 825-10)—Recognition and Measurement of Financial Assets and Financial Liabilities”. The amendments in this ASU require an entity (i) to measure equity investments (except those accounted for under the equity method of accounting or those that result in consolidation of the investee) at fair value with changes in fair value recognized in net income; (ii) to perform a qualitative assessment to identify impairment in equity investments without readily determinable fair values; (iii) to present separately in other comprehensive income the fair value of a liability resulting from a change in the instrument-specific credit risk; and (iv) to present separately financial assets and financial liabilities by measurement category and form of financial asset (that is, securities or loans and receivables) on the balance sheet. The amendments also eliminate the requirement, for public business entities, to disclose the methods and significant assumptions used to estimate the fair value of financial instruments measured at amortized cost on the balance sheet and clarify that an entity should evaluate the need for a valuation allowance on a deferred tax asset related to available-for-sale securities in combination with the entity’s other deferred tax assets. For public business entities, ASU 2016-01 is effective for fiscal years beginning after December 15, 2017, including interim periods within those fiscal years. The adoption of this new standard is not expected to have a material impact on the Company’s results of operations, financial position or cash flows.

In May 2014, the FASB issued ASU 2014-09 “Revenue from Contracts with Customers” clarifying the method used to determine the timing and requirements for revenue recognition on the statements of operations. Under the new standard, an entity must identify the performance obligations in a contract, the transaction price and allocate the price to specific performance obligations to recognize the revenue when the obligation is completed. The amendments in this update also require disclosure of sufficient information to allow users to understand the nature, amount, timing and uncertainty of revenue and cash flow arising from contracts. The new accounting guidance was originally effective for interim and annual periods beginning after December 15, 2016. In August 2015, the FASB issued ASU 2015-14 which deferred the effective date of ASU 2014-09 for all entities by one year. The standard will be effective for public entities for annual reporting periods beginning after December 15, 2017 and interim periods therein. The Company is currently assessing the impact that adopting this new accounting guidance will have on its consolidated financial statements.

Critical Accounting Policies

Navios Acquisition's interim consolidated financial statements have been prepared in accordance with US GAAP. The preparation of these financial statements requires Navios Acquisition 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 to the consolidated financial statements included in the Company's Annual Report on Form 20-F for the year ended December 31, 2016 filed with the Securities and Exchange Commission on April 5, 2017.

Investments in Equity Securities: Navios Acquisition evaluates its investment in Navios Midstream, Navios Europe I and Navios Europe II for OTTI on a quarterly basis. Consideration is given to (i) the length of time and the extent to which the fair value has been less than the carrying value, (ii) the financial condition and near-term prospects of Navios Midstream, Navios Europe I and Navios Europe II, and (iii) the intent and ability of the Company to retain its investment in Navios Midstream, Navios Europe I and Navios Europe II for a period of time sufficient to allow for any anticipated recovery in fair value.

The fair value of our investment in Navios Midstream has been below its carrying value for a period over twelve months, due to the decline in the quoted price of the common units of Navios Midstream.

As of June 30, 2017, the Company considered the decline in fair value of its investment in Navios Midstream as "other-than-temporary" and therefore, recognized a non-cash loss of \$59.1 million based on its quoted unit price of \$9.36, as of June 30, 2017. The respective loss was included in "Equity/ (loss) in net earnings of affiliated companies" in the accompanying condensed consolidated statement of Operations.

Exhibit List

**Exhibit
Number**

- 10.1 Loan Agreement relating to senior secured post-delivery term loan facility of up to US\$24,000,000, dated June 7, 2017.
- 10.2 Omnibus Agreement, dated June 7, 2017.
- 101 The following materials from Navios Maritime Acquisition Corporation's 6-K containing its financial statements for the three and six months ended June 30, 2017, formatted in eXtensible Business Reporting Language (XBRL): (i) Condensed Consolidated Balance Sheets at June 30, 2017 (unaudited) and December 31, 2016; (ii) Unaudited Condensed Consolidated Statements of Operations for each of the three and six month periods ended June 30, 2017 and 2016; (iii) Unaudited Condensed Consolidated Statements of Cash Flows for the six month periods ended June 30, 2017 and 2016; (iv) Unaudited Condensed Consolidated Statements of Changes in Equity for the six month periods ended June 30, 2017 and 2016; and (v) the Notes to the Condensed Consolidated Financial Statements (unaudited).

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NAVIOS MARITIME ACQUISITION CORPORATION

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NAVIOS MARITIME ACQUISITION CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEETS
(Expressed in thousands of U.S. Dollars except share data)

	Notes	June 30, 2017 (unaudited)	December 31, 2016 (unaudited)
ASSETS			
Current assets			
Cash and cash equivalents	3	\$ 51,544	\$ 49,292
Restricted cash	3	5,248	7,366
Accounts receivable, net		11,449	20,933
Due from related parties, short-term	11	19,000	25,047
Prepaid expenses and other current assets		4,124	4,644
Total current assets		91,365	107,282
Vessels, net	4	1,278,483	1,306,923
Goodwill	5	1,579	1,579
Other long-term assets		900	900
Deferred dry dock and special survey costs, net		13,273	10,172
Investment in affiliates	6,11	129,286	196,695
Due from related parties, long-term	6,11	106,509	80,068
Total non-current assets		1,530,030	1,596,337
Total assets		\$ 1,621,395	\$ 1,703,619
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current liabilities			
Accounts payable		\$ 4,422	\$ 4,855
Accrued expenses	8	11,601	11,047
Due to related parties, short-term	11	5,937	—
Deferred revenue		8,451	8,519
Current portion of long-term debt, net of deferred finance costs	9	38,814	55,000
Total current liabilities		69,225	79,421
Long-term debt, net of current portion, premium and net of deferred finance costs	9	1,045,885	1,040,938
Deferred gain on sale of assets	11	7,218	7,829
Total non-current liabilities		1,053,103	1,048,767
Total liabilities		\$ 1,122,328	\$ 1,128,188
Commitments and contingencies	12	—	—
Puttable common stock 75,000 and 250,000 shares issued and outstanding with \$750 and \$2,500 redemption amount as of June 30, 2017 and December 31, 2016, respectively	13	750	2,500
Stockholders' equity			
Preferred stock, \$0.0001 par value; 10,000,000 shares authorized; 1,000 series C shares issued and outstanding as of June 30, 2017 and December 31, 2016.	13	—	—
Common stock, \$0.0001 par value; 250,000,000 shares authorized; 150,407,990 and 150,582,990 issued and outstanding as of June 30, 2017 and December 31, 2016, respectively	13	15	15
Additional paid-in capital	13	533,816	541,720
(Accumulated deficit)/ Retained earnings		(35,514)	31,196
Total stockholders' equity		498,317	572,931
Total liabilities and stockholders' equity		\$ 1,621,395	\$ 1,703,619

See unaudited condensed notes to consolidated financial statements.

NAVIOS MARITIME ACQUISITION CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Expressed in thousands of U.S. dollars- except share and per share data)

	Notes	For the Three Months Ended June 30, 2017 (unaudited)	For the Three Months Ended June 30, 2016 (unaudited)	For the Six Months Ended June 30, 2017 (unaudited)	For the Six Months Ended June 30, 2016 (unaudited)
Revenue	14	\$ 58,458	\$ 74,495	\$ 122,940	\$ 154,914
Time charter and voyage expenses	11	(5,585)	(1,017)	(8,763)	(2,438)
Direct vessel expenses	11	(934)	(1,405)	(1,827)	(2,049)
Management fees (entirely through related party transactions)	11	(23,678)	(24,318)	(47,096)	(48,504)
General and administrative expenses	11	(3,693)	(5,981)	(6,456)	(9,510)
Depreciation and amortization	4	(14,220)	(14,294)	(28,440)	(29,177)
Gain on sale of vessel		—	—	—	2,282
Interest income	6,11	2,546	880	4,740	1,534
Interest expense and finance cost	9	(19,785)	(18,913)	(38,632)	(38,038)
Equity/ (loss) in net earnings of affiliated companies	6	(57,728)	3,731	(54,960)	8,622
Other income/ (expense), net		202	(994)	(308)	(1,682)
Net (loss)/ income		\$ (64,417)	\$ 12,184	\$ (58,802)	\$ 35,954
Dividend declared on restricted shares		—	(35)	—	(70)
Undistributed loss/ (income) attributable to Series C participating preferred shares		3,127	(591)	2,855	(1,752)
Net (loss)/ income attributable to common shareholders, basic	15	\$ (61,290)	\$ 11,558	\$ (55,947)	\$ 34,132
Dividend declared on restricted shares		—	35	—	70
Net (loss)/ income attributable to common shareholders, diluted	15	\$ (61,290)	\$ 11,593	\$ (55,947)	\$ 34,202
Net (loss)/ income per share, basic and diluted		\$ (0.41)	\$ 0.08	\$ (0.37)	\$ 0.23
Weighted average number of shares, basic		150,436,836	150,084,084	150,468,625	149,668,699
Weighted average number of shares, diluted		150,436,836	150,784,089	150,468,625	150,836,836

See unaudited condensed notes to consolidated financial statements.

NAVIOS MARITIME ACQUISITION CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in thousands of U.S. dollars)

	<u>Notes</u>	<u>For the Six Months Ended June 30, 2017 (unaudited)</u>	<u>For the Six Months Ended June 30, 2016 (unaudited)</u>
Operating Activities			
Net (loss)/ income		\$ (58,802)	\$ 35,954
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	4	28,440	29,177
Amortization and write-off of deferred finance fees and bond premium	9	2,579	1,864
Amortization of dry dock and special survey costs		1,827	1,319
Stock based compensation	13	—	528
Gain on sale of vessel		—	(2,282)
Equity/ (loss) in net earnings of affiliates, net of dividends received		58,413	(833)
Changes in operating assets and liabilities:			
Decrease in prepaid expenses and other current assets		20	1,404
Decrease/ (increase) in accounts receivable		9,484	(1,737)
Decrease/ (increase) in due from related parties, short-term		6,047	(3,824)
Decrease/ (increase) in restricted cash		33	(64)
Increase in other long term assets		—	(3,930)
Increase in due from related parties, long-term		(15,979)	(6,430)
Decrease in accounts payable		(433)	(387)
Increase in accrued expenses		554	3,409
Payments for dry dock and special survey costs		(4,928)	(2,324)
Increase in due to related parties, short-term		5,937	—
Decrease in deferred revenue		(53)	(1,607)
Net cash provided by operating activities		\$ 33,139	\$ 50,237
Investing Activities			
Loans receivable from affiliates	11	(9,061)	(4,275)
Dividends received from affiliates		7,197	2,853
Investment in affiliates		(84)	—
Net cash proceeds from sale of vessel		—	18,449
Net cash (used in)/ provided by investing activities		\$ (1,948)	\$ 17,027
Financing Activities			
Loan proceeds, net of deferred finance costs	9	49,764	—
Loan repayments	9	(63,226)	(34,682)
Dividend paid	7	(15,812)	(15,851)
Decrease in restricted cash		2,085	—
Redemption of convertible shares and puttable common stock		(1,750)	(2,000)
Net cash used in financing activities		\$ (28,939)	\$ (52,533)
Net increase in cash and cash equivalents		2,252	14,731
Cash and cash equivalents, beginning of period		49,292	54,805
Cash and cash equivalents, end of period		\$ 51,544	\$ 69,536
Supplemental disclosures of cash flow information			
Cash interest paid, net of capitalized interest		\$ 35,851	\$ 36,187
Non-cash investing activities			
Accrued interest on loan to affiliate		\$ 3,512	\$ 1,078
Non-cash financing activities			
Stock based compensation		\$ —	\$ 528

See unaudited condensed notes to consolidated financial statements.

NAVIOS MARITIME ACQUISITION CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Expressed in thousands of U.S. dollars, except share data)

	Preferred Stock		Common Stock		Additional Paid-in Capital	(Accumulated Deficit)/ Retained Earnings	Total Stockholders' Equity
	Number of Preferred Shares	Amount	Number of Common Shares	Amount			
Balance, December 31, 2015	4,000	\$ —	149,782,990	\$ 15	\$540,856	\$ —	\$ 540,871
Redemption of puttable common stock	—	—	(200,000)	—	—	—	—
Conversion of Series A preferred stock into common stock	(3,000)	—	1,200,000	—	—	—	—
Stock- based compensation (see Note 13)	—	—	—	—	528	—	528
Dividend paid/ declared	—	—	—	—	—	(15,851)	(15,851)
Net income	—	—	—	—	—	35,954	35,954
Balance, June 30, 2016 (unaudited)	1,000	\$ —	150,782,990	\$ 15	\$541,384	\$ 20,103	\$ 561,502
Balance, December 31, 2016	1,000	\$ —	150,582,990	\$ 15	\$541,720	\$ 31,196	\$ 572,931
Redemption of puttable common stock	—	—	(175,000)	—	—	—	—
Dividend paid/ declared (see Note 7)	—	—	—	—	(7,904)	(7,908)	(15,812)
Net (loss)	—	—	—	—	—	(58,802)	(58,802)
Balance, June 30, 2017 (unaudited)	1,000	\$ —	150,407,990	\$ 15	\$533,816	\$ (35,514)	\$ 498,317

See unaudited condensed notes to consolidated financial statements.

NAVIOS MARITIME ACQUISITION CORPORATION
UNAUDITED CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in thousands of U.S. Dollars except share and per share data)

NOTE 1: DESCRIPTION OF ORGANIZATION AND BUSINESS OPERATIONS

Navios Maritime Acquisition Corporation (“Navios Acquisition” or the “Company”) (NYSE: NNA) owns a large fleet of modern crude oil, refined petroleum product and chemical tankers providing worldwide marine transportation services. The Company’s strategy is to charter its vessels to international oil companies, refiners and large vessel operators under long, medium and short-term charters. The Company is committed to providing quality transportation services and developing and maintaining long-term relationships with its customers. The operations of Navios Acquisition are managed by a subsidiary of Navios Maritime Holdings Inc. (“Navios Holdings”).

Navios Acquisition was incorporated in the Republic of Marshall Islands on March 14, 2008. On July 1, 2008, Navios Acquisition completed its initial public offering, or its “IPO”. On May 28, 2010, Navios Acquisition consummated the vessel acquisitions which constituted its initial business combination. Following such transaction, Navios Acquisition commenced its operations as an operating company.

Navios Maritime Midstream Partners L.P. (“Navios Midstream”) (NYSE: NAP) is a publicly traded master limited partnership which owns, operates and acquires crude oil tankers, refined petroleum product tankers, chemical tankers and liquefied petroleum gas tankers under long-term employment contracts.

As of June 30, 2017, Navios Acquisition owned a 59.0% limited partner interest in Navios Midstream, which included a 2.0% general partner interest.

As of June 30, 2017, Navios Holdings had 43.4% of the voting power and 46.2% of the economic interest in Navios Acquisition.

As of June 30, 2017, Navios Acquisition had outstanding: 150,407,990 shares of common stock and 1,000 shares of Series C Convertible Preferred Stock held by Navios Holdings.

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 Acquisition’s consolidated balance sheets, statement of changes in equity, 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 accounting principles generally accepted in the United States of America (“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 Acquisition’s 2016 Annual Report filed on Form 20-F with the Securities and Exchange Commission (“SEC”).

(b) Principles of consolidation: The accompanying consolidated financial statements include the accounts of Navios Acquisition, a Marshall Islands corporation, and its majority owned subsidiaries. All significant intercompany balances and transactions have been eliminated in the consolidated statements.

The Company also consolidates entities that are determined to be variable interest entities (“VIEs”) as defined in the accounting guidance, if it determines that it is the primary beneficiary. A variable interest entity is defined as a legal entity where either (a) 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, or (b) the equity holders have not provided sufficient equity investment to permit the entity to finance its activities without additional subordinated financial support, or (c) the voting rights of some investors are not proportional to their obligations to absorb the expected losses of the entity, their rights to receive the expected residual returns of the entity, or both and substantially all of the entity’s activities either involve or are conducted on behalf of an investor that has disproportionately few voting rights.

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

NAVIOS MARITIME ACQUISITION CORPORATION
UNAUDITED CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in thousands of U.S. Dollars except share and per share data)

The Company elected to early adopt the requirements of Accounting Standard Update (“ASU”) 2017-01, “Business Combinations” effective beginning the second quarter ending June 30, 2017. The early adoption of this ASU did not have a material effect on the Company’s consolidated financial statements.

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

Navios Acquisition evaluates its equity method investments, for other than temporary impairment, on a quarterly basis. Consideration is given to (1) the length of time and the extent to which the fair value has been less than the carrying value, (2) the financial condition and near-term prospects and (3) the intent and ability of the Company to retain its investments for a period of time sufficient to allow for any anticipated recovery in fair value.

(d) Subsidiaries: Subsidiaries are those entities in which the Company has an interest of more than one half of the voting rights and/or otherwise has power to govern the financial and operating policies. The acquisition method of accounting is used to account for the acquisition of subsidiaries if deemed to be a business combination. The cost of an acquisition is measured as the fair value of the assets given up, shares issued or liabilities undertaken at the date of acquisition. The excess of the cost of acquisition over the fair value of the net assets acquired and liabilities assumed is recorded as goodwill.

As of June 30, 2017, and 2016 the entities included in these consolidated financial statements were:

Navios Maritime Acquisition Corporation and Subsidiaries:	Nature	Country of Incorporation	2017	2016
Company Name				
Aegean Sea Maritime Holdings Inc.	Sub-Holding Company	Marshall Is.	1/1 - 6/30	1/1 - 6/30
Amorgos Shipping Corporation	Vessel-Owning Company	Marshall Is.	1/1 - 6/30	1/1 - 6/30
Andros Shipping Corporation	Vessel-Owning Company	Marshall Is.	1/1 - 6/30	1/1 - 6/30
Antikithira Shipping Corporation	Vessel-Owning Company	Marshall Is.	1/1 - 6/30	1/1 - 6/30
Antiparos Shipping Corporation	Vessel-Owning Company	Marshall Is.	1/1 - 6/30	1/1 - 6/30
Amindra Navigation Co.	Sub-Holding Company	Marshall Is.	1/1 - 6/30	1/1 - 6/30
Crete Shipping Corporation	Vessel-Owning Company	Marshall Is.	1/1 - 6/30	1/1 - 6/30
Folegandros Shipping Corporation	Vessel-Owning Company	Marshall Is.	1/1 - 6/30	1/1 - 6/30
Ikaria Shipping Corporation	Vessel-Owning Company	Marshall Is.	1/1 - 6/30	1/1 - 6/30
Ios Shipping Corporation	Vessel-Owning Company	Cayman Is.	1/1 - 6/30	1/1 - 6/30
Kithira Shipping Corporation	Vessel-Owning Company	Marshall Is.	1/1 - 6/30	1/1 - 6/30
Kos Shipping Corporation	Vessel-Owning Company	Marshall Is.	1/1 - 6/30	1/1 - 6/30
Mytilene Shipping Corporation	Vessel-Owning Company	Marshall Is.	1/1 - 6/30	1/1 - 6/30
Navios Maritime Acquisition Corporation	Holding Company	Marshall Is.	1/1 - 6/30	1/1 - 6/30
Navios Acquisition Finance (U.S.) Inc.	Co-Issuer	Delaware	1/1 - 6/30	1/1 - 6/30
Rhodes Shipping Corporation	Vessel-Owning Company	Marshall Is.	1/1 - 6/30	1/1 - 6/30
Serifos Shipping Corporation	Vessel-Owning Company	Marshall Is.	1/1 - 6/30	1/1 - 6/30
Shinyo Loyalty Limited	Former Vessel-Owning Company	Hong Kong	1/1 - 6/30	1/1 - 6/30
Shinyo Navigator Limited	Former Vessel-Owning Company	Hong Kong	1/1 - 6/30	1/1 - 6/30

NAVIOS MARITIME ACQUISITION CORPORATION
UNAUDITED CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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Sifnos Shipping Corporation	Vessel-Owning Company	Marshall Is.	1/1 - 6/30	1/1 - 6/30
Skiathos Shipping Corporation	Vessel-Owning Company	Marshall Is.	1/1 - 6/30	1/1 - 6/30
Skopelos Shipping Corporation	Vessel-Owning Company	Cayman Is.	1/1 - 6/30	1/1 - 6/30
Syros Shipping Corporation	Vessel-Owning Company	Marshall Is.	1/1 - 6/30	1/1 - 6/30
Thera Shipping Corporation	Vessel-Owning Company	Marshall Is.	1/1 - 6/30	1/1 - 6/30
Tinos Shipping Corporation	Vessel-Owning Company	Marshall Is.	1/1 - 6/30	1/1 - 6/30
Oinousses Shipping Corporation	Vessel-Owning Company	Marshall Is.	1/1 - 6/30	1/1 - 6/30
Psara Shipping Corporation	Vessel-Owning Company	Marshall Is.	1/1 - 6/30	1/1 - 6/30
Antipsara Shipping Corporation	Vessel-Owning Company	Marshall Is.	1/1 - 6/30	1/1 - 6/30
Samothrace Shipping Corporation	Vessel-Owning Company	Marshall Is.	1/1 - 6/30	1/1 - 6/30
Thasos Shipping Corporation	Vessel-Owning Company	Marshall Is.	1/1 - 6/30	1/1 - 6/30
Limnos Shipping Corporation	Vessel-Owning Company	Marshall Is.	1/1 - 6/30	1/1 - 6/30
Skyros Shipping Corporation	Vessel-Owning Company	Marshall Is.	1/1 - 6/30	1/1 - 6/30
Alonnisos Shipping Corporation	Former Vessel-Owning Company	Marshall Is.	1/1 - 6/30	1/1 - 6/30
Makronisos Shipping Corporation	Former Vessel-Owning Company)	Marshall Is.	1/1 - 6/30	1/1 - 6/30
Iraklia Shipping Corporation	Vessel-Owning Company	Marshall Is.	1/1 - 6/30	1/1 - 6/30
Paxos Shipping Corporation	Vessel-Owning Company ⁽¹⁾	Marshall Is.	1/1 - 6/30	1/1-1/27
Antipaxos Shipping Corporation	Vessel-Owning Company	Marshall Is.	1/1 - 6/30	1/1 - 6/30
Donoussa Shipping Corporation	Vessel-Owning Company ⁽²⁾	Marshall Is.	1/1 - 6/30	1/1 - 6/30
Schinoussa Shipping Corporation	Vessel-Owning Company ⁽³⁾	Marshall Is.	1/1 - 6/30	1/1 - 6/30
Navios Acquisition Europe Finance Inc	Sub-Holding Company	Marshall Is.	1/1 - 6/30	1/1 - 6/30
Kerkyra Shipping Corporation	Vessel-Owning Company	Marshall Is.	1/1 - 6/30	1/1 - 6/30
Lefkada Shipping Corporation	Vessel-Owning Company	Marshall Is.	1/1 - 6/30	1/1 - 6/30
Zakynthos Shipping Corporation	Vessel-Owning Company	Marshall Is.	1/1 - 6/30	1/1 - 6/30
Leros Shipping Corporation	Vessel-Owning Company	Marshall Is.	1/1 - 6/30	1/1 - 6/30
Kimolos Shipping Corporation	Vessel-Owning Company	Marshall Is.	1/1 - 6/30	1/1 - 6/30
Samos Shipping Corporation	Vessel-Owning Company	Marshall Is.	1/1 - 6/30	1/1 - 6/30
Tilos Shipping Corporation	Vessel-Owning Company	Marshall Is.	1/1 - 6/30	1/1 - 6/30
Delos Shipping Corporation	Vessel-Owning Company	Marshall Is.	1/1 - 6/30	1/1 - 6/30
Navios Maritime Midstream Partners GP LLC	Holding Company	Marshall Is.	1/1 - 6/30	1/1 - 6/30

- (1) Former vessel-owner of the Nave Lucida which was sold to an unaffiliated third party on January 27, 2016.
(2) Former vessel-owner of the Nave Universe which was sold to an unaffiliated third party on October 4, 2016.
(3) Former vessel-owner of the Nave Constellation which was sold to an unaffiliated third party on November 15, 2016.

(e) Use of estimates: The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities as of the dates of the financial statements and the reported amounts of revenues and expenses during the reporting periods. On an on-going basis, management evaluates the estimates and judgments, including those related to uncompleted voyages, future dry dock dates, the carrying value of investments in affiliates, the selection of useful lives for tangible assets and scrap value, expected future cash flows from long-lived assets to support impairment tests, provisions necessary for accounts receivable, provisions for legal disputes and contingencies. Management bases its estimates and judgments on historical experience and on various other factors that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results could differ from those estimates under different assumptions and/or conditions.

(f) Vessels, net: Vessels are stated at historical cost, which consists of the contract price, delivery and acquisition expenses and capitalized interest costs while under construction. Vessels acquired in an asset acquisition or in a business combination are recorded at fair value. Subsequent expenditures for major improvements and upgrading are capitalized, provided they appreciably extend the life, increase the earning capacity or improve the efficiency or safety of the vessels. Expenditures for routine maintenance and repairs are expensed as incurred.

NAVIOS MARITIME ACQUISITION CORPORATION
UNAUDITED CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in thousands of U.S. Dollars except share and per share data)

Depreciation is computed using the straight line method over the useful life of the vessels, after considering the estimated residual value. Management estimates the residual values of our tanker vessels based on a scrap value of \$360 per lightweight ton, as we believe these levels are common in the shipping industry. Residual values are periodically reviewed and revised to recognize changes in conditions, new regulations or other reasons. Revisions of residual values affect the depreciable amount of the vessels and affect depreciation expense in the period of the revision and future periods.

Management estimates the useful life of our vessels to be 25 years from the vessel's original construction. However, when regulations place limitations over the ability of a vessel to trade on a worldwide basis, its useful life is re-estimated to end at the date such regulations become effective.

(g) Vessels held for sale: Vessels are classified as "Vessels held for sale" when all of the following criteria are met: management has committed to a plan to sell the vessel; the vessel is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of vessels; an active program to locate a buyer and other actions required to complete the plan to sell the vessel have been initiated; the sale of the vessel is probable and transfer of the vessel is expected to qualify for recognition as a completed sale within one year; the asset is being actively marketed for sale at a price that is reasonable in relation to its current fair value and actions required to complete the plan indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn. Vessels classified as held for sale are measured at the lower of their carrying amount or fair value less cost to sell. These vessels are not depreciated once they meet the criteria to be held for sale.

(h) Impairment of long-lived asset group: Vessels, other fixed assets and other long-lived assets held and used by Navios Acquisition are reviewed periodically for potential impairment whenever events or changes in circumstances indicate that the carrying amount of a particular asset may not be fully recoverable. Navios Acquisition's management evaluates the carrying amounts and periods over which long-lived assets are depreciated to determine if events or changes in circumstances have occurred that would require modification to their carrying values or useful lives. In evaluating useful lives and carrying values of long-lived assets, certain indicators of potential impairment are reviewed such as, undiscounted projected operating cash flows, vessel sales and purchases, business plans and overall market conditions.

Undiscounted projected net operating cash flows are determined for each asset group (consisting of the individual vessel and the intangible with respect to the time charter agreement to that vessel) and compared to the vessel carrying value and related carrying value of the intangible with respect to the time charter agreement attached to that vessel or the carrying value of deposits for new buildings, if any. Within the shipping industry, vessels are often bought and sold with a charter attached. The value of the charter may be favorable or unfavorable when comparing the charter rate to the then current market rates. The loss recognized either on impairment (or on disposition) will reflect the excess of carrying value over fair value (selling price) for the vessel individual asset group.

(i) Revenue Recognition: Revenue is recorded when services are rendered, under a signed charter agreement or other evidence of an arrangement, the price is fixed or determinable, and collection is reasonably assured. Revenue is generated from the voyage charter and the time charter of vessels.

Voyage revenues for the transportation of cargo are recognized ratably over the estimated relative transit time of each voyage. A voyage is deemed to commence when a vessel is available for loading and is deemed to end upon the completion of the discharge of the current cargo. Estimated losses on voyages are provided for in full at the time such losses become evident. Under a voyage charter, a vessel is provided for the transportation of specific goods between specific ports in return for payment of an agreed upon freight per ton of cargo.

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

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

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

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 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.

Recent Accounting Pronouncements

In January 2017, the FASB issued Accounting Standard Update ("ASU") ASU 2017-03 "Accounting Changes and Error Corrections (Topic 250) and Investments-Equity Method and Joint Ventures (Topic 323)." The ASU amends the Codification for SEC staff announcements made at recent Emerging Issues Task Force (EITF) meetings. The SEC guidance that specifically relates to our Consolidated Financial Statements was from the September 2016 meeting, where the SEC staff expressed their expectations about the extent of disclosures registrants should make about the effects of the new FASB guidance as well as any amendments issued prior to adoption, on revenue (ASU 2014-09), leases (ASU 2016-02) and credit losses on financial instruments (ASU 2016-13) in accordance with SAB Topic 11.M. Registrants are required to disclose the effect that recently issued accounting standards will have on their financial statements when adopted in a future period. In cases where a registrant cannot reasonably estimate the impact of the adoption, then additional qualitative disclosures should be considered. The ASU incorporates these SEC staff views into ASC 250 and adds references to that guidance in the transition paragraphs of each of the three new standards. The adoption of this new accounting guidance did not have a material effect on the Company's Consolidated Financial Statements.

In November 2016, the FASB issued ASU 2016-18, "Statement of Cash Flows (Topic 230): Restricted Cash". This Update addresses the classification and presentation of changes in restricted cash on the statement of cash flows under Topic 230, Statement of Cash Flows. The amendments are effective for public business entities for fiscal years beginning after December 15, 2017, and interim periods within those fiscal years. Early adoption is permitted for all entities. The Company is currently assessing the impact that adopting this new accounting guidance will have on its consolidated financial statements.

In August 2016, the FASB issued ASU 2016-15, "Statement of Cash Flows: Classification of Certain Cash Receipts and Cash Payments". This update addresses eight specific cash flow issues with the objective of reducing the existing diversity in practice. The amendments are effective for public business entities for fiscal years beginning after December 15, 2017, and interim periods within those fiscal years. Early adoption is permitted for all entities. The Company is currently assessing the impact that adopting this new accounting guidance will have on its consolidated financial statements.

In February 2016, the FASB issued ASU 2016-02, "Leases (Topic 842)". ASU 2016-02 will apply to both types of leases — capital (or finance) leases and operating leases. According to the new Accounting Standard, lessees will be required to recognize assets and liabilities on the balance sheet for the rights and obligations created by all leases with terms of more than 12 months. ASU 2016-02 is effective for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years. Early application is permitted. The Company is currently assessing the impact that adopting this new accounting guidance will have on its consolidated financial statements and footnotes disclosures.

In January 2016, FASB issued ASU 2016-01, "Financial Instruments—Overall (Subtopic 825-10)—Recognition and Measurement of Financial Assets and Financial Liabilities". The amendments in this ASU require an entity (i) to measure equity investments (except those accounted for under the equity method of accounting or those that result in consolidation of the investee) at fair value with changes in fair value recognized in net income; (ii) to perform a qualitative assessment to identify impairment in equity investments

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without readily determinable fair values; (iii) to present separately in other comprehensive income the fair value of a liability resulting from a change in the instrument-specific credit risk; and (iv) to present separately financial assets and financial liabilities by measurement category and form of financial asset (that is, securities or loans and receivables) on the balance sheet. The amendments also eliminate the requirement, for public business entities, to disclose the methods and significant assumptions used to estimate the fair value of financial instruments measured at amortized cost on the balance sheet and clarify that an entity should evaluate the need for a valuation allowance on a deferred tax asset related to available-for-sale securities in combination with the entity's other deferred tax assets. For public business entities, ASU 2016-01 is effective for fiscal years beginning after December 15, 2017, including interim periods within those fiscal years. The adoption of this new standard is not expected to have a material impact on the Company's results of operations, financial position or cash flows.

In May 2014, the FASB issued ASU 2014-09 "Revenue from Contracts with Customers" clarifying the method used to determine the timing and requirements for revenue recognition on the statements of operations. Under the new standard, an entity must identify the performance obligations in a contract, the transaction price and allocate the price to specific performance obligations to recognize the revenue when the obligation is completed. The amendments in this update also require disclosure of sufficient information to allow users to understand the nature, amount, timing and uncertainty of revenue and cash flow arising from contracts. The new accounting guidance was originally effective for interim and annual periods beginning after December 15, 2016. In August 2015, the FASB issued ASU 2015-14 which deferred the effective date of ASU 2014-09 for all entities by one year. The standard will be effective for public entities for annual reporting periods beginning after December 15, 2017 and interim periods therein. The Company is currently assessing the impact that adopting this new accounting guidance will have on its consolidated financial statements.

NOTE 3: CASH AND CASH EQUIVALENTS

Cash and cash equivalents consisted of the following:

	<u>June 30, 2017</u>	<u>December 31, 2016</u>
Cash on hand and at banks	\$ 46,544	\$ 39,286
Short-term deposits	5,000	10,006
Total cash and cash equivalents	\$ 51,544	\$ 49,292

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

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

In restricted cash there is an amount of \$5,248 as of June 30, 2017 and \$7,366 as of December 31, 2016 held in retention accounts in order to service debt and interest payments, as required by certain of Navios Acquisition's credit facilities.

NOTE 4: VESSELS, NET

<u>Vessels</u>	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>
Balance at December 31, 2015	\$1,590,332	\$ (148,697)	\$1,441,635
Additions	—	(57,617)	(57,617)
Disposals (including vessels held for sale)	(85,319)	8,224	(77,095)
Balance at December 31, 2016	\$1,505,013	\$ (198,090)	\$1,306,923
Additions	—	(28,440)	(28,440)
Balance at June 30, 2017	\$1,505,013	\$ (226,530)	\$1,278,483

On January 27, 2016, Navios Acquisition sold the Nave Lucida to an unaffiliated third party for net cash proceeds of \$18,449. The gain on sale of the vessel, upon write-off of the unamortized dry-docking, was \$2,282.

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On October 4, 2016, Navios Acquisition sold the Nave Universe to an unaffiliated third party for net cash proceeds of \$35,768. As of June 30, 2016, the vessel was classified as held for sale as the relevant criteria for the classification were met. The gain on sale of the vessel was \$4,847.

On November 15, 2016, Navios Acquisition sold the Nave Constellation to an unaffiliated third party for net cash proceeds of \$35,771. As of June 30, 2016, the vessel was classified as held for sale as the relevant criteria for the classification were met. The gain on sale of the vessel was \$4,620.

NOTE 5: GOODWILL

Goodwill as of June 30, 2017 and December 31, 2016 consisted of the following:

Balance January 1, 2016	\$1,579
Balance December 31, 2016	1,579
Balance June 30, 2017	\$1,579

NOTE 6: INVESTMENT IN AFFILIATES

Navios Europe I

On October 9, 2013, Navios Holdings, Navios Acquisition and Navios Maritime Partners L.P. (“Navios Partners”) established Navios Europe I and had economic interests of 47.5%, 47.5% and 5.0%, respectively. On December 18, 2013, Navios Europe I acquired ten vessels for aggregate consideration consisting of (i) cash which was funded with the proceeds of senior loan facility (the “Senior Loan I”) and loans aggregating \$10,000 from Navios Holdings, Navios Acquisition and Navios Partners (collectively, the “Navios Term Loans I”) and (ii) the assumption of a junior participating loan facility (the “Junior Loan I”). In addition to the Navios Term Loans I, Navios Holdings, Navios Acquisition and Navios Partners will also make available to Navios Europe I revolving loans up to \$24,100 to fund working capital requirements (collectively, the “Navios Revolving Loans I”). Effective November 2014 and as of June 30, 2017, Navios Holdings, Navios Acquisition and Navios Partners have voting interest of 50%, 50% and 0%, respectively.

On an ongoing basis, Navios Europe I is required to distribute cash flows (after payment of operating expenses, amounts due pursuant to the terms of the Senior Loan I and repayments of the Navios Revolving Loans I) according to a defined waterfall calculation.

The Navios Term Loans I will be repaid from the future sale of vessels owned by Navios Europe I and is deemed to be the initial investment by Navios Acquisition. Navios Acquisition evaluated its investment in Navios Europe I under ASC 810 and concluded that Navios Europe I is a VIE and that the Company is not the party most closely associated with Navios Europe I and, accordingly, is not the primary beneficiary of Navios Europe I.

Navios Acquisition further evaluated its investment in the common stock of Navios Europe I under ASC 323 and concluded that it has the ability to exercise significant influence over the operating and financial policies of Navios Europe I and, therefore, its investment in Navios Europe I is accounted for under the equity method.

The fleet of Navios Europe I is managed by subsidiaries of Navios Holdings.

As of June 30, 2017 and December 31, 2016, the estimated maximum potential loss by Navios Acquisition in Navios Europe I would have been \$19,404 and \$18,268, respectively, which represented the Company’s carrying value of its investment of \$5,998 (December 31, 2016: \$5,967) the Company’s portion of the carrying balance of the Navios Revolving Loans I including accrued interest on the Navios Term Loans I of \$9,808 (December 31, 2016: \$9,356), which is included under “Due from related parties, long- term” and the accrued interest income on the Navios Revolving Loans I in the amount of \$3,598 (December 31, 2016: \$2,945) which is included under “Due from related parties, short-term”. Refer to Note 11 for the terms of the Navios Revolving Loans I.

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Income recognized in “Equity/ (loss) in net earnings of affiliated companies” for the three month period ended June 30, 2017 was \$215 (June 30, 2016: \$340). Income recognized in “Equity/ (loss) in net earnings of affiliated companies” for the six month period ended June 30, 2017 was \$483 (June 30, 2016: \$669).

Accounting for basis difference

The initial investment in Navios Europe I recorded under the equity method of \$4,750, at the inception included the Company’s share of the basis difference between the fair value and the underlying book value of the assets of Navios Europe I, which amounted to \$6,763. This difference is amortized through “Equity/ (loss) in net earnings of affiliated companies” over the remaining life of Navios Europe I. As of June 30, 2017 and December 31, 2016, the unamortized difference between the carrying amount of the investment in Navios Europe I and the amount of the Company’s underlying equity in net assets of Navios Europe I was \$4,372, and \$4,710, respectively.

Navios Europe II

On February 18, 2015, Navios Holdings, Navios Acquisition and Navios Partners established Navios Europe II Inc. and had in such entity economic interests of 47.5%, 47.5% and 5.0%, respectively, and voting interests of 50.0%, 50.0 and 0%, respectively. From June 8, 2015 through December 31, 2015, Navios Europe II acquired fourteen vessels for: (i) cash consideration of \$145,550 (which was funded with the proceeds of \$131,550 of senior loan facilities (the “Senior Loans II”) and loans aggregating \$14,000 from Navios Holdings, Navios Acquisition and Navios Partners (collectively, the “Navios Term Loans II”) and (ii) the assumption of a junior participating loan facility (the “Junior Loan II”) with a face amount of \$182,150 and fair value of \$99,147. In addition to the Navios Term Loans II, Navios Holdings, Navios Acquisition and Navios Partners will also make available to Navios Europe II revolving loans up to \$43,500 to fund working capital requirements (collectively, the “Navios Revolving Loans II”). In March 2017 the availability under the Navios Revolving Loans II was increased by \$14,000.

On an ongoing basis, Navios Europe II is required to distribute cash flows (after payment of operating expenses, amounts due pursuant to the terms of the Senior Loans and repayments of the Navios Revolving Loans II) according to a defined waterfall calculation.

The Navios Term Loans II will be repaid from the future sale of vessels owned by Navios Europe II and is deemed to be the initial investment by Navios Acquisition. Navios Acquisition evaluated its investment in Navios Europe II under ASC 810 and concluded that Navios Europe II is a “VIE” and that the Company is not the party most closely associated with Navios Europe II and, accordingly, is not the primary beneficiary of Navios Europe II.

Navios Acquisition further evaluated its investment in the common stock of Navios Europe II under ASC 323 and concluded that it has the ability to exercise significant influence over the operating and financial policies of Navios Europe II and, therefore, its investment in Navios Europe II is accounted for under the equity method.

The fleet of Navios Europe II is managed by subsidiaries of Navios Holdings.

As of June 30, 2017, the estimated maximum potential loss by Navios Acquisition in Navios Europe II would have been \$33,188 (December 31, 2016: \$22,287), which represented the Company’s carrying value of the investment of \$5,298 (December 31, 2016: \$5,894), the Company’s balance of the Navios Revolving Loans II including accrued interest on the Navios Term Loans II of \$23,518 (December 31, 2016: \$13,652), which is included under “Due from related parties, long-term”, and the accrued interest income on the Navios Revolving Loans II in the amount of \$4,372 (December 31, 2016: \$2,741), which is included under “Due from related parties, short-term”. Refer to Note 11 for the terms of the Navios Revolving Loans II.

Income recognized in “Equity/ (loss) in net earnings of affiliated companies” for the three month period ended June 30, 2017 was \$168. (June 30, 2016: loss \$50). Income recognized in “Equity/ (loss) in net earnings of affiliated companies” for the six month period ended June 30, 2017 was \$209. (June 30, 2016: \$7).

Accounting for basis difference

The initial investment in Navios Europe II recorded under the equity method of \$6,650, at the inception included the Company’s share of the basis difference between the fair value and the underlying book value of the assets of Navios Europe II, which amounted to \$9,419. This difference is amortized through “Equity/ (loss) in net earnings of affiliated companies” over the remaining life of Navios Europe II. As of June 30, 2017 and December 31, 2016 the unamortized difference between the carrying amount of the investment in Navios Europe II and the amount of the Company’s underlying equity in net assets of Navios Europe II was \$7,482 and \$7,953, respectively.

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Navios Midstream

On October 13, 2014, the Company formed Navios Midstream under the laws of Marshall Islands. Navios Maritime Midstream Partners GP L.L.C. (the “Navios Midstream General Partner”), a wholly owned subsidiary of Navios Acquisition, was also formed on that date to act as the general partner of Navios Midstream and received a 2.0% general partner interest.

In connection with the IPO of Navios Midstream in November 2014, Navios Acquisition sold all of the outstanding shares of capital stock of four of Navios Acquisition’s vessel-owning subsidiaries (Shinyo Ocean Limited, Shinyo Kannika Limited, Shinyo Kieran Limited and Shinyo Saowalak Limited) in exchange for: (i) all of the estimated net cash proceeds from the IPO amounting to \$110,403; (ii) \$104,451 of the \$126,000 borrowings under Navios Midstream’s credit facility; (iii) 9,342,692 subordinated units and 1,242,692 common units; and (iv) 381,334 general partner units, representing a 2.0% general partner interest in Navios Midstream, and all of the incentive distribution rights in Navios Midstream to the Navios Midstream General Partner.

The Company evaluated its investment in Navios Midstream (NYSE: NAP) under ASC 810 and concluded that Navios Midstream is not a “VIE”. The Company further evaluated the power to control the board of directors of Navios Midstream under the voting interest model. As of the IPO date, Navios Acquisition, as the general partner, delegated all its powers to the board of directors of Navios Midstream and does not have the right to remove or replace the elected directors from the board of directors. Elected directors were appointed by the general partner, but as of the IPO date are deemed to be elected directors. The elected directors represent the majority of the board of directors of Midstream and therefore, the Company concluded that it does not hold a controlling financial interest in Navios Midstream but concluded that it does maintain significant influence and deconsolidated the vessels sold as of the IPO date.

Following the deconsolidation of Navios Midstream, the Company accounts for all of its interest in the general partner and in each of the common and subordinated units under the equity method of accounting.

In connection with the sale of the Nave Celeste and the C. Dream to Navios Midstream in June 2015, Navios Acquisition received 1,592,920 Subordinated Series A Units of Navios Midstream, as part of the sales price. In conjunction with the transaction, Navios Midstream also issued 32,509 general partner units to the General Partner for \$551, in order for the General Partner to maintain its 2.0% general partnership interest. The Company analyzed its investment in the subordinated Series A units and concluded that this is to be accounted for under the equity method on the basis that the Company has significant influence over Navios Midstream. The Company’s investment in the subordinated Series A units was fair valued at \$17.02 per unit, in total \$27,111 on the date of the sale of the vessels to Navios Midstream.

On July 29, 2016, Navios Midstream launched a continuous offering sales program of its common units for an aggregate offering of up to \$25,000.

On September 30, 2016, December 30, 2016, February 16, 2017 and May 5, 2017 Navios Acquisition entered into securities purchase agreements with Navios Midstream pursuant to which Navios Acquisition made an investment in Navios Midstream by purchasing 5,655, 1,143, 6,446 and 412 general partnership interests, respectively, for a consideration of \$75, \$14, \$79 and \$5 respectively, in order to maintain its 2.0% partnership interest in Navios Midstream in light of such continuous offering sales program.

The Company determined, under the equity method, that the issuance of common units of Navios Midstream qualified as a sale of shares by the investee. As a result, a net loss of \$5 and \$54 was recognized in “Equity/ (loss) in net earnings of affiliated companies” for the three and six month periods ended June 30, 2017, respectively.

As of June 30, 2017, the Company owned a 2.0% general partner interest in Navios Midstream through the Navios Midstream General Partner and a 57.0% limited partnership interest through the ownership of subordinated units (43.7%), the subordinated series A units (7.5%) and through common units (5.8%), based on all of the outstanding common, subordinated and general partner units.

For the three month periods ended June 30, 2017 and 2016, total income from Navios Midstream recognized in “Equity/ (loss) in net earnings of affiliated companies” was \$993 and \$ 3,442, respectively. Dividends received during the three month period ended June 30, 2017 were \$5,326 (\$5,320 for the three month period ended June 30, 2016).

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For the six month periods ended June 30, 2017 and 2016, total equity method income from Navios Midstream recognized in “Equity/ (loss) in net earnings of affiliated companies” was \$3,452 and \$7,946, respectively. Dividends received during the six month period ended June 30, 2017 were \$10,649 (\$10,640 for the six month period ended June 30, 2016).

As of June 30, 2017 and December 31, 2016, the carrying amount of the investment in Navios Midstream was \$117,990 and \$184,834, respectively. The fair value of our investment in Navios Midstream has been below its carrying value for a period over twelve months, due to the decline in the quoted price of the common units of Navios Midstream. During the three and six month periods ended June 30, 2017, the Company recognized a non-cash “other-than-temporary impairment” (“OTTI”) loss of \$59,104 relating to its investment in Navios Acquisition and the amount was included in “Equity/ (loss) in net earnings of affiliated companies”.

As of June 30, 2017 the market value of the investment in Navios Midstream was \$117,990.

Accounting for basis difference

The initial investment in Navios Midstream following the completion of the IPO recorded under the equity method of \$183,141, as of the deconsolidation date included the Company’s share of the basis difference between the fair value and the underlying book value of Navios Midstream’s assets, which amounted to \$20,169. Of this difference, an amount of \$(332) was allocated on the intangibles assets and \$20,501 was allocated on the tangible assets. This difference is amortized through “Equity/ (loss) in net earnings of affiliated companies” over the remaining life of Navios Midstream’s tangible and intangible assets.

In connection with the sale of the Nave Celeste and the C. Dream, the Company recognized its incremental investment upon the receipt of the Subordinated series A units in Navios Midstream, which amounted to \$27,665 under “Investment in affiliates”. The investment was recognized at fair value at \$17.02 per unit. The incremental investment included the Company’s share of the basis difference between the fair value and the underlying book value of Navios Midstream’s assets at the transaction date, which amounted to \$2,554. Of this difference an amount of \$(72) was allocated to the intangible assets and \$2,626 was allocated to the tangible assets. This difference is amortized through “Equity/ (loss) in net earnings of affiliated companies” over the remaining life of Navios Midstream’s tangible and intangible assets.

As of June 30, 2017 and December 31, 2016, the pre-OTTI unamortized difference between the carrying amount of the investment in Navios Midstream and the amount of the Company’s underlying equity in net assets of Navios Midstream was \$20,372 and \$21,221, respectively. The Company will need to recompute this difference which is amortized through “Equity/ (loss) in net earnings of affiliated companies” over the remaining life of Navios Midstream’s tangible and intangible assets.

Summarized financial information of the affiliated companies is presented below:

	June 30, 2017			December 31, 2016		
	Navios Midstream	Navios Europe I	Navios Europe II	Navios Midstream	Navios Europe I	Navios Europe II
Balance Sheet						
Cash and cash equivalents, including restricted cash	\$ 45,777	\$ 15,096	\$ 15,235	\$ 52,791	\$ 10,785	\$ 16,916
Current assets	\$ 60,019	\$ 20,101	\$ 24,997	\$ 61,087	\$ 15,980	\$ 19,487
Non-current assets	\$406,442	\$164,166	\$224,929	\$414,694	\$169,925	\$232,363
Current liabilities	\$ 4,664	\$ 20,153	\$ 18,792	\$ 6,143	\$ 18,490	\$ 24,126
Long-term debt including current portion, net of deferred finance costs and discount	\$196,841	\$ 80,772	\$111,572	\$197,176	\$ 86,060	\$119,234
Non-current liabilities	\$196,173	\$156,406	\$199,943	\$196,515	\$155,387	\$184,530

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<u>Income Statement</u>	Three month period ended June 30, 2017			Three month period ended June 30, 2016		
	Navios <u>Midstream</u>	Navios <u>Europe I</u>	Navios <u>Europe II</u>	Navios <u>Midstream</u>	Navios <u>Europe I</u>	Navios <u>Europe II</u>
	Revenue	\$ 18,510	\$ 9,394	\$ 9,401	\$ 22,695	\$10,418
Net (loss)/income before non-cash change in fair value of Junior Loan	—	(1,950)	(5,058)	—	(449)	(6,889)
Net income/(loss)	1,960	(2,489)	(4,113)	5,889	(1,955)	(3,220)

<u>Income Statement</u>	Six month period ended June 30, 2017			Six month period ended June 30, 2016		
	Navios <u>Midstream</u>	Navios <u>Europe I</u>	Navios <u>Europe II</u>	Navios <u>Midstream</u>	Navios <u>Europe I</u>	Navios <u>Europe II</u>
	Revenue	\$ 39,610	\$19,278	\$ 17,402	\$ 46,844	\$20,530
Net (loss)/ income before non-cash change in fair value of Junior Loan	—	(3,239)	(11,325)	—	(739)	(11,913)
Net income/(loss)	6,462	(4,320)	(12,003)	13,384	(3,134)	(7,122)

NOTE 7: DIVIDEND PAYABLE

On February 3, 2017, the Board of Directors declared a quarterly cash dividend in respect of the fourth quarter of 2016 of \$0.05 per share of common stock payable on March 14, 2017 to stockholders of record as of March 7, 2017. A dividend in the aggregate amount of \$7,908 was paid on March 14, 2017 out of which \$7,524 was paid to the stockholders of record as of March 7, 2017 and \$384 was paid to Navios Holdings, the holder of the 1,000 shares of Series C Preferred Stock.

On May 12, 2017, the Board of Directors declared a quarterly cash dividend in respect of the first quarter of 2017 of \$0.05 per share of common stock payable on June 14, 2017 to stockholders of record as of June 7, 2017. A dividend in the aggregate amount of \$7,904 was paid on June 14, 2017 out of which \$7,520 was paid to the stockholders of record as of June 7, 2017 and \$384 was paid to Navios Holdings, the holder of the 1,000 shares of Series C Preferred Stock.

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 Acquisition's 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.

NOTE 8: ACCRUED EXPENSES

Accrued expenses as of June 30, 2017 and December 31, 2016 consisted of the following:

	June 30, 2017	December 31, 2016
Accrued voyage expenses	\$ 1,022	\$ 1,369
Accrued loan interest	8,858	8,800
Accrued legal and professional fees	1,721	878
Total accrued expenses	\$11,601	\$ 11,047

Included in accrued legal and professional fees is the amount of \$1,470 of which \$1,000 was authorized and approved by the Compensation Committee of Navios Acquisition in December 2016 subject to fulfillment of certain service conditions that were provided and completed during the second quarter of 2017. The amount of \$1,000 is recorded in general and administrative expenses on the statements of operations for the three and the six month periods ended June 30, 2017. As of December 31, 2016 the amount of \$750 is included in accrued legal and professional fees that was authorized and approved by the Compensation Committee of Navios Acquisition in December 2016 to the directors and/or officers of the Company, subject to fulfillment of certain service conditions that were provided and completed during 2016.

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NOTE 9: BORROWINGS

	June 30, 2017	December 31, 2016
Commerzbank AG, Alpha Bank AE, Credit Agricole Corporate and Investment Bank	\$ 74,500	\$ 94,250
BNP Paribas S.A. and DVB Bank S.E.	58,500	60,750
Eurobank Ergasias S.A. \$52,200	36,933	38,297
Eurobank Ergasias S.A. \$52,000	34,878	36,102
Norddeutsche Landesbank Girozentrale	24,609	25,391
DVB Bank S.E. and Credit Agricole Corporate and Investment Bank	47,266	48,828
Ship Mortgage Notes \$670,000	670,000	670,000
Deutsche Bank AG Filiale Deutschlandgeschäft and Skandinaviska Enskilda Banken AB	89,971	97,615
BNP Paribas \$44,000	38,000	40,000
HSH \$24,000	24,000	—
	1,098,657	1,111,233
Less: Deferred finance costs, net	(15,232)	(16,685)
Add: bond premium	1,274	1,390
Total borrowings	\$1,084,699	\$1,095,938
Less: current portion, net of deferred finance costs	(38,814)	(55,000)
Total long-term borrowings, net of current portion, bond premium and deferred finance costs	\$1,045,885	\$1,040,938

Long-Term Debt Obligations and Credit Arrangements**Ship Mortgage Notes:**

8 1/8% First Priority Ship Mortgages: On November 13, 2013, the Company and its wholly owned subsidiary, Navios Acquisition Finance (US) Inc. (“Navios Acquisition Finance” and together with the Company, the “2021 Co-Issuers”) issued \$610,000 in first priority ship mortgage notes (the “Existing Notes”) due on November 15, 2021 at a fixed rate of 8.125%.

On March 31, 2014, the Company completed a sale of \$60,000 of its first priority ship mortgage notes due in 2021 (the “Additional Notes,” and together with the Existing Notes, the “2021 Notes”). The terms of the Additional Notes are identical to the Existing Notes and were issued at 103.25% plus accrued interest from November 13, 2013.

The 2021 Notes are fully and unconditionally guaranteed on a joint and several basis by all of Navios Acquisition’s subsidiaries with the exception of Navios Acquisition Finance (a co-issuer of the 2021 Notes).

The 2021 Co-Issuers have the option to redeem the 2021 Notes in whole or in part, at any time: (i) before November 15, 2016, at a redemption price equal to 100% of the principal amount, plus a make-whole premium, plus accrued and unpaid interest, if any; and (ii) on or after November 15, 2016, at a fixed price of 106.094% of the principal amount, which price declines ratably until it reaches par in 2019, plus accrued and unpaid interest, if any.

At any time before November 15, 2016, the 2021 Co-Issuers may redeem up to 35% of the aggregate principal amount of the 2021 Notes with the net proceeds of an equity offering at 108.125% of the principal amount of the 2021 Notes, plus accrued and unpaid interest, if any, so long as at least 65% of the aggregate principal amount of the Existing Notes remains outstanding after such redemption.

In addition, upon the occurrence of certain change of control events, the holders of the 2021 Notes will have the right to require the 2021 Co-Issuers to repurchase some or all of the 2021 Notes at 101% of their face amount, plus accrued and unpaid interest to the repurchase date.

The 2021 Notes contain covenants which, among other things, limit the incurrence of additional indebtedness, issuance of certain preferred stock, the payment of dividends, redemption or repurchase of capital stock or making restricted payments and investments, creation of certain liens, transfer or sale of assets, entering in transactions with affiliates, merging or consolidating or selling all or substantially all of the 2021 Co-Issuers’ properties and assets and creation or designation of restricted subsidiaries. The 2021 Co-Issuers were in compliance with the covenants as of June 30, 2017.

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The Existing Notes and the Additional Notes are treated as a single class for all purposes under the indenture including, without limitation, waivers, amendments, redemptions and other offers to purchase and the Additional Notes rank evenly with the Existing Notes. The Additional Notes and the Existing Notes have the same CUSIP number.

Guarantees

The Company's 2021 Notes are fully and unconditionally guaranteed on a joint and several basis by all of the Company's subsidiaries with the exception of Navios Acquisition Finance (a co-issuer of the 2021 notes). The Company's 2021 Notes are unregistered. The guarantees of our subsidiaries that own mortgaged vessels are senior secured guarantees and the guarantees of our subsidiaries that do not own mortgaged vessels are senior unsecured guarantees. All subsidiaries, including Navios Acquisition Finance, are 100% owned. Navios Acquisition does not have any independent assets or operations. Except as provided above, Navios Acquisition does not have any subsidiaries that are not guarantors of the 2021 Notes.

Credit Facilities

As of June 30, 2017, the Company had secured credit facilities with various banks with a total outstanding balance of \$428,657. The purpose of the facilities was to finance the construction or acquisition of vessels or refinance existing indebtedness. All of the facilities are denominated in U.S. Dollars and bear interest based on LIBOR plus spread ranging from 230 bps to 400 bps per annum. The facilities are repayable in either semi-annual or quarterly installments, followed by balloon payments with maturities, ranging from July 2018 to October 2022. See also the maturity table included below.

ABN AMRO Bank N.V.: In February 2017, the Company drew \$26,650 under this credit facility with ABN AMRO Bank N.V. which is secured with its two chemical tankers, following the full repayment of the previous financing arrangements. The facility is repayable in four equal consecutive quarterly installments of \$650 each, with a final balloon payment of the balance to be repaid on the last repayment date. The maturity date of the loan is in February 2018. The loan bears interest at LIBOR plus 400 bps per annum. In June, 2017, the Company prepaid the outstanding balance of \$26,000 and an amount of \$697 was written-off from the deferred finance costs. As of June 30, 2017, there was no outstanding amount under this facility.

HSH Nordbank: In June 2017, Navios Acquisition entered into a loan facility for an amount of \$24,000 to refinance the credit facility with ABN AMRO Bank N.V. of its two chemical tankers. The facility is repayable in 17 equal consecutive quarterly installments of \$572 each, with a final balloon payment of the balance to be repaid on the last repayment date. The facility matures in September 2021 and bears interest at LIBOR plus 300 bps per annum. As of June 30, 2017, the outstanding balance was \$24,000.

As of June 30, 2017, no amounts were available to be drawn from our facilities.

The loan facilities include, among other things, compliance with loan to value ratios and certain financial covenants: (i) minimum liquidity higher of \$40,000 or \$1,000 per vessel; (ii) net worth ranging from \$50,000 to \$135,000; and (iii) total liabilities divided by total assets, adjusted for market values to be lower than 75%. It is an event of default under the credit facilities if such covenants are not complied with, including the loan to value ratios for which the Company may provide sufficient additional security to prevent such an event.

As of June 30, 2017, the Company was in compliance with its covenants.

Amounts drawn under the facilities are secured by first preferred mortgages on Navios Acquisition's vessels and other collateral and are guaranteed by each vessel-owning subsidiary. The credit facilities contain a number of restrictive covenants that prohibit or limit Navios Acquisition from, among other things: incurring or guaranteeing indebtedness; entering into affiliate transactions; changing the flag, class, management or ownership of Navios Acquisition's vessels; changing the commercial and technical management of Navios Acquisition's vessels; selling Navios Acquisition's vessels; and subordinating the obligations under each credit facility to any general and administrative costs relating to the vessels, including the fixed daily fee payable under the management agreement. The credit facilities also require Navios Acquisition to comply with the ISM Code and ISPS Code and to maintain valid safety management certificates and documents of compliance at all times.

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The maturity table below reflects the principal payments of all notes and credit facilities outstanding as of June 30, 2017 for the next five years and thereafter are based on the repayment schedule of the respective loan facilities (as described above) and the outstanding amount due under the 2021 Notes.

	<u>Amount</u>
Long-Term Debt Obligations:	
Year	
June 30, 2018	\$ 40,211
June 30, 2019	116,982
June 30, 2020	90,231
June 30, 2021	91,260
June 30, 2022	727,160
June 30, 2023 and thereafter	32,813
Total	\$1,098,657

NOTE 10: FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

Due from related parties, long-term: The carrying amount of due from related parties, long-term reported in the balance sheet approximates its fair value.

Other long-term debt, net of deferred finance cost: As a result of the adoption of ASU 2015-03, the book value has been adjusted to reflect the net presentation of deferred financing costs. The outstanding balance of the floating rate loans continues to approximate its fair value, excluding the effect of any deferred finance cost.

Ship Mortgage Notes and premiums: The fair value of the 2021 Notes, which has a fixed rate, was determined based on quoted market prices, as indicated in the table below.

	<u>June 30, 2017</u>		<u>December 31, 2016</u>	
	<u>Book Value</u>	<u>Fair Value</u>	<u>Book Value</u>	<u>Fair Value</u>
Cash and cash equivalents	\$ 51,544	\$ 51,544	\$ 49,292	\$ 49,292
Restricted cash	\$ 5,248	\$ 5,248	\$ 7,366	\$ 7,366
Ship mortgage notes and premium	\$ 660,547	\$ 572,951	\$ 659,684	\$ 571,597
Other long-term debt, net of deferred finance cost	\$ 424,152	\$ 428,657	\$ 436,254	\$ 441,233
Due from related parties, long-term	\$ 106,509	\$ 106,944	\$ 80,068	\$ 80,646

The Company's assets measured at fair value on a non-recurring basis were:

	<u>Fair Value Measurements as of June 30, 2017</u>			
	<u>Total</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level I)</u>	<u>Significant Other Observable Inputs (Level II)</u>	<u>Significant Unobservable Inputs (Level III)</u>
Investment in affiliates	\$117,990	\$ 117,990	\$ —	\$ —

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The Company recorded a non-cash OTTI loss of \$59,104 on its investment in Navios Midstream during the three month period ended June 30, 2017, thus reducing its total carrying value to \$117,990 based on the quoted price per unit as of June 30, 2017.

Fair Value Measurements

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

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

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

Level III: Inputs that are unobservable. The Company did not use any Level III inputs as of June 30, 2017.

	Fair Value Measurements at June 30, 2017 Using			
	Total	Level I	Level II	Level III
Cash and cash equivalents	\$ 51,544	\$ 51,544	\$ —	\$ —
Restricted cash	\$ 5,248	\$ 5,248	\$ —	\$ —
Ship mortgage notes and premium	\$ 572,951	\$ 572,951	\$ —	\$ —
Other long-term debt ⁽¹⁾	\$ 428,657	\$ —	\$ 428,657	\$ —
Due from related parties, long-term ⁽²⁾	\$ 106,944	\$ —	\$ 106,944	\$ —

	Fair Value Measurements at December 31, 2016 Using			
	Total	Level I	Level II	Level III
Cash and cash equivalents	\$ 49,292	\$ 49,292	\$ —	\$ —
Restricted cash	\$ 7,366	\$ 7,366	\$ —	\$ —
Ship mortgage notes and premium	\$ 571,597	\$ 571,597	\$ —	\$ —
Other long-term debt ⁽¹⁾	\$ 441,233	\$ —	\$ 441,233	\$ —
Due from related parties, long-term ⁽²⁾	\$ 80,646	\$ —	\$ 80,646	\$ —

- (1) The fair value of the Company's other long-term 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 long term amounts due 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.

NOTE 11: TRANSACTIONS WITH RELATED PARTIES

The Navios Holdings Credit Facilities: On September 19, 2016, Navios Acquisition entered into a \$70,000 secured loan facility with Navios Holdings. The loan facility is secured by all of Navios Holdings' interest in Navios Acquisition and 78.5% of Navios Holdings' interest in Navios South American Logistics Inc. "Navios Logistics", representing a majority of the shares outstanding of Navios Logistics. The secured loan facility provided for an arrangement fee of \$700, is available for up to five drawings and has a fixed interest rate of 8.75% with a maturity date of November 15, 2018. As of June 30, 2017 and December 31, 2016, the outstanding receivable balance of \$53,059 and \$50,661, respectively, included in the consolidated balance sheets under "Due from related parties, long-term", consisted of the drawdown of \$50,000 on September 20, 2016 net of the arrangement fee, upon deduction of the applicable expenses for the origination of the loan facility and the accrued interest of \$3,494 and \$1,240, respectively. The arrangement fee is deferred and amortized using the effective interest rate method. Total interest income, including amortization of deferred fees, for the three and six month periods ended June 30, 2017 amounted to \$1,206 and \$2,398, respectively.

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In March 2016, Navios Acquisition entered into the \$50,000 Revolver with Navios Holdings, which was available for multiple drawings up to a limit of \$50,000. The Revolver had a margin of LIBOR plus 300bps and a maturity until December 2018. On April 14, 2016, Navios Acquisition and Navios Holdings announced that the Revolver was terminated. No borrowings had been made under the Revolver.

Management fees: Pursuant to the Management Agreement dated May 28, 2010 and as amended in May 2012 and May 2014, the Manager provided commercial and technical management services to Navios Acquisition's vessels for a fixed daily fee of: (a) \$6.0 per MR2 product tanker and chemical tanker vessel; (b) \$7.0 per LR1 product tanker vessel; and (c) \$9.5 per VLCC, through May 2016. Pursuant to an amendment to the Management Agreement dated as of May 19, 2016, Navios Acquisition fixed the fees for commercial and technical ship management services of its fleet for two additional years from May 29, 2016 through May 2018, at a daily fee of: (a) \$6.35 per MR2 product tanker and chemical tanker vessel; (b) \$7.15 per LR1 product tanker vessel; and (c) the current daily fee of \$9.5 per VLCC.

Dry docking expenses are reimbursed by Navios Acquisition at cost.

Total management fees for each of the three month periods ended June 30, 2017 and 2016 amounted to \$23,678 and \$24,318, respectively. Total management fees for each of the six month periods ended June 30, 2017 and 2016 amounted to \$47,096 and \$48,504, respectively.

Included in direct vessel expenses, there was an amount of \$730 for each of the three and six month periods ended June 30, 2016, that was incurred for specialized work performed in connection with certain vessels.

General and administrative expenses: On May 28, 2010, Navios Acquisition entered into an Administrative Services Agreement with Navios Holdings, pursuant to which Navios Holdings provides certain administrative management services to Navios Acquisition 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 services. Navios Holdings is reimbursed for reasonable costs and expenses incurred in connection with the provision of these services. In May 2014, Navios Acquisition extended the duration of its existing Administrative Services Agreement with Navios Holdings, until May 2020.

For each of the three month periods ended June 30, 2017 and 2016 the expense arising from administrative services rendered by Navios Holdings amounted to \$2,250 and \$2,375, respectively. For each of the six month periods ended June 30, 2017 and 2016 the expense arising from administrative services rendered by Navios Holdings amounted to \$4,500 and \$4,768, respectively.

Balance due from related parties (excluding Navios Europe I, Navios Europe II and Navios Holdings Credit Facility): Balance due from related parties as of June 30, 2017 and December 31, 2016 was \$31,154 and \$25,760, respectively, and included the short-term and long-term amounts mainly due from Navios Holdings. The balances mainly consisted of special survey and dry docking expenses for certain vessels of our fleet, as well as management fees, in accordance with the Management Agreement.

Balance due to related parties, short-term: Amounts due to related parties, short-term as of June 30, 2017 and December 31, 2016 was \$5,937 and \$0, respectively, and mainly consisted of backstop commitments and other payables to Navios Midstream.

Omnibus Agreements

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

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liquid shipment vessels they might own. These rights of first offer will not apply to a: (a) sale, transfer or other disposition of vessels between any affiliated subsidiaries, or pursuant to the existing terms of any charter or other agreement with a counterparty; or (b) merger with or into, or sale of substantially all of the assets to, an unaffiliated third party.

Midstream Omnibus Agreement: Navios Acquisition entered into an omnibus agreement (the “Midstream Omnibus Agreement”), with Navios Midstream, Navios Holdings and Navios Partners in connection with the Navios Midstream IPO, pursuant to which Navios Acquisition, Navios Midstream, Navios Holdings, Navios Partners and their controlled affiliates generally have agreed not to acquire or own any VLCCs, crude oil tankers, refined petroleum product tankers, LPG tankers or chemical tankers under time charters of five or more years without the consent of the Navios Midstream General Partner. The Midstream Omnibus Agreement contains significant exceptions that will allow Navios Acquisition, Navios Holdings, Navios Partners or any of their controlled affiliates to compete with Navios Midstream under specified circumstances.

Under the Midstream Omnibus Agreement, Navios Midstream and its subsidiaries will grant to Navios Acquisition a right of first offer on any proposed sale, transfer or other disposition of any of its VLCCs or any crude oil tankers, refined petroleum product tankers, LPG tankers or chemical tankers and related charters owned or acquired by Navios Midstream. Likewise, Navios Acquisition will agree (and will cause its subsidiaries to agree) to grant a similar right of first offer to Navios Midstream for any of the VLCCs, crude oil tankers, refined petroleum product tankers, LPG tankers or chemical tankers under charter for five or more years it might own. These rights of first offer will not apply to a: (a) sale, transfer or other disposition of vessels between any affiliated subsidiaries, or pursuant to the terms of any charter or other agreement with a charter party, or (b) merger with or into, or sale of substantially all of the assets to, an unaffiliated third-party.

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

Backstop Agreement: On November 18, 2014, Navios Acquisition entered into backstop agreements with Navios Midstream. In accordance with the terms of the backstop agreements, Navios Acquisition has provided backstop commitments for a two-year period as of the redelivery of each of the Nave Celeste, the Shinyo Ocean and the Shinyo Kannika from their original charters, at a net rate of \$35, \$38.4 and \$38, respectively. Navios Midstream has currently entered into new charter contracts for the above vessels with third parties upon their redelivery which occurred in the first quarter of 2017. Those contracts provide for index linked charter rates or pool earnings, as the case may be. Backstop commitments will be triggered if the actual rates achieved are below the backstop rates. The backstop agreement for the Shinyo Ocean, the Shinyo Kannika and the Nave Celeste became effective upon re-delivery of the vessels during 2017. The Company has recognized a liability of \$4,075 and \$5,231 (\$0 for the same periods in 2016), under “Time charter and voyage expenses” in the condensed consolidated statements of operations for the three and six month periods ended June 30, 2017 for which the Company believes it represents a reasonable estimate of the loss for the backstop agreements. For the six month period ended June 30, 2017, the liability amounted to \$5,231 (December 31, 2016: \$0).

Navios Midstream General Partner Option Agreement with Navios Holdings: Navios Acquisition entered into an option agreement, dated November 18, 2014, with Navios Holdings under which Navios Acquisition grants Navios Holdings the option to acquire any or all of the outstanding membership interests in Navios Midstream General Partner and all of the incentive distribution rights in Navios Midstream representing the right to receive an increasing percentage of the quarterly distributions when certain conditions are met. The option shall expire on November 18, 2024. Any such exercise shall relate to not less than twenty-five percent of the option interest and the purchase price for the acquisition of all or part of the option interest shall be an amount equal to its fair market value.

Option Vessels: In connection with the IPO of Navios Midstream, Navios Acquisition granted options to Navios Midstream, exercisable until November 18, 2016, to purchase seven VLCCs (two of which, the Nave Celeste and the C. Dream were sold to Navios Midstream in June 2015 pursuant to such option) from Navios Acquisition at fair market value. On October 25, 2016, Navios Acquisition extended the option periods on three of the five remaining VLCCs, the Nave Buena Suerte, the Nave Neutrino and the Nave Electron, for an additional two-year period expiring on November 18, 2018. The purchase options pursuant to the extended period do not include any backstop commitments from Navios Acquisition.

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Sale of the C. Dream and the Nave Celeste: On June 18, 2015, Navios Acquisition sold the vessel-owning subsidiaries of the C. Dream and the Nave Celeste to Navios Midstream for a sale price of \$100,000 in total. Out of the \$100,000 purchase price, \$73,000 was paid in cash and the remaining amount was paid through the issuance of 1,592,920 subordinated Series A Units of Navios Midstream. In conjunction with the transaction, Navios Midstream also issued 32,509 general partner units to the General Partner, in order for the General Partner to maintain its 2.0% general partnership interest, for \$551.

The Company recognized its incremental investment in Navios Midstream, which amounted to \$27,665 under “Investment in affiliates”. The investment was recognized at fair value at \$17.02 per unit. The incremental investment included the Company’s share of the basis difference between the fair value and the underlying book value of Navios Midstream’s assets at the transaction date, which amounted to \$2,554. Of this difference an amount of \$(72) was allocated to the intangibles assets and \$2,626 was allocated to the tangible assets. This difference is amortized through “Equity/ (loss) in net earnings of affiliated companies” over the remaining life of Navios Midstream’s tangible and intangible assets.

The transaction resulted in a gain on sale of \$14,742, of which \$5,771 was recognized at the time of sale in the statements of operations under “Gain on sale of vessels” and the remaining \$8,971 representing profit of Navios Acquisition’s 60.9% interest in Navios Midstream has been deferred under “Deferred gain on sale of assets” and is being amortized over the vessels’ remaining useful life or until the vessels are sold. Subsequently, the deferred gain is amortized to income over the remaining useful life of the vessel. The recognition of the deferred gain is accelerated in the event that (i) the vessel is subsequently sold or otherwise disposed of by Navios Midstream or (ii) the Company’s ownership interest in Navios Midstream is reduced.

In connection with the public offerings of common units by Navios Midstream, a pro rata portion of the deferred gain is released to income upon dilution of the Company’s ownership interest in Navios Midstream. As of June 30, 2017 and as of December 31, 2016, the unamortized deferred gain for all vessels and rights sold totaled \$8,197 and \$8,823, respectively, of which an amount of \$979 and \$994, respectively, was included in “Deferred revenue”. For the three month periods ended June 30, 2017 and 2016, Navios Acquisition recognized \$253 and \$0 of the deferred gain, respectively, in “Equity/ (loss) in net earnings of affiliated companies”.

For the six month periods ended June 30, 2017 and 2016, Navios Acquisition recognized \$626 and \$0 of the deferred gain, respectively, in “Equity/ (loss) in net earnings of affiliated companies”.

Participation in offerings of affiliates: On July 29, 2016, Navios Midstream launched a continuous offering sales program of its common units for an aggregate offering of up to \$25,000. (Refer also to Note 6- “Investment in affiliates”).

On September 30, 2016, December 30, 2016, February 16, 2017 and May 5, 2017 Navios Acquisition entered into securities purchase agreements with Navios Midstream pursuant to which Navios Acquisition made an investment in Navios Midstream by purchasing 5,655, 1,143, 6,446 and 412 general partnership interests, respectively, for a consideration of \$75, \$14, \$79 and \$5, respectively, in order to maintain its 2.0% partnership interest in Navios Midstream in light of such continuous offering sales program.

The Company determined, under the equity method, that the issuance of common units of Navios Midstream qualified as a sale of shares by the investee. As a result, a net loss of \$5 and \$54 was recognized in “Equity/ (loss) in net earnings of affiliated companies” for the three and six month periods ended June 30, 2017, respectively.

Balance due from Navios Europe I: Balance due from Navios Europe I as of June 30, 2017 amounted to \$13,406 (December 31, 2016: \$12,301) which included the Navios Revolving Loans I of \$7,125 (December 31, 2016: \$7,125), the non-current amount of \$2,683 (December 31, 2016: \$2,231) related to the accrued interest income earned under the Navios Term Loans I under the caption “Due from related parties, long-term” and the accrued interest income earned under the Navios Revolving Loans I of \$3,598 (December 31, 2016: \$2,945) under the caption “Due from related parties, short-term.”

The Navios Revolving Loans I and the Navios Term Loans I earn interest and an annual preferred return, respectively, at 12.7% per annum, on a quarterly compounding basis and are repaid from free cash flow (as defined in the loan agreement) to the fullest extent possible at the end of each quarter. There are no covenant requirements or stated maturity dates. As of June 30, 2017, the amount undrawn under the Navios Revolving Loans I was \$4,800, of which Navios Acquisition may be required to fund an amount ranging from \$0 to \$4,800.

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Balance due from Navios Europe II: Balance due from Navios Europe II as of June 30, 2017 amounted to \$27,890 (December 31, 2016: \$16,393) which included the Navios Revolving Loans II of \$20,662 (December 31, 2016: \$11,602), the non-current amount of \$2,856 (December 31, 2016: \$2,050) related to the accrued interest income earned under the Navios Term Loans II under the caption “Due from related parties, long-term” and the accrued interest income earned under the Navios Revolving Loans II of \$4,372 (December 31, 2016: \$2,741) under the caption “Due from related parties, short-term.”

The Navios Revolving Loans II and the Navios Term Loans II earn interest and an annual preferred return, respectively, at 18% per annum, on a quarterly compounding basis and are repaid from free cash flow (as defined in the loan agreement) to the fullest extent possible at the end of each quarter. There are no covenant requirements or stated maturity dates. As of June 30, 2017, the amount undrawn under the Navios Revolving Loans II was \$15,005, of which Navios Acquisition may be required to fund an amount ranging from \$0 to \$15,005.

NOTE 12: COMMITMENTS AND CONTINGENCIES

On November 18, 2014, Navios Acquisition entered into backstop agreements with Navios Midstream. In accordance with the terms of the backstop agreements, Navios Acquisition has provided backstop commitments for a two-year period as of the redelivery of each of the Nave Celeste, the Shinyo Ocean and the Shinyo Kannika from their original charters, at a net rate of \$35, \$38.4 and \$38, respectively. Navios Midstream has currently entered into new charter contracts for the above vessels with third parties upon their redelivery which occurred in the first quarter of 2017. Those contracts provide for index linked charter rates or pool earnings, as the case may be. Backstop commitments will be triggered if the actual rates achieved are below the backstop rates.

The Company 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 the Company believes that a liability may be probable, and for which the amounts are reasonably estimable, based upon facts known at the date of the financial statements were prepared. In the opinion of the management, the ultimate disposition of these matters individually and in aggregate will not materially affect the Company’s financial position, results of operations or liquidity.

NOTE 13: PREFERRED AND COMMON STOCK

Preferred Stock

On March 30, 2011, pursuant to an Exchange Agreement Navios Holdings exchanged 7,676,000 shares of Navios Acquisition’s common stock it held for 1,000 non-voting Series C Convertible Preferred Stock of Navios Acquisition. Each holder of shares of Series C Convertible Preferred Stock shall be entitled at their option at any time, after March 31, 2013 to convert all or any of the outstanding shares of Series C Convertible Preferred Stock into a number of fully paid and non-assessable shares of Common Stock determined by multiplying each share of Series C Convertible Preferred Stock to be converted by 7,676, subject to certain limitations. Upon the declaration of a common stock dividend, the holders of the Series C Convertible Preferred Stock are entitled to receive dividends on the Series C Convertible Preferred Stock in an amount equal to the amount that would have been received in the number of shares of Common Stock into which the Shares of Series C Convertible Preferred Stock held by each holder thereof could be converted. For the purpose of calculating earnings / (loss) per share this preferred stock is treated as in-substance common stock and is allocated income / (losses) and considered in the diluted calculation.

On September 17, 2010, Navios Acquisition issued 3,000 shares of the Company’s authorized Series A Convertible Preferred Stock to an independent third party as a consideration for certain consulting and advisory fees related to the VLCC acquisition. The preferred stock has no voting rights, is only convertible into shares of common stock and does not participate in dividends until such time as the shares are converted into common stock. The Series A shares of preferred stock were fully converted to common stock that was issued on March 11, 2016.

On March 11, 2016, 1,200,000 shares of common stock were issued as a result of the conversion of 3,000 shares of Series A Convertible Preferred Stock.

As of June 30, 2017, the Company was authorized to issue 10,000,000 shares of \$0.0001 par value preferred stock including these already issued with such designations, voting and other rights and preferences as may be determined from time to time by the Board of Directors.

As of June 30, 2017 and December 31, 2016, the Company’s issued and outstanding preferred stock consisted of the 1,000 Series C Convertible Preferred Stock.

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Common Stock and puttable common stock

As of June 30, 2017 and December 31, 2016, the following shares of puttable common stock were outstanding:

	Puttable Common Stock	
	Number of common shares	Amount
Balance at December 31, 2015	650,000	\$ 6,500
Redemption of 400,000 shares of puttable common stock	(400,000)	(4,000)
Balance at December 31, 2016	250,000	\$ 2,500
Redemption of 175,000 shares of puttable common stock	(175,000)	(1,750)
Balance at June 30, 2017	75,000	\$ 750

Pursuant to an Exchange Agreement entered into on March 30, 2011, Navios Holdings exchanged 7,676,000 shares of Navios Acquisition's common stock it held for 1,000 non-voting shares of Series C Convertible Preferred Stock of Navios Acquisition.

Under the share repurchase program, for up to \$50,000, approved and authorized by the Board of Directors, Navios Acquisition has repurchased 2,704,752 shares for a total cost of approximately \$9,904, as of December 31, 2015. The share repurchase program expired in December 2016.

On January 6, 2016, Navios Acquisition redeemed, through the holder's put option, 100,000 shares of puttable common stock and paid cash of \$1,000 to the holder upon redemption.

On March 11, 2016, 1,200,000 shares of common stock were issued as a result of the conversion of 3,000 shares of Series A Convertible Preferred Stock.

On April 1, 2016, Navios Acquisition redeemed, through the holder's put option, 100,000 shares of puttable common stock and paid cash of \$1,000 to the holder upon redemption.

On July 1, 2016, Navios Acquisition redeemed, through the holder's put option, 100,000 shares of puttable common stock and paid cash of \$1,000 to the holder upon redemption.

On October 3, 2016, Navios Acquisition redeemed, through the holder's put option, 100,000 shares of puttable common stock and paid cash of \$1,000 to the holder upon redemption.

On January 17, 2017, Navios Acquisition redeemed, through the holder's put option, 100,000 shares of puttable common stock and paid cash of \$1,000 to the holder upon redemption.

On May 8, 2017, Navios Acquisition redeemed, through the holder's put option, 75,000 shares of puttable common stock and paid cash of \$750 to the holder upon redemption.

As of June 30, 2017, the Company was authorized to issue 250,000,000 shares of \$0.0001 par value common stock of which 150,407,990 were issued and outstanding.

Stock based compensation

In October 2013, Navios Acquisition authorized and issued to its directors in the aggregate of 2,100,000 restricted shares of common stock and options to purchase 1,500,000 shares of common stock having an exercise price of \$3.91 per share and an expiration term of 10 years. These awards of restricted common stock and stock options are based on service conditions only and vest ratably over a period of three years (33.33% each year). The holders of restricted stock are entitled to dividends paid on the same schedule as paid to the common stockholders of the company. The fair value of restricted stock was determined by reference to the quoted stock price on the date of grant of \$3.99 per share (or total fair value of \$8,379).

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The fair value of stock option grants was determined with reference to the option pricing model, and principally adjusted Black-Scholes models, using historical volatility, historical dividend yield, zero forfeiture rate, risk free rate equal to 10-year U.S. treasury bond and the simplified method for determining the expected option term since the Company did not have sufficient historical exercise data upon which to have a reasonable basis to estimate the expected option term. The fair value of stock options was calculated at \$0.79 per option (or \$1,188). Compensation expense is recognized based on a graded expense model over the vesting period of three years from the date of the grant.

The effect of compensation expense arising from the stock-based arrangements described above amounted to \$0 and \$264, for the three month periods ended June 30, 2017 and 2016, respectively, and was reflected in general and administrative expenses on the statements of operations. The recognized compensation expense was presented as an adjustment to reconcile net income to net cash provided by operating activities on the statements of cash flows. For the six month period ended June 30, 2017 and 2016, the effect of compensation expense arising from the stock-based arrangements described above amounted to \$0 and \$528, respectively.

There were no restricted stock or stock options exercised, forfeited or expired during the three and six month periods ended June 30, 2017.

On October 24, 2016, 2015 and 2014, 700,005, 700,001 and 699,994 shares of restricted stock, respectively, were vested. Accordingly, there were no unvested restricted shares outstanding as of June 30, 2017 and as of December 31, 2016.

On each of October 24, 2016, 2015 and 2014, 500,000 stock options were vested. Accordingly, there were no unvested stock options outstanding and non-vested as of June 30, 2017 and as of December 31, 2016.

The weighted average contractual life of stock options outstanding as of June 30, 2017 was 6.3 years.

NOTE 14: SEGMENT INFORMATION

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

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

Revenue by Geographic Region

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

	Three Month Period ended June 30, 2017 (unaudited)	Three Month Period ended June 30, 2016 (unaudited)	Six Month Period ended June 30, 2017 (unaudited)	Six Month Period ended June 30, 2016 (unaudited)
Asia	\$ 34,722	\$ 46,750	\$ 72,754	\$ 98,740
Europe	10,536	9,862	22,502	19,118
United States	13,200	17,883	27,684	37,056
Total	\$ 58,458	\$ 74,495	\$ 122,940	\$ 154,914

NOTE 15: (LOSS)/ EARNINGS PER COMMON SHARE

Earnings/(loss) per share is calculated by dividing net income/(loss) available to common stockholders by the weighted average number of shares of common stock of Navios Acquisition outstanding during the period.

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Potential common shares of 9,176,000 (which includes Series C Convertible Preferred Stock and Stock options) for the three and six month periods ended June 30, 2017 and 2016 have an anti-dilutive effect (i.e. those that increase income per share or decrease loss per share) and are therefore excluded from the calculation of diluted income/(loss) per share.

	<u>For the Three Months Ended June 30, 2017</u>	<u>For the Three Months Ended June 30 2016</u>	<u>For the Six Months Ended June 30, 2017</u>	<u>For the Six Months Ended June 30, 2016</u>
Numerator:				
Net (loss)/ income	\$ (64,417)	\$ 12,184	\$ (58,802)	\$ 35,954
Less:				
Dividend declared on restricted shares	—	(35)	—	(70)
Undistributed loss/ (income) attributable to Series C participating preferred shares	<u>3,127</u>	<u>(591)</u>	<u>2,855</u>	<u>(1,752)</u>
Net (loss)/ income attributable to common stockholders, basic	<u>\$ (61,290)</u>	<u>\$ 11,558</u>	<u>\$ (55,947)</u>	<u>\$ 34,132</u>
Plus:				
Dividend declared on restricted shares	—	35	—	70
Net (loss)/ income attributable to common stockholders, diluted	<u>\$ (61,290)</u>	<u>\$ 11,593</u>	<u>\$ (55,947)</u>	<u>\$ 34,202</u>
Denominator:				
Denominator for basic net (loss)/ income per share — weighted average shares	150,436,836	150,084,084	150,468,625	149,668,699
Series A preferred stock	—	—	—	468,132
Restricted shares	—	700,005	—	700,005
Denominator for diluted net (loss)/ income per share — adjusted weighted average shares	<u>150,436,836</u>	<u>150,784,089</u>	<u>150,468,625</u>	<u>150,836,836</u>
Net (loss)/ income per share, basic and diluted	<u>\$ (0.41)</u>	<u>\$ 0.08</u>	<u>\$ (0.37)</u>	<u>\$ 0.23</u>

NOTE 16: INCOME TAXES

Marshall Islands, Cayman Islands, British Virgin Islands, and Hong Kong, do not impose a tax on international shipping income. Under the laws of these countries, the countries of incorporation of the Company and its subsidiaries and /or vessels' registration, the companies are subject to registration and tonnage taxes which have been included in the daily management fee.

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

The amount included in Navios Acquisition's statements of operations for the six months ended June 30, 2017, and 2016 related to the Greek Tonnage tax was \$480 and \$612, respectively, and for the three months ended June 30, 2017 and 2016, it was \$68 and \$0, respectively.

Pursuant to Section 883 of the Internal Revenue Code of the United States (the "Code"), 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 Navios Acquisition's

NAVIOS MARITIME ACQUISITION CORPORATION
UNAUDITED CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in thousands of U.S. Dollars except share and per share data)

ship-operating subsidiaries satisfy these initial criteria. In addition, these companies must meet an ownership test. Subject to proposed regulations becoming finalized in their current form, the management of Navios Acquisition believes by virtue of a special rule applicable to situations where the ship operating companies are beneficially owned by a publicly traded company like Navios Acquisition, the second criterion can also be satisfied based on the trading volume and ownership of the Company's shares, but no assurance can be given that this will remain so in the future.

NOTE 17: SUBSEQUENT EVENTS

On August 8, 2017, Navios Acquisition redeemed, through the holder's put option, 50,000 shares of puttable common stock and paid cash of \$500 to the holder upon redemption.

On August 9, 2017, the Board of Directors declared a quarterly cash dividend in respect of the second quarter of 2017 of \$0.05 per share of common stock payable on September 14, 2017 to stockholders of record as of September 7, 2017. 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 Acquisition's 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.

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 ACQUISITION CORPORATION.

By: /s/ Angeliki Frangou
Angeliki Frangou
Chief Executive Officer
Date: August 17, 2017

Dated 7 June 2017

AMORGOS SHIPPING CORPORATION
and
ANDROS SHIPPING CORPORATION
as joint and several Borrowers

and

THE BANKS AND FINANCIAL INSTITUTIONS
listed in Schedule 1
as Lenders

and

HSH NORDBANK 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\$24,000,000
to provide finance secured on Chemical Parcel Tankers
named "NAVE COSMOS" and "NAVE POLARIS"

**WATSON FARLEY
&
WILLIAMS**

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BETWEEN

- (1) **AMORGOS SHIPPING CORPORATION** and **ANDROS SHIPPING CORPORATION** each a corporation incorporated in the Republic of the Marshall Islands whose registered office is at Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, The Marshall Islands MH96960, as joint and several **Borrowers**;
- (2) **THE BANKS AND FINANCIAL INSTITUTIONS** listed in Schedule 1, as **Lenders**;
- (3) **HSH NORDBANK AG** acting through its office at Gerhart-Hauptmann-Platz 50, 20095 Hamburg, Germany, as **Agent**;
- (4) **HSH NORDBANK AG** acting through its office at Gerhart-Hauptmann-Platz 50, 20095 Hamburg, Germany, as **Mandated Lead Arranger**; and
- (5) **HSH NORDBANK AG** acting through its office at Gerhart-Hauptmann-Platz 50, 20095 Hamburg, Germany, as **Security Trustee**.

BACKGROUND

The Lenders have agreed to make available to the Borrowers a senior secured post-delivery term loan facility of up to US\$24,000,000 in two advances as follows:

- (A) an advance in an amount of up to the lesser of (i) US\$11,700,000 and (ii) 60 per cent. of the Initial Market Value of Ship A; and
- (B) an advance in an amount of up to the lesser of (i) US\$12,300,000 and (ii) 60 per cent. of the Initial Market Value of Ship B, for the purpose of partly financing the Market Value of each Ship.

IT IS AGREED as follows:

1 INTERPRETATION

1.1 Definitions

Subject to Clause 1.5, in this Agreement:

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

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

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

“**Additional Minimum Liquidity**” has the meaning given in Clause 11.19;

“**Advance**” means each of Advance A and Advance B and, in the plural, means both of them;

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

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

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

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

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

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

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

“**Approved Broker**” means each of Arrow Valuations Ltd, Barry Rogliano Salles, H. Clarkson & Co. Ltd., Fearnleys, Maersk Brokers K/S, SSY Valuations Services Ltd, Maritime Strategies International Ltd., Gibson Shipbrokers, Braemar ACM Shipbroking and Howe Robinson & Co Ltd London and, in the plural, means all of them;

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

“**Approved Manager**” means, in respect of a Ship, Navios Tankers Management Inc., a corporation incorporated in the Republic of the Marshall Islands whose registered office is at Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, The Marshall Islands MH96960 or any other company (for the avoidance of doubt, other than an affiliate of Navios Tankers Management Inc.) which the Agent (acting on the instructions of the Majority Lenders) may approve from time to time as the commercial and/or technical manager of that Ship;

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

“**Assignable Charter**” means any time charterparty, consecutive voyage charter or contract of affreightment in respect of a Ship having a duration (or capable of exceeding a duration) equal or more than 11 months and any guarantee of the obligations of the charterer under such charter or any bareboat charter in respect of that Ship and any guarantee of the obligations of the charterer under such bareboat charter, entered or to be entered into by the Borrower which is the owner thereof and a charterer or, as the context may require, bareboat charterer and, in the plural, means all of them;

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

- (a) 30 June 2017 (or such later date as the Agent may, with the authorisation of the Lenders, agree with the Borrowers); or
- (b) if earlier, the date on which the Total Commitments are fully borrowed, cancelled or terminated;

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

“Basel III” means, together:

- (a) the agreements on capital requirements, a leverage ratio and liquidity standards contained in “Basel III: A global regulatory framework for more resilient banks and banking systems”, “Basel III: International framework for liquidity risk measurement, standards and monitoring” and “Guidance for national authorities operating the countercyclical capital buffer” published by the Basel Committee on Banking Supervision in December 2010, each as amended, supplemented or restated;
- (b) the rules for global systemically important banks contained in “Global systemically important banks: assessment methodology and the additional loss absorbency requirement—Rules text” published by the Basel Committee on Banking Supervision in November 2011, as amended, supplemented or restated; and
- (c) any further guidance or standards published by the Basel Committee on Banking Supervision relating to “Basel III”;

“Borrower” means each of Borrower A and Borrower B, and, in the plural, means both of them;

“Borrower A” means Amorgos Shipping Corporation, a corporation incorporated and existing in the Republic of the Marshall Islands whose registered office is at Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, The Marshall Islands MH96960;

“Borrower B” means Andros Shipping Corporation, a corporation incorporated and existing in the Republic of the Marshall Islands whose registered office is at Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, The Marshall Islands MH96960;

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

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

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

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

“Change of Control” means, in relation to:

- (a) the Borrower, a change in:

- (i) the beneficial ownership of any of the shares in that Security Party or Borrower; or
 - (ii) the legal ownership of any of those shares; or
- (b) the Corporate Guarantor, change which results in Mrs Angeliki Frangou either directly or indirectly (through entities owned and controlled by her or trusts or foundations of which she is the beneficiary) and/or Navios Maritime Holdings Inc. or any of its affiliates being the ultimate beneficial owner of, or having ultimate control of the voting rights attaching to, less than 30 per cent. of all the issued shares in the Corporate Guarantor

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

“**Code**” means the US Internal Revenue Code of 1986;

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

“**Compliance Certificate**” means a certificate in the form set out in Schedule 1 of the Corporate Guarantee (or in any other form which the Agent approves or requires) to be provided at the times and in the manner set out in Clause 11.20;

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

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

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

“**Corporate Guarantor**” means Navios Maritime Acquisition Corporation, a corporation incorporated in the Republic of the Marshall Islands whose registered office is at Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, The Marshall Islands MH96960;

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

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

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

“Deed of Covenant” means, in relation to Ship A, a deed of covenant collateral to the Mortgage on that Ship and creating charges over (*inter alia*) that Ship, its Earnings, its Insurances and any Requisition Compensation in the Agreed Form;

“Deed of Release” means, in relation to each Ship, a deed releasing the Existing Security on that Ship and the obligations of the Borrower owning that Ship under the relevant Existing Loan Agreement in Agreed Form;

“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, in respect of each Advance, the date requested by the Borrowers for that Advance to be borrowed, or (as the context requires) the date on which that Advance is actually borrowed;

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

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

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

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

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

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

“Environmental Claim” means:

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

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

“Environmental Incident” means, in relation to each Ship:

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

“Environmental Law” means any law, regulation, convention and agreement relating to pollution or protection of the environment, to the carriage of Environmentally Sensitive Material or to actual or threatened releases of Environmentally Sensitive Material;

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

“Event of Default” means any of the events or circumstances described in Clause 19.1;

“Existing Indebtedness” means, at any date in the outstanding Financial Indebtedness under the Existing Loan Agreement;

“Existing Indebtedness Grace Period” means, in relation to the Existing Indebtedness, the period commencing on the date of this Agreement and ending on the Drawdown Date of the Advance which will re-finance the Existing Indebtedness;

“Existing Lender” means ABN AMRO Bank N.V. acting through its office at Coolsingel 93, 3012, AE Rotterdam, The Netherlands;

“Existing Loan Agreement” means the loan agreement dated 31 January 2017 (as amended and supplemented from time to time) and made between, amongst others, (i) Borrowers as joint and several borrowers and (ii) the Existing Lender as lender in respect of a secured loan facility in an amount of (originally) up to \$26,650,000;

“Existing Security” means, in relation to the Existing Loan Agreement, any Security Interest created to secure the Existing Indebtedness (or any part thereof) arising under the Existing Loan 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 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, in relation to each Advance, the date falling on the earlier of (i) the date falling four years and three (3) months from the Drawdown Date for that Advance and (ii) 30 September 2021;

“Finance Documents” means together:

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

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

“Financial Indebtedness” means, in relation to a person (the **“debtor”**), any actual or contingent liability of the debtor:

- (a) for principal, interest or any other sum payable in respect of any moneys borrowed or raised by the debtor;
- (b) under any loan stock, bond, note or other security issued by the debtor;
- (c) under any acceptance credit, guarantee or letter of credit facility made available to the debtor;
- (d) under a financial lease, a deferred purchase consideration arrangement (in each case, other than in respect of assets or services obtained on normal commercial terms in the ordinary course of business) or any other agreement having the commercial effect of a borrowing or raising of money by the debtor;
- (e) under any foreign exchange transaction, any interest or currency swap, exchange or any other kind of derivative transaction entered into by the debtor or, if the agreement under which any such transaction is entered into requires netting of mutual liabilities, the liability of the debtor for the net amount; or
- (f) under receivables sold or discounted (other than any receivables to the extent that they are sold on a non-recourse basis); or
- (g) under a guarantee, indemnity or similar obligation entered into by the debtor in respect of a liability of another person which would fall within (a) to (f) if the references to the debtor referred to the other person;

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

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

“Group” means the Borrower, the Corporate Guarantor and all subsidiaries directly or indirectly owned by the Corporate Guarantor and **“member of the Group”** shall be construed accordingly;

“IACS” means the International Association of Classification Societies;

“Indenture” means the indenture dated as of 13 November 2013, as amended and supplemented by six supplemental indentures dated as of 8 January 2014, 20 February 2014, 31 March 2014, 28 May 2014, 4 December 2014 and 17 October 2015, respectively each entered into by the Corporate Guarantor and Navios Acquisition Finance (US) Inc. in respect of the 8.125% First Priority Ship Mortgage Notes due 2021;

“Indenture Guarantee” means a guarantee executed, or as the case may be, to be executed by the Borrower as security for the obligations and liability of the Corporate Guarantor under the Indenture;

“**Initial Market Value**” means, in relation to each Ship, the Market Value thereof calculated in accordance with the valuation(s) relative thereto referred to in paragraph 4 of Schedule 3, Part B;

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

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

- (a) all policies and contracts of insurance (including, without limitation, any loss of hire insurance) and any reinsurance, policies or contracts, including entries of that Ship in any protection and indemnity or war risks association, effected in respect of that Ship, its Earnings or otherwise in relation to it whether before, on or after the date of this Agreement; and
- (b) all rights (including, without limitation, any and all rights or claims which the Borrower owning that Ship may have under or in connection with any cut-through clause relative to any reinsurance contract relating to the aforesaid policies or contracts of insurance) and other assets relating to, or derived from, any of the foregoing, including any rights to a return of a premium and any rights in respect of any claim whether or not the relevant policy, contract of insurance or entry has expired on or before the date of this Agreement;

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

“**Interpolated Screen Rate**” means, in relation to an Interest Period, the rate which results from interpolating on a linear basis between:

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

each as of the Specified Time on the Quotation Date for that Interest Period;

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

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

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

“**Lender**” means, subject to Clause 26.6, a bank or financial institution listed in Schedule 1 and acting through its branch indicated in Schedule 1 (or through another branch notified to the Agent under Clause 26.15) or its transferee, successor or assign;

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

- (a) the rate per annum equal to the offered quotation for deposits in Dollars for a period equal to, or as near as possible equal to, the relevant Interest Period which appears on the Screen Rate; or;

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

at or about the Specified Time on the Quotation Date for that Interest Period for a period equal to that Interest Period and for delivery on the first Business Day of it and, if any such rate is below zero, LIBOR will be deemed to be zero;

"Liquidity Account" means an account in the joint names of the Borrowers with the Account Bank designated "[name of Borrowers] – 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 Liquidity Account for the purposes of this Agreement;

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

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

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

"Majority Lenders" means:

- (a) before an Advance is made, Lenders whose Commitments total 66 ²/₃ per cent. of the Total Commitments; and
- (b) after an Advance is made, Lenders whose Contributions total 66 ²/₃ per cent. of the Loan;

"Mandated Lead Arranger" means HSH Nordbank AG, acting in such capacity through its office at Gerhart-Hauptmann-Platz 50, D-20095 Hamburg, Germany, or any successor;

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

"Margin" means 3 per cent. per annum;

"Market Value" means, in relation to each Ship, the market value thereof determined in accordance with Clause 15.3;

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

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

- (a) the business, property, assets, liabilities, operations or condition (financial or otherwise) of a Borrower and/or any Security Party taken as a whole;

- (b) the ability of a Borrower and/or any Security Party to (i) comply with or perform any of its obligations or (ii) discharge any of its liabilities, under any Finance Document as they fall due; or
- (c) the validity, legality or enforceability of any Finance Document;

“**Maximum Advance Amount**” means in respect of:

- (a) Advance A, an amount up to the lesser of (i) \$11,700,000 and (ii) 60 per cent. of the Initial Market Value of Ship A; and
- (b) Advance B, an amount up to the lesser of (i) \$12,300,000 and (ii) 60 per cent. of the Initial Market Value of Ship B;

“**Minimum Liquidity**” has the meaning given in Clause 11.19;

“**Mortgage**” means, in relation to each Ship, the first preferred or, as the case may be, priority ship mortgage on that Ship in the Agreed Form and, in the plural, means both of them;

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

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

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

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

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

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

“**Permitted Security Interests**” means:

- (a) Security Interests created by the Finance Documents;
- (b) liens for unpaid master’s and crew’s wages in accordance with usual maritime practice;
- (c) liens for salvage;
- (d) liens arising by operation of law for not more than one month’s prepaid hire under any charter in relation to a Ship not prohibited by this Agreement;
- (e) liens for master’s disbursements incurred in the ordinary course of trading and any other lien arising by operation of law or otherwise in the ordinary course of the operation, repair or maintenance of a Ship, provided such liens do not secure amounts more than 30 days overdue (unless the overdue amount is being contested by the relevant Borrower in good faith by appropriate steps) and subject, in the case of liens for repair or maintenance, to Clause 14.13(d);
- (f) any Security Interest created in favour of a plaintiff or defendant in any proceedings or arbitration as security for costs and expenses while a Borrower is actively prosecuting or defending such proceedings or arbitration in good faith;

- (g) Security Interests arising by operation of law in respect of taxes which are not overdue for payment or in respect of taxes being contested in good faith by appropriate steps and in respect of which appropriate reserves have been made; and
- (h) for the duration of the Existing Indebtedness Grace Period only, Security Interests created in respect of the Existing Indebtedness.

“Pertinent Document” means:

- (a) any Finance Document;
- (b) any policy or contract of insurance contemplated by or referred to in Clause 13 or any other provision of this Agreement or another Finance Document;
- (c) any other document contemplated by or referred to in any Finance Document; and
- (d) any document which has been or is at any time sent by or to a Servicing Bank in contemplation of or in connection with any Finance Document or any policy, contract or document falling within paragraphs (b) or (c);

“Pertinent Jurisdiction” in relation to a company, means:

- (a) England and Wales;
- (b) the country under the laws of which the company is incorporated or formed;
- (c) a country in which the company has the centre of its main interests or which the company’s central management and control is or has recently been exercised;
- (d) a country in which the overall net income of the company is subject to corporation tax, income tax or any similar tax;
- (e) a country in which assets of the company (other than securities issued by, or loans to, related companies) having a substantial value are situated, in which the company maintains a branch or permanent place of business, or in which a Security Interest created by the company must or should be registered in order to ensure its validity or priority; and
- (f) a country the courts of which have jurisdiction to make a winding up, administration or similar order in relation to the company, whether as a main or territorial or ancillary proceedings, or which would have such jurisdiction if their assistance were requested by the courts of a country referred to in paragraphs (b) or (c);

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

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

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

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

“Reference Banks” means, subject to Clause 26.18, together, the Hamburg branch of HSH Nordbank AG, the head office of any other bank which is a Lender at the relevant time (unless such Lender has advised the Agent in writing that it does not wish to be a Reference Bank) and any of their respective successors;

“Relevant Interbank Market” means the London interbank market;

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

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

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

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

“Screen Rate” means the London interbank offered rate administered by the ICE Benchmark Administration Limited (or any other person which takes over the administration of that rate) for Dollars for the relevant period displayed on pages LIBOR01 or LIBOR02 of the Reuters screen (or any replacement Reuters page which displays that rate) or on the appropriate page of such other information service which publishes that rate from time to time in place of Reuters. If such page or service ceases to be available, the Agent may specify another page or service displaying the relevant rate after consultation with the Borrowers;

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

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

“Security Interest” means:

- (a) a mortgage, charge (whether fixed or floating) or pledge, any maritime or other lien or any other security interest of any kind; and
- (b) the rights of a plaintiff under an action *in rem*;

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

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

- (a) all amounts which have become due for payment by a Borrower or any Security Party under the Finance Documents have been paid;
- (b) no amount is owing or has accrued (without yet having become due for payment) under any Finance Document;
- (c) neither a Borrower nor any Security Party has any future or contingent liability under Clauses 20, 21 or 22 or any other provision of this Agreement or another Finance Document; and
- (d) the Agent, the Mandated Lead Arranger, the Security Trustee and the Majority Lenders do not consider that there is a significant risk that any payment or transaction under a Finance Document would be set aside, or would have to be reversed or adjusted, in any present or possible future bankruptcy of a Borrower 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 HSH Nordbank AG, acting in such capacity through its office at Gerhart-Hauptmann-Platz 50, D-20095, Hamburg, Germany, or any successor of it appointed under clause 5 of the Agency and Trust Agreement;

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

“**Shareholder**” means Aegean Sea Maritime Holdings Inc., a corporation incorporated in the Republic of the Marshall Islands, having its registered office address at Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, The Marshall Islands MH96960;

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

“**Ship A**” means the 2010-built chemical parcel tanker vessel, registered in the ownership of Borrower A under the Maltese flag with IMO Number 9457024 and with the name “NAVE COSMOS”;

“**Ship B**” means the 2011-built chemical parcel tanker vessel, registered in the ownership of Borrower B under the Marshall Islands flag with IMO Number 9457749 and with the name “NAVE POLARIS”;

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

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

- (a) actual, constructive, compromised, agreed or arranged total loss of that Ship;
- (b) any expropriation, confiscation, requisition or acquisition of that Ship, whether for full or part consideration, a consideration less than its proper value, a nominal consideration or without any consideration, which is effected by any government or official authority or by any person or persons claiming to be or to represent a government or official authority unless it is within one month from the date of such occurrence redelivered to the full control of the Borrower owning that Ship excluding a requisition for hire a fixed period not exceeding 90 days without any right to an extension;
- (c) any condemnation of that Ship by any tribunal or by any person or person claiming to be a tribunal; and

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

“**Relevant Period**” means:

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

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

- (a) in the case of an actual loss of that Ship, the date on which it occurred or, if that is unknown, the date when that Ship was last heard of;
- (b) in the case of a constructive, compromised, agreed or arranged total loss of that Ship, the earlier of:
 - (i) 30 days after the date on which a notice of abandonment is given to the insurers; and
 - (ii) the date of any compromise, arrangement or agreement made by or on behalf of the Borrower owning that Ship with that Ship’s insurers in which the insurers agree to treat the Ship as a total loss; and
- (c) in the case of any other type of total loss, on the date (or the most likely date) on which it appears to the Agent that the event constituting the total loss occurred;

“**Transfer Certificate**” has the meaning given in Clause 26.2;

“**Trust Property**” has the meaning given in clause 3.1 of the Agency and Trust Agreement;

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

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

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

“**US Tax Obligor**” means:

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

1.2 Construction of certain terms

In this Agreement:

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

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

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

“company” includes any partnership, joint venture and unincorporated association;

“consent” includes an authorisation, consent, approval, resolution, licence, exemption, filing, registration, notarisation and legalisation;

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

“document” includes a deed; also a letter or fax;

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

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

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

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

“legal or administrative action” means any legal proceeding or arbitration and any administrative or regulatory action or investigation;

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

“months” shall be construed in accordance with Clause 1.3;

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

“parent company” has the meaning given in Clause 1.4;

“person” includes any individual, any partnership, any company; any state, political sub-division of a state and local or municipal authority; and any international organisation;

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

“**protection and indemnity risks**” means the usual risks covered by a protection and indemnity association managed in London, including pollution risks and the proportion (if any) of any sums payable to any other person or persons in case of collision which are not recoverable under the hull and machinery policies by reason of the incorporation in them of clause 1 of the Institute Time Clauses (Hulls) (1/10/82) or clause 8 of the Institute Time Clauses (Hulls) (1/11/1995) or the Institute Amended Running Down Clause (1/10/71) or any equivalent provision;

“**regulation**” includes any regulation, rule, official directive, request or guideline (whether or not having the force of law) of any governmental, intergovernmental or supranational body, agency (monetary or otherwise), department, central bank, regulatory, self-regulatory or other authority or organisation;

“**subsidiary**” has the meaning given in Clause 1.4;

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

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

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

1.3 **Meaning of “month”**

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

- (a) on the Business Day following the numerically corresponding day if the numerically corresponding day is not a Business Day or, if there is no later Business Day in the same calendar month, on the Business Day preceding the numerically corresponding day; or
 - (b) on the last Business Day in the relevant calendar month, if the period started on the last Business Day in a calendar month or if the last calendar month of the period has no numerically corresponding day,
- and “**month**” and “**monthly**” shall be construed accordingly.

1.4 **Meaning of “subsidiary”**

A company (S) is a subsidiary of another company (P) if a majority of the issued shares in S (or a majority of the issued shares in S which carry unlimited rights to capital and income distributions) are directly owned by P or are indirectly attributable to P and any company of which S is a subsidiary is a parent company of S.

1.5 **General Interpretation**

In this Agreement:

- (a) references to, or to a provision of, a Finance Document or any other document are references to it as amended or supplemented, whether before the date of this Agreement or otherwise;
- (b) references to, or to a provision of, any law include any amendment, extension, re-enactment or replacement, whether made before the date of this Agreement or otherwise;
- (c) words denoting the singular number shall include the plural and vice versa; and
- (d) Clauses 1.1 to 1.5 apply unless the contrary intention appears.

1.6 **Headings**

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

2 FACILITY

2.1 **Amount of facility**

Subject to the other provisions of this Agreement, the Lenders shall make available to the Borrowers a senior secured term loan facility of up to \$24,000,000, in two Advances, Advance A and Advance B, for the purpose stated in the preamble to this Agreement.

2.2 **Lenders' participations in Advances**

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

2.3 **Purpose of Advances**

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

3 POSITION OF THE LENDERS

3.1 **Interests several**

The rights of the Lenders under this Agreement are several.

3.2 **Individual right of action**

Each Lender shall be entitled to sue for any amount which has become due and payable by the Borrowers to it under this Agreement without joining the Agent, the Security Trustee or any other Lender as additional parties in the proceedings.

3.3 **Proceedings requiring Majority Lender consent**

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

3.4 **Obligations several**

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

- (a) the obligations of the other Lenders being increased; nor
- (b) a Borrower, 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 an Advance

Subject to the following conditions, the Borrowers may request an 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 relevant Drawdown Date.

4.2 Availability

The conditions referred to in Clause 4.1 are that:

- (a) a Drawdown Date has to be a Business Day during the Availability Period;
- (b) each Advance shall not exceed the relevant Maximum Advance Amount;
- (c) any undrawn portion of the Total Commitments (which shall be apportioned against Advance A in the amount of \$11,700,000 and Advance B in the amount of \$12,300,000) in respect of an Advance, upon the determination of the Initial Market Value of the Ship to which that Advance relates, shall be automatically cancelled as at the Drawdown Date of that Advance;
- (d) the aggregate amount of the Advances shall not exceed the Total Commitments; and
- (e) the Advances shall be drawn down simultaneously.

4.3 Notification to Lenders of receipt of a Drawdown Notice

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

- (a) the amount of the Advance to which that Drawdown Notice relates and the relevant Drawdown Date;
- (b) the amount of that Lender's participation in that Advance; and
- (c) the duration of the first Interest Period in respect of that Advance.

4.4 Drawdown Notice irrevocable

A Drawdown Notice must be signed by a duly authorised signatory of the Borrowers; and once served, a 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 each Drawdown Date, make available to the Agent for the account of the Borrowers the amount due from that Lender on that Drawdown Date under Clause 2.2.

4.6 Disbursement of Advance

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

- (a) to the account which the Borrowers specify in the Drawdown Notice; and
- (b) in like funds as the Agent received the payments from the Lenders.

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

5 INTEREST

5.1 Payment of normal interest

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

5.2 Normal rate of interest

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

5.3 Payment of accrued interest

In the case of an Interest Period of longer than three months (subject to the prior agreement of the Agent in accordance with Clause 6.2(b)), accrued interest shall be paid every three months during that Interest Period and on the last day of that Interest Period.

5.4 Notification of Interest Periods and rates of normal interest

The Agent shall notify the Borrowers and each Lender of:

- (a) each rate of interest; and
 - (b) the duration of each Interest Period,
- as soon as reasonably practicable after each is determined.

5.5 Obligation of Reference Banks to quote

A Reference Bank which is a Lender shall use all reasonable efforts to supply the quotation required of it for the purposes of fixing a rate of interest under this Agreement unless that Reference Bank ceases to be a Lender pursuant to Clause 26.18.

5.6 **Absence of quotations by Reference Banks**

If any Reference Bank fails to supply a quotation, the Agent shall determine the relevant LIBOR on the basis of the quotations supplied by the other Reference Bank(s) but if two or more of the Reference Banks fail (or, if at any time there is only one Reference Bank, that Reference Bank fails) to provide a quotation, the relevant rate of interest shall be set in accordance with the following provisions of this Clause 5.

5.7 **Market disruption**

The following provisions of this Clause 5 apply if:

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

5.8 **Notification of market disruption**

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

5.9 **Suspension of drawdown**

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

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

5.10 **Negotiation of alternative rate of interest**

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

5.11 **Application of agreed alternative rate of interest**

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

5.12 Alternative rate of interest in absence of agreement

If an alternative interest rate or alternative basis is not agreed within the Negotiation Period, and the relevant circumstances are continuing at the end of the Negotiation Period, then the procedure provided for in Clause 5.10(b) shall be repeated at the end of the interest period set by the Agent pursuant to that Clause.

5.13 Notice of prepayment

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

5.14 Prepayment; termination of Commitments

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

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

5.15 Application of prepayment

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

6 INTEREST PERIODS

6.1 Commencement of Interest Periods

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

6.2 Duration of normal Interest Periods

Subject to Clauses 6.3 and 6.4, each Interest Period in respect of each Advance shall be:

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

6.3 Duration of Interest Periods for Instalments

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

6.4 Non-availability of matching deposits for Interest Period selected

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

7 DEFAULT INTEREST

7.1 Payment of default interest on overdue amounts

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

- (a) the date on which the Finance Documents provide that such amount is due for payment; or
- (b) if a Finance Document provides that such amount is payable on demand, the date on which the demand is served; or
- (c) if such amount has become immediately due and payable under Clause 19.4, the date on which it became immediately due and payable.

7.2 Default rate of interest

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

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

7.3 Calculation of default rate of interest

The rates referred to in Clause 7.2 are:

- (a) the rate applicable to the overdue principal amount immediately prior to the relevant date (but only for any unexpired part of any then current Interest Period applicable to it);
- (b) the aggregate of the Margin, any Correction Rate and the Mandatory Cost (if any) plus, in respect of successive periods of any duration (including at call) up to three months which the Agent may select from time to time:
 - (i) LIBOR; or
 - (ii) if the Agent (after consultation with the Reference Banks) determines that Dollar deposits for any such period are not being made available to any Reference Bank by leading banks in the Relevant Interbank Market in the ordinary course of business, a rate from time to time determined by the Agent by reference to the cost of funds to the Reference Banks from such other sources as the Agent (after consultation with the Reference Banks) may from time to time determine.

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

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

7.5 **Payment of accrued default interest**

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

7.6 **Compounding of default interest**

Any such interest which is not paid at the end of the period by reference to which it was determined shall thereupon be compounded.

8 REPAYMENT AND PREPAYMENT

8.1 **Amount of Instalments**

The Borrowers shall repay:

(a) Advance A, by:

- (i) 17 equal consecutive quarterly instalments, each in the amount of \$292,500 (each an "**Instalment A**" and, together, the "**Instalments A**"); and
- (ii) a balloon instalment in the amount of \$6,727,500 (the "**Balloon Instalment A**"); and

(b) Advance B, by:

- (i) 17 equal consecutive quarterly instalments (each an "**Instalment B**" and, together, the "**Instalments B**" and, together with the Instalments A, the "**Instalments**" and each an "**Instalment**"), each in the amount of \$279,545; and
- (ii) a balloon instalment (the "**Balloon Instalment B**" and, together with the Balloon Instalment A, the "**Balloon Instalments**" and each a "**Balloon Instalment**") in the amount of \$7,547,735,

Provided that, (a) in respect of Advance A, if the amount advanced is less than \$11,700,000 or (b) in respect of Advance B, if the amount advanced is less than \$12,300,000, the aggregate amount of the Instalments and the Balloon Instalment in respect of that Advance shall be reduced by an amount equal to the undrawn amount on a *pro rata* basis.

8.2 **Repayment Dates**

The first Instalment in respect of each Advance shall be repaid on the date falling three months after the Drawdown Date in respect of that Advance, each subsequent Instalment shall be repaid at three-monthly intervals thereafter and the last Instalment in respect of that Advance, shall be repaid together with the Balloon Instalment in respect of that Advance, on the relevant Final Repayment Date.

8.3 **Final Repayment Date**

On the Final Repayment Date, in respect of the second Advance to be drawn down pursuant to this Agreement, the Borrowers shall additionally pay to the Agent for the account of the Creditor Parties all other sums then accrued or owing under any Finance Document.

8.4 **Voluntary prepayment**

Subject to the following conditions, the Borrowers may prepay the whole or any part of the Loan on the last day of an Interest Period or on such other date agreed between the Borrower and the Agent.

8.5 **Conditions for voluntary prepayment**

The conditions referred to in Clause 8.4 are that:

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

8.6 **Optional facility cancellation**

The Borrowers shall be entitled, upon giving to the Agent not less than 5 Business Days' prior written notice, to cancel, in whole or in part, and, if in part, by an aggregate amount not less than \$500,000 or a higher 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 and shall, at the option of the Borrowers, specify whether such cancellation will be applied against a specific Advance, in which case the Borrowers will specify the Advance against which that cancellation should be applied. A failure by the Borrowers to make such a designation, in circumstances where both Advances have been made, shall result in the cancellation being applied against both Advances proportionately. Upon such cancellation taking effect on expiry of a Cancellation Notice the several obligations of the Lenders to make their respective Commitments available in relation to the portion of the Total Commitments to which such Cancellation Notice relates shall terminate.

8.7 **Cancellation Notice or Prepayment Notice**

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

8.8 **Mandatory prepayment**

The Borrowers shall be obliged to prepay the Relevant Amount if a Ship:

- (a) is sold, on or before the date on which the sale is completed by delivery of the Ship to the buyer; or
- (b) becomes a Total Loss, on the earlier of the date falling 90 days after the Total Loss Date and the date of receipt by the Security Trustee of the proceeds of insurance relating to such Total Loss.

In this Clause 8.8:

“**Relevant Amount**” means an amount equal to the greater of:

- (i) the Advance to which the Ship being sold or which has become a Total Loss relates; and
- (ii) an amount (if any) which, after the application of the prepayment to be made pursuant to this Clause 8.8, results in the Security Cover Ratio being 125 per cent..

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

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

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

8.10 **Amounts payable on prepayment**

A prepayment shall be made together with accrued interest (and any other amount payable under Clause 21 or otherwise) in respect of the amount prepaid and, if the prepayment is not made on the last day of an Interest Period together with any sums payable under Clause 21.2) but without premium or penalty.

8.11 **Application of partial prepayment or cancellation**

Each partial prepayment shall be applied:

- (a) if made pursuant to Clauses 5.13, 8.4, 8.14, 15.2, 19.2, 23.3 or 24.6, proportionately between each Advance and thereafter pro rata against the Instalments and the Balloon Instalment in respect of each Advance; and
- (b) if made pursuant to Clause 8.8, first towards full repayment of the Advance related to the Ship being sold or which has become a Total Loss, and thereafter towards reduction of the other Advance, pro rata against the Instalments and the Balloon Instalment in respect of such Advance.

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 an Advance is subject to the following conditions precedent:

- (a) that, on or before the date of this Agreement, the Agent receives the documents described in Part A of Schedule 3 in form and substance satisfactory to the Agent and its lawyers; and
- (b) that, on the Drawdown Date but prior to the making of that Advance, the Agent receives:
 - (i) the documents and conditions described in Part B of Schedule 3 in form and substance satisfactory to the Agent and its lawyers;
 - (ii) in the case of the first Drawdown Notice to be served under this Agreement, the structuring fee payable pursuant to Clause 20.1 (a);
 - (iii) any commitment fee payable pursuant to Clause 20.1(b); and
 - (iv) payment of any expenses payable pursuant to Clause 20.2 which are due and payable on the Drawdown Date to which that Drawdown Notice relates,save for any documents and conditions that the Agent agrees, in its absolute sole discretion, at the Borrower's request to receive after any repositioning of funds but before the release of the Advance.
- (c) that both at the date of each Drawdown Notice and at the relevant Drawdown Date:
 - (i) no Event of Default or Potential Event of Default has occurred or would result from the borrowing of the relevant Advance;
 - (ii) the representations and warranties in Clause 10 and those of either Borrower or any Security Party which are set out in the other Finance Documents would be true and not misleading if repeated on each of those dates with reference to the circumstances then existing;
 - (iii) none of the circumstances contemplated by Clause 5.7 has occurred and is continuing; and
 - (iv) there has been no Material Adverse Change; and
- (d) that, if the Security Cover Ratio were applied immediately following the making of an Advance, the Borrowers would not be obliged to provide additional security or prepay part of the Loan under that Clause; and
- (e) that the Agent has received, and found to be acceptable to it, any further opinions, consents, agreements and documents in connection with the Finance Documents which the Agent may, with the authorisation of the Majority Lenders, request by notice to the Borrowers prior to the relevant Drawdown Date.

9.2 Waiver of conditions precedent

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

10 REPRESENTATIONS AND WARRANTIES

10.1 General

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

10.2 Status

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

10.3 Share capital and ownership

Each Borrower has an authorised share capital of \$500 divided into 500 bearer and/or registered shares of \$1 each, all of which shares have been issued in registered form and fully paid, and the legal title and beneficial ownership of all those shares is held, free of any Security Interest or other claim, by the Shareholder.

10.4 Corporate power

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

- (a) to execute the Underlying Documents to which it is a party and to maintain the relevant Ship in its ownership under the applicable Approved Flag;
- (b) to execute the Finance Documents to which that Borrower is a party; and
- (c) to borrow under this Agreement and to make all the payments contemplated by, and to comply with, those Finance Documents to which that Borrower is a party.

10.5 Consents in force

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

10.6 Legal validity; effective Security Interests

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

- (a) constitute that Borrower's legal, valid and binding obligations enforceable against that Borrower in accordance with their respective terms (having the requisite corporate benefit which is legally and economically sufficient); and
- (b) create legal, valid and binding Security Interests (having the priority specified in the relevant Finance Document) enforceable in accordance with their respective terms over all the assets to which they, by their terms, relate, subject to any relevant insolvency laws affecting creditors' rights generally.

10.7 No third party Security Interests

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

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

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

10.8 No conflicts

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

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

10.9 No withholding taxes

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

10.10 No default

No Event of Default or Potential Event of Default has occurred.

10.11 Information

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

10.12 No litigation

No legal or administrative action involving either Borrower 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 either Borrower's knowledge, is likely to be commenced or taken which would, in either case, be likely to have a Material Adverse Effect.

10.13 Validity and completeness of Underlying Documents

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

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

10.14 Compliance with certain undertakings

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

10.15 Taxes paid

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

10.16 ISM Code and ISPS Code compliance

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

10.17 No Money laundering

Each Borrower:

- (a) will not, and will procure that 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 2005/60/EC of the European Parliament and of the Council of the European Union of 26 October 2005) and comparable United States Federal and state laws. Each Borrower shall further submit any documents and declarations on request, if such documents or declarations are required by any Creditor Party to comply with its domestic money laundering and/or legal identification requirements; and
- (b) confirms that it is the beneficiary within the meaning of the German Anti Money Laundering Act (Gesetz über das Aufspüren von Gewinnen aus schweren Straftaten (Geldwäschegesetz)), acting for its own account and not for or on behalf of any other person for each part of the Loan made or to be made available to it under this Agreement. That is to say, it acts for its own account and not for or on behalf of anyone else.

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

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

10.18 No immunity

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

10.19 **Choice of law**

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

10.20 **Repetition**

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

- (a) on the date of service of each Drawdown Notice;
- (b) on each Drawdown Date; and
- (c) with the exception of Clauses 10.9 and 10.14, on the first day of each Interest Period and on the date of any Compliance Certificate issued pursuant to Clause 11.20,
as if made with reference to the facts and circumstances existing on each such day.

11 GENERAL UNDERTAKINGS

11.1 **General**

Each Borrower undertakes with each Creditor Party to comply with the following provisions of this Clause 11 at all times during the Security Period except as the Agent, acting with the authorisation of the Majority Lenders, may otherwise permit in writing.

11.2 **Title and negative pledge**

Each Borrower will:

- (a) hold the legal title to, and own the entire beneficial interest in its Ship, her Insurances and Earnings, free from all Security Interests and other interests and rights of every kind, except for those created by the Finance Documents and the effect of assignments contained in the Finance Documents and except for Permitted Security Interests; and
- (b) not create or permit to arise any Security Interest (except for Permitted Security Interests) over any other asset, present or future.

11.3 **No disposal of assets**

Subject to Clause 8.8 (*Mandatory prepayment*) neither Borrower will transfer, lease or otherwise dispose of:

- (a) all or a substantial part of its assets, whether by one transaction or a number of transactions, whether related or not; or

- (b) any debt payable to it or any other right (present, future or contingent right) to receive a payment, including any right to damages or compensation, but paragraph (a) does not apply to any charter of a Ship.

11.4 No other liabilities or obligations to be incurred

Neither Borrower will enter into any other investments, any sale or leaseback agreements, any off-balance sheet transaction or incur any other liability or obligation (including, without limitation, any Financial Indebtedness or any obligations under a guarantee) except:

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

11.5 Information provided to be accurate

All financial and other information, including but not limited to factual information, exhibits and reports, which is provided in writing by or on behalf of a Borrower under or in connection with any Finance Document will be true, correct and not misleading and will not omit any material fact or consideration.

11.6 Provision of financial statements

Each Borrower will send or procure that there are sent to the Agent:

- (a) as soon as possible, but in no event later than 180 days after the end of each Financial Year of the Corporate Guarantor, the consolidated audited annual financial statements of the Group for that Financial Year (commencing with the financial statements for the Financial Year which ended on 31 December 2017); and
- (b) as soon as possible, but in no event later than 90 days after the end of the 6-month period ending on 30 June in each Financial Year of the Corporate Guarantor, the semi-annual consolidated unaudited financial statements of the Group, for that 6-month period (commencing with the financial statements for the 6-month period ending on 30 June 2017), duly certified as to their correctness by a director of the Corporate Guarantor; and
- (c) promptly after each request by the Agent, such further financial or other information in respect of that Borrower, each Ship, the Corporate Guarantor, the other Security Parties and the Group (including, without limitation, any information regarding any sale and purchase agreements, investment brochures, shipbuilding contracts and charter agreements) as may be requested by the Agent.

11.7 Form of financial statements

All accounts delivered under Clause 11.6 will:

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

- (c) fully disclose or provide for all significant liabilities of the Corporate Guarantor and the Group and each of its/their subsidiaries.

11.8 **Shareholder and creditor notices**

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

11.9 **Consents**

Each Borrower will maintain in force and promptly obtain or renew, and will promptly send certified copies to the Agent of, all consents required:

- (a) for that Borrower to perform its obligations under any Finance Document or any Underlying Document to which it is a party;
- (b) for the validity or enforceability of any Finance Document or any Underlying Document to which it is a party;
- (c) for that Borrower to continue to own and operate the Ship owned by it, and that Borrower will comply with the terms of all such consents.

11.10 **Maintenance of Security Interests**

Each Borrower will:

- (a) at its own cost, do all that it reasonably can to ensure that any Finance Document validly creates the obligations and the Security Interests which it purports to create; and
- (b) without limiting the generality of paragraph (a), at its own cost, promptly register, file, record or enrol any Finance Document with any court or authority in all Pertinent Jurisdictions, pay any stamp, registration or similar tax in all Pertinent Jurisdictions in respect of any Finance Document, give any notice or take any other step which, in the opinion of the Majority Lenders, is or has become necessary or desirable for any Finance Document to be valid, enforceable or admissible in evidence or to ensure or protect the priority of any Security Interest which it creates.

11.11 **Notification of litigation**

Each Borrower will provide the Agent with details of any legal or administrative action involving that Borrower, the Ship owned by it, the Earnings or the Insurances in respect of that Ship, any Security Party or the Approved Manager, as soon as such action is instituted or it becomes apparent to that Borrower that it is likely to be instituted, unless it is clear that the legal or administrative action cannot be considered material in the context of any Finance Document, and each Borrower shall procure that all reasonable measures are taken to defend any such legal or administrative action.

11.12 **No amendment to Underlying Documents**

Neither Borrower will waive or fail to enforce, the Underlying Documents to which it is a party or any of its provisions and shall promptly notify the Agent of any amendment or supplement to any Underlying Document.

11.13 Principal place of business

Each Borrower will maintain its place of business, and keep its corporate documents and records, at the address stated in Clause 28.2(a); and neither Borrower will establish, or do anything as a result of which it would be deemed to have, a place of business in the United Kingdom or the United States.

11.14 Confirmation of no default

Each Borrower will, within two Business Days after service by the Agent of a written request, serve on the Agent a notice which is signed by the director(s) of that Borrower and which:

- (a) states that no Event of Default or Potential Event of Default has occurred; or
- (b) states that no Event of Default or Potential Event of Default has occurred, except for a specified event or matter, of which all material details are given.

The Agent may serve requests under this Clause 11.14 from time to time but only if asked to do so by a Lender or Lenders having Contributions exceeding 10 per cent. of the Loan or (if no Advances have been made) Commitments exceeding 10 per cent. of the Total Commitments; and this Clause 11.14 does not affect the Borrowers' obligations under Clause 11.15.

11.15 Notification of default

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

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

11.16 Provision of further information

Each Borrower will, as soon as practicable after receiving the request, provide the Agent with any additional financial or other information relating:

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

11.17 Provision of copies and translation of documents

Each Borrower will supply the Agent with a sufficient number of copies of the documents referred to above to provide one copy for each Creditor Party; and if the Agent so requires in respect of any of those documents, the Borrowers will provide a certified English translation prepared by a translator approved by the Agent.

11.18 "Know your customer" checks

- If:
- (a) the introduction of or any change in (or in the interpretation, administration or application of) any law or regulation made after the date of this Agreement;

- (b) any change in the composition of the shareholders of the Borrowers or any Security Party after the date of this Agreement; or
 - (c) a proposed assignment or transfer by a Lender of any of its rights and obligations under this Agreement to a party that is not a Lender prior to such assignment or transfer,
- obliges the Agent or any Lender (or, in the case of paragraph (c), any prospective new Lender) to comply with “know your customer” or similar identification procedures in circumstances where the necessary information is not already available to it, the Borrowers shall promptly upon the request of the Agent or the Lender concerned supply, or procure the supply of, such documentation and other evidence as is reasonably requested by the Agent (for itself or on behalf of any Lender) or the Lender concerned (for itself or, in the case of the event described in paragraph (c), on behalf of any prospective new Lender) in order for the Agent, the Lender concerned or, in the case of the event described in paragraph (c), any prospective new Lender to carry out and be satisfied it has complied with all necessary “know your customer” or other similar checks under all applicable laws and regulations pursuant to the transactions contemplated in the Finance Documents.

11.19 **Minimum Liquidity and Additional Minimum Liquidity**

The Borrowers shall maintain in the Liquidity Account credit balances in an aggregate amount of not less than:

- (a) \$150,000 in respect of each Ship (amounting to \$300,000 in aggregate) (“**Minimum Liquidity**”) commencing from the Drawdown Date in respect of the Advance which will finance the relevant Ship and at all times thereafter throughout the remainder of the Security Period; and
- (b) in addition to the amount required to be maintained under paragraph (a) of this Clause 11.19, an additional amount of \$400,000 in respect of each Ship (amounting to \$800,000 in aggregate) (“**Additional Minimum Liquidity**”) commencing from the Drawdown Date in respect of the Advance which will finance the relevant Ship and at all times thereafter up to and including the date falling on the first anniversary of the relevant Drawdown Date, at which time, the Additional Minimum Liquidity applicable to the relevant Ship shall be released to or to the order of the Borrower which is the owner thereof, **Provided that** no Event of Default or Potential Event of Default has occurred or is continuing at that time or will occur as a result of the release of the relevant part of the Additional Minimum Liquidity.

11.20 **Compliance Certificate**

- (a) The Borrowers shall supply to the Agent, together with each set of financial statements delivered pursuant to paragraphs (a) and (b) of Clause 11.6 (commencing with the financial statements to be provided for the 6-month period ending on 30 June 2017), a Compliance Certificate.
- (b) Each Compliance Certificate shall be duly signed by two directors of the Corporate Guarantor, evidencing (inter alia) the Borrower’s compliance (or not, as the case may be) with the provisions of Clause 11.19 and Clause 15.1 and the Corporate Guarantor’s compliance with Clause 12.4 of the Corporate Guarantee.

12 **CORPORATE UNDERTAKINGS**

12.1 **General**

Each Borrower also undertakes with each Creditor Party to comply with the following provisions of this Clause 12 at all times during the Security Period except as the Agent, acting with the authorisation of the Majority Lenders, may otherwise permit in writing.

12.2 **Maintenance of status**

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

12.3 **Negative undertakings**

Neither Borrower will:

- (a) change the nature of its business or carry on any business other than the ownership, chartering and operation of the Ship owned by it;
- (b) pay any dividend or make any other form of distribution or effect any form of redemption, purchase or return of share capital if an Event of Default has occurred and is continuing at the relevant time or an Event of Default will result from the payment of a dividend or the making of any other form of distribution;
- (c) provide any form of credit or financial assistance to:
 - (i) a person who is directly or indirectly interested in that Borrower's share or loan capital; or
 - (ii) any company in or with which such a person is directly or indirectly interested or connected,or enter into any transaction with or involving such a person or company on terms which are, in any respect, less favourable to that Borrower than those which it could obtain in a bargain made at arms' length;
- (d) open or maintain any account with any bank or financial institution except accounts with the Agent, the Account Bank and the Security Trustee for the purposes of the Finance Documents;
- (e) issue, allot or grant any person a right to any shares in its capital or repurchase or reduce its issued share capital;
- (f) acquire any shares or other securities other than short term debt obligations or Treasury bills issued by the US, the UK or a Participating Member State and certificates of deposit issued by major North American or European banks, or enter into any transaction in a derivative; or
- (g) enter into any form of amalgamation, merger or de-merger, acquisition, divesture, split-up or any form of reconstruction or reorganisation; or
- (h) change its Financial Year; or
- (i) change its auditors.

12.4 **Corporate Guarantor's Subsidiaries**

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

13 INSURANCE

13.1 General

Each Borrower also undertakes with each Creditor Party to comply with the following provisions of this Clause 13 at all times during the Security Period except as the Agent, acting with the authorisation of the Majority Lenders, may otherwise permit in writing.

13.2 Maintenance of obligatory insurances

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

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

13.3 Terms of obligatory insurances

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

- (a) in Dollars;
- (b) in the case of fire and usual marine risks and war risks, on an agreed value basis in an amount equal to at least the higher of (i) an amount which is equal to 120 per cent. of the aggregate of (A) the Advance relating to that Borrower's Ship, (B) the principal amount secured by any equal or prior ranking Security Interest on that Ship and ((ii) the Market Value of that Ship;
- (c) in the case of oil pollution liability risks, for an amount equal to the highest level of cover from time to time available under basic protection and indemnity club entry (with the International Group of Protection and Indemnity Clubs) and the international marine insurance market (currently \$1,000,000,000 for any one accident or occurrence);
- (d) in relation to protection and indemnity risks in respect of the full value and tonnage of that Ship;
- (e) in relation to war risks insurance, extended to cover piracy and terrorism where excluded under the fire and usual marine risks insurance;
- (f) on approved terms and conditions;
- (g) such other risks of whatever nature and howsoever arising in respect of which insurance would be maintained by a prudent owner of a vessel similar to that Ship; and

- (h) through approved brokers and with approved insurance companies and/or underwriters which have a Standard & Poor's rating of at least BBB- or a comparable rating by any other rating agency acceptable to the Security Trustee (acting on the instructions of the Majority Lenders) or, in the case of war risks and protection and indemnity risks, in approved war risks and protection and indemnity risks associations which are members of the International Group of Protection and Indemnity Clubs.

13.4 Further protections for the Creditor Parties

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

- (a) it and any and all third parties who are named assured or co-assured under any obligatory insurance shall assign their interest in any and all obligatory insurances and other Insurances if so required by the Agent;
- (b) whenever the Security Trustee requires, the obligatory insurances name (or be amended to name) the Security Trustee as additional named assured for its rights and interests, warranted no operational interest and with full waiver of rights of subrogation they may have under any applicable law against the Security Trustee but without the Security Trustee thereby being liable to pay (but having the right to pay) premiums, calls or other assessments in respect of such insurance;
- (c) the interest of the Security Trustee as assignee and as loss payee shall be duly endorsed on all slips, cover notes, policies, certificates of entry or other instruments of insurance in respect of the obligatory insurances;
- (d) the obligatory insurances shall name the Security Trustee as sole loss payee with such directions for payment as the Security Trustee may specify;
- (e) the obligatory insurances shall provide that all payments by or on behalf of the insurers under the obligatory insurances to the Security Trustee shall be made without set-off, counterclaim or deductions or condition whatsoever;
- (f) the obligatory insurances shall provide that the insurers shall waive, to the fullest extent permitted by English law, their entitlement (if any) (whether by statute, common law, equity, or otherwise) to be subrogated to the rights and remedies of the Security Trustee in respect of any rights or interests (secured or not) held by or available to the Security Trustee in respect of the Secured Liabilities, until the Secured Liabilities shall have been fully repaid and discharged, except that the insurers shall not be restricted by the terms of this paragraph (f) from making personal claims against persons (other than either Borrower or any Creditor Party) in circumstances where the insurers have fully discharged their liabilities and obligations under the relevant obligatory insurances;
- (g) the obligatory insurances shall provide that the obligatory insurances shall be primary without right of contribution from other insurances effected by the Security Trustee or any other Creditor Party;
- (h) the obligatory insurances shall provide that the Security Trustee may make proof of loss if that Borrower fails to do so; and
- (i) the obligatory insurances shall provide that if any obligatory insurance is cancelled, or if any substantial change is made in the coverage which adversely affects the interest of the Security Trustee, or if any obligatory insurance is allowed to lapse for non-payment of premium, such cancellation, charge or lapse shall only be effective against the Security Trustee 14 days (or 7 days in the case of war risks) after receipt by the Security Trustee of prior written notice from the insurers of such cancellation, change or lapse.

13.5 Renewal of obligatory insurances

Each Borrower shall:

- (a) at least 14 days before the expiry of any obligatory insurance effected by it:
 - (i) notify the Security Trustee of the brokers, underwriters, insurance companies and any protection and indemnity or war risks association through or with whom that Borrower proposes to renew that obligatory insurance and of the proposed terms and conditions of renewal; and
 - (ii) seek the Security Trustee's approval to the matters referred to in paragraph (i);
- (b) at least 7 days before the expiry of any obligatory insurance, renew that obligatory insurance in accordance with the Security Trustee's approval pursuant to paragraph (a); and
- (c) procure that the approved brokers and/or the war risks and protection and indemnity associations with which such a renewal is effected shall promptly after the renewal notify the Security Trustee in writing of the terms and conditions of the renewal.

13.6 Copies of policies; letters of undertaking

Each Borrower shall ensure that all approved brokers provide the Security Trustee with pro forma copies of all cover notes and policies relating to the obligatory insurances which they are to effect or renew and of a letter or letters of undertaking in a form required by the Security Trustee and including undertakings by the approved brokers that:

- (a) they will have endorsed on each policy, immediately upon issue, a loss payable clause and a notice of assignment complying with the provisions of Clause 13.4;
- (b) they will hold such policies, and the benefit of such insurances, to the order of the Security Trustee in accordance with the said loss payable clause;
- (c) they will advise the Security Trustee immediately of any material change to the terms of the obligatory insurances;
- (d) they will notify the Security Trustee, not less than 14 days before the expiry of the obligatory insurances, in the event of their not having received notice of renewal instructions from that Borrower or its agents and, in the event of their receiving instructions to renew, they will promptly notify the Security Trustee of the terms of the instructions; and
- (e) they will not set off against any sum recoverable in respect of a claim relating to the Ship owned by that Borrower under such obligatory insurances any premiums or other amounts due to them or any other person whether in respect of that Ship or otherwise, they waive any lien on the policies, or any sums received under them, which they might have in respect of such premiums or other amounts, and they will not cancel such obligatory insurances by reason of non-payment of such premiums or other amounts, and will arrange for a separate policy to be issued in respect of that Ship forthwith upon being so requested by the Security Trustee.

13.7 Copies of certificates of entry; letters of undertaking

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

- (a) a certified copy of the certificate of entry for that Ship;

- (b) a letter or letters of undertaking in such form as may be required by the Security Trustee;
- (c) where required to be issued under the terms of insurance/indemnity provided by that Borrower's protection and indemnity association, a certified copy of each United States of America voyage quarterly declaration (or other similar document or documents) made by that Borrower in accordance with the requirements of such protection and indemnity association; and
- (d) a certified copy of each certificate of financial responsibility for pollution by oil or other Environmentally Sensitive Material issued by the relevant certifying authority or, as the case may be, protection and indemnity associations in relation to that Ship (if applicable).

13.8 Deposit of original policies

Each Borrower shall ensure that all policies relating to obligatory insurances effected by it are deposited with the approved brokers through which the insurances are effected or renewed.

13.9 Payment of premiums

Each Borrower shall punctually pay all premiums or other sums payable in respect of the obligatory insurances effected by it and produce all relevant receipts when so required by the Security Trustee.

13.10 Guarantees

Each Borrower shall ensure that any guarantees required by a protection and indemnity or war risks association are promptly issued and remain in full force and effect.

13.11 Compliance with terms of insurances

Each Borrower shall not do or omit to do (nor permit to be done or not to be done) any act or thing which would or might render any obligatory insurance invalid, void, voidable or unenforceable or render any sum payable under an obligatory insurance repayable in whole or in part; and, in particular it shall:

- (a) take all necessary action and comply with all requirements which may from time to time be applicable to the obligatory insurances, and (without limiting the obligation contained in Clause 13.6(c)) ensure that the obligatory insurances are not made subject to any exclusions or qualifications to which the Security Trustee has not given its prior approval;
- (b) not make any changes relating to the classification or classification society or manager or operator of the Ship owned by it approved by the underwriters of the obligatory insurances;
- (c) make (and promptly supply copies to the Agent) of all quarterly or other voyage declarations which may be required by the protection and indemnity risks association in which that Ship is entered to maintain cover for trading to the United States of America and Exclusive Economic Zone (as defined in the United States Oil Pollution Act 1990 or any other applicable legislation) and, if applicable, shall procure that the Approved Manager complies with this requirement; and
- (d) not employ that Ship, nor allow it to be employed, otherwise than in conformity with the terms and conditions of the obligatory insurances, without first obtaining the consent of the insurers and complying with any requirements (as to extra premium or otherwise) which the insurers specify.

13.12 Alteration to terms of insurances

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

13.13 Settlement of claims

Neither Borrower shall settle, compromise or abandon any claim under any obligatory insurance for Total Loss or for a Major Casualty, and shall do all things necessary and provide all documents, evidence and information to enable the Security Trustee to collect or recover any moneys which at any time become payable in respect of the obligatory insurances and shall do all things necessary to ensure such collection or recovery is made.

13.14 Provision of copies of communications

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

- (a) the approved brokers;
- (b) the approved protection and indemnity and/or war risks associations; and
- (c) the approved insurance companies and/or underwriters, which relate directly or indirectly to:
 - (i) that Borrower's obligations relating to the obligatory insurances including, without limitation, all requisite declarations and payments of additional premiums or calls; and
 - (ii) any credit arrangements made between that Borrower and any of the persons referred to in paragraphs (a) or (b) relating wholly or partly to the effecting or maintenance of the obligatory insurances.

13.15 Provision of information and further undertakings

In addition, each Borrower shall promptly provide the Security Trustee (or any persons which it may designate) with any information which the Security Trustee (or any such designated person) requests for the purpose of:

- (a) obtaining or preparing any report from an independent marine insurance broker as to the adequacy of the obligatory insurances effected or proposed to be effected; and/or
- (b) effecting, maintaining or renewing any such insurances as are referred to in Clause 13.16 or dealing with or considering any matters relating to any such insurances,

and that Borrower shall:

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

and that Borrower shall, forthwith upon demand, indemnify the Security Trustee in respect of all fees and other expenses incurred by or for the account of the Security Trustee in connection with any such report as is referred to in paragraph (a).

13.16 Mortgagee's interest and additional perils insurances

The Security Trustee shall be entitled from time to time to effect, maintain and renew all or any of the following insurances in such amounts, on such terms, through such insurers and generally in such manner as the Majority Lenders may from time to time consider appropriate:

- (a) a mortgagee's interest insurance providing for the indemnification of the Creditor Parties for any losses under or in connection with any Finance Document (in an amount of up to the aggregate of (i) 120 per cent. of the Advance for the relevant Ship and (ii) the principal amount secured by any equal or prior ranking Security Interest on the Ship) which directly or indirectly result from loss of or damage to a Ship or a liability of that Ship or of the Borrower owning that Ship, being a loss or damage which is *prima facie* covered by an obligatory insurance but in respect of which there is a non-payment (or reduced payment) by the underwriters by reason of, or on the basis of an allegation concerning:
- (i) any act or omission on the part of that Borrower, of any operator, charterer, manager or sub-manager of that Ship or of any officer, employee or agent of that Borrower or of any such person, including any breach of warranty or condition or any non-disclosure relating to such obligatory insurance;
 - (ii) any act or omission, whether deliberate, negligent or accidental, or any knowledge or privity of that Borrower, any other person referred to in paragraph (i) above, or of any officer, employee or agent of that Borrower or of such a person, including the casting away or damaging of that Ship and/or that Ship being unseaworthy; and/or
 - (iii) any other matter capable of being insured against under a mortgagee's interest marine insurance policy whether or not similar to the foregoing; and
- (b) a mortgagee's interest additional perils insurance providing for the indemnification of the Creditor Parties against, among other things, any possible losses or other consequences of any Environmental Claim, including the risk of expropriation, arrest or any form of detention of a Ship, the imposition of any Security Interest over that Ship and/or any other matter capable of being insured against under a mortgagee's interest additional perils policy whether or not similar to the foregoing, and in an amount of up to (i) 110 per cent. of the Advance for the relevant Ship and (ii) the principal amount secured by any equal or prior ranking Security Interest,
- and the Borrowers shall upon demand fully indemnify the Security Trustee in respect of all premiums and other expenses which are incurred in connection with or with a view to effecting, maintaining or renewing any such insurance or dealing with, or considering, any matter arising out of any such insurance.

13.17 Review of insurance requirements

The Security Trustee shall be entitled to review the requirements of this Clause 13 from time to time in order to take account of any changes in circumstances after the date of this Agreement which are, in the opinion of the Agent (acting on the instructions of the Majority Lenders), significant and capable of affecting the Borrowers, each Ship and its Insurances (including, without limitation, changes in the availability or the cost of insurance coverage or the risks to which the Borrower owning that Ship may be subject) and the Borrowers shall upon demand fully indemnify the Agent in respect of all fees and other expenses incurred by or for the account of the Agent in appointing an independent marine insurance broker or adviser to conduct such review.

13.18 Modification of insurance requirements

The Security Trustee shall notify the Borrowers of any proposed modification under Clause 13.17 to the requirements of this Clause 13 which the Security Trustee reasonably considers appropriate in the circumstances, and such modification shall take effect on and from the date it is notified in writing to the Borrowers as an amendment to this Clause 13 and shall bind the Borrowers accordingly.

13.19 Compliance with mortgagee's instructions

The Security Trustee shall be entitled (without prejudice to or limitation of any other rights which it may have or acquire under any Finance Document) to require a Ship to remain at any safe port or to proceed to and remain at any safe port designated by the Security Trustee until the Borrower owning that Ship implements any amendments to the terms of the obligatory insurances and any operational changes required as a result of a notice served under Clause 13.18.

14 SHIP COVENANTS

14.1 General

Each Borrower also undertakes with each Creditor Party to comply with the following provisions of this Clause 14 at all times during the Security Period except as the Agent, acting with the authorisation of the Majority Lenders, may otherwise permit in writing.

14.2 Ship's name and registration

Each Borrower shall keep the Ship owned by it registered in its name under an Approved Flag; shall not do, omit to do or allow to be done anything as a result of which such registration might be cancelled or imperilled; and shall not change the name or port of registry of that Ship.

14.3 Repair and classification

Each Borrower shall, and shall procure that the Approved Manager shall, keep the Ship owned by that Borrower in a good and safe condition and state of repair, sea and cargo worthy in all respects:

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

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

14.4 **Classification society undertaking**

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

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

14.5 **Modification**

Neither Borrower shall make any modification or repairs to, or replacement of, its Ship or equipment installed on it which would or might materially alter the structure, type or performance characteristics of that Ship or materially reduce its value.

14.6 **Removal of parts**

Neither Borrower shall remove any material part of its Ship, or any item of equipment installed on that Ship unless the part or item so removed is forthwith replaced by a suitable part or item which is in the same condition as or better condition than the part or item removed, is free from any Security Interest or any right in favour of any person other than the Security Trustee and becomes on installation on that Ship the property of that Borrower and subject to the security constituted by the relevant Mortgage and the Deed of Covenant (as the case may be) **Provided that** a Borrower may install equipment owned by a third party if the equipment can be removed without any risk of damage to the Ship owned by it.

14.7 **Surveys**

Each Borrower shall submit the Ship owned by it regularly to all periodical or other surveys which may be required for classification purposes and, if so required by the Security Trustee provide the Security Trustee, with copies of all survey reports.

14.8 **Inspection**

Each Borrower shall permit the Security Trustee (by surveyors or other persons appointed by it for that purpose) to board the Ship owned by that Borrower at all reasonable times to inspect its condition or to satisfy themselves about proposed or executed repairs and shall afford all proper facilities for such inspections at the Borrower's expense (which if no Event of Default has occurred and is continuing shall be limited to once in each calendar year).

14.9 Prevention of and release from arrest

Each Borrower shall promptly discharge:

- (a) all liabilities which give or may give rise to maritime or possessory liens on or claims enforceable against the Ship owned by it, the Earnings or the Insurances;
 - (b) all taxes, dues and other amounts charged in respect of that Ship, the Earnings or the Insurances; and
 - (c) all other outgoings whatsoever in respect of that Ship, the Earnings or the Insurances,
- and, forthwith upon receiving notice of the arrest of that Ship, or of its detention in exercise or purported exercise of any lien or claim, that Borrower shall procure its release by providing bail or otherwise as the circumstances may require.

14.10 Compliance with laws etc.

Each Borrower shall:

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

14.11 Provision of information

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

- (a) the Ship owned by it, its employment, position and engagements;
 - (b) the Earnings and payments and amounts due to the master and crew of that Ship;
 - (c) any expenses incurred, or likely to be incurred, in connection with the operation, maintenance or repair of that Ship and any payments made in respect of that Ship;
 - (d) any towages and salvages; and
 - (e) its compliance, the Approved Manager's compliance and the compliance of that Ship with the ISM Code and the ISPS Code,
- and, upon the Security Trustee's request, provide copies of any current charter relating to that Ship, of any current charter guarantee and copies of that Borrower's or the Approved Manager's Document of Compliance, Safety Management Certificate and the ISSC.

14.12 **Notification of certain events**

Each Borrower shall:

(a) before entering into:

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

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

- (A) that Borrower executes in favour of the Security Trustee a specific assignment of all its rights, title and interest in and to such charter and any charter guarantee in the form of a Charterparty Assignment;
- (B) the charterer and any charter guarantor receive a notice (1) of the specific assignment of such charter and charter guarantee and (2) that the Mortgage over that Ship has been registered prior to the entry into such charter;
- (C) in the case where such charter is a demise charter the charterer undertakes to the Security Trustee (1) to comply with all of that Borrower's undertakings with regard to the employment, insurances, operation, repairs and maintenance of its Ship contained in this Agreement, the Mortgage and the Deed of Covenant (as the case may be) and the General Assignment in relation to that Ship (2) to provide an assignment of its interest in the insurances of the Ship in the form of a Charterparty Assignment;
- (D) the relevant Borrower provides certified true and complete copies of the charter relating to its Ship and of any current charter guarantee, if any, promptly after its execution;
- (E) the Agent's receipt of a copy of the charter and its failure or neglect to act, delay or acquiescence in connection with the relevant Borrower's entering into such charter shall not in any way constitute an acceptance by the Agent of whether or not the Earnings under the charter are sufficient to meet the debt service requirements under this Agreement nor shall it in any way affect the Agent's or the Security Trustee's entitlement to exercise its rights under the Finance Documents pursuant to Clause 19 upon the occurrence of an Event of Default arising as a result of an act or omission of the charterer; and
- (F) the Borrower delivers to the Agent such other documents equivalent to those referred to at paragraphs 2, 3, 4, 5, 7, 8 and 9 of Schedule 3, Part A as the Agent may require; and

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

- (i) its entry into any agreement or arrangement for the postponement of any date on which any Earnings are due, the reduction of the amount of any Earnings or otherwise for the release or adverse alteration of any right of that Borrower to any Earnings;
- (ii) its entry into any time or consecutive voyage charter in respect of that Ship for a term which exceeds, or which by virtue of any optional extensions may exceed, 11 months;

- (iii) any casualty which is or is likely to be or to become a Major Casualty;
- (iv) any occurrence as a result of which the Ship owned by it has become or is, by the passing of time or otherwise, likely to become a Total Loss;
- (v) any requirement, overdue condition or recommendation made by any insurer or classification society or by any competent authority which is not complied with in accordance with its terms;
- (vi) any arrest or detention of that Ship, any exercise or purported exercise of any lien on that Ship or its Earnings or any requisition of that Ship for hire;
- (vii) any unscheduled dry docking of that Ship;
- (viii) any Environmental Claim made against that Borrower or in connection with that Ship, or any Environmental Incident;
- (ix) any claim for breach of the ISM Code or the ISPS Code being made against that Borrower, the Approved Manager or otherwise in connection with that Ship;
- (x) its intention to de-activate or lay up its Ship; or
- (xi) any other matter, event or incident, the effect of which will or could lead to the ISM Code or the ISPS Code not being complied with, and that Borrower shall keep the Security Trustee advised in writing on a regular basis and in such detail as the Security Trustee shall require of that Borrower's, the Approved Manager's or any other person's response to any of those events or matters.

14.13 Restrictions on chartering, appointment of managers etc.

Neither Borrower 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 the Approved Manager; or
- (d) put that Ship into the possession of any person for the purpose of work being done upon it in an amount exceeding or likely to exceed \$500,000 (or the equivalent in any other currency) unless that person has first given to the Security Trustee and in terms satisfactory to it a written undertaking not to exercise any lien on that Ship or its Earnings for the cost of such work or for any other reason.

14.14 Notice of Mortgage

Each Borrower shall keep the Mortgage relative to its Ship registered against that Ship as a valid first preferred or, as the case may be, priority mortgage, carry on board that Ship a certified copy of that Mortgage and, if applicable that Deed of Covenant collateral thereto, and place and maintain in a conspicuous place in the navigation room and the Master's cabin of that Ship a framed printed notice stating that that Ship is mortgaged by that Borrower to the Security Trustee.

14.15 **Sharing of Earnings**

Neither Borrower shall enter into any agreement or arrangement for the sharing of any Earnings (other than (i) any profit sharing agreement with a charterer which takes effect above an agreed minimum charter hire rate payable to the relevant Borrower under a charter to which that Borrower is a party and (ii) any pool agreement, in either case, on bona fide arm's length terms).

14.16 **ISPS Code**

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

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

15 **SECURITY COVER**

15.1 **Minimum required security cover**

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

15.2 **Prepayment; provision of additional security**

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

15.3 **Valuation of Ships**

The Market Value of a Ship:

- (a) to be determined for the purposes of Clause 9.1(d), is that shown by taking the arithmetic mean of two valuations issued by 2 Approved Brokers, one of which shall be issued by an Approved Broker to be nominated by the Borrower and appointed by the Agent and the other nominated and appointed by the Agent (unless the Borrower has not nominated appoint an Approved Broker by the date falling 14 days prior to the Drawdown Date in which case the Agent will be entitled to select and appoint a second Approved Broker and the Market Value of the relevant Ship shall be shown by taking the arithmetic means of the two valuations obtained); and
- (b) at any other date is that shown in a 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 valuations,

each valuation issued pursuant to paragraphs (a) and (b) of this Clause 15.3 to be prepared:

- (A) as at a date not more than 30 days previously;
- (B) with or without physical inspection of that Ship (as the Agent may require); and
- (C) on the basis of a sale for prompt delivery for cash on normal arm's length commercial terms as between a willing seller and a willing buyer, free of any existing charter or other contract of employment; and

(c) if the difference between 2 valuations in respect of a Ship obtained at any one time, in each case, pursuant to this Clause 15.3 is greater than 15 per cent. a valuation shall be commissioned from a third Approved Broker selected and appointed by the Agent. Such valuation to be conducted in accordance with this Clause 15.3 and the Market Value of that Ship in such circumstances shall be the arithmetic average of all three valuations.

15.4 **Value of additional vessel security**

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

15.5 **Valuations binding**

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

15.6 **Provision of information**

The Borrowers shall promptly provide the Agent and any Approved Broker or expert acting under Clause 15.3 or 15.4 with any information which the Agent or that Approved Broker or expert may request for the purposes of the valuation; and, if the Borrowers fail to provide the information by the date specified in the request, the valuation may be made on any basis and assumptions which that Approved Broker or the Majority Lenders (or the expert appointed by them) consider prudent.

15.7 **Payment of valuation expenses**

Without prejudice to the generality of the Borrowers' obligations under Clauses 20.2, 20.3 and 21.3, the Borrowers shall, on demand, pay the Agent the amount of the fees and expenses of any Approved Broker or expert instructed by the Agent under this Clause and all legal and other expenses incurred by any Creditor Party in connection with any matter arising out of this Clause.

15.8 **Frequency of valuations**

The Borrower shall provide the Agent with a valuation of each Ship, dated as of June or, as the case may be, December, on the date on which the Agent receives any financial statements in accordance with Clauses 11.6(a) and 11.6(b) for the period ending on the dates referred to above in respect of which the Market Value of each Ship will be determined and the Compliance Certificate in accordance with Clause 11.20 and the Agent may, otherwise, request valuations to determine the Borrower's compliance under Clause 15.1 not less than twice during each 12-month period during the Security Period.

16 PAYMENTS AND CALCULATIONS

16.1 Currency and method of payments

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

- (a) by not later than 11.00 a.m. (New York City time) on the due date;
- (b) in same day Dollar funds settled through the New York Clearing House Interbank Payments System (or in such other Dollar funds and/or settled in such other manner as the Agent shall specify as being customary at the time for the settlement of international transactions of the type contemplated by this Agreement);
- (c) in the case of an amount payable by a Lender to the Agent or by either Borrower to the Agent or any Lender, to the account of the Agent at J.P. Morgan Chase Bank (SWIFT Code CHASUS33) (Account No. 001 1331 808 in favour of HSH Nordbank AG, SWIFT Code HSHNDEHH; Reference "Amorgos Shipping Corporation *et al*") or to such other account with such other bank as the Agent may from time to time notify to the Borrowers and the other Creditor Parties; and
- (d) in the case of an amount payable to the Security Trustee, to such account as it may from time to time notify to the Borrowers and the other Creditor Parties.

16.2 Payment on non-Business Day

If any payment by either Borrower under a Finance Document would otherwise fall due on a day which is not a Business Day:

- (a) the due date shall be extended to the next succeeding Business Day; or
 - (b) if the next succeeding Business Day falls in the next calendar month, the due date shall be brought forward to the immediately preceding Business Day,
- and interest shall be payable during any extension under paragraph (a) at the rate payable on the original due date.

16.3 Basis for calculation of periodic payments

All interest and commitment fee and any other payments under any Finance Document which are of an annual or periodic nature shall accrue from day to day and shall be calculated on the basis of the actual number of days elapsed and a 360 day year.

16.4 Distribution of payments to Creditor Parties

Subject to Clauses 16.5, 16.6 and 16.7:

- (a) any amount received by the Agent under a Finance Document for distribution or remittance to a Lender or the Security Trustee shall be made available by the Agent to that Lender or, as the case may be, the Security Trustee by payment, with funds having the same value as the funds received, to such account as the Lender or the Security Trustee may have notified to the Agent not less than five Business Days previously; and

- (b) amounts to be applied in satisfying amounts of a particular category which are due to the Lenders generally shall be distributed by the Agent to each Lender pro rata to the amount in that category which is due to it.
- 16.5 **Permitted deductions by Agent**
- Notwithstanding any other provision of this Agreement or any other Finance Document, the Agent may, before making an amount available to a Lender, deduct and withhold from that amount any sum which is then due and payable to the Agent from that Lender under any Finance Document or any sum which the Agent is then entitled under any Finance Document to require that Lender to pay on demand.
- 16.6 **Agent only obliged to pay when monies received**
- Notwithstanding any other provision of this Agreement or any other Finance Document, the Agent shall not be obliged to make available to either Borrower or any Lender any sum which the Agent is expecting to receive for remittance or distribution to that Borrower or that Lender until the Agent has satisfied itself that it has received that sum.
- 16.7 **Refund to Agent of monies not received**
- If and to the extent that the Agent makes available a sum to a Borrower or a Lender, without first having received that sum, that Borrower or (as the case may be) the Lender concerned shall, on demand:
- (a) refund the sum in full to the Agent; and
- (b) pay to the Agent the amount (as certified by the Agent) which will indemnify the Agent against any funding or other loss, liability or expense incurred by the Agent as a result of making the sum available before receiving it.
- 16.8 **Agent may assume receipt**
- Clause 16.7 shall not affect any claim which the Agent has under the law of restitution, and applies irrespective of whether the Agent had any form of notice that it had not received the sum which it made available.
- 16.9 **Creditor Party accounts**
- Each Creditor Party shall maintain accounts showing the amounts owing to it by the Borrowers and each Security Party under the Finance Documents and all payments in respect of those amounts made by the Borrowers and any Security Party.
- 16.10 **Agent's memorandum account**
- The Agent shall maintain a memorandum account showing the amounts advanced by the Lenders and all other sums owing to the Agent, the Security Trustee and each Lender from the Borrowers and each Security Party under the Finance Documents and all payments in respect of those amounts made by the Borrowers and any Security Party.
- 16.11 **Accounts prima facie evidence**
- If any accounts maintained under Clauses 16.9 and 16.10 show an amount to be owing by a Borrower or a Security Party to a Creditor Party, those accounts shall be *prima facie* evidence that that amount is owing to that Creditor Party.

17 APPLICATION OF RECEIPTS

17.1 Normal order of application

Except as any Finance Document may otherwise provide, any sums which are received or recovered by any Creditor Party under or by virtue of any Finance Document shall be applied:

- (a) **FIRST:** in or towards satisfaction of any amounts then due and payable under the Finance Documents in the following order and proportions:
 - (i) firstly, in or towards satisfaction pro rata of all amounts then due and payable to the Creditor Parties under the Finance Documents (including, but without limitation, all amounts payable by either Borrower under Clauses 20, 21 and 22 of this Agreement or by either Borrower or any Security Party under any corresponding or similar provision in any other Finance Document) other than those amounts referred to at paragraphs (ii) and (iii);
 - (ii) secondly, in or towards satisfaction pro rata of any and all amounts of interest or default interest payable to the Creditor Parties under the Finance Documents; and
 - (iii) thirdly, in or towards satisfaction of the Loan; and
- (b) **SECONDLY:** in retention of an amount equal to any amount not then due and payable under any Finance Document but which the Agent, by notice to the Borrowers (or either of them), the Security Parties and the other Creditor Parties, states in its opinion will either or may become due and payable in the future and, upon those amounts becoming due and payable, in or towards satisfaction of them in accordance with the provisions of Clause 17.1(a); and
- (c) **THIRDLY:** any surplus shall be paid to the Borrowers or to any other person appearing to be entitled to it.

17.2 Application by any covered bond Lender

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

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

17.3 Variation of order of application

The Agent may, with the authorisation of the Majority Lenders, by notice to the Borrowers, the Security Parties and the other Creditor Parties provide for a different manner of application from that set out in Clause 17.1 (but not, for the avoidance of doubt, that set out in Clause 17.2) either as regards a specified sum or sums or as regards sums in a specified category or categories.

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

The Agent may give notices under Clause 17.3 from time to time; and such a notice may be stated to apply not only to sums which may be received or recovered in the future, but also to any sum which has been received or recovered on or after the third Business Day before the date on which the notice is served.

17.5 **Appropriation rights overridden**

This Clause 17 and any notice which the Agent gives under Clause 17.3 shall override any right of appropriation possessed, and any appropriation made, by either Borrower or either Security Party.

18 APPLICATION OF EARNINGS

18.1 **Payment of Earnings and swap payments**

Each Borrower undertakes with each Creditor Party that, throughout the Security Period (and subject only to the provisions of the General Assignment and the Deed of Covenant to which it is a party):

- (a) it shall maintain the Accounts with the Account Bank;
- (b) it shall ensure that all Earnings of the Ship owned by it are paid to the Earnings Account for that Ship; and
- (c) all Minimum Liquidity and Additional Minimum Liquidity amounts required pursuant to Clause 11.19 shall be maintained in the Liquidity Account.

18.2 **Monthly retentions**

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

- (a) one-third of the amount of the relevant Instalment falling due in respect of that Advance under Clause 8.1 on the next Repayment Date; and
- (b) the relevant fraction of the aggregate amount of interest on that Advance which is payable on the next due date for payment of interest under this Agreement,

and the Borrowers irrevocably authorise the Agent to make those transfers (in its sole discretion and without any obligation) if the Borrowers fail to do so.

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

18.3 **Shortfall in Earnings**

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

18.4 Application of retentions

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

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

18.5 Interest accrued on the Accounts

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

18.6 Release of accrued interest

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

18.7 Location of Accounts

Each Borrower shall promptly:

- (a) comply with any requirement of the Agent as to the location or re-location of the Accounts (or any of them); and
- (b) execute any documents which the Agent specifies to create or maintain in favour of the Security Trustee a Security Interest over (and/or rights of set-off, consolidation or other rights in relation to) the Accounts.

18.8 Debits for fees, expenses etc.

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

18.9 Borrowers' obligations unaffected

The provisions of this Clause 18 (as distinct from a distribution effected under Clause 18.4) do not affect:

- (a) the liability of the Borrowers to make payments of principal and interest on the due dates; or
- (b) any other liability or obligation of the Borrowers or any Security Party under any Finance Document.

18.10 Restriction on withdrawal

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

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

19 EVENTS OF DEFAULT

19.1 Events of Default

An Event of Default occurs if:

- (a) any Borrower or any Security Party fails to pay when due or (if so payable) on demand any sum payable under a Finance Document or under any document relating to a Finance Document unless:
 - (i) its failure to pay is caused by administrative or technical error or a Disruption Event; and
 - (ii) payment is made within 5 Business Days; or
- (b) any breach occurs of Clause 9.2, 11.2, 11.3, 11.18, 11.19, 11.20, 12.2, 12.3 or 15.2 or clause 12.4 of the Corporate Guarantee; or
- (c) any breach by any Borrower or any Security Party occurs of any provision of a Finance Document (other than a breach covered by paragraphs (a) or (b)) which, in the reasonable opinion of the Majority Lenders, is capable of remedy, and such default continues unremedied 30 Business Days (or any other grace period agreed by the Agent) after written notice from the Agent requesting action to remedy the same; or
- (d) (subject to any applicable grace period specified in the Finance Documents) any material breach by any Borrower or any Security Party occurs of any provision of a Finance Document (other than a breach falling within paragraphs (a), (b) or (c)); or
- (e) any representation, warranty or statement made or repeated by, or by an officer of, a Borrower or a Security Party in a Finance Document or in a Drawdown Notice or any other notice or document relating to a Finance Document is untrue or misleading in any material respect when it is made or repeated; or
- (f) any of the following occurs in relation to any Financial Indebtedness of a Relevant Person:
 - (i) any Financial Indebtedness of a Relevant Person is not paid when due unless the Relevant Person is contesting its obligation to pay the relevant amount in good faith and on substantial grounds and by appropriate proceedings and adequate reserves have been set aside for its payment if such proceedings fail; or
 - (ii) any Financial Indebtedness of a Relevant Person which in the case of any Relevant Person other than either Borrower exceeds \$10,000,000 (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 either Borrower exceeds \$10,000,000 (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 either Borrower exceeds an amount of \$10,000,000 (or the equivalent in any other currency in aggregate), becomes enforceable; or
- (g) any of the following occurs in relation to a Relevant Person:
- (i) a Relevant Person becomes, in the reasonable opinion of the Majority Lenders, unable to pay its debts as they fall due; or
 - (ii) any assets of a Relevant Person are subject to any form of execution, attachment, arrest, sequestration or distress or any form of freezing order which in the case of any Relevant Person other than either Borrower exceeds \$10,000,000 (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 of a Relevant Person or, in any proceedings, by a lawyer acting for a Relevant Person; or
 - (vi) a provisional liquidator is appointed in respect of a Relevant Person, a winding up order is made in relation to a Relevant Person or a winding up resolution is passed by a Relevant Person; or
 - (vii) a resolution is passed, an administration notice is given or filed, an application or petition to a court is made or presented or any other step is taken by (aa) a Relevant Person, (bb) the members or directors of a Relevant Person, (cc) a holder of Security Interests which together relate to all or substantially all of the assets of a Relevant Person, or (dd) a government minister or public or regulatory authority of a Pertinent Jurisdiction for or with a view to the winding up of that or another Relevant Person or the appointment of a provisional liquidator or administrator in respect of that or another Relevant Person, or that or another Relevant Person ceasing or suspending business operations or payments to creditors, save that this paragraph does not apply to a fully solvent winding up of a Relevant Person other than either Borrower or the Corporate Guarantor or the Shareholder which is, or is to be, effected for the purposes of an amalgamation or reconstruction previously approved by the Majority Lenders and effected not later than three months after the commencement of the winding up; or

- (viii) an administration notice is given or filed, an application or petition to a court is made or presented or any other step is taken by a creditor of a Relevant Person (other than a holder of Security Interests which together relate to all or substantially all of the assets of a Relevant Person) for the winding up of a Relevant Person or the appointment of a provisional liquidator or administrator in respect of a Relevant Person in any Pertinent Jurisdiction, unless the proposed winding up, appointment of a provisional liquidator or administration is being contested in good faith, on substantial grounds and not with a view to some other insolvency law procedure being implemented instead and either (aa) the application or petition is dismissed or withdrawn within 60 days of being made or presented, or (bb) within 60 days of the administration notice being given or filed, or the other relevant steps being taken, other action is taken which will ensure that there will be no administration and (in both cases (aa) or (bb)) the Relevant Person will continue to carry on business in the ordinary way and without being the subject of any actual, interim or pending insolvency law procedure; or
 - (ix) a Relevant Person or its directors take any steps (whether by making or presenting an application or petition to a court, or submitting or presenting a document setting out a proposal or proposed terms, or otherwise) with a view to obtaining, in relation to that or another Relevant Person, any form of moratorium, suspension or deferral of payments, reorganisation of debt (or certain debt) or arrangement with all or a substantial proportion (by number or value) of creditors or of any class of them or any such moratorium, suspension or deferral of payments, reorganisation or arrangement is effected by court order, by the filing of documents with a court, by means of a contract or in any other way at all; or
 - (x) any meeting of the members or directors, or of any committee of the board or senior management, of a Relevant Person is held or summoned for the purpose of considering a resolution or proposal to authorise or take any action of a type described in paragraphs (iv) to (ix) or a step preparatory to such action, or (with or without such a meeting) the members, directors or such a committee resolve or agree that such an action or step should be taken or should be taken if certain conditions materialise or fail to materialise; or
 - (xi) in a Pertinent Jurisdiction other than England, any event occurs, any proceedings are opened or commenced or any step is taken which, in the reasonable opinion of the Majority Lenders is similar to any of the foregoing; or
- (h) any Borrower ceases or suspends carrying on its business or a part of its business which, in the reasonable opinion of the Majority Lenders, is material in the context of this Agreement; or
- (i) it becomes unlawful in any Pertinent Jurisdiction or impossible:
- (i) for any Borrower or any Security Party to discharge any liability under a Finance Document or to comply with any other obligation which the Majority Lenders consider material under a Finance Document; or
 - (ii) for the Agent, the Security Trustee or the Lenders to exercise or enforce any right under, or to enforce any Security Interest created by, a Finance Document; or
- (j) any official consent necessary to enable any Borrower to own, operate or charter the Ship owned by it or to enable any Borrower 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 or, as the case may be, that Security Party; or

- (k) it appears to the Majority Lenders that, without their prior consent, either (i) a Change of Control has occurred or probably has occurred after the date of this Agreement or (ii) the Shareholder ceases being the direct legal and beneficial owner of the shares in the Borrower and of the voting rights attaching to those shares; or
- (l) any provision which the Majority Lenders reasonably consider material of a Finance Document proves to have been or becomes invalid or unenforceable, or a Security Interest created by a Finance Document proves to have been or becomes invalid or unenforceable or such a Security Interest proves to have ranked after, or loses its priority to, another Security Interest or any other third party claim or interest (excluding any Permitted Security Interests); or
- (m) the security constituted by a Finance Document is in any way imperilled or in jeopardy; or
- (n) either Borrower or any Security Party or any other person (other than a Creditor Party) repudiates any of the Finance Documents to which that Borrower or that Security Party or person is a party or evidences an intention to do so; or
- (o) any other event occurs or any other circumstances arise or develop including, without limitation:
 - (i) a change in the financial position, state of affairs or prospects of any Borrower, the Corporate Guarantor or any other Security Party; or
 - (ii) the commencement of legal or administrative action involving a Borrower, a Ship, either of the Approved Manager or any Security Party; or
 - (iii) the withdrawal of any material license or governmental or regulatory approval in respect of a Ship, a Borrower, the Approved Manager or any Borrower's or Approved Manager's business (unless such withdrawal can be contested with the effect of suspension and is in fact so contested in good faith by the Borrowers or the Approved Manager),
 which in the reasonable opinion of the Lenders constitutes a Material Adverse Change.

19.2 **Actions following an Event of Default**

On, or at any time after, the occurrence of an Event of Default:

- (a) the Agent may, and if so instructed by the Majority Lenders, the Agent shall:
 - (i) serve on the Borrowers a notice stating that all or part of the Commitments and of the other obligations of each Lender to the Borrowers under this Agreement are cancelled; and/or
 - (ii) serve on the Borrowers a notice stating that all or part of the Loan together with accrued interest and all other amounts accrued or owing under this Agreement are immediately due and payable or are due and payable on demand; and/or
 - (iii) take any other action which, as a result of the Event of Default or any notice served under paragraph (i) or (ii), the Agent and/or the Lenders are entitled to take under any Finance Document or any applicable law; and/or
- (b) the Security Trustee may, and if so instructed by the Agent, acting with the authorisation of the Majority Lenders, the Security Trustee shall take any action which, as a result of the Event of Default or any notice served under paragraph (a)(i) or (a)(ii), the Security Trustee, the Agent, the Mandated Lead Arranger and/or the Lenders are entitled to take under any Finance Document or any applicable law.

19.3 **Termination of Commitments**

On the service of a notice under Clause 19.2(a)(i), the Commitments and all other obligations of each Lender to the Borrowers under this Agreement shall be cancelled.

19.4 **Acceleration of Loan**

On the service of a notice under Clause 19.2(a)(ii), all or, as the case may be, the part of the Loan specified in the notice together with accrued interest and all other amounts accrued or owing from the Borrowers or any Security Party under this Agreement and every other Finance Document shall become immediately due and payable or, as the case may be, payable on demand.

19.5 **Multiple notices; action without notice**

The Agent may serve notices under Clauses 19.2(a)(i) or 19.2(a)(ii) simultaneously or on different dates and it and/or the Security Trustee may take any action referred to in Clause 19.2 if no such notice is served or simultaneously with or at any time after the service of both or either of such notices.

19.6 **Notification of Creditor Parties and Security Parties**

The Agent shall send to each Lender, the Security Trustee and each Security Party a copy or the text of any notice which the Agent serves on the Borrowers under Clause 19.2; but the notice shall become effective when it is served on the Borrowers, and no failure or delay by the Agent to send a copy or the text of the notice to any other person shall invalidate the notice or provide any Borrower or any Security Party with any form of claim or defence.

19.7 **Creditor Party rights unimpaired**

Nothing in this Clause shall be taken to impair or restrict the exercise of any right given to individual Lenders under a Finance Document or the general law; and, in particular, this Clause is without prejudice to Clause 3.1.

19.8 **Exclusion of Creditor Party liability**

No Creditor Party, and no receiver or manager appointed by the Security Trustee, shall have any liability to a Borrower or a Security Party:

- (a) for any loss caused by an exercise of rights under, or enforcement of a Security Interest created by, a Finance Document or by any failure or delay to exercise such a right or to enforce such a Security Interest; or
- (b) as mortgagee in possession or otherwise, for any income or principal amount which might have been produced by or realised from any asset comprised in such a Security Interest or for any reduction (however caused) in the value of such an asset,

except that this does not exempt a Creditor Party or a receiver or manager from liability for losses shown to have been directly and mainly caused by gross negligence, the dishonesty or the wilful misconduct of such Creditor Party's own officers and employees or (as the case may be) such receiver's or manager's own partners or employees.

19.9 **Relevant Persons**

In this Clause 19, a "**Relevant Person**" means the Borrower or any Security Party.

19.10 Interpretation

In Clause 19.1(f) references to an event of default or a termination event include any event, howsoever described, which is similar to an event of default in a facility agreement or a termination event in a finance lease; and in Clause 19.1(g) “**petition**” includes an application.

20 FEES AND EXPENSES

20.1 Arrangement, structuring and commitment fees

The Borrowers shall pay to the Agent:

- (a) a non-refundable structuring fee in the amount of \$192,000 (representing 0.8 per cent. of the Total Commitments) which shall be due and payable to the Agent (for its own account) on the earliest of (i) the first Drawdown Date, (ii) the last day of the Availability Period and (iii) the date of cancellation of the Total Commitment; and
- (b) a non-refundable commitment fee, at the rate of 1.00 per cent. per annum on the undrawn or uncanceled amount of the Total Commitments, payable quarterly in arrears for distribution among the Lenders pro rata to their Commitments, during the period from (and including) the date of this Agreement to the earlier of (i) the last Drawdown Date to occur under this Agreement and (ii) the last day of the Availability Period (and on the last day of such period).

20.2 Costs of negotiation, preparation etc.

The Borrowers shall pay to the Agent on its demand the amount of all legal and other expenses incurred by the Agent or the Security Trustee in connection with the negotiation, preparation, execution or registration of any Finance Document or any related document or with any transaction contemplated by a Finance Document or a related document.

20.3 Costs of variations, amendments, enforcement etc.

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

- (a) any amendment or supplement (or any proposal for such an amendment or supplement) requested (or, in the case of a proposal, made) by or on behalf of the Borrowers and relating to a Finance Document or any other Pertinent Document;
- (b) any consent, waiver or suspension of rights by the Lenders, the Majority Lenders or the Creditor Party concerned or any proposal for any of the foregoing requested (or, in the case of a proposal, made) by or on behalf of the Borrowers under or in connection with a Finance Document or any other Pertinent Document;
- (c) the valuation of any security provided or offered under and pursuant to Clause 15 or any other matter relating to such security; or
- (d) any step taken by the Lender 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 **Documentary taxes**

The Borrowers shall promptly pay any tax payable on or by reference to any Finance Document, and shall, on the Agent's demand, fully indemnify each Creditor Party against any claims, expenses, liabilities and losses resulting from any failure or delay by the Borrowers to pay such a tax.

20.5 **Certification of amounts**

A notice which is signed by two officers of a Creditor Party, which states that a specified amount, or aggregate amount, is due to that Creditor Party under this Clause 20 and which indicates (without necessarily specifying a detailed breakdown) the matters in respect of which the amount, or aggregate amount, is due shall be *prima facie* evidence that the amount, or aggregate amount, is due.

21 **INDEMNITIES**

21.1 **Indemnities regarding borrowing and repayment of Loan**

The Borrowers shall fully indemnify the Agent and each Lender on the Agent's demand and the Security Trustee on its demand in respect of all claims, expenses, liabilities and losses which are made or brought against or incurred by that Creditor Party, or which that Creditor Party reasonably and with due diligence estimates that it will incur, as a result of or in connection with:

- (a) an Advance not being borrowed on the date specified in the relevant Drawdown Notice for any reason other than a default by the Lender claiming the indemnity after the relevant Drawdown Notice has been served in accordance with the provisions of this Agreement;
- (b) the receipt or recovery of all or any part of the Loan or an overdue sum otherwise than on the last day of an Interest Period or other relevant period;
- (c) any failure (for whatever reason) by the Borrowers (or either of them) to make payment of any amount due under a Finance Document on the due date or, if so payable, on demand (after giving credit for any default interest paid by the Borrowers on the amount concerned under Clause 7) including but not limited to any costs and expenses of enforcing any Security Interests created by the Finance Documents and any claims, liabilities and losses which may be brought against, or incurred by, a Creditor Party when enforcing any Security Interests created by the Finance Documents; and
- (d) the occurrence and/or continuance of an Event of Default or a Potential Event of Default and/or the acceleration of repayment of the Loan under Clause 19,
and in respect of any tax (other than tax on its overall net income and a FATCA Deduction) for which a Creditor Party is liable in connection with any amount paid or payable to that Creditor Party (whether for its own account or otherwise) under any Finance Document.

21.2 **Break Costs**

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

- (a) the Agent shall promptly notify the Borrowers of a notice it receives from a Notifying Lender under this Clause 21.2;

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

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

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

exceeds

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

21.3 Other breakage costs

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

21.4 Miscellaneous indemnities

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

- (a) any action taken, or omitted or neglected to be taken, under or in connection with any Finance Document by the Agent, the Security Trustee or any other Creditor Party or by any receiver appointed under a Finance Document;
- (b) investigating any event which the Creditor Party concerned reasonably believes constitutes an Event of Default or Potential Event of Default; or
- (c) acting or relying on any notice, request or instruction which the Creditor Party concerned reasonably believes to be genuine, correct and appropriately authorised,

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

21.5 Environmental Indemnity

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

21.6 Currency indemnity

If any sum due from a Borrower or any Security Party to a Creditor Party under a Finance Document or under any order, award or judgment relating to a Finance Document (a “**Sum**”) has to be converted from the currency in which the Finance Document provided for the Sum to be paid (the “**Contractual Currency**”) into another currency (the “**Payment Currency**”) for the purpose of:

- (a) making, filing or lodging any claim or proof against a Borrower or any Security Party, whether in its liquidation, any arrangement involving it or otherwise; or
- (b) obtaining an order, judgment or award from any court or other tribunal in relation to any litigation or arbitration proceedings; or
- (c) enforcing any such order, judgment or award,

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

In this Clause 21.6, the “**available rate of exchange**” means the rate at which the Creditor Party concerned is able at the opening of business (London time) on the Business Day after it receives the Sum to purchase the Contractual Currency with the Payment Currency.

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

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

This Clause 21.6 creates a separate liability of that Borrower which is distinct from its other liabilities under the Finance Documents and which shall not be merged in any judgment or order relating to those other liabilities.

21.7 Certification of amounts

A notice which is signed by two officers of a Creditor Party, which states that a specified amount, or aggregate amount, is due to that Creditor Party under this Clause 21 and which indicates (without necessarily specifying a detailed breakdown) the matters in respect of which the amount, or aggregate amount, is due shall be *prima facie* evidence that the amount, or aggregate amount, is due.

21.8 Sums deemed due to a Lender

For the purposes of this Clause 21, a sum payable by the Borrowers to the Agent or the Security Trustee for distribution to a Lender shall be treated as a sum due to that Lender.

22 NO SET-OFF OR TAX DEDUCTION

22.1 No deductions

All amounts due from the Borrowers under a Finance Document shall be paid:

- (a) without any form of set-off, counter-claim, cross-claim or condition; and
- (b) free and clear of any tax deduction except a tax deduction which a Borrower is required by law to make.

22.2 Grossing-up for taxes

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

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

22.3 Indemnity and evidence of payment of taxes

The Borrowers shall fully indemnify each Creditor Party on the Agent's demand in respect of all claims, expenses, liabilities and losses incurred by any Creditor Party by reason of any failure of the Borrowers (or either of them) to make any tax deduction or by reason of any increased payment not being made on the due date for such payment in accordance with Clause 22.2. Within 30 days after making any tax deduction, the Borrowers or, as the case may be, the relevant Borrower shall deliver to the Agent any receipts, certificates or other documentary evidence satisfactory to the Agent that the tax had been paid to the appropriate taxation authority.

22.4 Exclusion of tax on overall net income

In this Clause 22 "**tax deduction**" means any deduction or withholding from any payment due under a Finance Document for or on account of any present or future tax except:

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

22.5 FATCA Information

- (a) Subject to paragraph (c) below, each Party shall, within ten Business Days of a reasonable request by another Party:

- (i) confirm to that other Party whether it is:
 - (A) a FATCA Exempt Party; or
 - (B) not a FATCA Exempt Party; and
 - (ii) supply to that other Party such forms, documentation and other information relating to its status under FATCA as that other Party reasonably requests for the purposes of that other Party's compliance with FATCA; and
 - (iii) supply to that other Party such forms, documentation and other information relating to its status as that other Party reasonably requests for the purposes of that other Party's compliance with any other law, regulation or exchange of information regime.
- (b) If a Party confirms to another Party pursuant to sub-paragraph (i) of paragraph (a) above that it is a FATCA Exempt Party and it subsequently becomes aware that it is not, or has ceased to be a FATCA Exempt Party, that Party shall notify that other Party reasonably promptly.
- (c) Paragraph (a) above shall not oblige any Creditor Party to do anything and sub-paragraph (iii) of paragraph (a) above shall not oblige any other Party to do anything which would or might in its reasonable opinion constitute a breach of:
- (i) any law or regulation;
 - (ii) any fiduciary duty; or
 - (iii) any duty of confidentiality.
- (d) If a Party fails to confirm whether or not it is a FATCA Exempt Party or to supply forms, documentation or other information requested in accordance with sub-paragraphs (i) or (ii) of paragraph (a) above (including, for the avoidance of doubt, where paragraph (c) above applies), then such Party shall be treated for the purposes of the Finance Documents (and payments under them) as if it is not a FATCA Exempt Party until such time as the Party in question provides the requested confirmation, forms, documentation or other information.
- (e) If a Lender knows or has reason to know that a Borrower is a US Tax Obligor, or where the Agent reasonably believes that its obligations under FATCA require it, each Lender shall, within ten Business Days of:
- (i) where the Lender knows or has reason to know that a Borrower is a US Tax Obligor and the relevant Lender is a Party as at the date of this Agreement, the date of this Agreement;
 - (ii) where the Lender knows or has reason to know that a Borrower is a US Tax Obligor and the relevant Lender became a Party after the date of this Agreement, the date on which the relevant Transfer Certificate became effective; or
 - (iii) the date of a request from the Agent,
- supply to the Agent:
- (iv) a withholding certificate on US Internal Revenue Service Form W-8 or Form W-9 (or any successor form) (as applicable); or
 - (v) any withholding statement and other documentation, authorisations and waivers as the Agent may require to certify or establish the status of such Lender under FATCA.

The Agent shall provide any withholding certificate, withholding statement, documentation, authorisations and waivers it receives from a Lender pursuant to this paragraph (e) to the Borrowers, to the extent required for compliance with FATCA or any other law or regulation, and shall be entitled to rely on any such withholding certificate, withholding statement, documentation, authorisations and waivers provided without further verification. The Agent shall not be liable for any action taken by it under or in connection with this paragraph (e).

- (f) Each Lender agrees that if any withholding certificate, withholding statement, documentation, authorisations and waivers provided to the Agent pursuant to paragraph (e) above is or becomes materially inaccurate or incomplete, it shall promptly update such withholding certificate, withholding statement, documentation, authorisations and waivers or promptly notify the Agent in writing of its legal inability to do so. The Agent shall provide any such updated withholding certificate, withholding statement, documentation, authorisations and waivers to the Borrowers, to the extent required for compliance with FATCA or any other law or regulation. The Agent shall not be liable for any action taken by it under or in connection with this paragraph (f).

22.6 FATCA Deduction

- (a) Each Party may make any FATCA Deduction as it reasonably determines it is required to make by FATCA, and any payment required in connection with that FATCA Deduction, and no Party shall be required to increase any payment in respect of which it makes such a FATCA Deduction or otherwise compensate the recipient of the payment for that FATCA Deduction.
- (b) Each Party shall promptly, upon becoming aware that it must make a FATCA Deduction (or that there is any change in the rate or the basis of such FATCA Deduction), notify the Party to whom it is making the payment and, in addition, shall notify each Borrower and the Agent and the Agent shall notify the other Creditor Parties.

23 ILLEGALITY, ETC.

23.1 Illegality

This Clause 23 applies if a Lender (the “**Notifying Lender**”) notifies the Agent that it has become, or will with effect from a specified date, become:

- (a) unlawful or prohibited as a result of the introduction of a new law, an amendment to an existing law or a change in the manner in which an existing law is or will be interpreted or applied; or
- (b) contrary to, or inconsistent with, any regulation,
- for the Notifying Lender to perform, maintain or give effect to any of its obligations under this Agreement in the manner contemplated by this Agreement or to fund or maintain the Loan.

23.2 Notification of illegality

The Agent shall promptly notify the Borrowers, the Security Parties, the Security Trustee and the other Lenders of the notice under Clause 23.1 which the Agent receives from the Notifying Lender.

23.3 Prepayment; termination of Commitment

On the Agent notifying the Borrowers under Clause 23.2, the Notifying Lender’s Commitment shall be immediately cancelled; and thereupon or, if later, on the date specified in the Notifying Lender’s notice under Clause 23.1 as the date on which the notified event would become effective the Borrowers shall prepay the Notifying Lender’s Contribution on the last day of the then current Interest Period in accordance with Clauses 8.10 and 8.11.

24 INCREASED COSTS

24.1 Increased costs

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

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

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

24.2 Meaning of “increased cost”

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

- (a) an additional or increased cost incurred as a result of, or in connection with, the Notifying Lender having entered into, or being a party to, this Agreement or a Transfer Certificate, of funding or maintaining its Commitment or Contribution or performing its obligations under this Agreement, or of having outstanding all or any part of its Contribution or other unpaid sums;
- (b) a reduction in the amount of any payment to the Notifying Lender under this Agreement or in the effective return which such a payment represents to the Notifying Lender or on its capital;
- (c) an additional or increased cost of funding all or maintaining all or any of the advances comprised in a class of advances formed by or including the Notifying Lender’s Contribution or (as the case may require) the proportion of that cost attributable to the Contribution; or

- (d) a liability to make a payment, or a return foregone, which is calculated by reference to any amounts received or receivable by the Notifying Lender under this Agreement,
- but not an item attributable to a change in the rate of tax on the overall net income of the Notifying Lender (or a parent company of it) or an item covered by the indemnity for tax in Clause 21.1 or by Clause 22 or a FATCA Deduction required to be made by a Party.
- For the purposes of this Clause 24.2 the Notifying Lender may in good faith allocate or spread costs and/or losses among its assets and liabilities (or any class of its assets and liabilities) on such basis as it considers appropriate.
- 24.3 **Notification to Borrowers of claim for increased costs**
- The Agent shall promptly notify the Borrowers and the Security Parties of the notice which the Agent received from the Notifying Lender under Clause 24.1.
- 24.4 **Payment of increased costs**
- The Borrowers shall pay to the Agent within 5 Business Days after the Agent's demand, for the account of the Notifying Lender the amounts which the Agent from time to time notifies the Borrowers that the Notifying Lender has specified to be necessary to compensate the Notifying Lender for the increased cost.
- 24.5 **Notice of prepayment**
- If the Borrowers are not willing to continue to compensate the Notifying Lender for the increased cost under Clause 24.4, the Borrowers may give the Agent not less than 14 days' notice of their intention to prepay the Notifying Lender's Contribution at the end of an Interest Period.
- 24.6 **Prepayment; termination of Commitment**
- A notice under Clause 24.5 shall be irrevocable; the Agent shall promptly notify the Notifying Lender of the Borrowers' notice of intended prepayment; and:
- (a) on the date on which the Agent serves that notice, the Commitment of the Notifying Lender shall be cancelled; and
- (b) on the date specified in its notice of intended prepayment, the Borrowers shall prepay (without premium or penalty) the Notifying Lender's Contribution, together with accrued interest thereon at the applicable rate plus the Margin and the Mandatory Cost (if any).
- 24.7 **Application of prepayment**
- Clause 8 shall apply in relation to the prepayment.
- 25 **SET-OFF**
- 25.1 **Application of credit balances**
- Each Creditor Party may without prior notice to the Borrowers but with prior notice to the Agent:
- (a) apply any balance (whether or not then due) which at any time stands to the credit of any account in the name of a Borrower at any office in any country of that Creditor Party in or towards satisfaction of any sum then due from that Borrower to that Creditor Party under any of the Finance Documents; and

- (b) for that purpose:
 - (i) break, or alter the maturity of, all or any part of a deposit of that Borrower;
 - (ii) convert or translate all or any part of a deposit or other credit balance into Dollars; and
 - (iii) enter into any other transaction or make any entry with regard to the credit balance which the Creditor Party concerned considers appropriate.

25.2 Existing rights unaffected

No Creditor Party shall be obliged to exercise any of its rights under Clause 25.1; and those rights shall be without prejudice and in addition to any right of set-off, combination of accounts, charge, lien or other right or remedy to which a Creditor Party is entitled (whether under the general law or any document).

25.3 Sums deemed due to a Lender

For the purposes of this Clause 25, a sum payable by the Borrowers to the Agent or the Security Trustee for distribution to, or for the account of, a Lender shall be treated as a sum due to that Lender; and each Lender's proportion of a sum so payable for distribution to, or for the account of, the Lenders shall be treated as a sum due to such Lender.

25.4 No Security Interest

This Clause 25 gives the Creditor Parties a contractual right of set-off only, and does not create any equitable charge or other Security Interest over any credit balance of either Borrower.

26 TRANSFERS AND CHANGES IN LENDING OFFICES

26.1 Transfer by Borrowers

Neither Borrower may assign or transfer any of its rights, liabilities or obligations under any Finance Document.

26.2 Transfer by a Lender

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

- (a) its rights in respect of all or part of its Contribution; or
- (b) its obligations in respect of all or part of its Commitment; or
- (c) a combination of (a) and (b); or
- (d) all or part of its credit risk under this Agreement and the other Finance Documents,

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

However, any rights and obligations of the Transferor Lender in its capacity as Agent or Security Trustee will have to be dealt with separately in accordance with the Agency and Trust Agreement.

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

26.3 Transfer Certificate, delivery and notification

As soon as reasonably practicable after a Transfer Certificate is delivered to the Agent, it shall (unless it has reason to believe that the Transfer Certificate may be defective):

- (a) sign the Transfer Certificate on behalf of itself, the Borrowers, the Security Parties, the Security Trustee and each of the other Lenders;
- (b) on behalf of the Transferee Lender, send to each Borrower and each Security Party letters or faxes notifying them of the Transfer Certificate and attaching a copy of it; and
- (c) send to the Transferee Lender copies of the letters or faxes sent under paragraph (b) above.

26.4 Effective Date of Transfer Certificate

A Transfer Certificate becomes effective on the date, if any, specified in the Transfer Certificate as its effective date **Provided that** it is signed by the Agent under Clause 26.3 on or before that date.

26.5 No transfer without Transfer Certificate

Except as provided in Clause 26.17, no assignment or transfer of any right or obligation of a Lender under any Finance Document is binding on, or effective in relation to, either Borrower, any Security Party, the Agent or the Security Trustee unless it is effected, evidenced or perfected by a Transfer Certificate.

26.6 Lender re-organisation

However, if a Lender enters into any merger, de-merger or other reorganisation as a result of which all its rights or obligations vest in another person (the “**successor**”), the successor shall become a Lender with the same Commitment and Contribution as were held by the predecessor Lender only upon receipt by the Agent of a notice to this effect and evidence that all rights and obligations have automatically and by operation of law vested in the successor by virtue of the merger, de-merger or other reorganisation, without the need for the execution and delivery of a Transfer Certificate; the Agent shall in that event inform the Borrowers and the Security Trustee accordingly.

26.7 Effect of Transfer Certificate

A Transfer Certificate takes effect in accordance with English law as follows:

- (a) to the extent specified in the Transfer Certificate, all rights and interests (present, future or contingent) which the Transferor Lender has under or by virtue of the Finance Documents are assigned to the Transferee Lender absolutely, free of any defects in the Transferor Lender’s title and of any rights or equities which either 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 either Borrower or any Security Party against the Transferor Lender had not existed;
- (f) the Transferee Lender becomes entitled to all the rights under the Finance Documents which are applicable to the Lenders generally, including but not limited to those relating to the Majority Lenders and those under Clause 5.7 and Clause 20, and to the extent that the Transferee Lender becomes entitled to such rights, the Transferor Lender ceases to be entitled to them; and
- (g) in respect of any breach of a warranty, undertaking, condition or other provision of a Finance Document or any misrepresentation made in or in connection with a Finance Document, the Transferee Lender shall be entitled to recover damages by reference to the loss incurred by it as a result of the breach or misrepresentation, irrespective of whether the original Lender would have incurred a loss of that kind or amount.

The rights and equities of either Borrower or any Security Party referred to above include, but are not limited to, any right of set off and any other kind of cross-claim.

26.8 **Maintenance of register of Lenders**

During the Security Period the Agent shall maintain a register in which it shall record the name, Commitment, Contribution and administrative details (including the lending office) from time to time of each Lender holding a Transfer Certificate and the effective date (in accordance with Clause 26.4) of the Transfer Certificate; and the Agent shall make the register available for inspection by any Lender, the Security Trustee and the Borrowers during normal banking hours, subject to receiving at least three Business Days' prior notice.

26.9 **Reliance on register of Lenders**

The entries on that register shall, in the absence of manifest error, be conclusive in determining the identities of the Lenders and the amounts of their Commitments and Contributions and the effective dates of Transfer Certificates and may be relied upon by the Agent and the other parties to the Finance Documents for all purposes relating to the Finance Documents.

26.10 Authorisation of Agent to sign Transfer Certificates

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

26.11 Sub-participation; subrogation assignment

A Lender may sub-participate or include in a securitisation or similar transaction all or any part of its rights and/or obligations under or in connection with the Finance Documents without the 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 Borrowers remaining unchanged, if such changes are necessary in order to achieve a successful execution of a securitisation, syndication or any other capital market exit in respect of its Contribution (or any applicable part thereof).

26.13 Disclosure of information

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

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

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

26.14 **Confidentiality**

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

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 Borrowers and the Security Trustee; and, until the Agent receives such a notice, it shall be entitled to assume that a Lender is acting through the lending office of which the Agent last had notice.

26.17 **Security over Lenders' rights**

In addition to the other rights provided to Lenders under this Clause 26, each Lender may without consulting with or obtaining consent from, either Borrower or any Security Party, at any time charge, assign or otherwise create a Security Interest in or over (whether by way of collateral or otherwise) all or any of its rights under any Finance Document to secure obligations of that Lender including, without limitation:

- (a) any charge, assignment or other Security Interest to secure obligations to a federal reserve or central bank; and
- (b) in the case of any Lender which is a fund, any charge, assignment or other Security Interest granted to any holders (or trustee or representatives of holders) of obligations owed, or securities issued, by that Lender as security for those obligations or securities; except that no such charge, assignment or Security Interest shall:
 - (i) release a Lender from any of its obligations under the Finance Documents or substitute the beneficiary of the relevant charge, assignment or Security Interest for the Lender as a party to any of the Finance Documents; or
 - (ii) require any payments to be made by either 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 **Replacement of a Reference Bank**

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

26.19 Securitisation

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

26.20 No additional costs

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

27 VARIATIONS AND WAIVERS

27.1 Required consents

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

27.2 Exceptions

- (a) An amendment or waiver that has the effect of changing or which relates to:
 - (i) the definition of "Majority Lenders" or "Finance Documents" in Clause 1.1 (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 11.5 (*Information provided to be accurate*), Clause 11.6 (*Provision of financial statements*), Clause 11.7 (*Form of financial statements*), Clause 11.16 (*Provision of further information*), Clause 26 (*Transfers and Changes in Lending Offices*) or this Clause 27.2;
 - (vii) any release of any Security Interest, guarantee, indemnities or subordination arrangement created by any Finance Document;
 - (viii) any change of the currency in which the Loan is provided or any amount is payable under any of the Finance Documents;

- (ix) an extension of the Availability Period; or
 - (x) a change in Clauses 16.4 (Distribution of payment to Creditor Parties) or 22 (Grossing-up),
- may not be effected without the prior written consent of all Lenders.

- (b) An amendment or waiver which relates to the rights or obligations of the Agent, the Arranger or the Security Trustee may not be effected without the consent of the Agent, the Arranger or the Security Trustee, as the case may be.

27.3 **Exclusion of other or implied variations**

Except for a document which satisfies the requirements of Clauses 27.1 and 27.2, no document, and, subject to Clause 27.4, no act, course of conduct, failure or neglect to act, delay or acquiescence on the part of the Creditor Parties or any of them (or any person acting on behalf of any of them) shall result in the Creditor Parties or any of them (or any person acting on behalf of any of them) being taken to have varied, waived, suspended or limited, or being precluded (permanently or temporarily) from enforcing, relying on or exercising:

- (a) a provision of this Agreement or another Finance Document; or
- (b) an Event of Default; or
- (c) a breach by a Borrower or a Security Party of an obligation under a Finance Document or the general law; or
- (d) any right or remedy conferred by any Finance Document or by the general law,

and there shall not be implied into any Finance Document any term or condition requiring any such provision to be enforced, or such right or remedy to be exercised, within a certain or reasonable time.

27.4 **Deemed consent**

With respect to any amendment, variation, waiver, suspension or limit requested by any Party and which requires the approval of all the Lenders or the Majority Lenders (as the case may be), 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 or fax shall be sent:

- (a) to the Borrowers: c/o Navios Tankers Management Inc.
85 Akti Miaouli Street
Piraeus 185 38
Greece
Fax No: +30 210 417 2070
- (b) to a Lender: At the address below its name in Schedule 1 or (as
the case may require) in the relevant Transfer Certificate.
- (c) to the Agent and Security Trustee:

for general matters:

HSH Nordbank AG
UB 25 Shipping
Shipping Clients International
Gerhart-Hauptmann-Platz 50
20095 Hamburg
Germany

Fax No: +49 40 3333 34001

for credit administrative matters:

HSH Nordbank AG
Loan and Collateral Management
Shipping International
Gerhart-Hauptmann-Platz 50
20095 Hamburg
Germany

Fax No: +49 40 3333 34118

or to such other address as the relevant Party may notify the Agent or, if the relevant Party is the Agent or the Security Trustee, the Borrowers, the Lenders and the Security Parties. 28.3 **Effective date of notices** Subject to Clauses 28.4 and 28.5:

- (a) a notice which is delivered personally or posted shall be deemed to be served, and shall take effect, at the time when it is delivered; and
- (b) a notice which is sent by fax shall be deemed to be served, and shall take effect, two hours after its transmission is completed.

28.4 **Service outside business hours**

However, if under Clause 28.3 a notice would be deemed to be served:

- (a) on a day which is not a business day in the place of receipt; or
- (b) on such a business day, but after 5 p.m. local time,
- the notice shall (subject to Clause 28.5) be deemed to be served, and shall take effect, at 9 a.m. on the next day which is such a business day.

28.5 Illegible notices

Clauses 28.3 and 28.4 do not apply if the recipient of a notice notifies the sender within one hour after the time at which the notice would otherwise be deemed to be served that the notice has been received in a form which is illegible in a material respect.

28.6 Valid notices

A notice under or in connection with a Finance Document shall not be invalid by reason that its contents or the manner of serving it do not comply with the requirements of this Agreement or, where appropriate, any other Finance Document under which it is served if:

- (a) the failure to serve it in accordance with the requirements of this Agreement or other Finance Document, as the case may be, has not caused any party to suffer any significant loss or prejudice; or
- (b) in the case of incorrect and/or incomplete contents, it should have been reasonably clear to the party on which the notice was served what the correct or missing particulars should have been.

28.7 Electronic communication

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

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

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

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

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

28.8 English language

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

28.9 **Meaning of “notice”**

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

29 **JOINT AND SEVERAL LIABILITY**

29.1 **General**

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

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

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

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

29.3 **Principal debtors**

Each Borrower declares that it is and will, throughout the Security Period, remain a principal debtor for all amounts owing under this Agreement and the Finance Documents and neither Borrower shall in any circumstances be construed to be a surety for the obligations of the other Borrower under this Agreement.

29.4 **Subordination**

Subject to Clause 29.5, during the Security Period, neither Borrower shall:

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

29.5 **Borrowers’ required action**

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

30 SUPPLEMENTAL

30.1 Rights cumulative, non-exclusive

The rights and remedies which the Finance Documents give to each Creditor Party are:

- (a) cumulative;
- (b) may be exercised as often as appears expedient; and
- (c) shall not, unless a Finance Document explicitly and specifically states so, be taken to exclude or limit any right or remedy conferred by any law.

30.2 Severability of provisions

If any provision of a Finance Document is or subsequently becomes void, unenforceable or illegal, that shall not affect the validity, enforceability or legality of the other provisions of that Finance Document or of the provisions of any other Finance Document.

30.3 Counterparts

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

30.4 Third party rights

A person who is not a party to this Agreement has no right under the Contracts (Rights of Third Parties) Act 1999 to enforce or to enjoy the benefit of any term of this Agreement.

30.5 Benefit and binding effect

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

31 LAW AND JURISDICTION

31.1 English law

This Agreement and any non-contractual obligations arising out of or in connection with it shall be governed by, and construed in accordance with, English law.

31.2 Exclusive English jurisdiction

Subject to Clause 31.3, the courts of England shall have exclusive jurisdiction to settle any Dispute.

31.3 Choice of forum for the exclusive benefit of the Creditor Parties

Clause 31.2 is for the exclusive benefit of the Creditor Parties, each of which reserves the right:

- (a) to commence proceedings in relation to any Dispute in the courts of any country other than England and which have or claim jurisdiction to that Dispute; and

- (b) to commence such proceedings in the courts of any such country or countries concurrently with or in addition to proceedings in England or without commencing proceedings in England.

Neither Borrower shall commence any proceedings in any country other than England in relation to a Dispute.

31.4 **Process agent**

Each Borrower irrevocably appoints HFW Nominees Limited, at its registered office for the time being, presently at 65 Crutched Friars, London EC3N 2AE England to act as its agent to receive and accept on its behalf any process or other document relating to any proceedings in the English courts which are connected with a Dispute.

31.5 **Creditor Party rights unaffected**

Nothing in this Clause 31 shall exclude or limit any right which any Creditor Party may have (whether under the law of any country, an international convention or otherwise) with regard to the bringing of proceedings, the service of process, the recognition or enforcement of a judgment or any similar or related matter in any jurisdiction.

31.6 **Meaning of “proceedings” and “Dispute”**

In this Clause 31, “**proceedings**” means proceedings of any kind, including an application for a provisional or protective measure and a “**Dispute**” means any dispute arising out of or in connection with this Agreement (including a dispute relating to the existence, validity or termination of this Agreement) or any non-contractual obligation arising out of or in connection with this Agreement.

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

OMNIBUS AGREEMENT

AMONG

NAVIOS MARITIME ACQUISITION CORPORATION

NAVIOS MARITIME HOLDINGS INC.

NAVIOS MARITIME PARTNERS L.P.

NAVIOS MARITIME MIDSTREAM PARTNERS L.P.

NAVIOS MARITIME CONTAINERS INC.

AND

NAVIOS PARTNERS CONTAINERS FINANCE INC

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OMNIBUS AGREEMENT

THIS OMNIBUS AGREEMENT is entered into on, and effective as of, the Closing Date (as defined herein), among Navios Maritime Acquisition Corporation, a Marshall Islands corporation ("Navios Maritime Acquisition"), Navios Maritime Holdings Inc., a Marshall Islands corporation ("Navios Maritime Holdings"), Navios Maritime Partners L.P., a Marshall Islands limited partnership ("Navios Maritime Partners"), Navios Maritime Midstream Partners L.P., a Marshall Islands limited partnership ("Navios Maritime Midstream Partners"), Navios Maritime Containers Inc., a Marshall Islands corporation ("NMCI") and Navios Partners Containers Finance Inc., a Marshall Islands corporation ("Navios Containers Finance").

R E C I T A L S:

1. The Parties desire by their execution of this Agreement to evidence their understanding, as more fully set forth in Articles II and IV, with respect to (a) those business opportunities that the Navios Maritime Entities (as defined herein) will not pursue during the term of this Agreement, unless permitted to do so in accordance with the terms of this Agreement and (b) the procedures whereby such business opportunities are to be offered to the Containers Group (as defined herein).

2. The Parties desire by their execution of this Agreement to evidence their understanding, as more fully set forth in Articles III and IV, with respect to (a) those business opportunities that the Containers Group will not pursue during the term of this Agreement, unless permitted to do so in accordance with the terms of this Agreement and (b) the procedures whereby such business opportunities are to be offered to Navios Maritime Entities.

3. The Parties desire by their execution of this Agreement to evidence their understanding, as more fully set forth in Article V, with respect to certain rights of first offer.

In consideration of the premises and the covenants, conditions, and agreements contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

ARTICLE I DEFINITIONS

SECTION 1.1. Definitions. As used in this Agreement, the following terms shall have the respective meanings set forth below:

"Acquiring Party" has the meaning given such term in Section 4.1(a).

"Affiliate" means, with respect to any Person, any other Person that directly or indirectly through one or more intermediaries controls, is controlled by or is under common control with, the Person in question. As used herein, the term "control" means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a Person, whether through ownership of voting securities, by contract or otherwise.

"Agreement" means this Omnibus Agreement, as it may be amended, modified, or supplemented from time to time in accordance with Section 6.7 hereof.

"Board" means the Board of Directors of Navios Maritime Containers.

“Break-up Costs” means the aggregate amount of any and all additional taxes, flag administration, financing, legal and other similar costs to (a) the Navios Maritime Entities that would be required to transfer Vessels acquired by the Navios Maritime Entities as part of a larger transaction to a Containers Group Member pursuant to Section 2.2(c), or (b) the Containers Group that would be required to transfer Non-Restricted Vessels acquired by the Containers Group as part of a larger transaction to a Navios Maritime Entity pursuant to Section 3.2(a) .

“Change of Control” means, with respect to any Person (the “Applicable Person”), any of the following events: (a) any sale, lease, exchange or other transfer (in one transaction or a series of related transactions) of all or substantially all of the Applicable Person’s assets to any other Person (except to Angeliki Frangou, or any Navios Maritime Entity, or Navios Maritime Holdings or any entity controlled by Navios Maritime Holdings, or Navios Maritime Partners or any entity controlled by Navios Maritime Partners, or Navios Maritime Midstream Partners or any entity controlled by Navios Maritime Midstream Partners, or Navios Maritime Acquisition or any entity controlled by Navios Maritime Acquisition, or any subsidiary of Navios Maritime Containers), unless immediately following such sale, lease, exchange or other transfer such assets are owned, directly or indirectly, by the Applicable Person; (b) the consolidation or merger of the Applicable Person with or into another Person pursuant to a transaction in which the outstanding Voting Securities of the Applicable Person are changed into or exchanged for cash, securities or other property, other than any such transaction where (i) the outstanding Voting Securities of the Applicable Person are changed into or exchanged for Voting Securities of the surviving Person or its parent and (ii) the holders of the Voting Securities of the Applicable Person immediately prior to such transaction own, directly or indirectly, not less than a majority of the outstanding Voting Securities of the surviving Person or its parent immediately after such transaction; and (c) a “person” or “group” (within the meaning of Sections 13(d) or 14(d)(2) of the Exchange Act), other than (A) Navios Maritime Holdings or its Affiliates or any Navios Maritime Entity (including Angeliki Frangou) or Navios Maritime Containers, or Navios Maritime Partners and its affiliates, or Navios Maritime Midstream Partners and its affiliates, or Navios Maritime Acquisition and its affiliates, or any entity created by any Navios Maritime Entity (B) Angeliki Frangou, being or becoming the “beneficial owner” (as defined in Rules 13d-3 and 13d-5 under the Exchange Act) of more than 50% of all of the then outstanding Voting Securities of the Applicable Person, except in a merger or consolidation which would not constitute a Change of Control under clause (b) above; provided, however, that, notwithstanding the foregoing, the Conversion Transaction shall not constitute a “Change of Control” for purposes hereof.

“Charter-Out Opportunity” means the opportunity to enter into a charter-out contract for a Vessel.

“Closing Date” means the date of the closing of the initial offering of the common shares of NMCLP.

“Conflicts Committee” means the Conflicts Committee of the Board of Directors of Navios Maritime Containers.

“Containers Entities” means any General Partner (but only following the Conversion Transaction), Navios Maritime Containers, Navios Containers Finance and any Person controlled by any such entity.

“Containers Group” means Navios Maritime Containers, Navios Containers Finance and any Person controlled by any such entity.

“Containers Group Member” means any Person in the Containers Group.

“Control” means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a Person, whether through ownership of voting securities, by contract or otherwise.

“Conversion Transaction” means an exchange offer of limited partner interests, or common units representing limited partner interests, in NMCLP, for common shares of NMCI, as a result of which exchange offer NMCLP succeeds to all or substantially all of the assets, liabilities, rights and obligations of NMCI.

“Environmental Laws” means all international, federal, state, foreign and local laws, statutes, rules, regulations, treaties, conventions, orders, judgments and ordinances relating to protection of natural resources, health and safety and the environment, each in effect and as amended through the Closing Date.

“Exchange Act” means the United States Securities Exchange Act of 1934, as amended.

“First Offer Negotiation Period” has the meaning given such term in Section 5.2.

“General Partner” means, following the Conversion Transaction, Navios Maritime Holdings, or a wholly-owned subsidiary thereof, and its successors and permitted assigns that are admitted to NMCLP as general partner of NMCLP, in its capacity as general partner of NMCLP.

“Hazardous Substances” means (a) substances defined in or regulated under applicable Environmental Laws; (b) petroleum and petroleum products, including crude oil and any fractions thereof; (c) natural gas, synthetic gas and any mixtures thereof; (d) any substances with respect to which a federal, state, foreign or local agency requires environmental investigation, monitoring, reporting or remediation; (e) any hazardous waste or solid waste, within the meaning of any Environmental Law; (f) any solid, hazardous, dangerous or toxic chemical, material, waste or substance, within the meaning of and regulated by any Environmental Law; (g) any radioactive material; and (h) any asbestos-containing materials.

“Losses” means losses, damages, liabilities, claims, demands, causes of action, judgments, settlements, fines, penalties, costs and expenses (including, without limitation, court costs and reasonable attorneys’ and experts’ fees) of any and every kind or character; provided, however, that such term shall not include any special, indirect, incidental or consequential damages.

“National Securities Exchange” means an exchange registered with the United States Securities and Exchange Commission under Section 6(a) of the Exchange Act.

“Navios Containers Finance” is defined in the introduction to this Agreement.

“Navios Maritime Acquisition” is defined in the introduction to this Agreement.

“Navios Maritime Entities” means Navios Maritime Holdings and any Person controlled, directly or indirectly, by Navios Maritime Holdings, Navios Maritime Acquisition, Navios Maritime Partners and Navios Maritime Midstream Partners, other than the Containers Entities.

“Navios Maritime Holdings” is defined in the introduction to this Agreement.

“Navios Maritime Containers” means NMCI, prior to the Conversion Transaction, and NMCLP, after the Conversion Transaction.

“Navios Maritime Midstream Partners” is defined in the introduction to this Agreement.

“Navios Maritime Partners” is defined in the introduction to this Agreement.

“NMCLP” means Navios maritime Containers L.P., a Marshall Islands limited partnership.

“Non-Restricted Vessels” means any vessel other than a Vessel.

“Offer” has the meaning given such term in Section 4.1.

“Offered Assets” has the meaning given such term in Section 4.1.

“Offeree” has the meaning given such term in Section 4.1.

“Offer Period” has the meaning given such term in Section 4.1(b).

“Parties” means the parties to this Agreement and their successors and permitted assigns.

“Person” means an individual, corporation, partnership, joint venture, trust, limited liability company, unincorporated organization or any other entity.

“Potential Transferee” has the meaning given such term in Section 5.2.

“Sale Assets” has the meaning given such term in Section 5.2.

“Securities Act” means the United States Securities Act of 1933, as amended.

“Transfer” means any transfer, assignment, sale or other disposition of any Vessel by a Navios Maritime Entity or of any Non-Restricted Vessel by a Containers Group Member; provided, however, that such term shall not include: (a) transfers, assignments, sales or other dispositions from a Navios Maritime Entity to another Navios Maritime Entity, or from a Containers Group Member to another Containers Group Member; (b) transfers, assignments, sales or other dispositions pursuant to the terms of any related charter or other agreement with a charter party; (c) transfers, assignments, sales or other dispositions pursuant to Article II or III of this Agreement; (d) grants of security interests in or mortgages or liens on such Vessel or Non-Restricted Vessels in favor of a bona fide third party lender; (e) the merger by Navios Maritime Holdings, Navios Maritime Partners or Navios Maritime Containers with or into, or sale of substantially all of the assets by Navios Maritime Holdings, Navios Maritime Partners or Navios Maritime Containers to, an unaffiliated third party; or (f) transfers, assignments, sales or dispositions occurring solely as a result of the Conversion Transaction.

“Transfer Notice” has the meaning given such term in Section 5.2.

“Transferring Party” has the meaning given such term in Section 5.2.

“Vessel” means any container vessel.

“Vessel Asset” means any owned Vessel.

“Voting Securities” means securities of any class of Person entitling the holders thereof to vote in the election of members of the board of directors or other similar governing body of the Person.

ARTICLE II
VESSEL RESTRICTED BUSINESS OPPORTUNITIES

SECTION 2.1. Vessel Restricted Businesses. Subject to Section 6.6 and except as permitted by Section 2.2 and Section 4.1, each of the Navios Maritime Entities shall be prohibited from acquiring any Vessel hereafter.

SECTION 2.2. Permitted Exceptions. Notwithstanding any provision of Section 2.1 to the contrary, the Navios Maritime Entities may engage in the following:

- (a) owning a Vessel that is already owned by any Navios Maritime Entity or its Affiliates as of the date hereof;
- (b) acquiring a Vessel if the Navios Maritime Entity offers to sell to Navios Maritime Containers such Vessel for fair market value, pursuant to provisions of Article IV ;
- (c) acquiring a non-controlling interest in any company, business or pool of assets;
- (d) acquiring or owning a Vessel if Navios Maritime Containers does not fulfill its obligations under any written agreement between Navios Maritime Partners and Navios Maritime Containers requiring Navios Maritime Containers to purchase such Vessel;
- (e) acquiring or owning a Vessel that is subject to an offer to sell to Navios Maritime Containers by a Navios Maritime Entity, as described in Section 2.2(b), in each case pending Navios Maritime Containers' determination pursuant to Section 4.1 whether to purchase the Vessel (and, if Navios Maritime Containers determines to purchase such Vessel, pending the closing of such purchase);
- (f) providing ship management services relating to any vessel whatsoever; or
- (g) acquiring or owning a Vessel if Navios Maritime Containers has previously advised such Navios Maritime Entity that it consents to such acquisition or ownership.

SECTION 2.3. Charter Opportunities. Notwithstanding anything to the contrary herein, Navios Maritime Partners shall not be prohibited from operating a chartered-in Vessel; provided, however, that if Navios Maritime Partners is presented with a Charter-Out Opportunity with respect to such Vessel and Navios Maritime Containers has a Vessel that is (i) then available for charter-out, (ii) comparable to the Navios Maritime Partners chartered-in Vessel also then available for charter and (iii) acceptable to the customer, Navios Maritime Containers shall have the first right to accept any Charter-Out Opportunity.

ARTICLE III
NON-RESTRICTED VESSEL RESTRICTED BUSINESS OPPORTUNITIES

SECTION 3.1. Non-Restricted Vessel Restricted Businesses. Subject to Section 6.6 and except as permitted by Section 3.2, each Containers Group Member shall be prohibited from acquiring, owning, operating or chartering-in any Non-Restricted Vessel.

SECTION 3.2. Permitted Exceptions. Notwithstanding any provision of Section 3.1 to the contrary, the Containers Group Members may engage in the following activities under any of the following circumstances:

(a) acquiring any Non-Restricted Vessels as part of the acquisition of a controlling interest in a business or package of assets and owning and operating or chartering those vessels, provided, however, that:

(i) if less than a majority of the value of the total assets or business acquired is attributable to any Non-Restricted Vessels, as determined in good faith by Navios Maritime Containers, Navios Maritime Containers must offer to sell such Non-Restricted Vessels and related charters to the Navios Maritime Entities for their fair market value plus any applicable Break-up Costs in accordance with the procedures set forth in Section 4.1.

(ii) if a majority or more of the value of the total assets or business acquired is attributable to any Non-Restricted Vessels, as determined in good faith by Navios Maritime Containers; Navios Maritime Containers shall notify the Navios Maritime Entities in writing of the proposed acquisition. The Navios Maritime Entities shall, not later than the 15th calendar day following receipt of such notice, notify Navios Maritime Containers if any Navios Maritime Entity wishes to acquire the Non-Restricted Vessels forming part of the business or package of assets. If no Navios Maritime Entity notifies Navios Maritime Containers of its intent to pursue the acquisition within 15 calendar days, then the Navios Maritime Entities shall be deemed to have waived the right pursuant to this Section 3.2(ii) to acquire such Non-Restricted Vessels. Any dispute or controversy between the Navios Maritime Entities regarding the preference to acquire any Non-Restricted Vessel shall be decided in accordance with the terms of any prior Omnibus Agreement signed by and among the Navios Maritime Entities interested in said purchase.

(b) owning, operating or chartering any Non-Restricted Vessel that is subject to an offer to purchase by a Navios Maritime Entity as described in Section 3.2(a) pending the offer of any such Non-Restricted Vessel to the Navios Maritime Entities and the determination of any such Navios Maritime Entity pursuant to Sections 3.2(a)(ii) and 4.1 whether to purchase such Non-Restricted Vessel and, if a Navios Maritime Entity elects to purchase or cause any of its Affiliates to purchase any such Non-Restricted Vessel, pending the closing of such purchase;

(c) acquiring, operating or chartering any Non-Restricted Vessel if the Navios Maritime Entities have previously advised Navios Maritime Containers that they consent to such acquisition, operation or charter ; and

(d) acquiring, operating or chartering any Non-Restricted Vessels already owned by Navios Maritime Containers.

ARTICLE IV BUSINESS OPPORTUNITIES PROCEDURES

SECTION 4.1. Procedures. If (a) a Containers Group Member acquires any Non-Restricted Vessel in accordance with Section 3.2(a), or (b) a Navios Maritime Entity acquires any Vessel in accordance with Section 2.2(b), then (i) not later than 30 calendar days after the consummation of the acquisition (in the case of clause (a) or (b) above), such acquiring Party (the "Acquiring Party") shall notify (a) each Navios Maritime Entity, in the case of an acquisition by a Containers Group Member or (b) Navios Maritime Containers, in the case of an acquisition by a Navios Maritime Entity, and offer such party to be notified (each an "Offeree") the opportunity for any Navios Maritime Entity or Containers Group Member, as applicable, to purchase such Non-Restricted Vessel or Vessel, as applicable (the "Offered Assets"), for their fair market value (plus, in the case of an acquisition in accordance with Section 3.2(a), any applicable Break-up Costs), in each case on commercially reasonable terms in

accordance with this Section (the “Offer”). The Offer shall set forth the Acquiring Party’s proposed terms relating to the purchase of the Offered Assets by the applicable Navios Maritime Entity or Containers Group Member, including any liabilities to be assumed by the applicable Navios Maritime Entity or Containers Group Member as part of the Offer. As soon as practicable after the Offer is made, the Acquiring Party will deliver to the Offeree all information prepared by or on behalf of or in the possession of such Acquiring Party relating to the Offered Assets and reasonably requested by the Offeree. Within 30 calendar days after receipt of such notification, the Offeree shall notify the Acquiring Party in writing that either:

(a) If the Offeree elects not to purchase the Offered Assets, then the Acquiring Party and its Affiliates shall, subject to the other terms of this Agreement (including Section 2.2(b)(ii)), be forever free, subject to the provisions of this Agreement, to continue to own, operate and charter such Offered Assets; or

(b) If the Offeree elects to purchase the Offered Assets, then the following procedures shall be followed:

(i) After the receipt of the Offer by the Offeree, the Acquiring Party and the Offeree shall negotiate in good faith, the fair market value (and any applicable Break-up Costs), of the Offered Assets that are subject to the Offer and the other terms of the Offer on which the Offered Assets will be sold to the applicable Navios Maritime Entity or Containers Group Member. If the Acquiring Party and the Offeree agree on the fair market value (and any applicable Break-up Costs), of the Offered Assets that are subject to the Offer and the other terms of the Offer during the 30-day period (the “Offer Period”) after receipt by the Acquiring Party of the applicable Navios Maritime Entity’s election to purchase (or election to cause any of its permitted Affiliates to purchase) or of the Board’s election to cause any Containers Group Member to purchase, as applicable, the Offered Assets, the applicable Navios Maritime Entity or Containers Group Member shall purchase (or cause any of its permitted Affiliates to purchase) the Offered Assets on such terms as soon as commercially practicable after such agreement has been reached.

(ii) If the Acquiring Party and the Offeree are unable to agree on the fair market value (and any applicable Break-up Costs), of the Offered Assets that are subject to the Offer or on any other terms of the Offer during the Offer Period, the Acquiring Party and the Offeree will engage an independent ship broker and/or an independent investment banking firm prior to the end of the Offer Period to determine the fair market value (and any applicable Break-up Costs), of the Offered Assets and/or the other terms on which the Acquiring Party and the Offeree are unable to agree. In determining the fair market value of the Offered Assets and other terms on which the Offered Assets are to be sold, the ship broker or investment banking firm, as applicable, will have access to the proposed sale and purchase values and terms for the Offer submitted by the Acquiring Party and the Offeree, respectively, and to all information prepared by or on behalf of the Acquiring Party relating to the Offered Assets and reasonably requested by such ship broker or investment banking firm. Such ship broker or investment banking firm will determine the fair market value (and any applicable Break-up Costs) of the Offered Assets and/or the other terms on which the Acquiring Party and the Offeree are unable to agree within 30 calendar days of its engagement and furnish the Acquiring Party and the Offeree its determination. The fees and expenses of the ship broker or investment banking firm, as applicable, will be divided equally between the Acquiring Party and the Offeree. Upon receipt of such determination, the Offeree will have the option, but not the obligation:

(A) in the case that the Offeree is a Navios Maritime Entity, to purchase or cause any of its permitted Affiliates to purchase, or in the case that the Offeree is a Containers Group Member, to cause any Containers Group Member to purchase the Offered Assets for the fair market value (and any applicable Break-up Costs), and on the other terms determined by the ship broker or investment banking firm, as soon as commercially practicable after determinations have been made; or

(B) in the case that the Offeree is a Navios Maritime Entity, to elect not to cause any of its permitted Affiliates to purchase, or in the case that the Offeree is a Containers Group Member, not to cause any Containers Group Member to purchase such Offered Assets, in which event the Acquiring Party and its Affiliates shall, subject to the other terms of this Agreement, be forever free to continue to own and operate such Offered Assets.

SECTION 4.2. Scope of Prohibition. Except as otherwise provided in this Agreement or as otherwise agreed by any of the parties hereto, each party and its Affiliates shall be free to engage in any business activity whatsoever, including those that may be in direct competition with the Navios Maritime Entities or the Containers Group Members.

SECTION 4.3. Enforcement. Each Party agrees and acknowledges that the other Parties do not have an adequate remedy at law for the breach by any such Party of its covenants and agreements set forth in this Article IV, and that any breach by any such Party of its covenants and agreements set forth in this Article IV would result in irreparable injury to such other Parties. Each Party further agrees and acknowledges that any other Party may, in addition to the other remedies which may be available to such other Party, file a suit in equity to enjoin such Party from such breach, and consent to the issuance of injunctive relief to enforce the provisions of Article IV of this Agreement.

ARTICLE V RIGHTS OF FIRST OFFER

SECTION 5.1. Rights of First Offer.

(a) The Navios Maritime Entities hereby grant Navios Maritime Containers a right of first offer on any proposed Transfer by any Navios Maritime Entity of any Vessel owned or acquired by any Navios Maritime Entity.

(b) The Parties acknowledge that all potential Transfers of any Vessel Asset and Transfers of any Non-Restricted Vessel pursuant to this Article V are subject to obtaining any and all written consents of governmental authorities and other non-affiliated third parties and to the terms of all existing agreements in respect of such Vessel, as applicable.

SECTION 5.2. Procedures For Rights of First Offer. In the event that a Navios Maritime Entity (the "Transferring Party") proposes to Transfer any Vessel (the "Sale Assets"), prior to engaging in any negotiation for such Transfer with any non-affiliated third party or otherwise offering to Transfer the Sale Assets to any non-affiliated third party, such Transferring Party shall give Navios Maritime Containers (the "Potential Transferee"), written notice setting forth all material terms and conditions (including, without limitation, the purchase price) and a description of the Sale Asset(s) on which such Transferring Party desires to Transfer the Sale Assets (the "Transfer Notice"). The Transferring Party then shall be obligated to negotiate in good faith for a 15-day period following the delivery by the Transferring Party of the Transfer Notice (the "First Offer Negotiation Period") to reach an agreement for the Transfer of such Sale Assets to the Potential Transferee or any of its Affiliates on the

terms and conditions set forth in the Transfer Notice. If no such agreement with respect to the Sale Assets is reached during the First Offer Negotiation Period, and the Transferring Party has not Transferred, or agreed in writing to Transfer, such Sale Assets to a third party within 180 calendar days after the end of the First Offer Negotiation Period on terms generally no less favorable to the Transferring Party than those included in the Transfer Notice (except to the extent that market conditions during the 180 calendar days after the end of the First Offer Negotiation Period have resulted in a material change in the fair market value of such Sale Assets), then the Transferring Party shall not thereafter Transfer any of the Sale Assets without first offering such assets to the applicable Potential Transferee in the manner provided above.

ARTICLE VI
MISCELLANEOUS

SECTION 6.1. Other Agreements. The parties hereto acknowledge that the Navios Maritime Entities are subject to other omnibus agreements that currently exist or may exist in the future. The parties hereby agree that with respect to any Vessel, the provisions of this Agreement shall apply and supersede the provisions of any other omnibus agreement. Navios Maritime Containers agrees to be bound by the terms of any existing omnibus agreement then governing any Vessels or opportunity to acquire any Vessel unless the requirement with respect to such Vessel is set forth herein.

SECTION 6.2. Conversion Transaction. The parties hereto hereby expressly consent to the registration of common units representing limited partner interests in NMCLP under the Securities Act and the Exchange Act in connection therewith, the listing of the common units representing limited partner interests in NMCLP on a National Securities Exchange in connection therewith and the Conversion Transaction together with the performance by the other parties hereto of their obligations in connection therewith. Promptly upon the Conversion Transaction, Navios Maritime Holdings shall cause the General Partner, if such entity is not a party to this Agreement, to become a party hereto by executing a joinder in the form of Exhibit A hereto.

SECTION 6.3. Choice Of Law; Submission To Jurisdiction. This Agreement shall be subject to and governed by the laws of the State of New York.

SECTION 6.4. Notice. All notices or requests or consents provided for or permitted to be given pursuant to this Agreement must be in writing and must be given by depositing the same in the mail, addressed to the Person to be notified, postpaid, and registered or certified with return receipt requested or by delivering such notice in person or by private-courier, prepaid, or by telecopier to such party. Notice given by personal delivery or mail shall be effective upon actual receipt. Couriered notices shall be deemed delivered on the date the courier represents that delivery will occur. Notice given by telecopier shall be effective upon actual receipt if received during the recipient's normal business hours, or at the beginning of the recipient's next business day after receipt if not received during the recipient's normal business hours. All notices to be sent to a party pursuant to this Agreement shall be sent to or made at the address set forth below such party's signature to this Agreement, or at such other address as such party may stipulate to the other parties in the manner provided in this Section.

SECTION 6.5. Entire Agreement. This Agreement constitutes the entire agreement of the parties relating to the matters contained herein, superseding all prior contracts or agreements, whether oral or written, relating to the matters contained herein.

SECTION 6.6. Termination. Upon a Change of Control of the General Partner (but only following the Conversion Transaction) or of Navios Maritime Containers, the provisions of Articles II, III, IV and V of this Agreement (but not less than all of such Articles) shall terminate immediately.

Upon a Change of Control of Navios Maritime Holdings, the provisions of Articles II, III, IV and V of this Agreement (but not less than all of such Articles) shall terminate one year following the date of the Change of Control of Navios Maritime Holdings.

SECTION 6.7. Waiver; Effect of Waiver or Consent. Any party hereto may extend the time for the performance of any obligation or other act of any other party hereto or waive compliance with any agreement or condition contained herein. Except as otherwise specifically provided herein, any such extension or waiver shall be valid only if set forth in a written instrument duly executed by the party or parties to be bound thereby; provided, however, that Navios Maritime Containers and Navios Containers Finance may not, without the prior approval of the Conflicts Committee, agree to any extension or waiver of this Agreement that, in the reasonable discretion of the Board, will adversely affect the holders of common shares of (or, following the Conversion Transaction, common units of or limited partnership interests in) Navios Maritime Containers in any material respect. No waiver or consent, express or implied, by any party of or to any breach or default by any Person in the performance by such Person of its obligations hereunder shall be deemed or construed to be a waiver or consent of or to any other breach or default in the performance by such Person of the same or any other obligations of such Person hereunder. Failure on the part of a party to complain of any act of any Person or to declare any person in default, irrespective of how long such failure continues, shall not constitute a waiver by such party of its rights hereunder until the applicable statute of limitations period has run.

SECTION 6.8. Amendment or Modification. This Agreement may be amended or modified from time to time only by the written agreement of all the parties hereto; provided, however, that Navios Maritime Containers and Navios Containers Finance may not, without the prior approval of the Conflicts Committee, agree to any amendment or modification of this Agreement that, in the reasonable discretion of the Board, will adversely affect the holders of common shares of (or, following the Conversion Transaction, common units of or limited partnership interests in) Navios Maritime Containers in any material respect.

SECTION 6.9. Assignment; Succession. No party shall have the right to assign its rights or obligations under this Agreement without the consent of the other parties hereto; provided for the avoidance of doubt that NMCLP may succeed to the rights and obligations of NMCI hereunder in connection with the Conversion Transaction by executing a joinder in the form of Exhibit A hereto.

SECTION 6.10. Counterparts. This Agreement may be executed in any number of counterparts with the same effect as if all signatory parties had signed the same document. All counterparts shall be construed together and shall constitute one and the same instrument.

SECTION 6.11. Severability. If any provision of this Agreement or the application thereof to any Person or circumstance shall be held invalid or unenforceable to any extent, the remainder of this Agreement and the application of such provision to other Persons or circumstances shall not be affected thereby and shall be enforced to the greatest extent permitted by law.

SECTION 6.12. Gender, Parts, Articles and Sections. Whenever the context requires, the gender of all words used in this Agreement shall include the masculine, feminine and neuter, and the number of all words shall include the singular and plural. All references to Article numbers and Section numbers refer to Articles and Sections of this Agreement.

SECTION 6.13. Further Assurances. In connection with this Agreement and all transactions contemplated by this Agreement, each signatory party hereto agrees to execute and deliver such additional documents and instruments and to perform such additional acts as may be necessary or appropriate to effectuate, carry out and perform all of the terms, provisions and conditions of this Agreement and all such transactions.

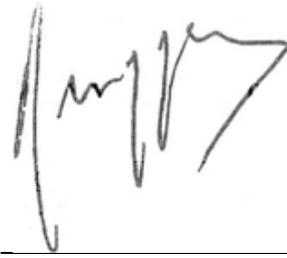
SECTION 6.14. Withholding or Granting of Consent. Each party may, with respect to any consent or approval that it is entitled to grant pursuant to this Agreement, grant or withhold such consent or approval in its sole and uncontrolled discretion, with or without cause, and subject to such conditions as it shall deem appropriate.

SECTION 6.15. Laws and Regulations. Notwithstanding any provision of this Agreement to the contrary, no party to this Agreement shall be required to take any act, or fail to take any act, under this Agreement if the effect thereof would be to cause such party to be in violation of any applicable law, statute, rule or regulation.

SECTION 6.16. Negotiation of Rights of Navios Maritime Holdings, Limited Partners, Assignees, and Third Parties. The provisions of this Agreement are enforceable solely by the parties to this Agreement, and no shareholder of Navios Maritime Holdings and no limited partner, member, assignee or other Person of Navios Maritime Containers or Navios Containers Finance or any other Person shall have the right, separate and apart from Navios Maritime Holdings, Navios Maritime Containers or Navios Containers Finance, to enforce any provision of this Agreement or to compel any party to this Agreement to comply with the terms of this Agreement.

[Signature Page Follows]

NAVIOS MARITIME ACQUISITION CORPORATION



By: _____

Name: Leonidas Korres
Title: CFO

Address for Notice:
7 Avenue de Grande Bretagne, Office 11B2
Monte Carlo, MC 98000 Monaco
Phone: +30 (210) 417-2050
Fax: +30 (210) 453-1984
Attention: Villy Papaefthymiou

NAVIOS MARITIME HOLDINGS INC.



By: _____

Name: Georgios Achniotis
Title: CFO

Address for Notice:
7 Avenue de Grande Bretagne, Office 11B2
Monte Carlo, MC 98000 Monaco
Phone: +30 (210) 417-2050
Fax: +30 (210) 453-1984
Attention: Villy Papaefthymiou

NAVIOS MARITIME PARTNERS L.P.



By: _____

Name: Efstratios Desypris
Title: CFO

Address for Notice:
7 Avenue de Grande Bretagne, Office 11B2
Monte Carlo, MC 98000 Monaco
Phone: +30 (210) 417-2050
Fax: +30 (210) 453-1984
Attention: Villy Papaefthymiou

NAVIOS MARITIME MIDSTREAM PARTNERS L.P.



By: _____

Name: Erifili Tsironi
Title: CFO

Address for Notice:
7 Avenue de Grande Bretagne, Office 11B2
Monte Carlo, MC 98000 Monaco
Phone: +30 (210) 417-2050
Fax: +30 (210) 453-1984
Attention: Villy Papaefthymiou

NAVIOS MARITIME CONTAINERS INC.



By: _____

Name: Chris Christopoulos
Title: CFO

Address for Notice:
C/O Navios Maritime Holdings Inc.
7 Avenue de Grande Bretagne,
Office 11B2
Monte Carlo, MC 98000 Monaco
Phone: +30 (210) 417-2050
Fax: +30 (210) 453-1984
Attention: Villy Papaefthymiou

NAVIOS PARTNERS CONTAINERS FINANCE INC

By: Navios Maritime Containers Inc.,
its sole member



By: _____

Name: Giorgios Achniotis
Title: President / Director

Address for Notice:
C/O Navios Maritime Holdings Inc. 7 Avenue de Grande Bretagne,
Office 11B2
Monte Carlo, MC 98000 Monaco
Phone: +30 (210) 417-2050
Fax: +30 (210) 453-1984
Attention: Villy Papaefthymiou

[Signature Page to Omnibus Agreement]

Exhibit A

Form of Joinder

Reference is hereby made to the Omnibus Agreement, entered into as of June 7, 2017 (as amended, restated, supplemented or otherwise modified from time to time, the "Omnibus Agreement"), among Navios Maritime Acquisition Corporation, a Marshall Islands corporation ("Navios Maritime Acquisition"), Navios Maritime Holdings Inc., a Marshall Islands corporation ("Navios Maritime Holdings"), Navios Maritime Partners L.P., a Marshall Islands limited partnership ("Navios Maritime Partners"), Navios Maritime Midstream Partners L.P., a Marshall Islands limited partnership ("Navios Maritime Midstream Partners"), Navios Maritime Midstream Partners L.P., a Marshall Islands limited partnership ("Navios Maritime Midstream"), Navios Maritime Containers Inc., a Marshall Islands corporation ("NMCI") and Navios Partners Containers Finance Inc., a Marshall Islands limited liability company ("Navios Maritime Operating"). Unless otherwise defined herein, terms defined in the Omnibus Agreement and used herein shall have the meanings given to them in the Omnibus Agreement.

In accordance with Sections 6.2 and 6.9 of the Omnibus Agreement, Navios Maritime Containers L.P., a Marshall Islands limited partnership and the General Partner, by their signature below, become a party to the Omnibus Agreement, and agree to all the terms, conditions, covenants and other provisions thereof with the same force and effect as if originally named therein.

This Joinder shall be subject to and governed by the laws of the State of New York.

NAVIOS MARITIME CONTAINERS L.P.

By:

Name: Angeliki Frangou
Title: Chairman of the Board and
Chief Executive Officer

Address for Notice:

7 Avenue de Grande Bretagne, Office 11B2
Monte Carlo, MC 98000 Monaco
Phone: +30 (210) 417-2050
Fax: +30 (210) 453-1984
Attention: Villy Papaefthymiou

[GENERAL PARTNER]

By: _____

Name:

Title:]