

Gordon David M
Form 4
March 05, 2019

FORM 4

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

OMB APPROVAL

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STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person *
Gordon David M

2. Issuer Name and Ticker or Trading Symbol
CHEESECAKE FACTORY INC
[CAKE]

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

(Last) (First) (Middle)

3. Date of Earliest Transaction (Month/Day/Year)
03/03/2019

___ Director ___ 10% Owner
 Officer (give title below) ___ Other (specify below)
President

C/O THE CHEESECAKE FACTORY INC., 26901 MALIBU HILLS DRIVE

(Street)

4. If Amendment, Date Original Filed(Month/Day/Year)

6. Individual or Joint/Group Filing(Check Applicable Line)
 Form filed by One Reporting Person
___ Form filed by More than One Reporting Person

CALABASAS HILLS, CA 91301

(City) (State) (Zip)

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)	4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)	5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Ownership (Instr. 4)
				(A) or (D)	Price		
Common Stock	03/03/2019		F	2,089	\$ 46.85	D	
Common Stock					9,980 ⁽¹⁾	D	

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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SEC 1474 (9-02)

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Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(e.g., puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)	5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)	6. Date Exercisable and Expiration Date (Month/Day/Year)	7. Title and Amount of Underlying Securities (Instr. 3 and 4)	8. Price of Derivative Security (Instr. 5)	9. Nu Deriv Deriv Secur Bene Own Follo Repo Trans (Instr
				Code	V (A) (D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
Gordon David M C/O THE CHEESECAKE FACTORY INC. 26901 MALIBU HILLS DRIVE CALABASAS HILLS, CA 91301			President	

Signatures

David M. Gordon by Scarlett May, his attorney in fact
03/05/2019

__Signature of Reporting Person Date

Explanation of Responses:

- * If the form is filed by more than one reporting person, see Instruction 4(b)(v).
- ** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

(1) Shares of restricted stock subject to forfeiture.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, see Instruction 6 for procedure. Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number. p; (31,689) (26,343)

General and administrative expenses

(7,931) (7,839) (6,305) (5,555) (4,965)

Depreciation and amortization

(75,933) (95,822) (77,505) (71,622) (63,971)

Write-off of intangible asset

(3,979)

Interest expense and finance cost, net

(31,720) (28,761) (16,910) (10,127) (9,244)

Interest income

222 243 50 229 821

Other income

5,232 47,935 13,730 22,598 272

Other expense

(3,995) (1,749) (1,097) (409) (675)

Net income

\$41,805 \$74,853 \$59,006 \$95,898 \$65,335

Explanation of Responses:

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	Year ended December 31,				
	2015	2014	2013	2012	2011
	(Expressed in thousands of U.S. dollars-except per unit data)				
Balance Sheet Data (at period end)					
Current assets, including cash	\$ 39,835	\$ 115,197	\$ 54,484	\$ 70,033	\$ 63,558
Vessels, net	1,230,049	1,139,426	1,026,153	721,391	667,213
Total assets	1,350,291	1,338,709 ⁽¹⁾	1,241,616 ⁽¹⁾	952,185 ⁽¹⁾	907,458 ⁽¹⁾
Total long-term debt, including current portion net of discount	598,078	575,974 ⁽¹⁾	524,861 ⁽¹⁾	296,942 ⁽¹⁾	323,584 ⁽¹⁾
Total partners capital	732,215	749,098	706,507	618,694	559,639
Units issued and outstanding					
Common unit holders	83,079,710	77,359,163	71,034,163	60,109,163	46,887,320
Subordinated unit holders					7,621,843
Subordinated Series A unit holders					1,000,000
Weighted average units outstanding (basic and diluted)					
Common unit holders	82,437,128	76,587,656	66,317,588	58,008,617	45,409,807
Subordinated unit holders					7,621,843
Subordinated Series A unit holders					1,000,000
Earnings per unit (basic and diluted)					
Common unit	\$ 0.48	\$ 0.93	\$ 0.84	\$ 1.61	\$ 1.33
Subordinated unit	\$	\$	\$	\$	\$ 0.46
Subordinated Series A unit	\$	\$	\$	\$	\$
Dividends declared per unit					
Dividend per common unit	\$ 1.54	\$ 1.73	\$ 1.66	\$ 1.72	\$ 1.69
Dividend per general partner unit	\$ 2.57	\$ 3.08	\$ 2.96	\$ 3.01	\$ 2.71
Dividend per Subordinated unit	\$	\$	\$	\$	\$ 1.74
Dividend per Subordinated Series A unit	\$	\$	\$	\$	\$
Cash Flow Data					
Net cash provided by operating activities	\$ 123,370	\$ 171,661	\$ 104,842	\$ 179,081	\$ 127,464
Net cash used in investing activities	(149,395)	(123,272)	(382,673)	(109,698)	(120,000)
Net cash (used in)/provided by financing activities	(46,720)	15,760	281,045	(85,329)	(10,664)
Fleet Data:					

Vessels at end of period ⁽²⁾	31	32	28	21	18
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(1) The total assets and total long-term debt, including current portion net of discount presented in this table have been revised to reflect the adoption of ASU 2015-03. Refer to Note 2 to the consolidated financial statements.

(2) Includes owned and chartered-in vessels.

B. Capitalization and indebtedness.

Not applicable.

C. Reasons for the offer and use of proceeds.

Not applicable.

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D. Risk factors

Risks Inherent in Our Business

We may not have sufficient cash from operations to enable us to pay quarterly distributions on our common units following the establishment of cash reserves and payment of fees and expenses or to reinstate distributions.

We may not have sufficient cash available to pay quarterly distributions or to reinstate distributions following the establishment of cash reserves and payment of fees and expenses. In February 2016, we announced that our board of directors decided to suspend the quarterly cash distributions to our unitholders including the distribution for the quarter ended December 31, 2015, in order to conserve cash and improve our liquidity. Our ability to reinstate distributions will be at the discretion of our board of directors.

The amount of cash we can distribute on our common units depends principally upon the amount of cash we generate from our operations, which may fluctuate based on numerous factors including, among other things:

the rates we obtain from our charters and the market for long-term charters when we recharter our vessels;

the level of our operating costs, such as the cost of crews and insurance, following the expiration of the fixed term of our management agreement pursuant to which we pay a fixed daily fee until December 2017;

the number of unscheduled off-hire days for our fleet and the timing of, and number of days required for, scheduled inspection, maintenance or repairs of submerged parts, or drydocking, of our vessels;

demand for dry cargo commodities;

supply of dry cargo vessels;

prevailing global and regional economic and political conditions;

natural or man-made disasters that affect the ability of our vessels to use certain waterways; and

the effect of governmental regulations and maritime self-regulatory organization standards on the conduct of our business.

current charter rates are at historic lows and we cannot predict when this circumstance will change.

The actual amount of cash we will have available for distribution also will depend on other factors, some of which are beyond our control, such as:

the level of capital expenditures we make, including those associated with maintaining vessels, building new vessels, acquiring existing vessels and complying with regulations;

our debt service requirements and restrictions on distributions contained in our debt instruments;

interest rate fluctuations;

the cost of acquisitions, if any;

fluctuations in our working capital needs;

our ability to make working capital borrowings, including the payment of distributions to unitholders; and

the amount of any cash reserves, including reserves for future maintenance and replacement capital expenditures, working capital and other matters, established by our board of directors in its discretion.

The amount of cash we generate from our operations may differ materially from our profit or loss for the period, which will be affected by non-cash items. As a result of this and the other factors mentioned above, we may

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make cash distributions during periods when we record losses and may not make cash distributions during periods when we record net income.

The cyclical nature of the international drybulk and container shipping industry may lead to decreases in charter rates and lower vessel values, resulting in decreased distributions to our common unitholders.

The shipping business, including the dry cargo market, is cyclical in varying degrees, experiencing severe fluctuations in charter rates, profitability and, consequently, vessel values. For example, during the period from January 1, 2014 to December 31, 2015, the Baltic Exchange's Panamax time charter average daily rates experienced a low of \$3,258 and a high of \$14,188. Additionally, during the period from January 1, 2014 to December 31, 2015, the Baltic Exchange's Capesize time charter average (BCI-4TCA 172,000mt) daily rates experienced a low of \$2,594 and a high of \$35,316 and the Baltic Dry Index experienced a low of 471 points and a high of 2,113 points. While the BDI was 325 as of February 25, 2016, there can be no assurance that the drybulk charter market will increase further, and the market could decline. We anticipate that the future demand for our drybulk carriers and drybulk charter rates will be dependent upon demand for imported commodities, economic growth in the emerging markets, including the Asia Pacific region, of which China is particularly important, India, Brazil and Russia and the rest of the world, seasonal and regional changes in demand and changes to the capacity of the world fleet. In past years, China and India have had two of the world's fastest growing economies in terms of gross domestic product and have been the main driving force behind increases in marine drybulk trade and the demand for drybulk vessels. If economic growth declines in China, Japan, India and other countries in the Asian region, we may face decreases in such drybulk trade and demand. For example, the recent slowdown of the Chinese economy has adversely affected demand for Capesize bulk carriers and, as a result, spot and period rates, as well as asset values, are currently at historical low levels. Moreover, a slowdown in the United States and Japanese economies or the economies of the European Union, as has occurred recently, or certain Asian countries will likely adversely affect economic growth in China, India and elsewhere. Adverse economic, political, social or other developments can decrease demand and prospects for growth in the shipping industry and thereby could reduce revenue significantly. A decline in demand for commodities transported in drybulk carriers or an increase in supply of drybulk vessels could cause a further decline in charter rates, which could materially adversely affect our results of operations and financial condition. If we sell a vessel at a time when the market value of our vessels has fallen, the sale may be at less than the vessel's carrying amount, resulting in a loss.

Demand for container shipments declined significantly from 2008 to 2009 in the aftermath of the global financial crisis but has increased each year from 2009 to 2015. From 2009 to 2011, there was improvement on the Far East-to-Europe and Trans-Pacific Eastbound container trade lanes, alongside improvements also witnessed on other, non-main lane, trade routes including certain intra-Asia and North-South trade routes. However, Trans-Pacific Eastbound trade lane growth was less than 1% per year in 2011 and 2012, while the Far East to Europe trade was positive in 2011 but turned negative in 2012 due to the impact of the continuing European sovereign debt crisis and global economic slowdown, as well as uncertainty regarding the resolution of the budget ceiling and budgetary cuts in the United States. In 2014, worldwide trade volumes increased led by increases in the Trans Pacific Eastbound and Far East to Europe trade lanes as the US and Europe experienced improved growth. Since the second half of 2015, a slowdown in demand in certain key container trade routes, including the Asia to Europe route at a time of increased vessel supply, has resulted in an increase of the idle container fleet to 6.8%, which is the highest since early 2010. The oversupply in our market continued to prevent any significant rise in time charter rates for both short- and long-term periods. Additional orders for large and very large containerships were placed during 2014 and 2015, both increasing the expected future supply of larger vessels and having a spillover effect on the market segment for smaller vessels. Liner companies have experienced a substantial drop-off in container shipping activity, resulting in decreased average freight rates since the second half of 2011, and the continuation of such decreased freight rates or any further declines in freight rates would negatively affect the liner companies to which we charter our containerships. The recent global economic slowdown and disruptions in the credit markets significantly reduced demand for products shipped in

containers and, in turn, containership capacity.

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The continuation of such containership oversupply or any declines in container freight rates could negatively affect the liner companies to which we seek to charter our containerships. The decline in the containership market has affected the major liner companies and the value of container vessels, which follow the trends of freight rates and containership charter rates, and can affect the earnings on our charters, and similarly, our cash flows and liquidity. The decline in the containership charter market has had and may continue to have additional adverse consequences for the container industry, including a less active secondhand market for the sale of vessels and charterers not performing under, or requesting modifications of, existing time charters.

The demand for vessels has generally been influenced by, among other factors:

global and regional economic conditions;

developments in international trade;

changes in seaborne and other transportation patterns, such as port congestion and canal closures or expansions;

supply and demand for energy resources, dry bulk products, commodities, semi-finished and finished consumer and industrial products;

changes in the exploration or production of energy resources, commodities, semi-finished and finished consumer and industrial products;

supply and demand for products shipped in containers;

changes in global production of raw materials or products transported by containerships;

the distance drybulk cargo or containers are to be moved by sea;

the globalization of manufacturing;

carrier alliances, vessel sharing or container slot sharing that seek to allocate container ship capacity on routes;

weather and crop yields;

armed conflicts and terrorist activities including piracy;

political, environmental and other regulatory developments, including but not limited to governmental macroeconomic policy changes, import and export restrictions and central bank policies;

embargoes and strikes; and

technical advances in ship design and construction.

The supply of vessel capacity has generally been influenced by, among other factors:

the number of vessels that are in or out of service;

the scrapping rate of older vessels;

port and canal traffic and congestion;

the number of newbuilding deliveries;

vessel casualties;

changes in environmental and other regulations and standards that may limit the profitability, operations or useful lives of vessels;

the availability of shipyard capacity; and

the economics of slow steaming.

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Charter rates in the drybulk and container shipping industry have decreased from their historically high levels and may decrease further in the future, which may adversely affect our earnings and ability to pay dividends.

The current charter rates for drybulk and container vessels have significantly decreased from their historic highs reached in the second quarter of 2008. If the drybulk shipping industry, which has been highly cyclical, is depressed in the future when our charters expire, our earnings and available cash flow may be adversely affected. We cannot assure you that we will be able to successfully charter our vessels in the future or renew our existing charters at rates sufficient to allow us to operate our business profitably, to meet our obligations, including payment of debt service to our lenders, or to pay dividends to our unitholders. Our ability to renew the charters on our vessels upon the expiration or termination of our current charters, or on vessels that we may acquire in the future, as well as the charter rates payable under any replacement charters will depend upon, among other things, economic conditions in the sectors in which our vessels operate at that time, changes in the supply and demand for vessel capacity and changes in the supply and demand for the transportation of commodities.

All of our drybulk time charters are scheduled to expire on dates ranging from April 2016 to September 2022. If, upon expiration or termination of these or other contracts, long-term recharter rates are lower than existing rates, particularly considering that we intend to enter into long-term charters, or if we are unable to obtain replacement charters, our earnings, cash flow and our ability to make cash distributions to our unitholders could be materially adversely affected.

Five of the eight containerships that we own are on long-term time charter for ten years until 2023 with our option to terminate after year seven. Two other owned containerships are on charter until 2018. The eighth containership is on charter until 2027. Our ability to re-charter our containerships upon the expiration or termination of their current time charters and the charter rates payable under any renewal options or replacement time charters will depend upon, among other things, the prevailing state of the containership charter market, which can be affected by consumer demand for products shipped in containers. If the charter market is depressed when our containerships' time charters expire, we may be forced to re-charter our containerships at reduced or even unprofitable rates, or we may not be able to re-charter them at all, which may reduce or eliminate our earnings, make our earnings volatile, affect our ability to generate cash flows and maintain liquidity.

We are focused on employing vessels on long-term charters and we may have difficulties in doing so if a more active short-term or spot market develops.

One of our principal strategies is to enter into long-term charters, although we believe it is impractical to determine the typical charter length for vessels in our sectors due to factors such as market dynamics, charter strategy and the private nature of charter agreements. If a market for long-term time charters in the sectors in which we operate does not develop, we may have increased difficulty entering into long-term time charters upon expiration or early termination of the time charters for our vessels. As a result, our revenues and cash flows may become more volatile. In addition, an active short-term or spot charter market may require us to enter into charters based on changing market prices, as opposed to contracts based on fixed rates, which could result in a decrease in our revenues and cash flows, including cash available for distribution to unitholders, if we enter into charters during periods when the market price for shipping drybulk and containerized cargoes is depressed.

An oversupply of drybulk carrier capacity may prolong or further depress the current low charter rates and, in turn, adversely affect our profitability.

The market supply of drybulk carriers has been increasing as a result of the delivery of numerous newbuilding orders over the last few years. Newbuildings have been delivered in significant numbers since the beginning of 2006 and, as

of January 1, 2016, newbuilding orders had been placed for an aggregate of more than 16% of the existing global drybulk fleet, with deliveries expected during the next three years. Due to lack of financing many analysts expect significant cancellations and/or slippage of newbuilding orders. While vessel supply will continue to be affected by the delivery of new vessels and the removal of vessels from the global fleet, either

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through scrapping or accidental losses, an over-supply of drybulk carrier capacity could exacerbate decreases in charter rates or prolong the period during which low charter rates prevail which may have a material adverse effect on our business, results of operations, cash flows, financial condition and ability to pay dividends.

An oversupply of containership capacity may prolong or further depress the current charter rates and adversely affect our ability to re-charter our existing containerships at profitable rates or at all.

From 2005 through the first quarter of 2010, the containership order-book was at historically high levels as a percentage of the in-water fleet. Although order-book volumes have decreased as deliveries of previously ordered containerships increased substantially, some renewed ordering in 2012 maintained the order-book at average levels. During the period 2013 to 2015, ordering of larger vessels continued to increase as liner companies looked to renew and modernize their fleets as the number of vessels ordered has generally declined, but the average vessel size on order has increased. An oversupply of newbuilding vessels and/or vessels available for re-charter entering the market, combined with any future decline in the demand for containerships, may result in a reduction of charter rates and may decrease our ability to re-charter our containerships other than for reduced rates or unprofitable rates, or we may not be able to re-charter our containerships at all.

The market values of our vessels, which have declined from historically high levels, may fluctuate significantly, which could cause us to breach covenants in our credit facilities and result in the foreclosure on our mortgaged vessels.

Factors that influence vessel values include:

number of newbuilding deliveries;

prevailing economic conditions in the markets in which containerships operate;

reduced demand for containerships, including as a result of a substantial or extended decline in world trade;

number of vessels scrapped or otherwise removed from the total fleet;

changes in environmental and other regulations that may limit the useful life of vessels;

changes in global dry cargo commodity supply;

types and sizes of vessels;

development of an increase in use of other modes of transportation;

where the ship was built and as-built specification;

lifetime maintenance record;

cost of vessel acquisitions;

governmental or other regulations;

prevailing level of charter rates;

general economic and market conditions affecting the shipping industry; and

the cost of retrofitting or modifying existing ships to respond to technological advances in vessel design or equipment, changes in applicable environmental or other regulations or standards, or otherwise.

If the market values of our owned vessels decrease, we may breach covenants contained in our credit facilities. We purchased the majority of our drybulk vessels from Navios Holdings based on market prices that were for certain vessels at historically high levels. If we breach the covenants in our credit facilities and are unable to remedy any relevant breach, our lenders could accelerate our debt and foreclose on the collateral, including our

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vessels. Any loss of vessels would significantly decrease our ability to generate positive cash flow from operations and therefore service our debt. In addition, if the book value of a vessel is impaired due to unfavorable market conditions, or a vessel is sold at a price below its book value, we would incur a loss. If a charter expires or is terminated, we may be unable to re-charter the vessel at an acceptable rate and, rather than continue to incur costs to maintain the vessel, may seek to dispose of it. Our inability to dispose of a vessel at a reasonable price could result in a loss on its sale and adversely affect our results of operations and financial condition.

A number of third party owners have ordered so-called eco-type vessel designs, which offer substantial bunker savings as compared to older designs. Increased demand for and supply of eco-type vessels could reduce demand for our vessels that are not classified as such and expose us to lower vessel utilization and/or decreased charter rates.

The new vessel designs purport to offer material bunker savings compared to older designs, which include certain of our vessels. Such savings could result in a substantial reduction of bunker cost for charterers compared to such vessels of ours. As the supply of such eco-type vessel increases and if charterers prefer such vessels over our vessels that are not classified as such, this may reduce demand for our non-eco-type vessels, impair our ability to recharter such vessels at competitive rates and have a material adverse effect on our cash flows and operations.

We must make substantial capital expenditures to maintain the operating capacity of our fleet, which will reduce our cash available for distribution. In addition, each quarter our board of directors is required to deduct estimated maintenance and replacement capital expenditures from operating surplus, which may result in less or no cash available to unitholders than if actual maintenance and replacement capital expenditures were deducted.

We must make substantial capital expenditures to maintain, over the long-term, the operating capacity of our fleet. These maintenance and replacement capital expenditures include capital expenditures associated with drydocking a vessel, modifying an existing vessel or acquiring a new vessel to the extent these expenditures are incurred to maintain the operating capacity of our fleet.

These expenditures could increase as a result of changes in:

the cost of our labor and materials;

the cost of suitable replacement vessels;

customer/market requirements;

increases in the size of our fleet; and

governmental regulations and maritime self-regulatory organization standards relating to safety, security or the environment.

Our significant maintenance and replacement capital expenditures may reduce or eliminate the amount of cash we have available for distribution to our unitholders. In each of October 2013, August 2014, February 2015 and February 2016, Navios Partners amended its existing management agreement with the Manager to fix the fees for ship management services of its owned fleet excluding drydocking expenses which are reimbursed at cost by Navios Partners at: (a) \$4,100 daily rate per Ultra-Handymax vessel; (b) \$4,200 daily rate per Panamax vessel; (c) \$5,250 daily rate per Capesize vessel; (d) \$6,700 daily rate per Container vessel of TEU 6,800; (e) \$7,400 daily rate per Container vessel of more than TEU 8,000; and (f) \$8,750 daily rate per very large Container vessel of more than TEU 13,000 through December 31, 2017. Our partnership agreement requires our board of directors to deduct estimated, rather than actual, maintenance and replacement capital expenditures from operating surplus each quarter in an effort to reduce fluctuations in operating surplus. The amount of estimated capital expenditures deducted from operating surplus is subject to review and change by the conflicts committee of our board of directors at least once a year. If our board of directors underestimates the appropriate level of estimated maintenance and replacement capital expenditures, we may have less cash or no available for distribution in future periods when actual capital expenditures begin to exceed previous estimates.

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If we expand the size of our fleet in the future, we generally will be required to make significant installment payments for acquisitions of vessels even prior to their delivery and generation of revenue. Depending on whether we finance our expenditures through cash from operations or by issuing debt or equity securities, our ability to make cash distributions to unitholders, to the extent we are making distributions, may be diminished or our financial leverage could increase or our unitholders could be diluted.

The actual cost of a vessel varies significantly depending on the market price, the size and specifications of the vessel, governmental regulations and maritime self-regulatory organization standards.

If we purchase additional vessels in the future, we generally will be required to make installment payments prior to their delivery. If we finance these acquisition costs by issuing debt or equity securities, we will increase the aggregate amount of interest payments or distributions, to the extent we are making distributions, prior to generating cash from the operation of the vessel. We rely on the master limited partnership (MLP) structure and its appeal to investors for accessing debt and equity markets to finance our growth and repay or refinance our debt. The recent drop in energy prices has, among other factors, caused increased volatility and contributed to a dislocation in pricing for MLPs compared to their recent pricing history. The depressed trading price of our common units may affect our ability to access capital markets and, as a result, our ability to make cash distributions to our unitholders.

To fund the remaining portion of these and other capital expenditures, we will be required to use cash from operations or incur borrowings or raise capital through the sale of debt or additional equity securities. Use of cash from operations may reduce or eliminate cash available for distributions to unitholders. Our ability to obtain bank financing or to access the capital markets for future offerings may be limited by our financial condition at the time of any such financing or offering as well as by adverse market conditions resulting from, among other things, general economic conditions and contingencies and uncertainties that are beyond our control. Our failure to obtain the funds for necessary future capital expenditures could have a material adverse effect on our business, results of operations and financial condition and on our ability to make cash distributions. Even if we successfully obtain necessary funds, the terms of such financings could limit our ability to pay cash distributions to unitholders. In addition, incurring additional debt may significantly increase our interest expense and financial leverage, and issuing additional preferred and common equity securities may result in significant unitholder dilution and would increase the aggregate amount of cash required to make distributions to our common unitholders, to the extent we are making distributions, which could have a material adverse effect on our ability to make cash distributions to all of our unitholders.

Our debt levels may limit our flexibility in obtaining additional financing and in pursuing other business opportunities and our interest rates under our credit facilities may fluctuate and may impact our operations.

As of December 31, 2015, all of our facilities were fully drawn and the total borrowings under our credit facilities amounted to \$603.4 million. We have the ability to incur additional debt, subject to limitations in our credit facilities. Our level of debt could have important consequences to us, including the following:

our ability to obtain additional financing, if necessary, for working capital, capital expenditures, acquisitions or other purposes may be impaired or such financing may not be available on favorable terms;

we will need a substantial portion of our cash flow to make principal and interest payments on our debt, reducing the funds that would otherwise be available for operations, future business opportunities and distributions to unitholders;

our debt level will make us more vulnerable than our competitors with less debt to competitive pressures or a downturn in our business or the economy generally; and

our debt level may limit our flexibility in responding to changing business and economic conditions.

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Our ability to service our debt depends upon, among other things, our future financial and operating performance, which will be affected by prevailing economic conditions and financial, business, regulatory and other factors, some of which are beyond our control. Our ability to service debt under our credit facilities also will depend on market interest rates, since the interest rates applicable to our borrowings will fluctuate with the London Interbank Offered Rate, or LIBOR, or the prime rate. We do not currently hedge against increases in such rates and, accordingly, significant increases in such rate would require increased debt levels and reduce distributable cash. If our operating results are not sufficient to service our current or future indebtedness, we will be forced to take actions such as reducing distributions, reducing or delaying our business activities, acquisitions, investments or capital expenditures, selling assets, restructuring or refinancing our debt, or seeking additional equity capital or bankruptcy protection. We may not be able to affect any of these remedies on satisfactory terms, or at all.

Our credit facilities contain restrictive covenants, which may limit our business and financing activities and may prevent us from paying distributions to unitholders, if our Board determines to do so again in the future.

We have a credit facility with Commerzbank AG and DVB Bank AG (the July 2012 Facility), a term loan facility (the Term Loan B Facility), a credit facility with ABN AMRO Bank N.V. (the September 2014 Credit Facility) and a credit facility with HSH Nordbank AG (the April 2015 Credit Facility). As of December 31, 2015, the outstanding loan balance under Navios Partners' credit facilities was \$603.4 million.

The operating and financial restrictions and covenants in our credit facilities and any future credit facilities could adversely affect our ability to finance future operations or capital needs to engage, expand or pursue our business activities and reduce cash available for distribution on our common units. For example, our credit facilities require the consent of our lenders or limit our ability to, among other items:

incur or guarantee indebtedness;

charge, pledge or encumber the vessels;

merge or consolidate;

change the flag, class or commercial and technical management of our vessels;

make cash distributions;

make new investments; and

sell or change the ownership or control of our vessels.

Our credit facilities also require us to comply with the International Safety Management Code, or ISM Code, and International Ship and Port Facilities Security Code, or ISPS Code and to maintain valid safety management certificates and documents of compliance at all times.

The July 2012 Credit Facility, the September 2014 Credit Facility and April 2015 Credit Facility also require compliance with a number of financial covenants, including: (i) maintain a required security amount ranging over 117% to 140%; (ii) minimum free consolidated liquidity of at least the higher of \$25.0 million and the aggregate of interest and principal falling due during the previous six months; (iii) maintain a ratio of EBITDA to interest expense of at least 2.00 : 1.00; (iv) maintain a ratio of total liabilities to total assets (as defined in our credit facilities) of less than 0.75 : 1.00; and (v) maintain a minimum net worth to \$135.0 million for the periods prior to any distributions by the Company, whilst during the last quarter prior to any distribution declaration should maintain: (a) a ratio of EBITDA to interest expense of at least 5.00 : 1.00; (b) a ratio of total liabilities to total assets (as defined in our credit facilities) of less than 0.65 : 1.00; and (c) a minimum net worth of \$250.0 million. It is an event of default under the credit facilities if such covenants are not complied with in accordance with the terms and subject to the prepayment or cure provision of each facility.

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The Term Loan B facility is secured by first priority mortgages covering certain vessels owned by subsidiaries of Navios Partners, in addition to other collateral, and is guaranteed by each subsidiary of Navios Partners. The Term Loan B Agreement requires maintenance of a loan to value ratio of 0.8 to 1.0, and other restrictive covenants customary for facilities of this type (subject to negotiated exceptions and baskets), including restrictions on indebtedness, liens, acquisitions and investments, restricted payments and dispositions. The Term Loan B Agreement also provides for customary events of default, prepayment and cure provisions.

Our ability to comply with the covenants and restrictions that are contained in our credit facilities and any other debt instruments we may enter into in the future may be affected by events beyond our control, including prevailing economic, financial and industry conditions. If market or other economic conditions deteriorate, our ability to comply with these covenants may be impaired. If we are in breach of any of the restrictions, covenants, ratios or tests in our credit facilities, especially if we trigger a cross default currently contained in certain of our loan agreements, a significant portion of our obligations may become immediately due and payable, and our lenders' commitment to make further loans to us may terminate. We may not have, or be able to obtain, sufficient funds to make these accelerated payments. In addition, our obligations under our credit facilities are secured by certain of our vessels, and if we are unable to repay borrowings under such credit facilities, lenders could seek to foreclose on those vessels.

In addition, our credit facilities prohibit the payment of distributions if we are not in compliance with certain financial covenants or upon the occurrence of an event of default.

Events of default under our credit facilities include, among other things, the following:

failure to pay any principal, interest, fees, expenses or other amounts when due;

failure to observe any other agreement, security instrument, obligation or covenant beyond specified cure periods in certain cases;

default under other indebtedness;

an event of insolvency or bankruptcy;

material adverse change in the financial position or prospects of us or our general partner;

failure of any representation or warranty to be materially correct; and

failure of Navios Holdings or its affiliates (as defined in the credit facilities agreements) to own at least 15% of us.

We anticipate that any subsequent refinancing of our current debt or any new debt will have similar restrictions.

We are a holding company, and we depend on the ability of our subsidiaries to dividend funds to us in order to satisfy our financial obligations or pay distributions, if any, in the future.

We are a holding company and our subsidiaries conduct all of our operations and own all of our operating assets. We have no significant assets other than the equity interests in our subsidiaries. As a result, our ability to make distribution payments, if any, in the future depends on our subsidiaries and their ability to dividend funds to us. If we are unable to obtain funds from our subsidiaries, our board of directors may not exercise its discretion to pay distributions in the future. In addition, the declaration and payment of distributions, if any, in the future will depend on the provisions of Marshall Islands law affecting the payment of dividends to us. Marshall Islands law generally prohibits the payment of dividends if the subsidiary is insolvent or would be rendered insolvent upon payment of such dividend, and our distribution may be declared and paid out of our operating surplus. Dividends may be declared or paid out of net profits for the fiscal year in which the dividend is declared and for the preceding fiscal year. Our ability to pay distributions, if any, in the future will also be subject to our satisfaction of certain requirements in accordance with financial covenants contained in our credit facilities.

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We depend on Navios Holdings and its affiliates to assist us in operating and expanding our business.

Pursuant to the Management Agreement between us and the Manager, the Manager provides to us significant commercial and technical management services (including the commercial and technical management of our vessels, vessel maintenance and crewing, purchasing and insurance and shipyard supervision). In addition, pursuant to the Administrative Services Agreement between us and the Manager, the Manager provides to us significant administrative, financial and other support services. Our operational success and ability to execute our growth strategy depends significantly upon the Manager's satisfactory performance of these services. Our business will be harmed if the Manager fails to perform these services satisfactorily, if the Manager cancels either of these agreements, or if the Manager stops providing these services to us. We may also in the future contract with Navios Holdings for it to have newbuildings constructed on our behalf and to incur the construction-related financing. We would purchase the vessels on or after delivery based on an agreed-upon price.

Our ability to enter into new charters and expand our customer relationships will depend largely on our ability to leverage our relationship with Navios Holdings and its reputation and relationships in the shipping industry. If Navios Holdings suffers material damage to its reputation or relationships, it may harm our ability to:

renew existing charters upon their expiration;

obtain new charters;

successfully interact with shipyards during periods of shipyard construction constraints;

obtain financing on commercially acceptable terms; or

maintain satisfactory relationships with suppliers and other third parties.

If our ability to do any of the things described above is impaired, it could have a material adverse effect on our business, results of operations and financial condition and our ability to make cash distributions.

As we expand our business, we may have difficulty managing our growth, which could increase expenses.

We intend to seek to grow our fleet, either through purchases, the increase of the number of chartered-in vessels or through the acquisitions of businesses. The addition of vessels to our fleet or the acquisition of new businesses will impose significant additional responsibilities on our management. We will also have to increase our customer base to provide continued employment for the new vessels. Our growth will depend on:

locating and acquiring suitable vessels;

identifying and consummating acquisitions or joint ventures;

integrating any acquired business successfully with our existing operations;

enhancing our customer base;

managing our expansion; and

obtaining required financing.

Growing any business by acquisition presents numerous risks such as undisclosed liabilities and obligations, difficulty in obtaining additional qualified personnel, and managing relationships with customers and suppliers and integrating newly acquired operations into existing infrastructures. We cannot give any assurance that we will be successful in executing our growth plans or that we will not incur significant expenses and losses in connection therewith or that our acquisitions will perform as expected, which could materially adversely affect our results of operations and financial condition.

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Unlike newbuilding vessels, secondhand vessels typically do not carry warranties as to their condition. While we generally inspect existing vessels prior to purchase, such an inspection would normally not provide us with as much knowledge of a vessel's condition as we would possess if it had been built for us and operated by us during its life. Repairs and maintenance costs for secondhand vessels are difficult to predict and may be substantially higher than for vessels we have operated since they were built. These costs could decrease our cash flows, liquidity and our ability to pay dividends to our unitholders.

Our growth depends on continued growth in demand for drybulk commodities, finished or semi-finished goods, the shipping of drybulk cargoes as well as the shipping of containers.

Our growth strategy focuses on expansion in the drybulk and container shipping sectors. Accordingly, our growth depends on continued growth in world and regional demand for drybulk commodities, finished or semi-finished goods and the shipping of drybulk and containerized cargoes, which could be negatively affected by a number of factors, such as declines in prices for drybulk commodities or containerized cargoes, or general political and economic conditions.

Reduced demand for drybulk commodities and the shipping of drybulk and containerized cargoes would have a material adverse effect on our future growth and could harm our business, results of operations and financial condition. In particular, Asian Pacific economies, of which China is especially important, and India have been the main driving force behind the current increase in seaborne drybulk trade and the demand for drybulk carriers. The Asian Pacific (particularly the Chinese) and Indian economies have also been significant suppliers of manufactured goods currently shipped by container to the developed markets of the OECD. A negative change in economic conditions in any Asian Pacific country, but particularly in China, Japan or India, may have a material adverse effect on our business, financial condition and results of operations, as well as our future prospects, by reducing demand and resultant charter rates.

A decrease in the level of China's imports of raw materials or a decrease in trade globally could have a material adverse impact on our charterers' business and, in turn, could cause a material adverse impact on our results of operations, financial condition and cash flows.

China imports significant quantities of raw materials. For example in 2015, China imported 940 million tons of iron out of a total of 1.367 billion tons shipped globally accounting for about 69% of the global seaborne iron ore trade. While it only accounted for 14% of seaborne coal movements of coal in 2015 according to current estimates, that is a decline from over 22% in 2013 (264 million tons imported compared to 1.179 billion tons of seaborne coal traded globally). Our dry bulk vessels are deployed by our charterers on routes involving dry bulk trade in and out of emerging markets, and our charterers' dry bulk shipping and business revenue may be derived from the shipment of goods within and to the Asia Pacific region from various overseas export markets. Any reduction in or hindrance to China-based importers could have a material adverse effect on the growth rate of China's imports and on our charterers' business. For instance, the government of China has implemented economic policies aimed at reducing pollution, increasing consumption of domestically produced Chinese coal or promoting the export of such coal. This may have the effect of reducing the demand for import of raw materials and may, in turn, result in a decrease in demand for dry bulk shipping. Additionally, though in China there is an increasing level of autonomy and a gradual shift in emphasis to a market economy and enterprise reform, many of the reforms, particularly some limited price reforms that result in the prices for certain commodities being principally determined by market forces, are unprecedented or experimental and may be subject to revision, change or abolition. The level of imports to and exports from China could be adversely affected by changes to these economic reforms by the Chinese government, as well as by changes in political, economic and social conditions or other relevant policies of the Chinese government.

Our operations expose us to the risk that increased trade protectionism from China or other nations will adversely affect our business. If the global recovery is undermined by downside risks and the recent economic downturn returns, governments may turn to trade barriers to protect their domestic industries against foreign imports,

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thereby depressing the demand for shipping. Specifically, increasing trade protectionism in the markets that our charterers serve may cause (i) a decrease in cargoes available to our charterers in favor of Chinese charterers and Chinese owned ships and (ii) an increase in the risks associated with importing goods to China. Any increased trade barriers or restrictions on trade, especially trade with China, would have an adverse impact on our charterers' business, operating results and financial condition and could thereby affect their ability to make timely charter hire payments to us and to renew and increase the number of their time charters with us. This could have a material adverse effect on our business, results of operations, financial condition and our ability to pay cash distributions to our unitholders.

Our growth depends on our ability to expand relationships with existing customers and obtain new customers, for which we will face substantial competition.

Long-term time charters have the potential to provide income at pre-determined rates over more extended periods of time. However, the process for obtaining longer term time charters is highly competitive and generally involves a lengthy, intensive and continuous screening and vetting process and the submission of competitive bids that often extends for several months. In addition to the quality, age and suitability of the vessel, longer term shipping contracts tend to be awarded based upon a variety of other factors relating to the vessel operator, including:

the operator's environmental, health and safety record;

compliance with International Maritime Organization, or IMO, standards and the heightened industry standards that have been set by some energy companies;

shipping industry relationships, reputation for customer service, technical and operating expertise;

shipping experience and quality of ship operations, including cost-effectiveness;

quality, experience and technical capability of crews;

the ability to finance vessels at competitive rates and overall financial stability;

relationships with shipyards and the ability to obtain suitable berths;

construction management experience, including the ability to procure on-time delivery of new vessels according to customer specifications;

willingness to accept operational risks pursuant to the charter, such as allowing termination of the charter for force majeure events; and

competitiveness of the bid in terms of overall price.

It is likely that we will face substantial competition for long-term charter business from a number of experienced companies. We may not be able to compete profitably as we expand our business into new geographic regions or provide new services. New markets may require different skills, knowledge or strategies that we use in our current markets. Many of these competitors have significantly greater financial resources than we do. It is also likely that we will face increased numbers of competitors entering into our transportation sectors, including in the drybulk sector. Many of these competitors have strong reputations and extensive resources and experience. Increased competition may cause greater price competition, especially for long-term charters.

As a result of these factors, we may be unable to expand our relationships with existing customers or obtain new customers for long-term charters on a profitable basis, if at all. However, even if we are successful in employing our vessels under longer term charters, our vessels will not be available for trading in the spot market during an upturn in the drybulk and container market cycle, when spot trading may be more profitable. If we cannot successfully employ our vessels in profitable time charters our results of operations and operating cash flow could be adversely affected.

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We may be unable to make or realize expected benefits from acquisitions, and implementing our growth strategy through acquisitions may harm our business, financial condition and operating results.

Our growth strategy focuses on a gradual expansion of our fleet. Any acquisition of a vessel may not be profitable to us at or after the time we acquire it and may not generate cash flow sufficient to justify our investment. In addition, our growth strategy exposes us to risks that may harm our business, financial condition and operating results, including risks that we may:

fail to realize anticipated benefits, such as new customer relationships, cost-savings or cash flow enhancements;

be unable to hire, train or retain qualified shore and seafaring personnel to manage and operate our growing business and fleet;

decrease our liquidity by using a significant portion of our available cash or borrowing capacity to finance acquisitions;

significantly increase our interest expense or financial leverage if we incur additional debt to finance acquisitions;

incur or assume unanticipated liabilities, losses or costs associated with the business or vessels acquired; or

incur other significant charges, such as impairment of goodwill or other intangible assets, asset devaluation or restructuring charges.

Additionally, the marine transportation and logistics industries are capital intensive, traditionally using substantial amounts of indebtedness to finance vessel acquisitions, capital expenditures and working capital needs. If we finance the purchase of our vessels through the issuance of debt securities, it could result in:

default and foreclosure on our assets if our operating cash flow after a business combination or asset acquisition were insufficient to pay our debt obligations;

acceleration of our obligations to repay the indebtedness even if we have made all principal and interest payments when due if the debt security contained covenants that required the maintenance of certain financial ratios or reserves and any such covenant were breached without a waiver or renegotiation of that covenant;

our immediate payment of all principal and accrued interest, if any, if the debt security was payable on demand; and

our inability to obtain additional financing, if necessary, if the debt security contained covenants restricting our ability to obtain additional financing while such security was outstanding.

In addition, our business plan and strategy is predicated on buying vessels at what we believe is near the low end of the cycle in what has typically been a cyclical industry. However, there is no assurance that charter rates and vessel asset values will not sink lower, or that there will be an upswing in shipping costs or vessel asset values in the near-term or at all, in which case our business plan and strategy may not succeed in the near-term or at all.

If we purchase any newbuilding vessels, delays, cancellations or non-completion of deliveries of newbuilding vessels could harm our operating results.

If we purchase any newbuilding vessels, the shipbuilder could fail to deliver the newbuilding vessel as agreed or their counterparty could cancel the purchase contract if the shipbuilder fails to meet its obligations. In addition, under charters we may enter into that are related to a newbuilding, if our delivery of the newbuilding to our customer is delayed, we may be required to pay liquidated damages during the delay. For prolonged delays, the customer may terminate the charter and, in addition to the resulting loss of revenues, we may be responsible for additional, substantial liquidated damages. We do not derive any revenue from a vessel until after its delivery and

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will be required to pay substantial sums as progress payments during construction of a newbuilding. While we expect to have refund guarantees from financial institutions with respect to such progress payments in the event the vessel is not delivered by the shipyard or is otherwise not accepted by us, there is a the potential that we may not be able to collect all portion of such refund guarantees, in which case we would lose the amounts of monies we have advanced to the shipyards for such progress payments.

The completion and delivery of newbuildings could be delayed, cancelled or otherwise not completed because of:

quality or engineering problems;

changes in governmental regulations or maritime self-regulatory organization standards;

work stoppages or other labor disturbances at the shipyard;

bankruptcy or other financial crisis of the shipbuilder;

a backlog of orders at the shipyard;

political or economic disturbances;

weather interference or catastrophic event, such as a major earthquake or fire;

requests for changes to the original vessel specifications;

shortages of or delays in the receipt of necessary construction materials, such as steel;

inability to finance the construction or conversion of the vessels; or

inability to obtain requisite permits or approvals.

If delivery of a vessel is materially delayed, it could materially adversely affect our results of operations and financial condition and our ability to make cash distributions.

We rely on the MLP structure and its appeal to investors for accessing debt and equity markets to finance our growth and repay or refinance our debt. The recent drop in energy prices has, among other factors, caused increased volatility and contributed to a dislocation in pricing for MLPs. The depressed trading price of our common units may affect our ability to access capital markets and, as a result, our ability to pay distributions

or repay our debt.

The fall in energy prices and, in particular, the price of oil, among other factors, has contributed to increased volatility in the pricing of MLPs and the energy debt markets, as a number of MLPs and other energy companies may be adversely affected by a lower energy prices environment. A number of MLPs, including certain maritime MLPs, have reduced or eliminated their distributions to unitholders.

We rely on our ability to raise capital in the equity and debt markets to grow our fleet and to refinance our debt. A protracted deterioration in the valuation of our common units would increase our cost of capital, make any equity issuance significantly dilutive and may affect our ability to access capital markets and, as a result, our capacity to pay distributions to our unitholders and refinance or repay our debt.

The loss of a customer, charter or vessel could result in a loss of revenues and cash flow in the event we are unable to replace such customer, charter or vessel.

For the year ended December 31, 2015, our most significant counterparties were Hyundai Merchant Marine Co., Ltd. (HMM), Navios Corporation and Yang Ming Marine Transport Corporation, which accounted for approximately 24.0%, 17.4% and 11.4%, respectively, of total revenues. For the year ended December 31, 2014, Navios Partners customers representing 10% or more of total revenues were Hyundai Merchant Marine Co., Ltd and Navios Corporation, which accounted for 24.4% and 11.0%, respectively, of total revenues. For the year ended December 31, 2013, Navios Partners customers representing 10% or more of total revenues were Cosco

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Bulk Carrier Co. Ltd., Hanjin Shipping Co. Ltd, Navios Corporation and Samsun Logix, which accounted for 23.4%, 11.3%, 10.4% and 10.2%, respectively, of total revenues. No other customers accounted for 10% or more of total revenues for any of the years presented.

The charterers in the containership sector consist of a limited number of liner companies. The five Container vessels acquired and delivered into our fleet in the fourth quarter of 2013 and the two Container vessels acquired and delivered into our fleet in the third and fourth quarter of 2014, are respectively chartered out to the same counterparty on long-term charters, which have a significant impact on our revenues. An additional Container vessel acquired and delivered into our fleet in the second quarter of 2015, which is chartered out on long-term charter, with significant impact in our revenue. The combination of any surplus of containership capacity and the expected increase in the size of the world containership fleet over the next few years may make it difficult to secure substitute employment for any of our containerships if our counterparties fail to perform their obligations under the currently arranged time charters, and any new charter arrangements we are able to secure may be at lower rates. Furthermore, the surplus of containerships available at lower charter rates and lack of demand for our customers' liner services could negatively affect our charterers' willingness to perform their obligations under our time charters, which in many cases provide for charter rates significantly above current market rates. We expect that a limited number of leading liner companies will continue to generate a substantial portion of our revenues. The cessation of business with these liner companies or their failure to fulfill their obligations under the time charters for our containerships could have a material adverse effect on our financial condition and results of operations.

Recently HMM has faced financial difficulties, and incurred losses and increased indebtedness, and we have been informed that HMM is developing a restructuring proposal. The loss of these customers could result in a significant loss of revenues, cash flows and our ability to maintain or improve distributions over the long term, and to service or refinance our debt. We could lose this or any customer or the benefits of a charter if, among other things:

the customer fails to make charter payments because of its financial inability, disagreements with us or otherwise;

the customer continues to face financial difficulties forcing it to declare bankruptcy, restructure its operations or to default under the charters;

the customer seeks to renegotiate the terms of the charter agreements due to prevailing economic and market conditions or due to continued poor performance by the charterer;

the customer exercises certain rights to terminate the charter;

the customer terminates the charter because we fail to deliver the vessel within a fixed period of time, the vessel is lost or damaged beyond repair, there are serious deficiencies in the vessel or prolonged periods of off-hire, or we default under the charter; or

a prolonged force majeure event affecting the customer, including damage to or destruction of relevant production facilities, war or political unrest prevents us from performing services for that customer.

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

Even if we successfully charter our vessels in the future, our charterers may go bankrupt or fail to perform their obligations under the charter agreements, they may delay payments or suspend payments altogether, they may

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terminate the charter agreements prior to the agreed-upon expiration date or they may attempt to renegotiate the terms of the charters. The permanent loss of a customer, time charter or vessel, or a decline in payments under our charters, could have a material adverse effect on our business, results of operations and financial condition and our ability to make cash distributions in the event we are unable to replace such customer, time charter or vessel.

As of March 25, 2014, the Company terminated the amended credit default insurance policy. In connection with the termination, Navios Partners received compensation of \$31.0 million. From the total compensation, \$1.2 million was recorded immediately in the statement of income within the caption of Revenue, which represents reimbursements for insurance claims submitted for the period prior to the date of the termination and the remaining amount of \$29.8 million was recorded immediately in the statement of income within the caption of Other income. The Company has no future requirement to repay any of the lump sum cash payment back to the insurance company or provide any further services.

In August 2015, the Seoul Central District Court approved the second rehabilitation proceedings of Samsun Logix. One of our vessels chartered to Samsun Logix was redelivered in August 2015 and has been rechartered. The rehabilitation claim was sold to an unrelated third party. Navios Partners has no outstanding receivable from Samsun Logix.

On November 15, 2012 (as amended in March 2014), Navios Holdings and Navios Partners entered into an agreement (the Navios Holdings Guarantee) by which Navios Holdings will provide supplemental credit default insurance with a maximum cash payment of \$20.0 million. During the year ended December 31, 2015, the Company submitted claims for charterers' default under this agreement to Navios Holdings for a total amount of \$3.6 million, which was recorded as Other income for the year ended December 31, 2015.

In January 2011, Korea Line Corporation (KLC) which is the charterer of the Navios Melodia filed for receivership. The charter contract was affirmed and will be performed by KLC on its original terms, following an interim suspension period until April 2016 during which Navios Partners trades the vessel directly.

The risks and costs associated with vessels increase as the vessels age.

As of March 22, 2016, the vessels in our fleet had an average age of approximately 8.7 years and most dry cargo vessels have an expected life of approximately 25-30 years. We may acquire older vessels in the future. Older vessels are typically more costly to maintain than more recently constructed vessels due to improvements in engine technology. In some instances, charterers prefer newer vessels that are more fuel efficient than older vessels. Cargo insurance rates also increase with the age of a vessel, making older vessels less desirable to charterers as well. Governmental regulations, safety or other equipment standards related to the age of the vessels may require expenditures for alterations or the addition of new equipment, to our vessels and may restrict the type of activities in which these vessels may engage. We cannot assure you that as our vessels age, market conditions will justify those expenditures or enable us to operate our vessels profitably during the remainder of their useful lives. If we sell vessels, we may have to sell them at a loss, and if charterers no longer charter out vessels due to their age, it could materially adversely affect our earnings.

Vessels may suffer damage and we may face unexpected drydocking costs, which could affect our cash flow and financial condition.

If our owned vessels suffer damage, they may need to be repaired at a drydocking facility. The costs of drydock repairs are unpredictable and can be substantial. We may have to pay drydocking costs that insurance does not cover. The loss of earnings while these vessels are being repaired and repositioned, as well as the actual cost of these repairs,

could decrease our revenues and earnings substantially, particularly if a number of vessels are damaged or drydocked at the same time. Under the terms of the management agreement with the Manager, the costs of drydocking repairs are not included in the daily management fee, but will be reimbursed at cost upon occurrence.

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We are subject to various laws, regulations and conventions, including environmental and safety laws that could require significant expenditures both to maintain compliance with such laws and to pay for any uninsured environmental liabilities including any resulting from a spill or other environmental incident.

The shipping business and vessel operation are materially affected by government regulation in the form of international conventions, national, state and local laws, and regulations in force in the jurisdictions in which vessels operate, as well as in the country or countries of their registration. Governmental regulations, safety or other equipment standards, as well as compliance with standards imposed by maritime self-regulatory organizations and customer requirements or competition, may require us to make capital and other expenditures. Because such conventions, laws and regulations are often revised, we cannot predict the ultimate cost of complying with such conventions, laws and regulations, or the impact thereof on the fair market price or useful life of our vessels. In order to satisfy any such requirements, we may be required to take any of our vessels out of service for extended periods of time, with corresponding losses of revenues. In the future, market conditions may not justify these expenditures or enable us to operate our vessels, particularly older vessels, profitably during the remainder of their economic lives. This could lead to significant asset write downs. In addition, violations of environmental and safety regulations can result in substantial penalties and, in certain instances, seizure or detention of our vessels.

Additional conventions, laws and regulations may be adopted that could limit our ability to do business, require capital expenditures or otherwise increase our cost of doing business, which may materially adversely affect our operations, as well as the shipping industry generally. For example, in various jurisdictions, legislation has been enacted, or is under consideration, that would impose more stringent requirements on air pollution and effluent discharges from our vessels. For example, the International Maritime Organization (IMO) periodically proposes and adopts amendments to revise the International Convention for the Prevention of Pollution from Ships (MARPOL), such as the revision to Annex VI which came into force on July 1, 2010. The revised Annex VI implements a phased reduction of the sulfur content of fuel and allows for stricter sulfur limits in designated emission control areas (ECAs). Thus far, ECAs have been formally adopted for the Baltic Sea area (limits SO_x emissions only); the North Sea area including the English Channel (limiting SO_x emissions only) and the North American ECA (which came into effect on August 1, 2012 limiting SO_x, NO_x and particulate matter emissions). The United States Caribbean Sea ECA entered into force on January 1, 2013 and has been effective since January 1, 2014, limiting SO_x, NO_x and particulate matter emissions. As of January 2015, the limit for fuel oil sulphur levels falls to 0.10% m/m in emission control areas established to limit SO_x and particulate matter emissions.

California has adopted more stringent low sulfur fuel requirements within California-regulated waters. In addition, the IMO, the U.S. and states within the U.S. have proposed or implemented requirements relating to the management of ballast water to prevent the harmful effects of foreign invasive species.

In February 2004, the IMO adopted the International Convention for the Control and Management of Ships' Ballast Water and Sediments (the BWM Convention). The BWM Convention 's implementing regulations call for a phased introduction of mandatory ballast water exchange requirements, to be replaced in time with mandatory concentration limits, as well as other obligations including recordkeeping requirements and implementation of a Ballast Water and Sediments Management Plan. The BWM Convention will enter into force twelve months after it has been adopted by at least 30 states, the combined merchant fleets of which represent at least 35% of the gross tonnage of the world 's merchant shipping. As of March 2016, the BWM Convention had 82 contracting states for 92.12% of world gross tonnage. Additional countries may ratify in 2016, such that the requirement for a minimum 35% of world gross tonnage is met and entry of the BWM Convention into force is anticipated in the foreseeable future, which will likely result in additional compliance costs.

The operation of vessels is also affected by the requirements set forth in the International Safety Management (ISM) Code. The ISM Code requires shipowners and bareboat charterers to develop and maintain an extensive Safety Management System that includes the adoption of a safety and environmental protection policy setting forth instructions and procedures for safe vessel operation and describing procedures for dealing

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with emergencies. Further to this, the IMO has introduced the first ever mandatory measures for an international greenhouse gas reduction regime for a global industry sector. The Energy Efficiency measures took effect on January 1, 2013 and apply to all ships of 400 gross tonnage and above. They include the development of a ship energy efficiency management plan (SEEMP) which is akin to a safety management plan, with which the industry will have to comply. The failure of a ship owner or bareboat charterer to comply with the ISM Code and IMO measures may subject such party to increased liability, may decrease available insurance coverage for the affected vessels, and may result in a denial of access to, or detention in, certain ports.

We operate a fleet of dry cargo vessels that are subject to national and international laws governing pollution from such vessels. Several international conventions impose and limit pollution liability from vessels. An owner of a tanker vessel carrying a cargo of persistent oil as defined by the International Convention for Civil Liability for Oil Pollution Damage (the CLC) is subject under the convention to strict liability for any pollution damage caused in a contracting state by an escape or discharge from cargo or bunker tanks. This liability is subject to a financial limit calculated by reference to the tonnage of the ship, and the right to limit liability may be lost if the spill is caused by the shipowner's intentional or reckless conduct. Liability may also be incurred under the CLC for a bunker spill from the vessel even when she is not carrying such cargo, but is in ballast.

When a tanker is carrying clean oil products that do not constitute persistent oil that would be covered under the CLC, liability for any pollution damage will generally fall outside the CLC and will depend on other international conventions or domestic laws in the jurisdiction where the spillage occurs. The same principle applies to any pollution from the vessel in a jurisdiction which is not a party to the CLC. The CLC applies in over 100 jurisdictions around the world, but it does not apply in the United States, where the corresponding liability laws such as the Oil Pollution Act of 1990 (the OPA) discussed below, are particularly stringent.

For vessel operations not covered by the CLC, including those operated under our fleet, at present, international liability for oil pollution is governed by the International Convention on Civil Liability for Bunker Oil Pollution Damage (the Bunker Convention). In 2001, the IMO adopted the Bunker Convention, which imposes strict liability on shipowners for pollution damage and response costs incurred in contracting states caused by discharges, or threatened discharges, of bunker oil from all classes of ships not covered by the CLC. The Bunker Convention also requires registered owners of ships over a certain size to maintain insurance to cover their liability for pollution damage in an amount equal to the limits of liability under the applicable national or international limitation regime, including liability limits calculated in accordance with the Convention on Limitation of Liability for Maritime Claims 1976, as amended (the 1976 Convention), discussed in more detail in the following paragraph. The Bunker Convention became effective in contracting states on November 21, 2008 and as of March 8, 2016 had 82 contracting states comprising approximately 92.13% of the gross tonnage of the world's merchant fleet. In non-contracting states, liability for such bunker oil pollution typically is determined by the national or other domestic laws in the jurisdiction where the spillage occurs.

The CLC and Bunker Convention also provide vessel owners a right to limit their liability, depending on the applicable national or international regime. The CLC includes its own liability limits. The 1976 Convention is the most widely applicable international regime limiting maritime pollution liability. Rights to limit liability under the 1976 Convention are forfeited where a spill is caused by a shipowner's intentional or reckless conduct. Certain jurisdictions have ratified the IMO's Protocol of 1996 to the 1976 Convention, referred to herein as the Protocol of 1996. The Protocol of 1996 provides for substantially higher liability limits in those jurisdictions than the limits set forth in the 1976 Convention. Finally, some jurisdictions, such as the United States, are not a party to either the 1976 Convention or the Protocol of 1996, and, therefore, a shipowner's rights to limit liability for maritime pollution in such jurisdictions may be uncertain.

Environmental legislation in the United States merits particular mention as it is in many respects more onerous than international laws, representing a high-water mark of regulation with which ship owners and operators must comply, and of liability likely to be incurred in the event of non-compliance or an incident causing pollution.

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Such regulation may become even stricter if laws are changed as a result of the April 2010 Deepwater Horizon oil spill in the Gulf of Mexico. In the United States, the OPA establishes an extensive regulatory and liability regime for the protection and cleanup of the environment from cargo and bunker oil spills from vessels, including tankers. The OPA covers all owners and operators whose vessels trade in the United States, its territories and possessions or whose vessels operate in United States waters, which includes the United States territorial sea and its 200 nautical mile exclusive economic zone (the EEZ). Under the OPA, vessel owners, operators and bareboat charterers are responsible parties and are jointly, severally and strictly liable (unless the spill results solely from the act or omission of a third party, an act of God or an act of war) for all containment and clean-up costs and other damages arising from discharges or substantial threats of discharges, of oil from their vessels. In response to the 2010 Deepwater Horizon oil incident in the Gulf of Mexico, the U.S. House of Representatives passed and the U.S. Senate considered but did not pass a bill to strengthen certain requirements of the OPA; similar legislation may be introduced in the future.

In addition to potential liability under the federal OPA, vessel owners may in some instances incur liability on an even more stringent basis under state law in the particular state where the spillage occurred. For example, California regulations prohibit the discharge of oil, require an oil contingency plan be filed with the state, require that the ship owner contract with an oil response organization and require a valid certificate of financial responsibility, all prior to the vessel entering state waters.

In recent years, the EU has become increasingly active in the field of regulation of maritime safety and protection of the environment. In some areas of regulation the EU has introduced new laws without attempting to procure a corresponding amendment to international law. Notably, in 2005 the EU adopted a directive, as amended in 2009, on ship-source pollution, imposing criminal sanctions for pollution not only where pollution is caused by intent or recklessness (which would be an offence under MARPOL), but also where it is caused by serious negligence. The concept of serious negligence may be interpreted in practice to be little more than ordinary negligence. The directive could therefore result in criminal liability being incurred in circumstances where it would not be incurred under international law.

In response to the Deepwater Horizon incident, the European Union issued Directive 2013/30/EU of the European Parliament and of the Council of June 12, 2013 on safety of offshore oil and gas operations. The objective of this Directive is to reduce as far as possible the occurrence of major accidents relating to offshore oil and gas operations and to limit their consequences, thus increasing the protection of the marine environment and coastal economies against pollution, establishing minimum conditions for safe offshore exploration and exploitation of oil and gas and limiting possible disruptions to Union indigenous energy production, and to improve the response mechanisms in case of an accident. The Directive was implemented on July 19, 2015. As far as the environment is concerned, the UK has various new or amended regulations such as: the Offshore Petroleum Activities (Offshore Safety Directive) (Environmental Functions) Regulations 2015 (OSDEF), the 2015 amendments to the Merchant Shipping (Oil Pollution Preparedness, Response and Cooperation Convention) Regulations 1998 (OPRC 1998) and other environmental Directive requirements, specifically the Environmental Management System. The Offshore Petroleum Licensing (Offshore Safety Directive) Regulations 2015 will implement the licensing Directive requirements.

Criminal liability for a pollution incident could not only result in us incurring substantial penalties or fines, but may also, in some jurisdictions, facilitate civil liability claims for greater compensation than would otherwise have been payable.

We maintain insurance coverage for each owned vessel in our fleet against pollution liability risks in the amount of \$1.0 billion in the aggregate for any one event. The insured risks include penalties and fines as well as civil liabilities and expenses resulting from accidental pollution. However, this insurance coverage is subject to exclusions, deductibles and other terms and conditions. If any liabilities or expenses fall within an exclusion from coverage, or if

damages from a catastrophic incident exceed the aggregate liability of \$1.0 billion for any one event, our cash flow, profitability and financial position would be adversely impacted.

Table of Contents**Climate change and government laws and regulations related to climate change could negatively impact our financial condition.**

We are and will be, directly and indirectly, subject to the effects of climate change and may, directly or indirectly, be affected by government laws and regulations related to climate change. A number of countries have adopted or are considering the adoption of regulatory frameworks to reduce greenhouse gas emissions, such as carbon dioxide, methane and nitrogen oxides. In the United States, the United States Environmental Protection Agency (EPA) has declared greenhouse gases to be dangerous pollutants and has issued greenhouse gas reporting requirements for emissions sources in certain industries (which currently do not include the shipping industry). EPA does require owners of vessels subject to MARPOL Annex VI to maintain records for nitrogen oxides standards and in-use fuel specifications.

In addition, while the emissions of greenhouse gases from international shipping are not subject to the Kyoto Protocol to the United Nations Framework Convention on Climate Change, which requires adopting countries to implement national programs to reduce greenhouse gas emissions, the IMO intends to develop limits on greenhouse gases from international shipping. It has responded to the global focus on climate change and greenhouse gas emissions by developing specific technical and operational efficiency measures and a work plan for market-based mechanisms in 2011. These include the mandatory measures of the ship energy efficiency management plan (SEEMP), outlined above, and an energy efficiency design index (EEDI) for new ships. The IMO is also considering its position on market-based measures through an expert working group. Among the numerous proposals being considered by the working group are the following: a port state levy based on the amount of fuel consumed by the vessel on its voyage to the port in question; a global emissions trading scheme which would allocate emissions allowances and set an emissions cap; and an international fund establishing a global reduction target for international shipping, to be set either by the UNFCCC or the IMO. At its 64th session (2012), the MEPC indicated that 2015 was the target year for Member States to identify market-based measures for international shipping. At its 66th session (2014), the MEPC continued its work on developing technical and operational measures relating to energy-efficiency measures for ships, following the entry into force of the mandatory efficiency measures on January 1, 2013,. It adopted the 2014 Guidelines on the Method of Calculation of the Attained EEDI, applicable to new ships. It further adopted amendments to MARPOL Annex VI concerning the extension of the scope of application of the EEDI to LNG carriers, ro-ro cargo ships (vehicle carriers), ro-ro cargo ships, ro-ro passenger ships and cruise passengers ships with nonconventional propulsion. At its 67th session (2014), the MEPC adopted the 2014 Guidelines on survey and certification of the EEDI, updating the previous version to reference ships fitted with dual-fuel engines using LNG and liquid fuel oil. The MEPC also adopted amendments to the 2013 Interim Guidelines for determining minimum propulsion power to maintain the manoeuvrability of ships in adverse conditions, to make the guidelines applicable to phase 1 (starting January 1, 2015) of the EEDI requirements. At its 68th session (2015), the MEPC agreed upon proposed language regarding a data collection system for fuel consumption of ships above 5,000 gross tons, a concept first proposed at MEPC 66. Further, the MEPC amended the 2014 Guidelines on EEDI survey and certification as well as the method of calculating of EEDI for new ships.

In December 2011, UN climate change talks took place in Durban and concluded with an agreement referred to as the Durban Platform for Enhanced Action. The Durban Conference did not result in any proposals specifically addressing the shipping industry's role in climate change but the progress that has been made by the IMO in this area was widely acknowledged throughout the negotiating bodies of the UNFCCC process and an ad hoc working group was established.

Although regulation of greenhouse gas emissions in the shipping industry was discussed during the 2015 UN Climate Change Conference in Paris (the Paris Conference), the agreement reached among the 195 nations did not expressly reference the shipping industry. Following the Paris Conference, the IMO announced it would continue its efforts on

this issue at the IMO's Marine Environment Protection Committee in April 2016.

The EU announced in April 2007 that it planned to expand the EU emissions trading scheme by adding vessels, and a proposal from the European Commission (EC) was expected if no global regime for reduction of

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seaborne emissions had been agreed to by the end of 2011. As of January 31, 2013 the EC had stopped short of proposing that emissions from ships be included in the EU's emissions-trading scheme. However, on October 1, 2012 it announced that it would propose measures to monitor, verify and report on greenhouse-gas emissions from the shipping sector. On June 28, 2013, the EC adopted a Communication setting out a strategy for progressively including greenhouse gas emissions from maritime transport in the EU's policy for reducing its overall GHG emissions. The first step proposed by the EC was an EU Regulation to an EU-wide system for the monitoring, reporting and verification of carbon dioxide emissions from large ships starting in 2018. The Regulation was adopted on April 29, 2015 and took effect on July 1, 2015, with monitoring, reporting and verification requirements beginning on January 1, 2018. This Regulation may be seen as indicative of an intention to maintain pressure on the international negotiating process.

We cannot predict with any degree of certainty what effect, if any, possible climate change and government laws and regulations related to climate change will have on our operations, whether directly or indirectly. However, we believe that climate change, including the possible increase in severe weather events resulting from climate change, and government laws and regulations related to climate change may affect, directly or indirectly, (i) the cost of the vessels we may acquire in the future, (ii) our ability to continue to operate as we have in the past, (iii) the cost of operating our vessels, and (iv) insurance premiums, deductibles and the availability of coverage. As a result, our financial condition could be negatively impacted by significant climate change and related governmental regulation, and that impact could be material.

The loss of key members of our senior management team could disrupt the management of our business.

We believe that our success depends on the continued contributions of the members of our senior management team, including Ms. Angeliki Frangou, our Chairman and Chief Executive Officer. The loss of the services of Ms. Frangou or one of our other executive officers or those of Navios Holdings who provide us with significant managerial services could impair our ability to identify and secure new charter contracts, to maintain good customer relations and to otherwise manage our business, which could have a material adverse effect on our financial performance and our ability to compete.

The Manager on our behalf may be unable to attract and retain qualified, skilled employees or crew necessary to operate our business or may have to pay substantially increased costs for its employees and crew.

Our success will depend in part on the Manager's ability to attract, hire, train and retain highly skilled and qualified personnel. In crewing our vessels, we require technically skilled employees with specialized training who can perform physically demanding work. Competition to attract, hire, train and retain qualified crew members is intense, and crew manning costs continue to increase. If we are not able to increase our hire rates to compensate for any crew cost increases, our business, financial condition, results of operations and ability to make cash distributions to our unitholders may be adversely affected. Any inability we experience in the future to attract, hire, train and retain a sufficient number of qualified employees could impair our ability to manage, maintain and grow our business.

We are subject to vessel security regulations and will incur costs to comply with recently adopted regulations and we may be subject to costs to comply with similar regulations that may be adopted in the future in response to terrorism.

Since the terrorist attacks of September 11, 2001, there have been a variety of initiatives intended to enhance vessel security. On November 25, 2002, the Maritime Transportation Security Act of 2002, or MTSA, came into effect. To implement certain portions of the MTSA, in July 2003, the U.S. Coast Guard issued regulations requiring the implementation of certain security requirements aboard vessels operating in waters subject to the jurisdiction of the United States. Similarly, in December 2002, amendments to the International Convention for the Safety of Life at Sea,

or SOLAS, created a new chapter of the convention dealing specifically with maritime security. The new chapter went into effect in July 2004, and imposes various detailed security obligations on

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vessels and port authorities, most of which are contained in the newly created ISPS Code. Among the various requirements are:

on-board installation of automatic information systems, or AIS, to enhance vessel-to-vessel and vessel-to-shore communications;

on-board installation of ship security alert systems;

the development of vessel security plans; and

compliance with flag state security certification requirements.

Furthermore, additional security measures could be required in the future which could have a significant financial impact on us. The U.S. Coast Guard regulations, intended to be aligned with international maritime security standards, exempt non-U.S. vessels from MTSA vessel security measures, provided such vessels have on board a valid International Ship Security Certificate, or ISSC, that attests to the vessel's compliance with SOLAS security requirements and the ISPS Code. We will implement the various security measures addressed by the MTSA, SOLAS and the ISPS Code and take measures for the vessels to attain compliance with all applicable security requirements within the prescribed time periods. Although management does not believe these additional requirements will have a material financial impact on our operations, there can be no assurance that there will not be an interruption in operations to bring vessels into compliance with the applicable requirements and any such interruption could cause a decrease in charter revenues. Furthermore, additional security measures could be required in the future which could have a significant financial impact on us.

Our international activities increase the compliance risks associated with economic and trade sanctions imposed by the United States, the European Union and other jurisdictions.

Our international operations and activities could expose us to risks associated with trade and economic sanctions prohibitions or other restrictions imposed by the United States or other governments or organizations, including the United Nations, the European Union and its member countries. Under economic and trade sanctions laws, governments may seek to impose modifications to, prohibitions/restrictions on business practices and activities, and modifications to compliance programs, which may increase compliance costs, and, in the event of a violation, may subject us to fines and other penalties.

Iran

During the last few years, the scope of sanctions imposed against the government of Iran and persons engaging in certain activities or doing certain business with and relating to Iran was expanded by a number of jurisdictions, including the United States, the European Union and Canada. In 2010, the U.S. enacted the Comprehensive Iran Sanctions Accountability and Divestment Act (CISADA), which expanded the scope of the former Iran Sanctions Act. The scope of U.S. sanctions against Iran were expanded subsequent to CISADA by, among other U.S. laws, the National Defense Authorization Act of 2012 (the 2012 NDAA), the Iran Threat Reduction and Syria Human Rights Act of 2012 (ITRA), Executive Order 13662, and the Iran Freedom and Counter-Proliferation Act of 2012 (IFCA). The foregoing laws, among other things, expanded the application of prohibitions to non-U.S. companies, such as our

company, and introduced limits on the ability of companies and persons to do business or trade with Iran when such activities relate to specific activities such as investment in Iran, the supply or export of refined petroleum or refined petroleum products to Iran, the supply and delivery of goods to Iran which could enhance Iran's petroleum or energy sectors, and the transportation of crude oil from Iran to countries which do not enjoy Iran crude oil sanctions waivers (tankers owned by an affiliate of ours called in Iran but did not engage in the prohibited activities specifically identified by these sanctions).

U.S. economic sanctions on Iran fall into two general categories: Primary sanctions, which prohibit U.S. citizens and U.S. permanent residents from engaging in all direct and indirect trade and other transactions with Iran without U.S. government authorization, and secondary sanctions, which are mainly nuclear-related sanctions. While most of the nuclear-related sanctions with respect to Iran were lifted on January 16, 2016 through the implementation of the Joint Comprehensive Plan of Action (JCPOA) entered into between the

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permanent members of the United Nations Security Council (China, France, Russia, the United Kingdom and the United States) and Germany, there are still certain limitations in place with which we need to comply. The primary sanctions with which U.S. persons or transactions with a U.S. nexus must comply are still in force and have not been lifted, except in a very limited fashion.

After the lifting of most of the nuclear-related sanctions on January 16, 2016, EU sanctions remain in place in relation to the export of arms and military goods listed in the EU Common Military List, missiles-related goods and items that might be used for internal repression. The main nuclear-related sanctions which remain in place include restrictions on:

- i. Graphite and certain raw or semi-finished metals such as corrosion-resistant high-grade steel, iron, aluminium and alloys, titanium and alloys and nickel and alloys (listed in Annex VIIB to EU Regulation 267/2012 as updated by EU Regulation 2015/1861 (the EU Regulation));
- ii. Goods listed in the Nuclear Suppliers Group list (listed in Annex I to the EU Regulation);
- iii. Goods that could contribute to nuclear-related or other activities inconsistent with the JCPOA (as listed in Annex II to the EU Regulation); and

iv. Software designed for use in nuclear/military industries (as listed in Annex VIIA to the EU Regulation). Dealing with the above is no longer prohibited, but prior authorization must be obtained first and is granted on a case-by-case basis. The remaining restrictions apply to the sale, supply, transfer or export, directly or indirectly to any Iranian person/for use in Iran, as well as the provision of technical assistance, financing or financial assistance in relation to the restricted activity. Certain individuals and entities remain sanctioned and the prohibition to make available, directly or indirectly, economic resources or assets to or for the benefit of sanctioned parties remains. Economic resources is widely defined and it remains prohibited to provide vessels for a fixture from which a sanctioned party (or parties related to a sanctioned party) directly or indirectly benefits. It is therefore still necessary to carry out due diligence on the parties and cargoes involved for fixtures involving Iran.

Russia/Ukraine

As a result of the crisis in Ukraine and the annexation of Crimea by Russia earlier in 2014, both the U.S. and EU have implemented sanctions against certain persons and entities. In addition, various restrictions on trade have been implemented which, amongst others, include a prohibition on the import into the EU of goods originating in Crimea or Sevastopol as well as restrictions on trade in certain dual-use and military items and restrictions in relation to various items of technology associated with the oil industry for use in deep water exploration and production, Arctic oil exploration and production, or shale oil projects in Russia.

The U.S. has imposed sanctions against certain designated Russian entities and individuals (U.S. Russian Sanctions Targets). These sanctions block the property and all interests in property of the U.S. Russian Sanctions Targets. This effectively prohibits U.S. persons from engaging in any economic or commercial transactions with the U.S. Russian Sanctions Targets unless the same are authorized by the U.S. Treasury Department. While the prohibitions of these sanctions are not directly applicable to us, we have compliance measures in place to guard against transactions with

U.S. Russian Sanctions Targets which may involve the United States or U.S. persons and thus implicate prohibitions.

Other U.S. Economic Sanctions Targets

In addition to Iran and certain Russian entities and individuals, as indicated above, the United States maintains economic sanctions against Syria, Sudan, Cuba, limited sanctions against North Korea, and sanctions against entities and individuals (such as entities and individuals in the foregoing targeted countries, designated terrorists,

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narcotics traffickers) whose names appear on the List of SDNs and Blocked Persons maintained by the U.S. Treasury Department (collectively, Sanctions Targets). We are subject to the prohibitions of these sanctions to the extent that any transaction or activity we engage in involves Sanctions Targets and a U.S. person or otherwise has a nexus to the United States.

Compliance

Although we believe that we are in compliance with all applicable sanctions and embargo laws and regulations, and intend to maintain such compliance, there can be no assurance that we will be in compliance in the future, particularly as the scope of certain laws may be unclear and may be subject to changing interpretations, and the law may change. Moreover, despite, for example, relevant provisions in charter parties forbidding the use of our vessels in trade that would violate economic sanctions, our charterers may nevertheless violate applicable sanctions and embargo laws and regulations as a result of actions that do not involve us or our vessels, and those violations could in turn negatively affect our reputation and be imputed to us. In addition, given our relationship with Navios Maritime Acquisition Corporation (Navios Acquisition) and Navios Holdings, we cannot give any assurance that an adverse finding against Navios Acquisition or Navios Holdings by a governmental or legal authority or others with respect to the matters discussed herein or any future matter related to regulatory compliance by Navios Acquisition, Navios Holdings or ourselves will not have a material adverse impact on our business, reputation or the market price or trading of our common stock.

We are constantly monitoring developments in the United States, the European Union and other jurisdictions that maintain economic sanctions against Iran, other countries, and other sanctions targets, including developments in implementation and enforcement of such sanctions programs. Expansion of sanctions programs, embargoes and other restrictions in the future (including additional designations of countries and persons subject to sanctions), or modifications in how existing sanctions are interpreted or enforced, could prevent our vessels from calling in ports in sanctioned countries or could limit their cargoes that may result in breach of their charter contracts. If any of the risks described above materialize, it could have a material adverse impact on our business and the results of operations.

To reduce the risk of violating economic sanctions, we have a policy of compliance with applicable economic sanctions laws and have implemented and continue to implement and follow compliance procedures to avoid economic sanctions violations.

We could be adversely affected by violations of the U.S. Foreign Corrupt Practices Act, the U.K. Bribery Act, and anti-corruption laws in other applicable jurisdictions.

As an international shipping company, we may operate in countries known to have a reputation for corruption. The U.S. Foreign Corrupt Practices Act of 1977 (the FCPA) and other anti-corruption laws and regulations in applicable jurisdictions generally prohibit companies registered with the SEC and their intermediaries from making improper payments to government officials for the purpose of obtaining or retaining business. Under the FCPA, U.S. companies may be held liable for some actions taken by strategic or local partners or representatives. Legislation in other countries includes the U.K. Bribery Act which is broader in scope than the FCPA because it does not contain an exception for facilitating payments. We and our customers may be subject to these and similar anti-corruption laws in other applicable jurisdictions. Failure to comply with legal requirements could expose us to civil and/or criminal penalties, including fines, prosecution and significant reputational damage, all of which could materially and adversely affect our business and results of operations, including our relationships with our customers, and our financial results. Compliance with the FCPA, the U.K. Bribery Act and other applicable anti-corruption laws and related regulations and policies imposes potentially significant costs and operational burdens on us. Moreover, the compliance and monitoring mechanisms that we have in place including our Code of Ethics and our anti-bribery and

anti-corruption policy, may not adequately prevent or detect all possible violations under applicable anti-bribery and anti-corruption legislation. However, we believe that the procedures we have in place to prevent bribery are adequate and that they should provide a defense in certain circumstances to a violation or a mitigation of applicable penalties, at least under the U.K. s Bribery Act 2010.

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The operation of ocean-going vessels entails the possibility of marine disasters including damage or destruction of the vessel due to accident, the loss of a vessel due to piracy or terrorism, damage or destruction of cargo and similar events that may cause a loss of revenue from affected vessels and damage our business reputation, which may in turn lead to loss of business.

The operation of ocean-going vessels entails certain inherent risks that may materially adversely affect our business and reputation, including:

damage or destruction of vessel due to marine disaster such as a collision;

the loss of a vessel due to piracy and terrorism;

cargo and property losses or damage as a result of the foregoing or less drastic causes such as human error, mechanical failure and bad weather;

environmental accidents as a result of the foregoing; and

business interruptions and delivery delays caused by mechanical failure, human error, war, terrorism, political action in various countries, labor strikes or adverse weather conditions.

Any of these circumstances or events could substantially increase our costs. For example, the costs of replacing a vessel or cleaning up a spill could substantially lower our revenues by taking vessels out of operation permanently or for periods of time. The involvement of our vessels in a disaster or delays in delivery or damages or loss of cargo may harm our reputation as a safe and reliable vessel operator and cause us to lose business.

The operation of vessels, such as drybulk carriers, has certain unique risks. With a drybulk carrier, the cargo itself and its interaction with the vessel can be an operational risk. By their nature, drybulk cargoes are often heavy, dense, easily shift, and react badly to water exposure. In addition, drybulk carriers are often subjected to battering treatment during unloading operations with grabs, jackhammers (to pry encrusted cargoes out of the hold) and small bulldozers. This treatment may cause damage to the vessel. Vessels damaged due to treatment during unloading procedures may be more susceptible to breach to the sea. Hull breaches in drybulk carriers may lead to the flooding of the vessels holds. If a drybulk carrier suffers flooding in its forward holds, the bulk cargo may become so dense and waterlogged that its pressure may buckle the vessel's bulkheads leading to the loss of a vessel.

The total loss or damage of any of our vessels or cargoes could harm our reputation as a safe and reliable vessel owner and operator. If we are unable to adequately maintain or safeguard our vessels, we may be unable to prevent any such damage, costs, or loss that could negatively impact our business, financial condition, results of operations, cash flows and ability to pay distributions.

Maritime claimants could arrest our vessels, which could interrupt our cash flow.

Crew members, suppliers of goods and services to a vessel, shippers of cargo, and other parties may be entitled to a maritime lien against a vessel for unsatisfied debts, claims or damages against such vessel. In many jurisdictions, a

maritime lien holder may enforce its lien by arresting a vessel through foreclosure proceedings. The arrest or attachment of one or more of our vessels could interrupt our cash flow and require us to pay large sums of funds to have the arrest lifted. We are not currently aware of the existence of any such maritime lien on our vessels.

In addition, in some jurisdictions, such as South Africa, under the sister ship theory of liability, a claimant may arrest both the vessel which is subject to the claimant's maritime lien and any associated vessel, which is any vessel owned or controlled by the same owner. Claimants could try to assert sister ship liability against one vessel in our fleet for claims relating to another vessel in the fleet.

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The smuggling of drugs or other contraband onto our vessels may lead to governmental claims against us.

Our vessels may call in ports where smugglers may attempt to hide drugs and other contraband on vessels, with or without the knowledge of crew members. To the extent our vessels are found with contraband, whether inside or attached to the hull of our vessel and whether with or without the knowledge of any of our crew, we may face governmental or other regulatory claims which could have an adverse effect on our business, financial condition, results of operations, cash flows, and our ability to pay dividends.

A failure to pass inspection by classification societies could result in one or more vessels being unemployable unless and until they pass inspection, resulting in a loss of revenues from such vessels for that period and a corresponding decrease in operating cash flows.

The hull and machinery of every commercial vessel must be classed by a classification society authorized by its country of registry. The classification society certifies that a vessel is safe and seaworthy in accordance with the applicable rules and regulations of the country of registry of the vessel and with SOLAS. Our owned fleet is currently enrolled with American Bureau of Shipping, Nippon Kaiji Kiokai, Bureau Veritas, DNVGL and Lloyd's Register. A vessel must undergo an annual survey, an intermediate survey and a special survey. In lieu of a special survey, a vessel's machinery may be on a continuous survey cycle, under which the machinery would be surveyed periodically over a five-year period. Our vessels are on special survey cycles for hull inspection and continuous survey cycles for machinery inspection. Every vessel is also required to be drydocked every two to three years for inspection of the underwater parts of such vessel.

If any vessel fails any annual survey, intermediate survey or special survey, the vessel may be unable to trade between ports and, therefore, would be unemployable, potentially causing a negative impact on our revenues due to the loss of revenues from such vessel until she is able to trade again.

Increased inspection procedures and tighter import and export controls could increase costs and disrupt our business.

International shipping is subject to various security and customs inspection and related procedures in countries of origin and destination and trans-shipment points. Inspection procedures may result in the seizure of contents of our vessels, delays in the loading, offloading, trans-shipment or delivery and the levying of customs duties, fines or other penalties against us.

It is possible that changes to inspection procedures could impose additional financial and legal obligations on us. Changes to inspection procedures could also impose additional costs and obligations on our customers and may, in certain cases, render the shipment of certain types of cargo uneconomical or impractical. Any such changes or developments may have a material adverse effect on our business, results of operations, cash flows, financial condition and ability to make cash distributions.

We are subject to inherent operational risks that may not be adequately covered by our insurance.

The operation of ocean-going vessels in international trade is inherently risky. Although we carry insurance for our fleet against risks commonly insured against by vessel owners and operators, including hull and machinery insurance, war risks insurance and protection and indemnity insurance (which include environmental damage and pollution insurance), all risks may not be adequately insured against, and any particular claim may not be paid. We do not currently maintain strike or off-hire insurance, which would cover the loss of revenue during extended vessel off-hire periods, such as those that occur during an unscheduled drydocking due to damage to the vessel from accidents except

in cases of loss of hire up to a limited number of days due to war or a piracy event. Other events that may lead to off-hire periods include natural or man-made disasters that result in the closure of certain waterways and prevent vessels from entering or leaving certain ports. Accordingly, any extended vessel off-hire, due to an accident or otherwise, could have a material adverse effect on our business and our ability to pay

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distributions to our unitholders. Any claims covered by insurance would be subject to deductibles, and since it is possible that a large number of claims may be brought, the aggregate amount of these deductibles could be material.

We may be unable to procure adequate insurance coverage at commercially reasonable rates in the future. For example, more stringent environmental regulations have led in the past to increased costs for, and in the future may result in the lack of availability of, insurance against risks of environmental damage or pollution. A catastrophic oil spill or marine disaster could exceed our insurance coverage, which could harm our business, financial condition and operating results. Changes in the insurance markets attributable to terrorist attacks may also make certain types of insurance more difficult for us to obtain. In addition, the insurance that may be available to us may be significantly more expensive than our existing coverage.

Even if our insurance coverage is adequate to cover our losses, we may not be able to timely obtain a replacement vessel in the event of a loss. Furthermore, in the future, we may not be able to obtain adequate insurance coverage at reasonable rates for our fleet. Our insurance policies also contain deductibles, limitations and exclusions which can result in significant increased overall costs to us.

Because we obtain some of our insurance through protection and indemnity associations, we may also be subject to calls, or premiums, in amounts based not only on our own claim records, but also the claim records of all other members of the protection and indemnity associations.

We may be subject to calls, or premiums, in amounts based not only on our claim records but also the claim records of all other members of the protection and indemnity associations through which we receive insurance coverage for tort liability, including pollution-related liability. Our payment of these calls could result in significant expenses to us, which could have a material adverse effect on our business, results of operations and financial condition.

Because we generate all of our revenues in U.S. dollars but incur a portion of our expenses in other currencies, exchange rate fluctuations could cause us to suffer exchange rate losses thereby increasing expenses and reducing income.

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 at present predominantly U.S. dollar-denominated. Transactions in currencies other than the functional currency are translated at the exchange rate in effect at the date of each transaction. Expenses incurred in foreign currencies against which the U.S. dollar falls in value can increase thereby decreasing our income or vice versa if the U.S. dollar increases in value. For example, as of December 31, 2015, the value of the U.S. dollar as compared to the Euro increased by approximately 10.8% compared with the respective value as of December 31, 2014. A greater percentage of our transactions and expenses in the future may be denominated in currencies other than the U.S. dollar.

Political and government instability, terrorist attacks, increased hostilities or war could lead to further economic instability, increased costs and disruption of our business.

We are an international company and primarily conduct our operations outside the United States. Changing economic, political and governmental conditions in the countries where we are engaged in business or where our vessels are registered will affect us. Terrorist attacks, such as the attacks in the United States on September 11, 2001 and the United States continuing response to these attacks, and in Paris on January 7, 2015 and on November 13, 2015, the bombings in Spain on March 11, 2004 and in Brussels on March 22, 2016, and the attacks in London on July 7, 2005, the recent conflicts in Iraq, Afghanistan, Syria, Ukraine and other current and future conflicts, and the continuing response of the United States to these attacks, as well as the threat of future terrorist attacks, continue to cause

uncertainty in the world financial markets, including the energy markets. Continuing hostilities in the Middle East may lead to additional armed conflicts or to further acts of terrorism and

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civil disturbance in the United States or elsewhere, which could result in increased volatility and turmoil in the financial markets and may contribute further to economic instability. Current and future conflicts and terrorist attacks may adversely affect our business, operating results, financial condition, ability to raise capital and future growth. Terrorist attacks on vessels, such as the October 2002 attack on the M/V Limburg, a VLCC not related to us, may in the future also negatively affect our operations and financial condition and directly impact our vessels or our customers.

Furthermore, our operations may be adversely affected by changing or adverse political and governmental conditions in the countries where our vessels are flagged or registered and in the regions where we otherwise engage in business. Any disruption caused by these factors may interfere with the operation of our vessels, which could harm our business, financial condition and results of operations. Our operations may also be adversely affected by expropriation of vessels, taxes, regulation, tariffs, trade embargoes, economic sanctions or a disruption of or limit to trading activities, or other adverse events or circumstances in or affecting the countries and regions where we operate or where we may operate in the future.

Governments could requisition our vessels during a period of war or emergency, resulting in a loss of earnings.

A government could requisition title or seize our vessels. Requisition of title occurs when a government takes a vessel and becomes the owner. A government could also requisition our vessels for hire, which would result in the government's taking control of a vessel and effectively becoming the charterer at a dictated charter rate. Generally, requisitions occur during periods of war or emergency, although governments may elect to requisition vessels in other circumstances. Requisition of one or more of our vessels would have a substantial negative effect on us as we would potentially lose all revenues and earnings from the requisitioned vessels and permanently lose the vessels. Such losses might be partially offset if the requisitioning government compensated us for the requisition.

Acts of piracy on ocean-going vessels have increased in frequency and magnitude, which could adversely affect our business.

The shipping industry has historically been affected by acts of piracy in regions such as the South China Sea, the Indian Ocean, the Gulf of Aden off the coast of Somalia and the Red Sea. Although the frequency of sea piracy worldwide has decreased in recent years, sea piracy incidents continue to occur, particularly in the Gulf of Aden and towards the Mozambique Channel in the North Indian Ocean and increasingly in the Gulf of Guinea. A significant example of the heightened level of piracy came in February 2011 when the M/V Irene SL, a crude oil tanker which was not affiliated with us, was captured by pirates in the Arabian Sea while carrying crude oil estimated to be worth approximately \$200 million. In December 2009, the Navios Apollon, one of our vessels, was seized by pirates 800 miles off the coast of Somalia while transporting fertilizer from Tampa, Florida to Rozi, India and was released on February 27, 2010. In January 2014, a vessel owned by our affiliate, Navios Maritime Acquisition Corporation, the Nave Atropos, came under attack from a pirate action group in international waters off the coast of Yemen and in February 2016, the Nave Jupiter, a vessel also owned by Navios Acquisition, came under attack from pirate action groups on her way out from her loading terminal about 50NM off Bayelsa, Nigeria. In both instances, the crew and the on-board security team successfully implemented the counter piracy action plan and standard operating procedures to deter the attack with no consequences to the vessels or their crew. These piracy attacks resulted in regions (in which our vessels are deployed) being characterized by insurers as war risk zones or Joint War Committee (JWC) war and strikes listed areas. Premiums payable for such insurance coverage could increase significantly and such insurance coverage may be more difficult to obtain. Crew costs, including those due to employing onboard security guards, could increase in such circumstances. While the use of security guards is intended to deter and prevent the hijacking of our vessels, it could also increase our risk of liability for death or injury to persons or damage to personal property. In addition, while we believe the charterer remains liable for charter payments when a vessel is seized by pirates, the

charterer may dispute this and withhold charter hire until the vessel is released. A charterer may also claim

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that a vessel seized by pirates was not on-hire for a certain number of days and it is therefore entitled to cancel the charter party, a claim that we would dispute. We may not be adequately insured to cover losses from these incidents, which could have a material adverse effect on us. In addition, detention hijacking as a result of an act of piracy against our vessels, or an increase in cost, or unavailability of insurance for our vessels, could have a material adverse impact on our business, financial condition, results of operations and cash flows. Acts of piracy on ocean-going vessels could adversely affect our business and operations.

Disruptions in world financial markets and the resulting governmental action in the United States and in other parts of the world could have a material adverse impact on our ability to obtain financing, our results of operations, financial condition and cash flows and could cause the market price of our common units to decline.

Global financial markets and economic conditions have been severely disrupted and volatile in recent years and remain subject to significant vulnerabilities, such as the deterioration of fiscal balances and the rapid accumulation of public debt, continued deleveraging in the banking sector and a limited supply of credit. The renewed crisis in Argentina, civil unrest in Ukraine and other parts of the world, and continuing concerns relating to the European sovereign debt crisis have led to increased volatility in global credit and equity markets. Several European countries, including Greece, have been affected by increasing public debt burdens and weakening economic growth prospects. In recent years, Standard and Poor's Rating Services and Moody's Investors Service downgraded the long-term ratings of most European countries' sovereign debt and initiated negative outlooks. Such downgrades could negatively affect those countries' ability to access the public debt markets at reasonable rates or at all, materially affecting the financial conditions of banks in those countries, including those with which we maintain cash deposits and equivalents, or on which we rely on to finance our vessel and new business acquisitions.

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. We maintain cash deposits and equivalents in excess of government-provided insurance limits at banks in Greece and other European banks, which may expose us to a loss of cash deposits or cash equivalents.

The credit markets worldwide and in the U.S. have experienced significant contraction, de-leveraging and reduced liquidity, and the U.S. federal government, state governments and foreign governments took highly significant measures in response to such events, including the enactment of the Emergency Economic Stabilization Act of 2008 in the United States, and may implement other significant responses in the future. Additionally, uncertainty regarding tax policy and government spending in the United States have created an uncertain environment which could reduce demand for our services. Securities and futures markets and the credit markets are subject to comprehensive statutes, regulations and other requirements. The Securities and Exchange Commission (the SEC), other regulators, self-regulatory organizations and exchanges are authorized to take extraordinary actions in the event of market emergencies, and may effect changes in law or interpretations of existing laws. Any changes to securities, tax, environmental, or other laws or regulations, could have a material adverse effect on our results of operations, financial condition or cash flows, and could cause the market price of our common units to decline.

Recently, a number of financial institutions have experienced serious financial difficulties and, in some cases, have entered bankruptcy proceedings or are in regulatory enforcement actions. These difficulties resulted, in part, from declining markets for assets held by such institutions, particularly the reduction in the value of their mortgage and asset-backed securities portfolios. These difficulties were compounded by financial turmoil affecting the world's debt, credit and capital markets, and the general decline in the willingness by banks and other financial institutions to extend credit, particularly to the shipping industry due to the historically low vessel earnings and values, and, in part, due to changes in overall banking regulations (for example, Basel III). As a result, the ability of banks and credit institutions to finance new projects, including the acquisition of new vessels in the future, were for a time uncertain.

Following the stress tests run by the European Central Bank (the ECB),

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revised capital ratios have been communicated to European banks. This has reduced the uncertainty following the difficulties of the past several years, but it has also led to changes in each bank's lending policies and ability to provide financing or refinancing. A recurrence of global economic weakness may adversely affect the financial institutions that provide our credit facilities and may impair their ability to continue to perform under their financing obligations to us, which could have an impact on our ability to fund current and future obligations.

Furthermore, we may experience difficulties obtaining financing commitments, including commitments to refinance our existing debt as balloon payments come due under our credit facilities, in the future if lenders are unwilling to extend financing to us or unable to meet their funding obligations due to their own liquidity, capital or solvency issues. Due to the fact that we would possibly cover all or a portion of the cost of any new vessel acquisition with debt financing, such uncertainty, combined with restrictions imposed by our current debt, could hamper our ability to finance vessels or new business acquisitions.

In addition, the economic uncertainty worldwide has markedly reduced demand for shipping services and has decreased shipping rates, which may adversely affect our results of operations and financial condition. Currently, the economies of China, Japan, other Pacific Asian countries and India are the main driving force behind the development in seaborne transportation. Reduced demand from such economies has in the past driven decreased rates and vessel values and could do so in the future.

In addition, as a result of the ongoing political and economic turmoil in Greece resulting from the sovereign debt crisis and the related austerity measures implemented by the Greek government, the operations of our managers located in Greece may be subjected to new regulations and potential shift in government policies that may require us to incur new or additional compliance or other administrative costs and may require that we pay to the Greek government new taxes or other fees. We also face the risk that strikes, work stoppages, civil unrest and violence within Greece may disrupt the shoreside operations of our managers located in Greece.

We could face risks attendant to changes in economic environments, changes in interest rates, tax policies, and instability in certain securities markets, among other factors. Major market disruptions and the uncertainty in market conditions and the regulatory climate in the U.S., Europe and worldwide could adversely affect our business or impair our ability to borrow amounts under any future financial arrangements. The current market conditions may last longer than we anticipate. These recent and developing economic and governmental factors could have a material adverse effect on our results of operations, financial condition or cash flows.

The New York Stock Exchange may delist our securities from trading on its exchange, which could limit your ability to trade our securities and subject us to additional trading restrictions.

Our securities are listed on the New York Stock Exchange (NYSE), a national securities exchange. Although we currently satisfy the NYSE minimum listing standards, which requires that we meet certain requirements relating to stockholders' equity, including certain share price criteria, number of round-lot holders, market capitalization, aggregate market value of publicly held shares and distribution requirements, we cannot assure you that our securities will continue to be listed on NYSE in the future.

If NYSE delists our securities from trading on its exchange, we could face significant material adverse consequences, including:

a limited availability of market quotations for our securities;

a limited amount of news and analyst coverage for us;

a decreased ability for us to issue additional securities or obtain additional financing in the future;

limited liquidity for our stockholders due to thin trading; and

loss of our tax exemption under Section 883 of the Internal Revenue Code of 1986, as amended (the Code),
loss of preferential capital gain tax rates for certain dividends received by certain

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non-corporate U.S. holders, and loss of mark-to-market election by U.S. holders in the event we are treated as a passive foreign investment company (PFIC).

Increased competition in technology and innovation could reduce our charter hire income and the value of our vessels.

The charter rates and the value and operational life of a vessel are determined by a number of factors including the vessel's efficiency, operational flexibility and physical life. Efficiency includes speed, fuel economy and the ability to load and discharge cargo quickly. Flexibility includes the ability to enter harbors, utilize related docking facilities and pass through canals and straits. The length of a vessel's physical life is related to its original design and construction, its maintenance and the impact of the stress of operations. If new ships are built that are more efficient or more flexible or have longer physical lives than our vessels, competition from these more technologically advanced vessels could adversely affect our ability to recharter our vessels, the amount of charter payments we receive for our vessels once their initial charters expire and the resale value of our vessels could significantly decrease. As a result, our financial condition, results of operations and cash flows, and our ability to pay dividends, could be adversely affected.

Navios Holdings, Navios Acquisition, Navios Maritime Midstream Partners L.P. (Navios Midstream) and their affiliates may compete with us.

Pursuant to the omnibus agreement that we entered into with Navios Holdings in connection with the closing of the IPO (the Omnibus Agreement), Navios Holdings and its controlled affiliates (other than us, our general partner and our subsidiaries) generally agreed not to acquire or own Panamax or Capesize drybulk carriers under time charters of three or more years. The Omnibus Agreement, however, contains significant exceptions that allow Navios Holdings or any of its controlled affiliates to compete with us under specified circumstances which could harm our business. In addition, concurrently with the successful consummation of the initial business combination by Navios Acquisition, on May 28, 2010, because of the overlap between Navios Acquisition, Navios Holdings and us, with respect to possible acquisitions under the terms of the Omnibus Agreement, we entered into a business opportunity right of first refusal agreement which provides the types of business opportunities in the marine transportation and logistics industries, we, Navios Holdings and Navios Acquisition must share with the each other.

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

Common unitholders have limited voting rights and our partnership agreement restricts the voting rights of common unitholders owning more than 4.9% of our common units.

Holders of our common units have only limited voting rights on matters affecting our business. We hold a meeting of the limited partners every year to elect one or more members of our board of directors and to vote on any other matters that are properly brought before the meeting. Common unitholders may only elect four of the seven members of our board of directors. The elected directors are elected on a staggered basis and serve for three year terms. Our general partner in its sole discretion has the right to appoint the remaining three directors and to set the terms for which those directors will serve. The partnership agreement also contains provisions limiting the ability of unitholders to call meetings or to acquire information about our operations, as well as other provisions limiting the unitholders' ability to influence the manner or direction of management. Unitholders will have no right to elect our general partner and our general partner may not be removed except by a vote of the holders of at least 66 2/3% of the outstanding units,

including any units owned by our general partner and its affiliates, voting together as a single class.

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Our partnership agreement further restricts common unitholders' voting rights by providing that if any person or group owns beneficially more than 4.9% of the common units then outstanding, any such common units owned by that person or group in excess of 4.9% may not be voted on any matter and will not be considered to be outstanding when sending notices of a meeting of unitholders, calculating required votes, except for purposes of nominating a person for election to our board, determining the presence of a quorum or for other similar purposes, unless required by law. The voting rights of any such common unitholders in excess of 4.9% will effectively be redistributed pro rata among the other common unitholders holding less than 4.9% of the voting power of all classes of units entitled to vote. Our general partner, its affiliates and persons who acquired common units with the prior approval of our board of directors will not be subject to this 4.9% limitation except with respect to voting their common units in the election of the elected independent directors.

Our general partner and its affiliates, including Navios Holdings, own a significant interest in us and have conflicts of interest and limited fiduciary and contractual duties, which may permit them to favor their own interests to the detriment of unitholders.

Navios Holdings indirectly owns the 2.0% general partner interest and a 18.1% limited partner interest in us, and owns and controls our general partner. All of our officers and three of our directors are directors and/or officers of Navios Holdings and its affiliates, and our Chief Executive Officer is also the Chief Executive Officer of Navios Acquisition, Navios Midstream and Navios Holdings. As such these individuals have fiduciary duties to Navios Holdings, Navios Midstream and Navios Acquisition that may cause them to pursue business strategies that disproportionately benefit Navios Holdings, Navios Midstream or Navios Acquisition or which otherwise are not in our best interests or those of our unitholders. Conflicts of interest may arise between Navios Acquisition, Navios Holdings, Navios Midstream and their respective affiliates including our general partner, on the one hand, and us and our unitholders on the other hand. As a result of these conflicts, our general partner and its affiliates may favor their own interests over the interests of our unitholders. These conflicts include, among others, the following situations:

neither our partnership agreement nor any other agreement requires our general partner or Navios Holdings or its affiliates to pursue a business strategy that favors us or utilizes our assets, and Navios Holdings officers and directors have a fiduciary duty to make decisions in the best interests of the stockholders of Navios Holdings, which may be contrary to our interests;

our general partner and our board of directors are allowed to take into account the interests of parties other than us, such as Navios Holdings, in resolving conflicts of interest, which has the effect of limiting their fiduciary duties to our unitholders;

our general partner and our directors have limited their liabilities and reduced their fiduciary duties under the laws of the Marshall Islands, while also restricting the remedies available to our unitholders, and, as a result of purchasing common units, unitholders are treated as having agreed to the modified standard of fiduciary duties and to certain actions that may be taken by our general partner and our directors, all as set forth in the partnership agreement;

our general partner and our board of directors will be involved in determining the amount and timing of our asset purchases and sales, capital expenditures, borrowings, issuances of additional partnership securities and

reserves, each of which can affect the amount of cash that is available for distribution to our unitholders;

our general partner may have substantial influence over our board of directors' decision to cause us to borrow funds in order to permit the payment of cash distributions, even if the purpose or effect of the borrowing is to make incentive distributions;

our general partner is entitled to reimbursement of all reasonable costs incurred by it and its affiliates for our benefit;

our partnership agreement does not restrict us from paying our general partner or its affiliates for any services rendered to us on terms that are fair and reasonable or entering into additional contractual arrangements with any of these entities on our behalf; and

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our general partner may exercise its right to call and purchase our common units if it and its affiliates own more than 80% of our common units.

Although a majority of our directors will be elected by common unitholders, our general partner will likely have substantial influence on decisions made by our board of directors.

Our officers face conflicts in the allocation of their time to our business.

Navios Holdings, Navios Acquisition and Navios Midstream conduct businesses and activities of their own in which we have no economic interest. If these separate activities are significantly greater than our activities, there will be material competition for the time and effort of our officers, who also provide services to Navios Acquisition, Navios Holdings, Navios Midstream and its affiliates. Our officers are not required to work full-time on our affairs and are required to devote time to the affairs of Navios Acquisition, Navios Holdings, Navios Midstream and their respective affiliates. Each of our Chief Executive Officer and our Chief Financial Officer is also an executive officer of Navios Holdings, and our Chief Executive Officer is the Chief Executive Officer of Navios Acquisition, Navios Holdings and Navios Midstream.

Our partnership agreement limits our general partner's and our directors' fiduciary duties to our unitholders and restricts the remedies available to unitholders for actions taken by our general partner or our directors.

Our partnership agreement contains provisions that reduce the standards to which our general partner and directors would otherwise be held by Marshall Islands law. For example, our partnership agreement:

permits our general partner to make a number of decisions in its individual capacity, as opposed to in its capacity as our general partner. Where our partnership agreement permits, our general partner may consider only the interests and factors that it desires, and in such cases it has no fiduciary duty or obligation to give any consideration to any interest of, or factors affecting us, our affiliates or our unitholders. Decisions made by our general partner in its individual capacity will be made by its sole owner, Navios Holdings. Specifically, pursuant to our partnership agreement, our general partner will be considered to be acting in its individual capacity if it exercises its call right, pre-emptive rights or registration rights, consents or withholds consent to any merger or consolidation of the partnership;

appoints any directors or votes for the election of any director, votes or refrains from voting on amendments to our partnership agreement that require a vote of the outstanding units, voluntarily withdraws from the partnership, transfers (to the extent permitted under our partnership agreement) or refrains from transferring its units, general partner interest or incentive distribution rights or votes upon the dissolution of the partnership;

provides that our general partner and our directors are entitled to make other decisions in good faith if they reasonably believe that the decision is in our best interests;

generally provides that affiliated transactions and resolutions of conflicts of interest not approved by the conflicts committee of our board of directors and not involving a vote of unitholders must be on terms no less favorable to us than those generally being provided to or available from unrelated third parties or be fair

and reasonable to us and that, in determining whether a transaction or resolution is fair and reasonable, our board of directors may consider the totality of the relationships between the parties involved, including other transactions that may be particularly advantageous or beneficial to us; and

provides that neither our general partner nor our officers or our directors will be liable for monetary damages to us, our limited partners or assignees for any acts or omissions unless there has been a final and non-appealable judgment entered by a court of competent jurisdiction determining that our general partner or directors or our officers or directors or those other persons engaged in actual fraud or willful misconduct.

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In order to become a limited partner of our partnership, a common unitholder is required to agree to be bound by the provisions in the partnership agreement, including the provisions discussed above.

Fees and cost reimbursements, which the Manager determines for services provided to us, are significant, are payable regardless of profitability and reduce our cash available for distribution.

Under the terms of our existing Management Agreement, as amended in each of October 2013, August 2014, February 2015 and in February 2016, with the Manager, we pay a fixed daily fee of: (a) \$4,100 daily rate per Ultra-Handymax vessel; (b) \$4,200 daily rate per Panamax vessel; (c) \$5,250 daily rate per Capesize vessel; (d) \$6,700 daily rate per Container vessel of TEU 6,800; (e) \$7,400 daily rate per Container vessel of more than TEU 8,000; and (f) \$8,750 daily rate per very large Container vessel of more than TEU 13,000 through December 31, 2017 for technical and commercial management services provided to us by the Manager. Maintenance for our vessels and expenses related to drydocking expenses under this agreement will be reimbursed at cost upon occurrence. The term of the management agreement is until December 31, 2017.

The fixed daily fee paid to the Manager includes all costs incurred in providing certain commercial and technical management services to us. All of the fees we are required to pay to the Manager under the management agreement are payable without regard to our financial condition or results of operations. In addition, the Manager provides us with administrative services, including the services of our officers and directors, pursuant to the Administrative Services Agreement which has a term until December 31, 2017, and we reimburse the Manager for all costs and expenses reasonably incurred by it in connection with the provision of those services. The fees and reimbursement of expenses to the Manager are payable regardless of our profitability and could materially adversely affect our ability to pay cash distributions to unitholders.

Our partnership agreement contains provisions that may have the effect of discouraging a person or group from attempting to remove our current management or our general partner.

Our partnership agreement contains provisions that may have the effect of discouraging a person or group from attempting to remove our current management or our general partner.

The vote of the holders of at least 66 2/3 % of all the then outstanding common units, voting together as a single class is required to remove the general partner. Navios Holdings currently owns approximately 18.0% of the total number of outstanding common units.

Common unitholders elect only four of the seven members of our board of directors. Our general partner in its sole discretion has the right to appoint the remaining three directors.

Election of the four directors elected by unitholders is staggered, meaning that the members of only one of three classes of our elected directors are selected each year. In addition, the directors appointed by our general partner will serve for terms determined by our general partner.

Our partnership agreement contains provisions limiting the ability of unitholders to call meetings of unitholders, to nominate directors and to acquire information about our operations as well as

other provisions limiting the unitholders' ability to influence the manner or direction of management.

Unitholders' voting rights are further restricted by the partnership agreement provision providing that if any person or group owns beneficially more than 4.9% of the common units then outstanding, any such common units owned by that person or group in excess of 4.9% may not be voted on any matter and will not be considered to be outstanding when sending notices of a meeting of unitholders, calculating required votes, except for purposes of nominating a person for election to our board, determining the presence of a quorum or for other similar purposes, unless required by law. The voting rights of any such common unitholders in excess of 4.9% will be redistributed pro rata among the other common unitholders holding less than 4.9% of the voting power of all classes of units entitled to vote. Our general partner, its affiliates and persons who acquired common units with the prior approval of our

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board of directors will not be subject to this 4.9% limitation except with respect to voting their common units in the election of the elected directors.

We have substantial latitude in issuing equity securities without unitholder approval.

The control of our general partner may be transferred to a third party without unitholder consent.

Our general partner may transfer its general partner interest to a third party in a merger or in a sale of all or substantially all of its assets without the consent of the unitholders. In addition, our partnership agreement does not restrict the ability of the members of our general partner from transferring their respective membership interests in our general partner to a third party.

Our general partner has a limited call right that may require unitholders to sell their common units at an undesirable time or price.

If at any time our general partner and its affiliates, including Navios Holdings, own more than 80% of the common units, our general partner will have the right, which it may assign to any of its affiliates or to us, but not the obligation, to acquire all, but not less than all, of the common units held by unaffiliated persons at a price not less than their then-current market price. As a result, unitholders may be required to sell their common units at an undesirable time or price and may not receive any return on their investment. Unitholders may also incur a tax liability upon a sale of their units.

As of March 22, 2016, Navios Holdings owned 15,344,310 common units and 1,695,509 general partner units, representing a 20.1% interest in us based on all outstanding common units and general partnership units.

Unitholders may not have limited liability if a court finds that unitholder action constitutes control of our business.

As a limited partner in a partnership organized under the laws of the Marshall Islands, unitholders could be held liable for our obligations to the same extent as a general partner if they participate in the control of our business. Our general partner generally has unlimited liability for the obligations of the partnership, such as its debts and environmental liabilities, except for those contractual obligations of the partnership that are expressly made without recourse to our general partner.

We can borrow money to pay distributions, which would reduce the amount of credit available to operate our business.

Our partnership agreement will allow us to make working capital borrowings to pay distributions. Accordingly, we can make distributions on all our units even though cash generated by our operations may not be sufficient to pay such distributions. Any working capital borrowings by us to make distributions will reduce the amount of working capital borrowings we can make for operating our business.

Increases in interest rates may cause the market price of our common units to decline.

An increase in interest rates may cause a corresponding decline in demand for equity investments in general and in particular for yield-based equity investments such as our common units. Any such increase in interest rates or reduction in demand for our common units resulting from other relatively more attractive investment opportunities may cause the trading price of our common units to decline. In addition, our interest expense will increase, since

initially our debt will bear interest at a floating rate, subject to any interest rate swaps we may enter into the future.

Unitholders may have liability to repay distributions.

Under some circumstances, unitholders may have to repay amounts wrongfully returned or distributed to them. Under the Marshall Islands Act, we may not make a distribution to unitholders if the distribution would cause our liabilities to exceed the fair value of our assets. Marshall Islands law provides that for a period of three years

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from the date of the impermissible distribution, limited partners who received the distribution and who knew at the time of the distribution that it violated Marshall Islands law will be liable to the limited partnership for the distribution amount. Assignees who become substituted limited partners are liable for the obligations of the assignor to make contributions to the partnership that are known to the assignee at the time it became a limited partner and for unknown obligations if the liabilities could be determined from the partnership agreement. Liabilities to partners on account of their partnership interest and liabilities that are non-recourse to the partnership are not counted for purposes of determining whether a distribution is permitted.

We have been organized as a limited partnership under the laws of the Republic of the Marshall Islands, which does not have a well-developed body of partnership law; as a result, unitholders may have more difficulty in protecting their interests than would unitholders of a similarly organized limited partnership in the United States.

Our partnership affairs are governed by our partnership agreement and by the Marshall Islands Act. The provisions of the Marshall Islands Act resemble provisions of the limited partnership laws of a number of states in the United States, most notably Delaware. The Marshall Islands Act also provides that it is to be applied and construed to make it uniform with the Delaware Revised Uniform Partnership Act and, so long as it does not conflict with the Marshall Islands Act or decisions of the Marshall Islands courts, interpreted according to the non-statutory law (or case law) of the State of Delaware. There have been, however, few, if any, court cases in the Marshall Islands interpreting the Marshall Islands Act, in contrast to Delaware, which has a fairly well-developed body of case law interpreting its limited partnership statute. Accordingly, we cannot predict whether Marshall Islands courts would reach the same conclusions as the courts in Delaware. For example, the rights of our unitholders and the fiduciary responsibilities of our general partner under Marshall Islands law are not as clearly established as under judicial precedent in existence in Delaware. As a result, unitholders may have more difficulty in protecting their interests in the face of actions by our officers or directors than would unitholders of a similarly organized limited partnership in the United States.

Because we are organized under the laws of the Marshall Islands and our business is operated primarily from our office in Monaco, it may be difficult to serve us with legal process or enforce judgments against us, our directors or our management.

We are organized under the laws of the Marshall Islands, and all of our assets are located outside of the United States. Our business is operated primarily from our office in Monaco. In addition, our general partner is a Marshall Islands limited liability company, and our directors and officers generally are or will be non-residents of the United States, and all or a substantial portion of the assets of these non-residents are located outside the United States. As a result, it may be difficult or impossible for you to bring an action against us or against these individuals in the United States if you believe that your rights have been infringed under securities laws or otherwise. Even if you are successful in bringing an action of this kind, the laws of the Marshall Islands, Monaco and of other jurisdictions may prevent or restrict you from enforcing a judgment against our assets or the assets of our general partner or our directors or officers.

Tax Risks

In addition to the following risk factors, you should read **Material U.S. Federal Income Tax Considerations** on page 52 for a more complete discussion of the expected material U.S. federal and non-U.S. income tax considerations relating to us and the ownership and disposition of common units.

We may be subject to taxes, which may reduce our cash available for distribution to our unitholders.

We and our subsidiaries may be subject to tax in the jurisdictions in which we are organized or operate, reducing the amount of cash available for distribution. In computing our tax obligation in these jurisdictions, we are required to take various tax accounting and reporting positions on matters that are not entirely free from doubt

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and for which we have not received rulings from the governing authorities. We cannot assure you that upon review of these positions the applicable authorities will agree with our positions. A successful challenge by a tax authority could result in additional tax imposed on us or our subsidiaries, further reducing the cash available for distribution. In addition, changes in our operations or ownership could result in additional tax being imposed on us or our subsidiaries in jurisdictions in which operations are conducted.

U.S. tax authorities could treat us as a passive foreign investment company, which could have adverse U.S. federal income tax consequences to U.S. unitholders.

A non-U.S. entity treated as a corporation for U.S. federal income tax purposes will be treated as a passive foreign investment company, or a PFIC, for U.S. federal income tax purposes if at least 75.0% of its gross income for any taxable year consists of certain types of passive income, or at least 50.0% of the average value of the entity's assets produce or are held for the production of those types of passive income. For purposes of these tests, passive income generally includes dividends, interest, gains from the sale or exchange of investment property, and rents and royalties other than rents and royalties that are received from unrelated parties in connection with the active conduct of a trade or business. For purposes of these tests, income derived from the performance of services does not constitute passive income. U.S. unitholders of a PFIC are subject to a disadvantageous U.S. federal income tax regime with respect to the income derived by the PFIC, the distributions they receive from the PFIC, and the gain, if any, they derive from the sale or other disposition of their shares in the PFIC.

Based on our current and projected method of operation, and on opinion of counsel, we believe that we were not a PFIC for our 2015 taxable year, and we expect that we will not become a PFIC with respect to any other taxable year. Our U.S. counsel, Thompson Hine LLP, is of the opinion that (1) the income we receive from time chartering activities and the assets we own that are engaged in generating such income should not be treated as passive income or assets, respectively, and (2) so long as our income from time charters exceeds 25.0% of our gross income from all sources for each taxable year after our initial taxable year and the fair market value of our vessels contracted under time charters exceeds 50.0% of the average fair market value of all of our assets for each taxable year after our initial taxable year, we should not be a PFIC for any taxable year. This opinion is based on representations and projections provided by us to our counsel regarding our assets, income and charters, and its validity is conditioned on the accuracy of such representations and projections. We expect that all of the vessels in our fleet will be engaged in time chartering activities and intend to treat our income from those activities as non-passive income, and the vessels engaged in those activities as non-passive assets, for PFIC purposes. However, no assurance can be given that the Internal Revenue Service, or the IRS, will accept this position.

We may have to pay tax on U.S.-source income, which would reduce our earnings.

Under the Code, 50.0% of the gross transportation income of a vessel-owning or chartering corporation that is attributable to transportation that either begins or ends, but that does not both begin and end, in the United States is characterized as U.S. Source International Transportation Income. U.S. Source International Transportation Income generally is subject to a 4.0% U.S. federal income tax without allowance for deduction or, if such U.S. Source International Transportation Income is effectively connected with the conduct of a trade or business in the United States, U.S. federal corporate income tax (the highest statutory rate presently is 35.0%) as well as a branch profits tax (presently imposed at a 30.0% rate on effectively connected earnings) applies, unless the non-U.S. corporation qualifies for exemption from tax under Section 883 of the Code.

Based on an opinion of counsel, and certain assumptions and representations, we believe that we have qualified for this statutory tax exemption, and we will take this position for U.S. federal income tax return reporting purposes for our 2015 taxable year. However, there are factual circumstances, including some that may be beyond our control that

could cause us to lose the benefit of this tax exemption. Furthermore, our board of directors could determine that it is in our best interests to take an action that would result in this tax exemption not applying to us in the future. In addition, our conclusion that we qualify for this exemption, as well as the conclusions in this regard of our counsel, Thompson Hine LLP, is based upon legal authorities that do not

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expressly contemplate an organizational structure such as ours; specifically, although we have elected to be treated as a corporation for U.S. federal income tax purposes, we are organized as a limited partnership under Marshall Islands law. Therefore, we can give no assurances that the IRS will not take a different position regarding our qualification for this tax exemption.

If we were not entitled to the Section 883 exemption for any taxable year, we generally would be subject to a 4.0% U.S. federal gross income tax with respect to our U.S. Source International Transportation Income or, if such U.S. Source International Transportation Income were effectively connected with the conduct of a trade or business in the United States, U.S. federal corporate income tax as well as a branch profits tax for those years. Our failure to qualify for the Section 883 exemption could have a negative effect on our business and would result in decreased earnings available for distribution to our unitholders.

You may be subject to income tax in one or more non-U.S. countries, including Greece, as a result of owning our common units if, under the laws of any such country, we are considered to be carrying on business there. Such laws may require you to file a tax return with and pay taxes to those countries.

We intend that our affairs and the business of each of our controlled affiliates will be conducted and operated in a manner that minimizes income taxes imposed upon us and these controlled affiliates or which may be imposed upon you as a result of owning our common units. However, because we are organized as a partnership, there is a risk in some jurisdictions that our activities and the activities of our subsidiaries may be attributed to our unitholders for tax purposes and, thus, that you will be subject to tax in one or more non-U.S. countries, including Greece, as a result of owning our common units if, under the laws of any such country, we are considered to be carrying on business there. If you are subject to tax in any such country, you may be required to file a tax return with and to pay tax in that country based on your allocable share of our income. We may be required to reduce distributions to you on account of any withholding obligations imposed upon us by that country in respect of such allocation to you. The United States may not allow a tax credit for any foreign income taxes that you directly or indirectly incur.

We believe we can conduct our activities in such a manner that our unitholders should not be considered to be carrying on business in one or more non-U.S. countries including Greece solely as a consequence of the acquisition, holding, disposition or redemption of our common units. However, the question of whether either we or any of our controlled affiliates will be treated as carrying on business in any particular country will be largely a question of fact to be determined based upon an analysis of contractual arrangements, including the management agreement and the administrative services agreement we will enter into with the Manager, and the way we conduct business or operations, all of which may change over time. Furthermore, the laws of Greece or any other country may change in a manner that causes that country's taxing authorities to determine that we are carrying on business in such country and are subject to its taxation laws. Any foreign taxes imposed on us or any subsidiaries will reduce our cash available for distribution.

Item 4. Information on the Partnership

A. History and Development of the Partnership

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

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

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

- (a) the Management Agreement with the Manager pursuant to which the Manager provides Navios Partners commercial and technical management services;
- (b) the Administrative Services Agreement with the Manager pursuant to which the Manager provides Navios Partners administrative services; and
- (c) the Omnibus Agreement with Navios Holdings, governing, among other things, when Navios Partners and Navios Holdings may compete against each other as well as rights of first offer on certain drybulk carriers.

Equity Offerings and Issuances

2015

On February 11, 2015, Navios Partners completed its public offering of 4,000,000 common units at \$13.09 per unit and raised gross proceeds of approximately \$52.4 million to fund its fleet expansion. The net proceeds of this offering, including the underwriting discount and excluding offering costs of \$0.2 million, were approximately \$50.1 million. Pursuant to this offering, Navios Partners issued 81,633 general partnership units to its general partner. The net proceeds from the issuance of the general partnership units were \$1.1 million. On the same date, Navios Partners completed the exercise of the option previously granted to the underwriters in connection with the offering and issued 600,000 additional common units at the public offering price less the underwriting discount. As a result of the exercise of the option, Navios Partners raised additional gross proceeds of \$7.9 million and net proceeds, including the underwriting discount, of approximately \$7.5 million and issued 12,245 additional general partnership units to its general partner. The net proceeds from the issuance of the general partnership units were \$0.2 million. In addition, Navios Partners completed a private placement of 1,120,547 common units and 22,868 general partner units at \$13.09 per unit to Navios Holdings, raising additional gross proceeds of \$15.0 million. Following the public offering and the private placement, Navios Holdings currently owns a 20.1% interest in Navios Partners, which includes the 2.0% interest through Navios Partners' general partner which Navios Holdings owns and controls.

2014

On February 14, 2014, Navios Partners completed its public offering of 5,500,000 common units at \$17.30 per unit and raised gross proceeds of approximately \$95.2 million to fund its fleet expansion. The net proceeds of this offering, including the underwriting discount and excluding offering costs estimated at \$0.3 million, were approximately \$91.1 million. Pursuant to this offering, Navios Partners issued 112,245 general partnership units to its general partner. The net proceeds from the issuance of the general partnership units were \$1.9 million. On February 18, 2014, Navios Partners completed the exercise of the option previously granted to the underwriters in connection with the offering and issued 825,000 additional common units at the public offering price less the underwriting discount. As a result of the exercise of the option, Navios Partners raised additional gross proceeds of \$14.3 million and net proceeds, including the underwriting discount, of approximately \$13.7 million and issued 16,837 additional general partnership units to its general partner. The net proceeds from the issuance of the general partnership units were \$0.3 million.

2013

On September 25, 2013, Navios Partners completed its public offering of 5,000,000 common units at \$14.26 per unit and raised gross proceeds of \$71.3 million to fund its fleet expansion. The net proceeds of this offering, including the

underwriting discount and excluding offering costs of \$0.2 million, were \$68.2 million. Pursuant to this offering, Navios Partners issued 102,041 general partnership units to its general partner. The net proceeds

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from the issuance of the general partnership units were \$1.5 million. On the same date, Navios Partners completed the exercise of the option previously granted to the underwriters in connection with the offering and issued 750,000 additional common units at the public offering price less the underwriting discount. As a result of the exercise of the option, Navios Partners raised additional gross proceeds of \$10.7 million. The net proceeds, including the underwriting discount, were approximately \$10.2 million and Navios Partners issued 15,306 additional general partnership units to its general partner. The net proceeds from the issuance of the general partnership units were \$0.2 million.

On February 6, 2013, Navios Partners completed its public offering of 4,500,000 common units at \$14.15 per unit and raised gross proceeds of approximately \$63.7 million to fund its fleet expansion. The net proceeds of this offering, including the underwriting discount and excluding offering costs of \$0.2 million, were approximately \$60.8 million. Pursuant to this offering, Navios Partners issued 91,837 general partnership units to its general partner. The net proceeds from the issuance of the general partnership units were \$1.3 million. On the same date, Navios Partners completed the exercise of the option previously granted to the underwriters in connection with the offering and issued 675,000 additional common units at the public offering price less the underwriting discount. As a result of the exercise of the option, Navios Partners raised additional gross proceeds of \$9.6 million and net proceeds, including the underwriting discount, of approximately \$9.1 million and issued 13,776 additional general partnership units to its general partner. The net proceeds from the issuance of the general partnership units were \$0.2 million.

Vessel Acquisitions

On April 22, 2015, Navios Partners acquired from an unrelated third party the MSC Cristina, a 2011 South Korean-built Container vessel of 13,100 TEU, for an acquisition cost of \$147.8 million, of which \$14.8 million relates to vessel deposits paid and transferred during the year.

On October 28, 2014, Navios Partners acquired from an unrelated third party the YM Unity, a 2006-built Container vessel of 8,204 TEU, for an acquisition cost of \$59.1 million.

On August 29, 2014, Navios Partners acquired from an unrelated third party the YM Utmost, a 2006-built Container vessel of 8,204 TEU, for an acquisition cost of \$59.1 million.

On January 18, 2014, Navios Partners acquired from an unrelated third party the Navios Sun, a 2005-built Panamax vessel of 76,619 dwt, for an acquisition cost of \$16.2 million.

On January 7, 2014, Navios Partners acquired from an unrelated third party the Navios La Paix, a 2014-built Ultra-Handymax vessel of 61,485 dwt, for an acquisition cost of \$28.5 million.

In December 2013, Navios Partners acquired from an unrelated third party five 2006 South Korean-built Container vessels of 6,800 TEU each, consisting of the Hyundai Hongkong, the Hyundai Singapore, the Hyundai Tokyo, the Hyundai Shanghai and the Hyundai Busan, for a total acquisition cost of \$276.5 million.

On October 11, 2013, Navios Partners acquired from an unrelated third party the Navios Harmony, an 82,790 dwt 2006 Japanese-built Panamax vessel, for an acquisition cost of \$18.0 million.

On September 11, 2013, Navios Partners acquired from an unrelated third party the Navios Joy, an 181,389 dwt 2013 Japanese new-build Capesize vessel, for an acquisition cost of \$47.5 million.

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B. Business Overview

Introduction

We are an international owner and operator of drybulk and container vessels formed by Navios Holdings (NYSE: NM), a vertically integrated seaborne shipping company with over 60 years of operating history in the dry cargo shipping industry. Our vessels are generally chartered-out under medium to long-term time charters with an average remaining term of approximately three years to a strong group of counterparties, including Yang Ming Marine Transport Corporation, Cargill International S.A., Exelon Corporation (formerly Constellation Energy Group), Rio Tinto, Hyundai Merchant Marine Co., Ltd and Mediterranean Shipping Co. S.A.

Suspension of Distributions

In February 2016, we announced that our board of directors decided to suspend the quarterly cash distributions to our unitholders including the distribution for the quarter ended December 31, 2015 in order to conserve cash and improve our liquidity. Our board of directors and management believes such a decision is in the best long-term interests of the Company and its stakeholders. The board of directors will reassess the Company's distribution policy as the environment changes. For additional information, see [Quarterly Distribution](#) herein.

Our Fleet

Navios Partners controls 12 Panamax vessels, eight Capesize vessels, three Ultra-Handymax vessels and eight Container vessels. Our fleet of high quality dry cargo vessels has an average age of 8.7 years for drybulk and container vessels, which approximates the current industry average of about nine years for drybulk vessels and 11 years for container vessels, respectively (both industry average as of December 31, 2015). Panamax vessels are highly flexible vessels capable of carrying a wide range of dry cargo commodities, including iron ore, coal, grain and fertilizer and being accommodated in most major discharge ports, while Capesize vessels are primarily dedicated to the carriage of iron ore and coal. Ultra-Handymax vessels are similar to Panamax vessels although with less carrying capacity and generally have self-loading and discharging gear on board to accommodate undeveloped ports. Container vessels are specifically constructed to transport containerized cargo. We may from time to time purchase additional vessels, including vessels from Navios Holdings.

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

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The following table provides summary information about our fleet as of March 22, 2016:

Owned Drybulk Vessels	Type	Built	Capacity (DWT)	Charter Expiration Date	Charter-Out Rate⁽¹⁾
Navios Apollon	Ultra-Handymax	2000	52,073	April 2016	\$ 12,500 ⁽²⁾
Navios Soleil	Ultra-Handymax	2009	57,337	April 2016	\$ 5,510
Navios La Paix	Ultra-Handymax	2014	61,485	February 2017	125% of pool earnings
Navios Gemini S	Panamax	1994	68,636		Repositioning
Navios Libra II	Panamax	1995	70,136	April 2016	\$ 12,000 ⁽²⁾
Navios Felicity	Panamax	1997	73,867	April 2016	\$ 12,000 ⁽²⁾
				May 2016	\$ 3,325
Navios Galaxy I	Panamax	2001	74,195	February 2018	\$ 21,937
Navios Hyperion	Panamax	2004	75,707	July 2016	\$ 6,175
Navios Alegria	Panamax	2004	76,466	April 2016	\$ 12,000 ⁽²⁾
				July 2016	\$ 6,650
Navios Orbiter	Panamax	2004	76,602	April 2016	\$ 12,000 ⁽²⁾
				December 2016	\$ 9,986
				March 2019	\$ Index ⁽³⁾
Navios Helios	Panamax	2005	77,075	January 2017	\$ Index ⁽⁴⁾
Navios Sun	Panamax	2005	76,619	April 2016	\$ 12,000 ⁽²⁾
				December 2016	\$ 9,986
				March 2019	\$ Index ⁽³⁾
Navios Hope	Panamax	2005	75,397	November 2016	\$ 9,986
				February 2019	\$ Index ⁽³⁾
Navios Sagittarius	Panamax	2006	75,756	November 2018	\$ 26,125
Navios Harmony	Panamax	2006	82,790	April 2016	\$ 12,000 ⁽²⁾
				May 2017	\$ 4,750+Index ⁽⁵⁾
Navios Fantastiks	Capesize	2005	180,265	April 2016	\$ 12,500 ⁽²⁾
				January 2017	\$ 12,825
Navios Aurora II ⁽⁶⁾	Capesize	2009	169,031	August 2017	\$ Index ⁽⁷⁾
Navios Pollux	Capesize	2009	180,727		\$ Repositioning
Navios Fulvia	Capesize	2010	179,263	February 2017	\$ 13,443
Navios Melodia ⁽⁸⁾	Capesize	2010	179,132	September 2022	\$ 29,356 ⁽⁹⁾
Navios Luz	Capesize	2010	179,144	November 2020	\$ 29,356 ⁽¹⁰⁾
Navios Buena Ventura	Capesize	2010	179,259	October 2020	\$ 29,356 ⁽¹⁰⁾
Navios Joy	Capesize	2013	181,389	January 2017	\$ 6,175

Owned Container Vessels	Type	Built	TEU	Charter Expiration Date	Charter-Out Rate⁽¹⁾
Hyundai Hongkong	Container	2006	6,800	December 2023	\$ 30,119 ⁽¹¹⁾
Hyundai Singapore	Container	2006	6,800	December 2023	\$ 30,119 ⁽¹¹⁾
Hyundai Tokyo	Container	2006	6,800	December 2023	\$ 30,119 ⁽¹¹⁾
Hyundai Shanghai	Container	2006	6,800	December 2023	\$ 30,119 ⁽¹¹⁾
Hyundai Busan	Container	2006	6,800	December 2023	\$ 30,119 ⁽¹¹⁾

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YM Utmost	Container	2006	8,204	August 2018	\$	34,266
YM Unity	Container	2006	8,204	October 2018	\$	34,266
MSC Cristina	Container	2011	13,100	February 2027	\$	60,275 ⁽¹¹⁾

- (1) Daily charter-out rate per day, net of commissions or settlement and insurance proceeds by Navios Holdings up to \$20.0 million, where applicable.
- (2) Profit sharing 50% on actual results at the end of the charter period. Any adjustment for hire expense/loss will be settled accordingly at the end of the charter period.

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- (3) Average BPI 4TC minus \$2,488 net per day.
 - (4) 106% average BPI 4TC.
 - (5) 52% average BPI 4TC.
 - (6) Following the default of the original charterer, the vessel was redelivered in August 2015. The rehabilitation claim was sold to an unrelated third party.
 - (7) \$9,480/day adjusted for 50% pool earnings or weighted average BCI 5TC.
 - (8) In January 2011, Korea Line Corporation (KLC) filed for receivership. The charter was affirmed and will be performed by KLC on its original terms following an interim suspension period until April 2016 during which Navios Partners trades the vessel directly. Rate assumes amortization of payment of \$13.3 million received upfront covering the interim suspension period.
 - (9) Profit sharing 50% above \$37,500/day based on Baltic Exchange Capesize TC Average.
 - (10) Profit sharing 50% above \$38,500/day based on Baltic Exchange Capesize TC Average.
 - (11) The vessels are fixed on ten/twelve year charters with Navios Partners option to terminate after year seven.
- Our Competitive Strengths**

We believe that our future prospects for success are enhanced by the following aspects of our business:

Stable cash flows. We believe that the remaining medium to long-term, fixed-rate nature of our charters will provide a stable base of revenue (during high market periods we seek to fix longer term charters and during low market periods we seek shorter period employment in order to take advantage of any market up turn). In addition, we believe that the potential opportunity to purchase additional vessels from Navios Holdings and through the secondary market provides future growth in our revenue and distributable cash flow. We believe that our management agreement, which has been extended until December 31, 2017 and provides for a fixed management fee until December 31, 2017, will continue to provide us with predictable expenses.

Strong relationship with Navios Holdings. We believe our relationship with Navios Holdings and its affiliates provides us with numerous benefits that are key to our long-term growth and success, including Navios Holdings expertise in commercial management and Navios Holdings reputation within the shipping industry and its network of strong relationships with many of the world's dry cargo raw material producers, agricultural traders and exporters, industrial end-users, shipyards, and shipping companies. We also benefit from Navios Holdings expertise in technical management through its in-house technical manager, which provides efficient operations and maintenance for our vessels at costs significantly below the industry average for vessels of a similar age. Navios Holdings expertise in fleet management is reflected in Navios Holdings history of a low number of off-hire days and in its record of no material incidents giving rise to loss of life or pollution or other environmental liability.

High-quality, flexible fleet. Our fleet consists of 12 Panamax vessels, eight Capesize vessels, three Ultra-Handymax vessels and eight Container vessels. The average age of the vessels in our fleet approximates the average age of the world drybulk fleet. Our combined fleet had an average age of 8.7 years as of March 2016 (average age of 8.6 years for drybulk fleet and 8.4 years for containers fleet), compared to a current industry average age of about 8.8 years for the drybulk fleet and 11.2 years for the containers fleet (both industry averages as of December 31, 2015). Panamax vessels are highly flexible vessels capable of carrying a wide range of drybulk commodities, including iron ore, coal, grain and fertilizer, and of being accommodated in most major discharge ports. Ultra-Handymax vessels are similar to Panamax vessels

although with less carrying capacity and generally have self-loading and discharging gear on board to accommodate undeveloped ports. Capesize vessels are primarily dedicated to the carriage of iron ore and coal. Container vessels are designed to carry manufactured, finished or semi-finished goods in steel shipping containers or specific routes. We believe that our high-quality, flexible fleet provides us with a competitive advantage in the drybulk and container time charter market, where vessel age, flexibility and quality are of significant importance in competing for business.

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Operating visibility through long-term charters with strong counterparties. Our vessels are chartered-out under time charters with average remaining charter duration of approximately three years to a strong group of counterparties consisting of, amongst others: Yang Ming Marine Transport Corporation, Cargill International S.A., Exelon Corporation (formerly Constellation Energy Group), Rio Tinto, Hyundai Merchant Marine Co., Ltd and Mediterranean Shipping Co. S.A. We believe our existing charter coverage with strong counterparties provides us with predictable contracted revenues and operating visibility.

Business Strategies

Our primary business objective is to increase quarterly distributions per unit over time by executing the following strategies:

Pursue stable cash flows through long-term charters for our fleet. We intend to continue to utilize the remaining medium to long-term, fixed-rate charters for our existing fleet. Currently, the vessels in our fleet have average remaining charter duration of approximately three years and have staggered charter expirations. We will seek to opportunistically re-charter our vessels in order to add incremental stable cash flow and improve the long-term charter terms.

Continue to grow and diversify our fleet of owned and chartered-in vessels. We seek to make strategic acquisitions to expand our fleet in order to capitalize on the demand for container and drybulk vessels in a manner that is accretive to distributable cash flow per unit. We have the right to purchase certain additional drybulk vessels currently owned or chartered-in by Navios Holdings when those vessels are fixed under long-term charters for a period of three or more years. In addition, we may seek to expand and diversify our fleet through the open market purchase of owned and chartered-in drybulk vessels with charters of three or more years. We believe that our long-term charters and financial flexibility will assist us to make additional accretive acquisitions.

Capitalize on our relationship with Navios Holdings and expand our charters with recognized charterers. We believe that we can use our relationship with Navios Holdings and its established reputation in order to obtain favorable long-term time charters and attract new customers. We will continue to increase the number of vessels we charter to our existing charterers, as well as enter into charter agreements with new customers, in order to develop a portfolio that is diverse from a customer, geographic and maturity perspective.

Provide superior customer service by maintaining high standards of performance, reliability and safety. Our customers seek transportation partners that have a reputation for high standards of performance, reliability and safety. We intend to use Navios Holdings' operational expertise and customer relationships to further expand a sustainable competitive advantage with consistent delivery of superior customer service.

Our Customers

We provide or will provide seaborne shipping services under long-term time charters with customers that we believe are creditworthy. Currently, our major customers are Hyundai Merchant Marine Co., Ltd., Navios Corporation and Yang Ming Marine Transport Corporation. For the year ended December 31, 2015, these charterers accounted for 24.0%, 17.4% and 11.4%, respectively, of total revenues. For the year ended December 31, 2014, Navios Partners

customers representing 10% or more of total revenues were Hyundai Merchant Marine Co., Ltd and Navios Corporation, which accounted for 24.4% and 11.0%, respectively, of total revenues. For the year ended December 31, 2013, Navios Partners customers representing 10% or more of total revenues were Cosco Bulk Carrier Co. Ltd., Hanjin Shipping Co. Ltd, Navios Corporation and Samsun Logix, which accounted for 23.4%, 11.3%, 10.4% and 10.2%, respectively, of total revenues. No other customers accounted for 10% or more of total revenues for any of the years presented.

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Although we believe that if any one of our charters were terminated, we could recharter the related vessel at the prevailing market rate relatively quickly, the permanent loss of a significant customer or a substantial decline in the amount of services requested by a significant customer could harm our business, financial condition and results of operations if we were unable to recharter our vessel on a favorable basis due to then-current market conditions, or otherwise.

Competition

The drybulk shipping market is extensive, diversified, competitive and highly fragmented, divided among approximately 1,775 independent drybulk carrier owners. The world's active drybulk fleet consists of approximately 10,700 vessels, aggregating approximately 776 million dwt as of December 31, 2015. As a general principle, the smaller the cargo carrying capacity of a drybulk carrier, the more fragmented is its market, both with regard to charterers and vessel owner/operators. Even among the larger drybulk owners and operators, whose vessels are mainly in the larger sizes, only four companies are known to have fleets of 100 vessels or more after the merger of the two largest Chinese shipping companies, China Ocean Shipping and China Shipping Group into China COSCO Shipping. The other three are the largest Japanese shipping companies, Mitsui O.S.K. Lines, Kawasaki Kisen and Nippon Yusen Kaisha. There are about 45 owners known to have fleets of between 30 and 100 vessels. However, vessel ownership is not the only determining factor of fleet control. Many owners of bulk carriers charter their vessels out for extended periods, not just to end users (owners of cargo), but also to other owner/operators and to tonnage pools. Such operators may, at any given time, control a fleet many times the size of their owned tonnage. Navios Holdings is one such operator; others include Cargill, Pacific Basin Shipping, Bocimar, Zodiac Maritime, Louis Dreyfus/Cetrappa, Cobelfret, Torvald Klaveness and Swiss Marine.

The container shipping market is extensive, diversified, competitive and fragmented, divided among approximately 613 liner operators and independent owners. The world's active containership fleet consists of approximately 5,100 vessels, aggregating approximately 18.3 million TEU as of December 31, 2015. As a general principle, the smaller the cargo carrying capacity of a containership, the more fragmented is its market, both with regard to charterers and vessel owner/operators. Even among the larger liner companies and containership owners and operators, whose vessels are mainly in the larger sizes, only ten companies are known to control fleets of 80 vessels or more: AP Moller, China COSCO Shipping, Mediterranean Shipping Co. (MSC), Evergreen, Pacific International Lines, Peter Dohle, Seaspan and CMA CGM. There are about 40 owners known to control fleets of between 27 and 80 vessels. However, vessel ownership is not the only determining factor of fleet control. Liner companies, who control the movement of containers on land and at sea, own vessels directly and charter in vessels on short and long-term charters. Many owners/managers of containerships charter their vessels out for extended periods but do not control the movement of any containers, the so called tonnage providers. Liner companies may, at any given time, control a fleet many times the size of their owned tonnage. AP Moller and MSC are such liner operators; whereas Peter Dohle, Seaspan and others including Navios Maritime Partners are tonnage providers.

It is likely that we will face substantial competition for long-term charter business from a number of experienced companies. Many of these competitors will have significantly greater financial resources than we do. It is also likely that we will face increased numbers of competitors entering into our transportation sectors, including in the container and drybulk sectors. Many of these competitors have strong reputations and extensive resources and experience. Increased competition may cause greater price competition, especially for long-term charters.

Time Charters

A time charter is a contract for the use of a vessel for a fixed period of time at a specified daily rate. Under a time charter, the vessel owner provides crewing and other services related to the vessel's operation, the cost of which is

included in the daily rate and the customer is responsible for substantially all of the vessel voyage costs. All of the vessels in our fleet are hired out under time charters, and we intend to continue to hire out our vessels under time charters. The following discussion describes the material terms common to all of our time charters.

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Basic Hire Rate

Basic hire rate refers to the basic payment from the customer for the use of the vessel. The hire rate is generally payable semi-monthly, in advance, in U.S. dollars as specified in the charter.

Expenses

The charterer generally pays the voyage expenses, which include all expenses relating to particular voyages, including any bunker fuel expenses, port fees, cargo loading and unloading expenses, canal tolls, agency fees and commissions.

Off-hire

When the vessel is off-hire, the charterer generally is not required to pay the basic hire rate, and we are responsible for all costs. Prolonged off-hire may lead to vessel substitution or termination of the time charter. A vessel generally will be deemed off-hire if there is a loss of time due to, among other things:

operational deficiencies; drydocking for repairs, maintenance or inspection; equipment breakdowns; or delays due to accidents, crewing strikes, certain vessel detentions or similar problems; or

the shipowner's failure to maintain the vessel in compliance with its specifications and contractual standards or to provide the required crew.

Under some of our charters, the charterer is permitted to terminate the time charter if the vessel is off-hire for an extended period, which is generally defined as a period of 90 or more consecutive off-hire days. Under some circumstances, an event of force majeure may also permit the charterer to terminate the time charter or suspend payment of charter hire.

Termination

We are generally entitled to suspend performance under the time charters covering our vessels if the customer defaults in its payment obligations. Under some of our time charters, either party may terminate the charter in the event of war in specified countries or in locations that would significantly disrupt the free trade of the vessel. Some of our time charters covering our vessels require us to return to the charterer, upon the loss of the vessel, all advances paid by the charterer but not earned by us.

Classification, Inspection and Maintenance

Every sea going vessel must be classed by a classification society. The classification society certifies that the vessel is in class, signifying that the vessel has been built and maintained in accordance with the rules of the classification society and complies with applicable rules and regulations of the vessel's country of registry and the international conventions of which that country is a member. In addition, where surveys are required by international conventions and corresponding laws and ordinances of a flag state, the classification society will undertake them on application or by official order, acting on behalf of the authorities concerned.

The classification society also undertakes, on request, other surveys and checks that are required by regulations and requirements of the flag state. These surveys are subject to agreements made in each individual case or to the

regulations of the country concerned. For maintenance of the class, regular and extraordinary surveys of hull, machinery (including the electrical plant) and any special equipment classed are required to be performed as follows:

Annual Surveys: For seagoing ships, annual surveys are conducted for the hull and the machinery (including the electrical plant) and, where applicable, for special equipment classed, at intervals of 12 months from the date of commencement of the class period indicated in the certificate.

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Intermediate Surveys: Extended annual surveys are referred to as intermediate surveys and typically are conducted two and a half years after commissioning and each class renewal. Intermediate surveys may be carried out on the occasion of the second or third annual survey.

Class Renewal Surveys: Class renewal surveys, also known as special surveys, are carried out for the ship's hull, machinery (including the electrical plant), and for any special equipment classed, at the intervals indicated by the character of classification for the hull. At the special survey, the vessel is thoroughly examined, including audio-gauging, to determine the thickness of its steel structure. Should the thickness be found to be less than class requirements, the classification society would prescribe steel renewals. The classification society may grant a one-year grace period for completion of the special survey. Substantial amounts of money may have to be spent for steel renewals to pass a special survey if the vessel experiences excessive wear and tear. In lieu of the special survey every four or five years, depending on whether a grace period was granted, a ship owner has the option of arranging with the classification society for the vessel's integrated hull or machinery to be on a continuous survey cycle, in which every part of the vessel would be surveyed within a five-year cycle.

Management of Ship Operations, Administration and Safety

Navios Holdings provides, through its wholly-owned subsidiary, Navios ShipManagement Inc., referred to as the Manager herein, expertise in various functions critical to our operations. Pursuant to the Management Agreement and the Administrative Services Agreement with the Manager, we have access to human resources, financial and other administrative functions, including:

bookkeeping, audit and accounting services;

administrative and clerical services;

banking and financial services; and

client and investor relations.

Technical management services are also provided, including:

commercial management of the vessel;

vessel maintenance and crewing;

purchasing and insurance; and

shipyard supervision.

For more information on the management agreement we have with the Manager and the Administrative Services Agreement we have with the Manager, please read Item 7. Unitholders and Related Party Transactions .

Crewing

The Manager crews its vessels primarily with Filipino, Ukrainian, Polish, Russian, Indian, Georgian, Romanian and Sri Lankan officers and Filipino, Georgian, Romanian, Ethiopian, Indian and Ukrainian seamen. For these nationalities, officers and seamen are referred to the Manager by local crewing agencies. The Manager is also responsible for travel and payroll of the crew. The crewing agencies handle each seaman's training. The Manager requires that all of its seamen have the qualifications and licenses required to comply with international regulations and shipping conventions.

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The operation of any cargo vessel includes risks such as mechanical failure, physical damage, collision, property loss, cargo loss or damage, business interruption due to political circumstances in foreign countries, hostilities, and labor strikes. In addition, there is always an inherent possibility of marine disaster, including oil spills and other environmental mishaps, and the liabilities arising from owning and operating vessels in international trade. The OPA, which imposes virtually unlimited liability upon owners, operators and demise charterers of any vessel trading in the United States exclusive economic zone for certain oil pollution accidents in the United States, has made liability insurance more expensive for ship owners and operators trading in the U.S. market. While we believe that our present insurance coverage is adequate, not all risks can be insured, and there can be no guarantee that any specific claim will be paid, or that we will always be able to obtain adequate insurance coverage at reasonable rates.

Hull and Machinery and War Risk Insurances

We have marine hull and machinery and war risk insurance, which include coverage of the risk of actual or constructive total loss, for all of our owned vessels. Each of the owned vessels is covered up to at least fair market value, with a deductible of \$0.1 million per Handymax and Panamax vessels and \$0.2 million per Capesize vessels for the hull and machinery insurance. We have also extended our war risk insurance to include war loss of hire for any loss of time to the vessel, including for physical repairs, caused by a warlike incident and piracy seizure for up to 270 days of detention / loss of time. There are no deductibles for the war risk insurance or the war loss of hire cover.

Protection and Indemnity Insurance

Protection and indemnity insurance is expected to be provided by mutual protection and indemnity associations, or P&I Associations, who indemnify members in respect of discharging their tortious, contractual or statutory third-party legal liabilities arising from the operation of an entered ship. Such liabilities include but are not limited to third-party liability and other related expenses from injury or death of crew, passengers and other third parties, loss or damage to cargo, claims arising from collisions with other vessels, damage to other third-party property, pollution arising from oil or other substances, and salvage, towing and other related costs, including wreck removal. Protection and indemnity insurance is a form of mutual indemnity insurance, extended by protection and indemnity mutual associations and always provided in accordance with the applicable associations' rules and members' agreed terms and conditions.

Navios Partners' fleet is currently entered for protection and indemnity insurance with International Group associations where, in line with all International Group Clubs, coverage for oil pollution is limited to \$1.0 billion per event. The 13 P&I Associations that comprise the International Group insure approximately 95% of the world's commercial tonnage and have entered into a pooling agreement to collectively reinsure each association's liabilities. Each vessel that Navios Partners acquires will be entered with P&I Associations of the International Group. Under the International Group reinsurance program for the current policy year, each P&I club in the International Group is responsible for the first \$10.0 million of every claim. In every claim the amount in excess of \$10.0 million and up to \$80.0 million is shared by the clubs under the pooling agreement. Any claim in excess of \$80.0 million is reinsured by the International Group in the international reinsurance market under the General Excess of Loss Reinsurance Contract. This policy currently provides an additional \$2.0 billion of coverage for non-oil pollution claims. Further to this, an additional reinsurance layer has been placed by the International Group for claims up to \$1.0 billion in excess of \$2.08 billion, i.e. \$3.08 billion in total. For passengers and crew claims, the overall limit is \$3.0 billion for any one event on any one vessel with a sub-limit of \$2.0 billion for passengers. With the exception of pollution, passenger or crew

claims, should any other P&I claim exceed Group reinsurance limits, the provisions of all International Group Club s
overspill claim rules will operate and members of any International Group Club will be liable for additional
contributions in accordance with such rules. To date, there has never been an overspill claim, or one even nearing this
level.

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As a member of the P&I Associations, which is a member of the International Group, Navios Partners will be subject to calls payable to the associations based on the individual fleet record, the associations' overall claim records as well as the claim records of all other members of the individual associations, and members of the pool of P&I Associations comprising the International Group. The P&I Associations' policy year commences on February 20th. Calls are levied by means of Estimated Total Premiums (ETP) and the amount of the final installment of the ETP varies according to the actual total premium ultimately required by the club for a particular policy year. Members have a liability to pay supplementary calls which might be levied by the board of directors of the club if the ETP is insufficient to cover amounts paid out by the club.

Should a member leave or entry cease with any of the associations, at the Club's Managers discretion, they may be also be liable to pay release calls or provide adequate security for the same amount. Such calls are levied in respect of potential outstanding Club/Member liabilities on open policy years and include but are not limited to liabilities for Deferred Calls and Supplementary Calls.

Uninsured Risks

Not all risks are insured and not all risks are insurable. The principal insurable risks which nonetheless remain uninsured across our fleet are loss of hire and strikes, except in cases of loss of hire due to war or a piracy event. Specifically, Navios Partners does not insure these risks because the costs are regarded as disproportionate. These insurances provide, subject to a deductible, a limited indemnity for hire that would not be receivable by the shipowner for reasons set forth in the policy. Should a vessel on time charter, where the vessel is paid a fixed hire day by day, suffer a serious mechanical breakdown, the daily hire will no longer be payable by the charterer. The purpose of the loss of hire insurance is to secure the loss of hire during such periods. In the case of strikes insurance, if a vessel is being paid a fixed sum to perform a voyage and the ship becomes strike bound at a loading or discharging port, the insurance covers the loss of earnings during such periods.

Credit Risk Insurance

As of March 25, 2014, the Company terminated the amended credit default insurance policy. In connection with the termination, Navios Partners received compensation of \$31.0 million. From the total compensation, \$1.2 million was recorded immediately in the statement of income within the caption of Revenue , which represents reimbursements for insurance claims submitted for the period prior to the date of the termination and the remaining amount of \$29.8 million was recorded immediately in the statement of income within the caption of Other income . The Company has no future requirement to repay any of the lump sum cash payment back to the insurance company or provide any further services.

In August 2015, the Seoul Central District Court approved the second rehabilitation proceedings of Samsun Logix. One of our vessels chartered to Samsun Logix was redelivered in August 2015 and has been rechartered. The rehabilitation claim was sold to an unrelated third party. Navios Partners has no outstanding receivable from Samsun Logix.

On November 15, 2012 (as amended in March 2014), Navios Holdings and Navios Partners entered into the Navios Holdings Guarantee by which Navios Holdings will provide supplemental credit default insurance with a maximum cash payment of \$20.0 million. During the year ended December 31, 2015, the Company submitted claims for charterers' default under this agreement to Navios Holdings for a total amount of \$3.6 million, which was recorded as Other income for the year ended December 31, 2015.

In January 2011, KLC, which is the charterer of the Navios Melodia, filed for receivership. The charter contract was affirmed and will be performed by KLC on its original terms, following an interim suspension period until April 2016 during which Navios Partners trades the vessel directly.

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Regulation

Sources of applicable rules and standards

Shipping is one of the world's most heavily regulated industries, and, in addition, it is subject to many industry standards. Government regulation significantly affects the ownership and operation of vessels. These regulations consist mainly of rules and standards established by international conventions, but they also include national, state, and local laws and regulations in force in jurisdictions where vessels may operate or are registered, and which are commonly more stringent than international rules and standards. This is the case particularly in the United States and, increasingly, in Europe.

A variety of governmental and private entities subject vessels to both scheduled and unscheduled inspections. These entities include local port authorities (the U.S. Coast Guard, harbor masters or equivalent entities), classification societies, flag state administration (country vessel of registry), and charterers, particularly terminal operators. Certain of these entities require vessel owners to obtain permits, licenses, and certificates for the operation of their vessels. Failure to maintain necessary permits or approvals could require a vessel owner to incur substantial costs or temporarily suspend operation of one or more of its vessels.

Heightened levels of environmental and quality concerns among insurance underwriters, regulators, and charterers continue to lead to greater inspection and safety requirements on all vessels and may accelerate the scrapping of older vessels throughout the industry. Increasing environmental concerns have created a demand for vessels that conform to stricter environmental standards. Vessel owners are required to maintain operating standards for all vessels that will emphasize operational safety, quality maintenance, continuous training of officers and crews and compliance with U.S. and international regulations.

The International Maritime Organization, or IMO, has adopted a number of international conventions concerned with ship safety and with preventing, reducing or controlling pollution from ships. These fall into two main categories, consisting firstly of those concerned generally with ship safety standards, and secondly of those specifically concerned with measures to prevent pollution.

Ship safety regulation

In the former category the primary international instrument is the Safety of Life at Sea Convention of 1974, as amended, or SOLAS, together with the regulations and codes of practice that form part of its regime. Much of SOLAS is not directly concerned with preventing pollution, but some of its safety provisions are intended to prevent pollution as well as promote safety of life and preservation of property. These regulations have been and continue to be regularly amended as new and higher safety standards are introduced with which we are required to comply.

An amendment of SOLAS introduced the International Safety Management (ISM) Code, which has been effective since July 1998. Under the ISM Code the party with operational control of a vessel is required to develop an extensive safety management system that includes, among other things, the adoption of a safety and environmental protection policy setting forth instructions and procedures for operating its vessels safely and describing procedures for responding to emergencies. The ISM Code requires that vessel operators obtain a safety management certificate for each vessel they operate. This certificate evidences compliance by a vessel's management with code requirements for a safety management system. No vessel can obtain a certificate unless its manager has been awarded a document of compliance, issued by the flag state for the vessel, under the ISM Code. Noncompliance with the ISM Code and other IMO regulations, such as the mandatory ship energy efficiency management plan (SEEMP) which is akin to a safety management plan and came into effect on 1 January 2013, may subject a ship owner to increased liability, may lead to

decreases in available insurance coverage for affected vessels, and may result in the denial of access to, or detention in, some ports. For example, the United States Coast Guard and European Union authorities have indicated that vessels not in compliance with the ISM Code will be prohibited from trading in ports in the United States and European Union.

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Another amendment of SOLAS, made after the terrorist attacks in the United States on September 11, 2001, introduced special measures to enhance maritime security, including the International Ship and Port Facilities Security Code (ISPS Code).

Our owned fleet maintains ISM and ISPS certifications for safety and security of operations. Each vessel's certificate must be periodically renewed and compliance must be periodically verified. In addition, the Manager voluntarily implements and maintains certifications pursuant to the International Organization for Standardization, or ISO, for its office and ships covering both quality of services and environmental protection (ISO 9001 and ISO 14001, respectively).

International regulations to prevent pollution from ships

In the second main category of international regulation, the primary instrument is the International Convention for the Prevention of Pollution from Ships, or MARPOL, which imposes environmental standards on the shipping industry set out in Annexes I-VI of MARPOL. These contain regulations for the prevention of pollution by oil (Annex I), by noxious liquid substances in bulk (Annex II), by harmful substances in packaged forms within the scope of the International Maritime Dangerous Goods Code (Annex III), by sewage (Annex IV), by garbage (Annex V), and by air emissions (Annex VI).

These regulations have been and continue to be regularly amended as new and more stringent standards of pollution prevention are introduced with which we are required to comply. For example, MARPOL Annex VI, together with the NOx Technical Code established thereunder, sets limits on sulfur oxide and nitrogen oxide emissions from ship exhausts and prohibits deliberate emissions of ozone depleting substances, such as chlorofluorocarbons. It also includes a global cap on the sulfur content of fuel oil and allows for special areas to be established with more stringent controls on emissions. Originally adopted in September 1997, Annex VI came into force in May 2005 and was amended in October 2008 (as was the NOx Technical Code) to provide for progressively more stringent limits on such emissions from 2010 onwards. The revised Annex VI provides, in particular, for a reduction of the global sulfur cap, initially to 3.5% (from the previous cap of 4.5%), with effect from January 1, 2012, then progressively reducing to 0.50% effective from January 1, 2020, subject to a feasibility review to be completed no later than 2018 (regarding the availability of compliant fuel which could defer the requirement to January 1, 2025); and the establishment of new tiers of stringent nitrogen oxide emissions standards for marine engines, depending on their date of installation. We anticipate incurring costs in complying with these more stringent standards. At MEPC 68 (2015), draft amendments to Annex VI were approved for additional record requirements for operational compliance with NOx Tier III emission control areas, and are set for adoption in MEPC 69 (2016).

The revised Annex VI further allows for designation, in response to proposals from member parties, of Emission Control Areas (ECAs) that impose accelerated and/or more stringent requirements for control of sulfur oxide, particulate matter, and nitrogen oxide emissions. Thus far, ECAs have been formally adopted for the Baltic Sea area (limits SOx emissions only); the North Sea area including the English Channel (limiting SOx emissions only) and the North American ECA (which came into effect from August 1, 2012 limiting SOx, NOx and particulate matter emissions). The United States Caribbean Sea ECA entered into force on January 1, 2013 and has been effective since January 1, 2014, limiting SOx, NOx and particulate matter emissions. For the currently-designated ECAs, much lower sulfur limits on fuel oil content are being phased in (0.1% from January 1, 2015). At its 66th Session, the MEPC adopted amendments (effective September 2015) to Annex VI, regulation 13, regarding NOx and the date for the implementation of the Tier III standards within ECAs. These amendments provide, inter alia, that such standards, applicable on January 1, 2016, apply to marine diesel engines installed on ships which operate in the North American ECA or the U.S. Caribbean Sea ECA and to installed marine diesel engines which operate in other ECAs which might be designated in the future for Tier III NOx control. At its 68th session, the MEPC requested that the IMO Secretariat

begin a review by September 1, 2015 of the availability of fuel compliant with regulation 14 of Annex VI (SO_x and particulate matter), which requires sulfur content of fuel oil on board ships to be at or below 0.50% m/m by January 1, 2010. These more

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stringent fuel standards are expected to require measures such as fuel switching, vessel modification adding distillate fuel storage capacity, or addition of exhaust gas cleaning scrubbers, to achieve compliance, and may require installation and operation of further control equipment at significantly increased cost.

The revised Annex I to the MARPOL Convention entered into force in January 2007. It incorporates various amendments to the MARPOL Convention and imposes construction requirements for oil tankers delivered on or after January 1, 2010. On August 1, 2007, Regulation 12A (an amendment to Annex I) came into force imposing performance standards for accidental oil fuel outflow and requiring oil fuel tanks to be located inside the double-hull in all ships with an aggregate oil fuel capacity of 600 cubic meters and above, and which are delivered on or after August 1, 2010, including ships for which the building contract is entered into on or after August 1, 2007 or, in the absence of a contract, for which keel is laid on or after February 1, 2008. We intend that all of our newbuild tanker vessels, if any, will comply with Regulation 12A.

Greenhouse gas emissions

In February 2005, the Kyoto Protocol to the United Nations Framework Convention on Climate Change entered into force. Pursuant to the Kyoto Protocol, adopting countries are required to implement national programs to reduce emissions of certain gases, generally referred to as greenhouse gases, which are suspected of contributing to global warming. Currently, the greenhouse gas emissions from international shipping do not come under the Kyoto Protocol.

In December 2011, UN climate change talks took place in Durban and concluded with an agreement referred to as the Durban Platform for Enhanced Action. In preparation for the Durban Conference, the International Chamber of Shipping (ICS) produced a briefing document, confirming the shipping industry's commitment to cut shipping emissions by 20% by 2020, with significant further reductions thereafter. The ICS called on the participants in the Durban Conference to give the IMO a clear mandate to deliver emissions reductions through market-based measures, for example a shipping industry environmental compensation fund. Notwithstanding the ICS's request for global regulation of the shipping industry, the Durban Conference did not result in any proposals specifically addressing the shipping industry's role in climate change. The European Union announced in April 2007 that it planned to expand the European Union emissions trading scheme by adding vessels, and a proposal from the European Commission was expected if no global regime for reduction of seaborne emissions had been agreed by the end of 2011. As of January 31, 2013, the Commission stopped short of proposing that emissions from ships be included in the EU's emissions-trading scheme (ETS). However, on October 1, 2012, it announced that it would propose measures to monitor, verify and report on greenhouse gas emissions from the shipping sector.

On June 28, 2013, the EC adopted a Communication setting out a strategy for progressively including greenhouse gas emissions from maritime transport in the EU's policy for reducing its overall GHG emissions. The first step proposed by the EC was an EU Regulation to an EU-wide system for the monitoring, reporting and verification of carbon dioxide emissions from large ships starting in 2018. The Regulation was adopted on April 29, 2015 and took effect on July 1, 2015, with monitoring, reporting and verification requirements beginning on January 1, 2018. This Regulation may be seen as indicative of an intention to maintain pressure on the international negotiating process.

Other international regulations to prevent pollution

In addition to MARPOL, other more specialized international instruments have been adopted to prevent different types of pollution or environmental harm from ships. In February 2004, the IMO adopted an International Convention for the Control and Management of Ships' Ballast Water and Sediments, or the BWM Convention. The BWM Convention's implementing regulations call for a phased introduction of mandatory ballast water exchange requirements, to be replaced in time with mandatory concentration limits.

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The BWM Convention will not enter into force until 12 months after it has been adopted by 30 states, the combined merchant fleets of which represent not less than 35% of the gross tonnage of the world's merchant shipping. As of March 2016, the BWM Convention had 82 contracting states for 92.12% of world gross tonnage. Additional countries may ratify in 2016, which may cross the 35% of world gross tonnage threshold, such that entry of the BWM Convention into force is anticipated in the foreseeable future and will likely result in additional compliance costs. At MEPC 68, the committee approved of a Roadmap for the implementation of the BWM Convention, which encourages early adopters of ballast water management systems approved in accordance with current BWM guidelines and provides protections from penalties for those BWM systems installed according to current guidelines.

European regulations

European regulations in the maritime sector are in general based on international law. However, since the *Erika* incident in 1999, the European Community has become increasingly active in the field of regulation of maritime safety and protection of the environment. It has been the driving force behind a number of amendments of MARPOL (including, for example, changes to accelerate the time-table for the phase-out of single hull tankers, and to prohibit the carriage in such tankers of heavy grades of oil), and if dissatisfied either with the extent of such amendments or with the time-table for their introduction it has been prepared to legislate on a unilateral basis. It should be noted, for instance, that the EU has its own regime as far as ship emissions are concerned and whilst it does in some respects reflect the IMO regime, this is not always the case. As far as sulfur dioxide emissions are concerned, for example, the EU regulation has not just caught up with the IMO limits for sulfur in ECAs, but it continues to have certain elements that exceed IMO regulations (e.g., as of January 1, 2015, EU Member States must ensure that ships in the Baltic, the North Sea and the English Channel are using gas oils with a sulfur content of no more than 0.10%).

In some instances where it has done so, international regulations have subsequently been amended to the same level of stringency as that introduced in Europe, but the risk is well established that EU regulations may from time to time impose burdens and costs on shipowners and operators which are additional to those involved in complying with international rules and standards.

In some areas of regulation the EU has introduced new laws without attempting to procure a corresponding amendment of international law. Notably, it adopted in 2005 a directive on ship-source pollution, imposing criminal sanctions for pollution not only where this is caused by intent or recklessness (which would be an offense under MARPOL), but also where it is caused by serious negligence. The directive could therefore result in criminal liability being incurred in circumstances where it would not be incurred under international law. Experience has shown that in the emotive atmosphere often associated with pollution incidents, retributive attitudes towards ship interests have found expression in negligence being alleged by prosecutors and found by courts. Moreover, there is skepticism that the notion of serious negligence is likely to prove any narrower in practice than ordinary negligence. Criminal liability for a pollution incident could not only result in us incurring substantial penalties or fines but may also, in some jurisdictions, facilitate civil liability claims for greater compensation than would otherwise have been payable.

United States environmental regulations and laws governing civil liability for pollution

Environmental legislation in the United States merits particular mention as it is in many respects more onerous than international laws, representing a high-water mark of regulation with which shipowners and operators must comply, and of liability likely to be incurred in the event of non-compliance or an incident causing pollution.

U.S. federal legislation, including notably the Oil Pollution Act of 1990, or OPA, establishes an extensive regulatory and liability regime for the protection and cleanup of the environment from oil spills, including cargo or bunker oil spills from tankers. OPA affects all owners and operators whose vessels trade in the United States,

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its territories and possessions or whose vessels operate in United States waters, which includes the United States territorial sea and its 200 nautical mile exclusive economic zone. Under OPA, vessel owners, operators and bareboat charterers are responsible parties and are jointly, severally and strictly liable (unless the spill results solely from the act or omission of a third party, an act of God or an act of war) for all containment and clean-up costs and other damages arising from discharges or substantial threats of discharges, of oil from their vessels. In addition to potential liability under OPA as the relevant federal legislation, vessel owners may in some instances incur liability on an even more stringent basis under state law in the particular state where the spillage occurred.

Title VII of the Coast Guard and Maritime Transportation Act of 2004, or the CGMTA, amended OPA to require the owner or operator of any non-tank vessel of 400 gross tons or more, that carries oil of any kind as a fuel for main propulsion, including bunkers, to prepare and submit a response plan for each vessel on or before August 8, 2005. The implementing regulations took effect on October 30, 2013. The vessel response plans must include detailed information on actions to be taken by vessel personnel to prevent or mitigate any discharge or substantial threat of such a discharge of ore from the vessel due to operational activities or casualties.

OPA liability limits are periodically adjusted for inflation, and the U.S. Coast Guard issued a final rule on November 19, 2015 to reflect increases in the Consumer Price Index. With this adjustment, OPA currently limits liability of the responsible party for single-hull tank vessels over 3,000 gross tons to the greater of \$3,500 per gross ton or \$25.846 million (this amount is reduced to \$7.05 million if the vessel is less than 3,000 gross tons). For tank vessels over 3,000 gross tons, other than a single-hull vessel, liability is limited to \$2,200 per gross ton or \$18.8 million (or \$4.7 million for a vessel less than 3,000 gross tons), whichever is greater. Under the OPA, these liability limits do not apply if an incident was directly caused by violation of applicable United States federal safety, construction or operating regulations or by a responsible party's gross negligence or willful misconduct, or if the responsible party fails or refuses to report the incident or to cooperate and assist in connection with oil removal activities.

In response to the Deepwater Horizon incident in the Gulf of Mexico, in 2010 the U.S. Congress proposed, but did not formally adopt, legislation to amend OPA to mandate stronger safety standards and increased liability and financial responsibility for offshore drilling operations. While Congressional activity on this topic is expected to continue to focus on offshore facilities rather than on vessels generally, it cannot be known with certainty what form any such new legislative initiatives may take.

In addition, the Comprehensive Environmental Response, Compensation, and Liability Act, or CERCLA, which applies to the discharge of hazardous substances (other than oil) whether on land or at sea, contains a similar liability regime and provides for cleanup, removal and natural resource damages. Liability under CERCLA is limited to the greater of \$300 per gross ton or \$0.5 million for vessels not carrying hazardous substances as cargo or residue, unless the incident is caused by gross negligence, willful misconduct, or a violation of certain regulations, in which case liability is unlimited.

Similarly, in response to the Deepwater Horizon incident, the European Union has issued Directive 2013/30/EU of the European Parliament and of the Council of June 12, 2013 on safety of offshore oil and gas operations. The objective of this Directive is to reduce as far as possible the occurrence of major accidents relating to offshore oil and gas operations and to limit their consequences, thus increasing the protection of the marine environment and coastal economies against pollution, establishing minimum conditions for safe offshore exploration and exploitation of oil and gas and limiting possible disruptions to Union indigenous energy production, and to improve the response mechanisms in case of an accident. Member states must implement the Directive by July 19, 2015. As far as the environment is concerned, the UK has various new or amended regulations such as: the Offshore Petroleum Activities (Offshore Safety Directive) (Environmental Functions) Regulations 2015 (OSDEF), the 2015 amendments to the

Merchant Shipping (Oil Pollution Preparedness, Response and Cooperation Convention) Regulations 1998 (OPRC 1998) and other environmental Directive requirements, specifically the Environmental Management System. The Offshore Petroleum Licensing (Offshore Safety Directive) Regulations 2015 will implement the licensing Directive requirements.

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We currently maintain, for each of our owned vessels, insurance coverage against pollution liability risks in the amount of \$1.0 billion per incident. The insured risks include penalties and fines as well as civil liabilities and expenses resulting from accidental pollution. However, this insurance coverage is subject to exclusions, deductibles and other terms and conditions. If any liabilities or expenses fall within an exclusion from coverage, or if damages from a catastrophic incident exceed the \$1.0 billion limitation of coverage per incident, our cash flow, profitability and financial position could be adversely impacted.

Under OPA, an owner or operator of a fleet of vessels is required only to demonstrate evidence of financial responsibility in an amount sufficient to cover the vessel in the fleet having the greatest maximum liability under OPA. Under the self-insurance provisions, the shipowner or operator must have a net worth and working capital, measured in assets located in the United States against liabilities located anywhere in the world, that exceeds the applicable amount of financial responsibility. We have complied with the U.S. Coast Guard regulations by providing a certificate of responsibility from third party entities that are acceptable to the U.S. Coast Guard evidencing sufficient self-insurance.

The U.S. Coast Guard's regulations concerning certificates of financial responsibility provide, in accordance with OPA, that claimants may bring suit directly against an insurer or guarantor that furnishes certificates of financial responsibility. In the event that such insurer or guarantor is sued directly, it is prohibited from asserting any contractual defense that it may have had against the responsible party and is limited to asserting those defenses available to the responsible party and the defense that the incident was caused by the willful misconduct of the responsible party. Certain organizations, which had typically provided certificates of financial responsibility under pre-OPA laws, including the major protection and indemnity organizations, have declined to furnish evidence of insurance for vessel owners and operators if they are subject to direct actions or required to waive insurance policy defenses. This requirement may have the effect of limiting the availability of the type of coverage required by the Coast Guard and could increase our costs of obtaining this insurance as well as the costs of our competitors that also require such coverage.

OPA specifically permits individual states to impose their own liability regimes with regard to oil pollution incidents occurring within their boundaries, and some states' environmental laws impose unlimited liability for oil spills. In some cases, states which have enacted such legislation have not yet issued implementing regulations defining vessels owners' responsibilities under these laws.

The United States Clean Water Act (CWA) prohibits the discharge of oil or hazardous substances in U.S. navigable waters and imposes strict liability in the form of penalties for unauthorized discharges. The CWA also imposes substantial liability for the costs of removal, remediation and damages and complements the remedies available under CERCLA. The EPA regulates the discharge of ballast water and other substances incidental to the normal operation of vessels in U.S. waters using a Vessel General Permit (VGP) system pursuant to the CWA, in order to combat the risk of harmful organisms that can travel in ballast water carried from foreign ports and to minimize the risk of water pollution through numerous specified effluent streams incidental to the normal operation of vessels. Compliance with the conditions of the VGP is required for commercial vessels 79 feet in length or longer (other than commercial fishing vessels.) On March 28, 2013 the EPA adopted the 2013 VGP which took effect on December 19, 2013. The 2013 VGP is valid for five years. This new 2013 VGP imposes a numeric standard to control the release of non-indigenous invasive species in ballast water discharges. On October 5, 2015, the U.S. Court of Appeals for the Second Circuit found the EPA was arbitrary and capricious in issuing the ballast water provisions of the VCP, finding EPA failed to adequately explain why stricter technology-based effluent standards should not be applied. The court instructed EPA to reconsider these issues but held the 2013 VCP remains in effect until EPA addresses the issues. If EPA establishes more stringent numeric standards for ballast water discharges, we may incur costs to modify our vessels to comply with new standards. In addition, through the CWA certification provisions that allow U.S. states to

place additional conditions on use of the VGP within state waters, a number of states have proposed or implemented a variety of stricter ballast water requirements including, in some states, specific treatment standards.

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Compliance with new U.S. federal and state requirements could require the installation of equipment on our vessels to treat ballast water before it is discharged or the implementation of other port facility disposal arrangements or procedures at potentially substantial cost, and/or otherwise restrict our vessels from entering U.S. waters.

The Federal Clean Air Act (CAA) requires the EPA to promulgate standards applicable to emissions of volatile organic compounds and other air contaminants. Our vessels are subject to CAA vapor control and recovery standards (VCS) for cleaning fuel tanks and conducting other operations in regulated port areas, and to CAA emissions standards for so-called Category 3 marine diesel engines operating in U.S. waters. In April 2010, EPA adopted regulations implementing the provision of MARPOL Annex VI regarding emissions from Category 3 marine diesel engines. Under these regulations, both U.S. and foreign-flagged ships must comply with the applicable engine and fuel standards of Annex VI, including the stricter North America ECA standards which took effect in August 2012, when they enter U.S. ports or operate in most internal U.S. waters including the Great Lakes. Annex VI requirements are discussed in greater detail above under International regulations to prevent pollution from ships. We may incur costs to install control equipment on our vessels to comply with the new standards.

Also under the CAA, since 1990 the U.S. Coast Guard has regulated the safety of VCSs that are required under EPA and state rules. Our vessels operating in regulated port areas have installed VCSs that are compliant with EPA, state and U.S. Coast Guard requirements. On July 16, 2013, the U.S. Coast Guard adopted regulations that made its VCS requirements more compatible with new EPA and State regulations, reflected changes in VCS technology, and codified existing U.S. Coast Guard guidelines. We intend to comply with all applicable state and U.S. federal regulations in the ports where our vessels call.

International laws governing civil liability for oil pollution damage

We operate a fleet of dry cargo vessels that are subject to national and international laws governing pollution from such vessels. Several international conventions impose and limit pollution liability from vessels. An owner of a tanker vessel carrying a cargo of persistent oil as defined by the International Convention for Civil Liability for Oil Pollution Damage (the CLC) is subject under the convention to strict liability for any pollution damage caused in a contracting state by an escape or discharge from cargo or bunker tanks. This liability is subject to a financial limit calculated by reference to the tonnage of the ship, and the right to limit liability may be lost if the spill is caused by the shipowner's intentional or reckless conduct. Liability may also be incurred under the CLC for a bunker spill from the vessel even when she is not carrying such cargo, but is in ballast.

When a tanker is carrying clean oil products that do not constitute persistent oil that would be covered under the CLC, liability for any pollution damage will generally fall outside the CLC and will depend on other international conventions or domestic laws in the jurisdiction where the spillage occurs. The same principle applies to any pollution from the vessel in a jurisdiction which is not a party to the CLC. The CLC applies in over 100 jurisdictions around the world, but it does not apply in the United States, where the corresponding liability laws such as the OPA discussed above, are particularly stringent.

In 2001, the IMO adopted the International Convention on Civil Liability for Bunker Oil Pollution Damage, or the Bunker Convention, which imposes strict liability on shipowners for pollution damage in jurisdictional waters of ratifying states caused by discharges of bunker oil. The Bunker Convention defines bunker oil as any hydrocarbon mineral oil, including lubricating oil, used or intended to be used for the operation or propulsion of the ship, and any residues of such oil. The Bunker Convention also requires registered owners of ships over a certain size to maintain insurance for pollution damage in an amount equal to the limits of liability under the applicable national or international limitation regime (but not exceeding the amount calculated in accordance with the Convention on Limitation of Liability for Maritime Claims of 1976, as amended, or the 1976 Convention). The Bunker Convention

entered into force on November 21, 2008, and as of February 11, 2016 had

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81 contracting states. In other jurisdictions liability for spills or releases of oil from ships' bunkers continues to be determined by the national or other domestic laws in the jurisdiction where the events or damages occur.

Outside the United States, national laws generally provide for the owner to bear strict liability for pollution, subject to a right to limit liability under applicable national or international regimes for limitation of liability. The most widely applicable international regime limiting maritime pollution liability is the 1976 Convention. Rights to limit liability under the 1976 Convention are forfeited where a spill is caused by a shipowner's intentional or reckless conduct. Some states have ratified the 1996 LLMC Protocol to the 1976 Convention, which provides for liability limits substantially higher than those set forth in the 1976 Convention to apply in such states. Finally, some jurisdictions are not a party to either the 1976 Convention or the 1996 LLMC Protocol, and, therefore, shipowner's rights to limit liability for maritime pollution in such jurisdictions may be uncertain.

Security Regulations

Since the terrorist attacks of September 11, 2001, there have been a variety of initiatives intended to enhance vessel security. On November 25, 2002, the Maritime Transportation Security Act of 2002, or MTSA, came into effect. To implement certain portions of the MTSA, in July 2003, the U.S. Coast Guard issued regulations requiring the implementation of certain security requirements aboard vessels operating in waters subject to the jurisdiction of the United States. Similarly, in December 2002, amendments to the International Convention for the Safety of Life at Sea, or SOLAS, created a new chapter of the convention dealing specifically with maritime security. The new chapter went into effect in July 2004, and imposes various detailed security obligations on vessels and port authorities, most of which are contained in the newly created ISPS Code. Among the various requirements are:

on-board installation of automatic information systems, or AIS, to enhance vessel-to-vessel and vessel-to-shore communications;

on-board installation of ship security alert systems;

the development of vessel security plans; and

compliance with flag state security certification requirements.

Furthermore, additional security measures could be required in the future which could have a significant financial impact on us. The U.S. Coast Guard regulations, intended to be aligned with international maritime security standards, exempt non-U.S. vessels from MTSA vessel security measures, provided such vessels have on board a valid International Ship Security Certificate, or ISSC, that attests to the vessel's compliance with SOLAS security requirements and the ISPS Code. We will implement the various security measures addressed by the MTSA, SOLAS and the ISPS Code and take measures for the vessels to attain compliance with all applicable security requirements within the prescribed time periods. Although management does not believe these additional requirements will have a material financial impact on our operations, there can be no assurance that there will not be an interruption in operations to bring vessels into compliance with the applicable requirements and any such interruption could cause a decrease in charter revenues. Furthermore, additional security measures could be required in the future which could have a significant financial impact on us.

Taxation of the Partnership

United States Taxation

The following is a discussion of the material U.S. federal income tax considerations applicable to us. This discussion is based upon provisions of the Code, final and temporary regulations thereunder (Treasury Regulations), and administrative rulings and court decisions, all as in effect currently and during our year ended December 31, 2015 and all of which are subject to change, possibly with retroactive effect. Changes in these authorities may cause the tax consequences to vary substantially from the consequences described below. The following discussion is for general information purposes only and does not purport to be a comprehensive description of all of the U.S. federal income tax considerations applicable to us.

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Election to be Treated as a Corporation: We have elected to be treated as a corporation for U.S. federal income tax purposes. As such, we are subject to U.S. federal income tax on our income to the extent it is from U.S. sources or otherwise is effectively connected with the conduct of a trade or business in the United States as discussed below.

Taxation of Operating Income: Substantially all of our gross income is attributable to the transportation of drybulk and related products. For this purpose, gross income attributable to transportation (Transportation Income) includes income derived from, or in connection with, the use, the hiring for use, or the leasing for use (if any) of a vessel to transport cargo, or the performance of services directly related to the use of any vessel to transport cargo, and thus includes both time charter income and bareboat charter income (if any).

Transportation Income that is attributable to transportation that either begins or ends, but that does not both begin and end in the United States (U.S. Source International Transportation Income) is considered to be 50.0% derived from sources within the United States. Transportation Income attributable to transportation that both begins and ends in the United States (U.S. Source Domestic Transportation Income) is considered to be 100.0% derived from sources within the United States. Transportation Income attributable to transportation exclusively between non-U.S. destinations is considered to be 100.0% derived from sources outside the United States. Transportation Income derived from sources outside the United States generally is not subject to U.S. federal income tax.

We believe that we did not earn any U.S. Source Domestic Transportation Income for our fiscal year ended December 31, 2015 and expect that we will not earn any such income for future years. However, certain of our activities gave rise to U.S. Source International Transportation Income, and future expansion of our operations could result in an increase in the amount of U.S. Source International Transportation Income, which generally would be subject to U.S. federal income taxation, unless the exemption from U.S. federal income taxation under Section 883 of the Code (the Section 883 Exemption) applied.

The Section 883 Exemption: In general, the Section 883 Exemption provides that if a non-U.S. corporation satisfies the requirements of Section 883 of the Code and the Treasury Regulations thereunder (the Section 883 Regulations), it will not be subject to the net basis and branch profit taxes or the 4.0% gross basis tax described below on its U.S. Source International Transportation Income. The Section 883 Exemption applies only to U.S. Source International Transportation Income and does not apply to U.S. Source Domestic Transportation Income. We qualify for the Section 883 Exemption if, among other matters, we meet the following three requirements:

We are organized in a jurisdiction outside the United States that grants an equivalent exemption from tax to corporations organized in the United States with respect to the types of U.S. Source International Transportation Income that we earn (an Equivalent Exemption);

We satisfy the Publicly Traded Test (as described below) or the Qualified Shareholder Stock Ownership Test (as described below); and

We meet certain substantiation, reporting and other requirements.

We are organized under the laws of the Republic of the Marshall Islands. The U.S. Treasury Department has recognized the Republic of the Marshall Islands as a jurisdiction that grants an Equivalent Exemption with respect to the type of income we have earned and are expected to earn. Consequently, our U.S. Source International Transportation Income (including for this purpose, any such income earned by our subsidiaries, that have elected to be

disregarded as entities separate from us for U.S. federal income tax purposes) will be exempt from U.S. federal income taxation provided we meet the Publicly Traded Test or the Qualified Shareholder Stock Ownership Test and we satisfy certain substantiation, reporting and other requirements.

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In order to meet the Publicly Traded Test, the equity interests in the non-U.S. corporation at issue must be primarily traded and regularly traded on an established securities market either in the United States or in a jurisdiction outside the United States that grants an Equivalent Exemption. The Section 883 Regulations generally provide, in pertinent part, that a class of equity interests in a non-U.S. corporation will be considered to be primarily traded on an established securities market in a given country if the number of units of such class that are traded during any taxable year on all established securities markets in that country exceeds the number of units in such class that are traded during that year on established securities markets in any other single country. Equity interests in a non-U.S. corporation will be considered to be regularly traded on an established securities market under the Section 883 Regulations provided one or more classes of such equity interests representing more than 50.0% of the aggregate vote and value of all of the outstanding equity interests in the non-U.S. corporation satisfy certain listing and trading volume requirements. These listing and trading volume requirements are satisfied with respect to a class of equity interests listed on an established securities market provided trades in such class are effected, other than in de minimis quantities, on such market on at least 60 days during the taxable year and the aggregate number of units in such class that are traded on such market or markets during the taxable year are at least 10% of the average number of units outstanding in that class during the taxable year (with special rules for short taxable years). In addition, a class of equity interests traded on an established securities market in the United States will be considered to satisfy the listing and trading volume requirements if the equity interests in such class are regularly quoted by dealers making a market in such class (within the meaning of the Section 883 Regulations). Notwithstanding these rules, a class of equity that would otherwise be treated as regularly traded on an established securities market will not be so treated if, for more than half of the number of days during the taxable year, one or more 5.0% unitholders (i.e., unitholders owning, actually or constructively, at least 5.0% of the vote and value of that class) own in the aggregate 50.0% or more of the vote and value of that class (the Closely Held Block Exception), unless the corporation can establish that a sufficient proportion of such 5.0% unitholders are Qualified Shareholders (as defined below) so as to preclude other persons who are 5.0% unitholders from owning 50.0% or more of the value of that class for more than half the days during the taxable year.

Because substantially all of our common units are and have been traded on the NYSE, which is considered to be an established securities market, our common units are and have been primarily traded on an established securities market for purposes of the Publicly Traded Test.

Further, although the matter is not free from doubt, based upon our expected cash flow and distributions on our outstanding equity interests, we believe that our common units represented more than 50.0% of the total value of all of our outstanding equity interests, and we believe that we satisfied the trading volume requirements described previously for our fiscal year ended December 31, 2015. We believe that we did not lose eligibility for the Section 883 Exemption as a result of the Closely Held Block Exception for such year, and consequently, we believe we satisfied the Publicly Traded Test for our fiscal year ended December 31, 2015.

While there can be no assurance that we will continue to satisfy the requirements for the Publicly Traded Test in the future, and our board of directors could determine that it is in our best interests to take an action that would result in our not being able to satisfy the Publicly Traded Test, we presently expect, subject to the possibility that our common units may be delisted by a qualifying exchange, to continue to satisfy the requirements for the Publicly Traded Test and the Section 883 Exemption for future years. Please see below for a discussion of the consequences in the event we do not satisfy the Publicly Traded Test or otherwise fail to qualify for the Section 883 Exemption.

The Net Basis Tax and Branch Profits Tax: If we earn U.S. Source International Transportation Income and the Section 883 Exemption does not apply, the U.S. source portion of such income may be treated as effectively connected with the conduct of a trade or business in the United States (Effectively Connected Income) if we have a fixed place of business in the United States and substantially all of our U.S. Source International Transportation

Income is attributable to regularly scheduled transportation or, in the case of bareboat charter income (if any), is attributable to a fixed place of business in the United States.

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We believe that, for our fiscal year ended December 31, 2015, none of our U.S. Source International Transportation Income was attributable to regularly scheduled transportation or received pursuant to bareboat charters. As a result, we believe that none of our U.S. Source International Transportation Income for such year would be treated as Effectively Connected Income even in the event we did not qualify for the Section 883 Exemption. However, there is no assurance that we will not earn income pursuant to regularly scheduled transportation or bareboat charters attributable to a fixed place of business in the United States in the future, which would result in such income being treated as Effectively Connected Income. In addition, any U.S. Source Domestic Transportation Income may be treated as Effectively Connected Income. Any income we earn that is treated as Effectively Connected Income would be subject to U.S. federal corporate income tax (the highest statutory rate is currently 35.0%) as well as 30.0% branch profits tax imposed under Section 884 of the Code. In addition, a 30.0% branch interest tax could be imposed on certain interest paid or deemed paid by us.

On the sale of a vessel that has produced Effectively Connected Income, we could be subject to the net basis corporate income tax as well as branch profits tax with respect to the gain recognized up to the amount of certain prior deductions for depreciation that reduced Effectively Connected Income. Otherwise, we would not be subject to U.S. federal income tax with respect to gain realized on the sale of a vessel, provided the gain is not attributable to an office or other fixed place of business maintained by us in the United States under U.S. federal income tax principles.

The 4.0% Gross Basis Tax: If the Section 883 Exemption does not apply and the net basis tax does not apply, we would be subject to a 4.0% U.S. federal income tax on the U.S. source portion of our gross U.S. Source International Transportation Income, without benefit of deductions.

Marshall Islands Taxation

Based on the opinion of Reeder and Simpson, P.C., our counsel as to matters of the law of the Republic of the Marshall Islands, because we, our operating subsidiary and our controlled affiliates do not, and do not expect to, conduct business or operations in the Republic of the Marshall Islands, neither we nor our controlled affiliates will be subject to income, capital gains, profits or other taxation under current Marshall Islands law. As a result, distributions by our operating subsidiary and our controlled affiliates to us will not be subject to Marshall Islands taxation.

Other Tax Jurisdictions

Certain of Navios Partners' subsidiaries are incorporated in countries which impose taxes, such as Malta, however such taxes are immaterial to Navios Partners' operations.

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

C. Organizational Structure

Please read exhibit 8.1 to this Annual Report for a list of our significant subsidiaries as of December 31, 2015.

Affiliates included in the financial statements accounted for under the equity method:

In the consolidated financial statements of Navios Partners, Navios Europe Inc. (Navios Europe I), in which Navios Partners has an ownership interest of 5.0%, is included as an affiliate and is accounted for under the equity method, for such periods during which Navios Europe I was an affiliate of Navios Partners. As of December 31, 2015, Navios Partners had no effective voting interest in Navios Europe I.

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In the consolidated financial statements of Navios Partners, Navios Europe (II) Inc. (Navios Europe II), in which Navios Partners has an ownership interest of 5.0%, is included as an affiliate and is accounted for under the equity method, for such periods during which Navios Europe II was an affiliate of Navios Partners. As of December 31, 2015, Navios Partners had no effective voting interest in Navios Europe II.

D. Property, plants and equipment

Other than our vessels, we do not have any material property, plants or equipment.

Item 4A. Unresolved Staff Comments

Not applicable.

Item 5. Operating and Financial Review and Prospects

Overview

We are an international owner and operator of dry cargo vessels, formed in August 2007 by Navios Holdings, a vertically integrated seaborne shipping company with over 60 years of operating history in the dry cargo shipping industry. We have been a public company since November 2007.

Equity Offerings and Issuances

On February 11, 2015, Navios Partners completed an equity offering, pursuant to which it issued 4,600,000 common units at \$13.09 per unit and raised gross proceeds of \$60.2 million (excluding the general partner contribution) to fund its fleet expansion. Simultaneously, Navios Partners completed a private placement of 1,120,547 common units and 22,868 general partner units at \$13.09 per unit to Navios Holdings, raising additional gross proceeds of \$15.0 million.

On February 14, 2014, Navios Partners completed an equity offering, pursuant to which it issued 5,500,000 common units at \$17.30 per unit and raised gross proceeds of \$95.2 million (excluding the general partner contribution) to fund its fleet expansion. On February 18, 2014, Navios Partners completed the exercise of the option previously granted to the unitholders in connection with the offering and issued 825,000 common units at \$17.30 per unit and raised additional gross proceeds of \$14.3 million.

On September 25, 2013, Navios Partners completed an equity offering, pursuant to which it issued 5,750,000 common units at \$14.26 per unit and raised gross proceeds of \$82.0 million (excluding the general partner contribution) to fund its fleet expansion.

On February 6, 2013, Navios Partners completed an equity offering, pursuant to which it issued 5,175,000 common units at \$14.15 per unit and raised gross proceeds of \$73.2 million (excluding the general partner contribution) to fund its fleet expansion.

As of March 22, 2016, there were outstanding: 83,079,710 common units and 1,695,509 general partnership units. Navios Holdings owns a 20.1% interest in Navios Partners, which includes the 2.0% general partner interest.

Please see Item 4. Information on the Partnership .

Fleet Development

On April 22, 2015, Navios Partners acquired from an unrelated third party the MSC Cristina, a 2011-built Container vessel of 13,100 TEU, for an acquisition cost of \$147.8 million, of which \$14.8 million relates to vessel deposits paid and transferred during the year.

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On October 28, 2014, Navios Partners acquired from an unrelated third party the YM Unity, a 2006-built Container vessel of 8,204 TEU, for an acquisition cost of \$59.1 million.

On August 29, 2014, Navios Partners acquired from an unrelated third party the YM Utmost, a 2006-built Container vessel of 8,204 TEU, for an acquisition cost of \$59.1 million.

On January 18, 2014, Navios Partners acquired from an unrelated third party the Navios Sun, a 2005-built Panamax vessel of 76,619 dwt, for an acquisition cost of \$16.2 million.

On January 7, 2014, Navios Partners acquired from an unrelated third party the Navios La Paix, a 2014-built Ultra-Handymax vessel of 61,485 dwt, for an acquisition cost of \$28.5 million.

In December 2013, Navios Partners acquired from an unrelated third party five 2006 -built Container vessels of 6,800 TEU each, consisting of the Hyundai Hongkong, the Hyundai Singapore, the Hyundai Tokyo, the Hyundai Shanghai and the Hyundai Busan for a total acquisition cost of \$276.5 million.

On October 11, 2013, Navios Partners acquired from an unrelated third party the Navios Harmony, a 2006 -built Panamax vessel of 82,790 dwt, for an acquisition cost of \$18.0 million.

On September 11, 2013, Navios Partners acquired from an unrelated third party the Navios Joy, a 2013-build Capesize vessel of 181,389 dwt, for an acquisition cost of \$47.5 million.

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The historical results discussed below, and the historical financial statements and related notes included elsewhere in this annual report, present operating results of the fleet for the periods beginning from January 1, 2013 to December 31, 2015.

Company name	Vessel name	Country of incorporation	Statements of income					
			2015	2014	2013			
Libra Shipping Enterprises Corporation	Navios Libra II	Marshall Is.	1/01	12/31	1/01	12/31	1/01	12/31
Alegria Shipping Corporation	Navios Alegria	Marshall Is.	1/01	12/31	1/01	12/31	1/01	12/31
Felicity Shipping Corporation	Navios Felicity	Marshall Is.	1/01	12/31	1/01	12/31	1/01	12/31
Gemini Shipping Corporation	Navios Gemini S	Marshall Is.	1/01	12/31	1/01	12/31	1/01	12/31
Galaxy Shipping Corporation	Navios Galaxy I	Marshall Is.	1/01	12/31	1/01	12/31	1/01	12/31
Aurora Shipping Enterprises Ltd.	Navios Hope	Marshall Is.	1/01	12/31	1/01	12/31	1/01	12/31
Palermo Shipping S.A.	Navios Apollon	Marshall Is.	1/01	12/31	1/01	12/31	1/01	12/31
Fantastiks Shipping Corporation	Navios Fantastiks	Marshall Is.	1/01	12/31	1/01	12/31	1/01	12/31
Sagittarius Shipping Corporation	Navios Sagittarius	Marshall Is.	1/01	12/31	1/01	12/31	1/01	12/31
Hyperion Enterprises Inc.	Navios Hyperion	Marshall Is.	1/01	12/31	1/01	12/31	1/01	12/31
Chilali Corp.	Navios Aurora II	Marshall Is.	1/01	12/31	1/01	12/31	1/01	12/31
Surf Maritime Co.	Navios Pollux	Marshall Is.	1/01	12/31	1/01	12/31	1/01	12/31
Pandora Marine Inc.	Navios Melodia	Marshall Is.	1/01	12/31	1/01	12/31	1/01	12/31
Customized Development S.A.	Navios Fulvia	Liberia	1/01	12/31	1/01	12/31	1/01	12/31
Kohylia Shipmanagement S.A.	Navios Luz	Marshall Is.	1/01	12/31	1/01	12/31	1/01	12/31
Orbiter Shipping Corp.	Navios Orbiter	Marshall Is.	1/01	12/31	1/01	12/31	1/01	12/31
Floral Marine Ltd.	Navios Buena							
	Ventura	Marshall Is.	1/01	12/31	1/01	12/31	1/01	12/31
Golem Navigation Limited	Navios Soleil	Marshall Is.	1/01	12/31	1/01	12/31	1/01	12/31
Kymata Shipping Co.	Navios Helios	Marshall Is.	1/01	12/31	1/01	12/31	1/01	12/31
Joy Shipping Corporation	Navios Joy	Marshall Is.	1/01	12/31	1/01	12/31	9/11	12/31
Micaela Shipping Corporation	Navios Harmony	Marshall Is.	1/01	12/31	1/01	12/31	10/11	12/31
Pearl Shipping Corporation	Navios Sun	Marshall Is.	1/01	12/31	1/18	12/31		
Velvet Shipping Corporation	Navios La Paix	Marshall Is.	1/01	12/31	1/07	12/31		
Rubina Shipping Corporation	Hyundai Hongkong	Marshall Is.	1/01	12/31	1/01	12/31	12/4	12/31
Topaz Shipping Corporation	Hyundai Singapore	Marshall Is.	1/01	12/31	1/01	12/31	12/4	12/31
Beryl Shipping Corporation	Hyundai Tokyo	Marshall Is.	1/01	12/31	1/01	12/31	12/10	12/31
Cheryl Shipping Corporation	Hyundai Shanghai	Marshall Is.	1/01	12/31	1/01	12/31	12/13	12/31
Christal Shipping Corporation	Hyundai Busan	Marshall Is.	1/01	12/31	1/01	12/31	12/16	12/31
Fairy Shipping Corporation	YM Utmost	Marshall Is.	1/01	12/31	8/29	12/31		
Limestone Shipping Corporation	YM Unity	Marshall Is.	1/01	12/31	10/28	12/31		
Dune Shipping Corp.	MSC Cristina	Marshall Is.	4/22	12/31				
Citrine Shipping Corporation		Marshall Is.						
Chartered-in vessels								
Prosperity Shipping Corporation	Navios Prosperity	Marshall Is.	1/01	03/05	1/01	12/31	1/01	12/31
Aldebaran Shipping Corporation	Navios Aldebaran	Marshall Is.	1/01	02/28	1/01	12/31	1/01	12/31
Other								
JTC Shipping and Trading Ltd (*)	Holding Company	Malta	1/01	12/31	1/01	12/31	1/01	12/31

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Navios Maritime Partners L.P.	N/A	Marshall Is.	1/01	12/31	1/01	12/31	1/01	12/31
Navios Maritime Operating LLC	N/A	Marshall Is.	1/01	12/31	1/01	12/31	1/01	12/31
Navios Partners Finance (US) Inc.	Co-Borrower	Delaware	1/01	12/31	1/01	12/31	6/19	12/31
Navios Partners Europe Finance Inc.	Sub-Holding							
	Company	Marshall Is.	1/01	12/31	1/01	12/31	6/04	12/31

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

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Our Charters

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

For the year ended December 31, 2015, Navios Partners' customers representing 10% or more of total revenues were Hyundai Merchant Marine Co., Ltd., Navios Corporation and Yang Ming Marine Transport Corporation, which accounted for approximately 24.0%, 17.4% and 11.4%, respectively, of total revenues. For the year ended December 31, 2014, Navios Partners' customers representing 10% or more of total revenues were Hyundai Merchant Marine Co., Ltd and Navios Corporation, which accounted for 24.4% and 11.0%, respectively, of total revenues. We believe that the combination of the long-term nature of our charters (which provide for the receipt of a fixed fee for the life of the charter) and our management agreement with the Manager, a wholly-owned subsidiary of Navios Holdings (which provides for a fixed management fee until December 31, 2017), provides us with a strong base of stable cash flows.

Our revenues are driven by the number of vessels in the fleet, the number of days during which the vessels operate and our charter hire rates, which, in turn, are affected by a number of factors, including:

the duration of the charters;

the level of spot and long-term market rates at the time of charter;

decisions relating to vessel acquisitions and disposals;

the amount of time spent positioning vessels;

the amount of time that vessels spend undergoing repairs and upgrades in drydock;

the age, condition and specifications of the vessels; and

the aggregate level of supply and demand in the dry cargo shipping industry.

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

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

the customer fails to make charter payments because of its financial inability, disagreements with us or otherwise;

the customer exercises certain rights to terminate the charter of the vessel;

the customer terminates the charter because we fail to deliver the vessel within a fixed period of time, the vessel is lost or damaged beyond repair, there are serious deficiencies in the vessel or prolonged periods of off-hire, or we default under the charter; or

a prolonged force majeure event affecting the customer, including damage to or destruction of relevant production facilities, war or political unrest prevents us from performing services for that customer.

Under some of our time charters, either party may terminate the charter contract in the event of war in specified countries or in locations that would significantly disrupt the free trade of the vessel. Some of the time charters

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covering our vessels require us to return to the charterer, upon the loss of the vessel, all advances paid by the charterer but not earned by us.

Vessel Operations

Under our charters, our vessel manager is generally responsible for commercial, technical, health and safety and other management services related to the vessels' operation, and the charterer is responsible for bunkering and substantially all of the vessel voyage costs, including canal tolls and port charges.

Under the management agreement we entered into with the Manager, the Manager bears all of our vessel operating expenses in exchange for the payment of fees as described below. Under this agreement, the Manager is responsible for commercial, technical, health and safety and other management services related to the vessels' operation, including chartering, technical support and maintenance, insurance but costs associated with special surveys and related drydockings will be reimbursed by Navios Partners at cost at occurrence. In October 2011, Navios Partners extended the duration of its existing Management Agreement with the Manager until December 31, 2017 and the fixed rate for ship management services of its owned fleet through December 31, 2013. The management fees, including drydocking expenses were: (a) \$4,650 daily rate per Ultra-Handymax vessel; (b) \$4,550 daily rate per Panamax vessel; and (c) \$5,650 daily rate per Capesize vessel. In each of October 2013, August 2014, February 2015 and February 2016, Navios Partners amended its existing management agreement with the Manager to fix the fees for ship management services of its owned fleet excluding drydocking expenses which are reimbursed at cost by Navios Partners at: (a) \$4,100 daily rate per Ultra-Handymax vessel; (b) \$4,200 daily rate per Panamax vessel; (c) \$5,250 daily rate per Capesize vessel; (d) \$6,700 daily rate per Container vessel of TEU 6,800; (e) \$7,400 daily rate per Container vessel of more than TEU 8,000; and (f) \$8,750 daily rate per very large Container vessel of more than TEU 13,000 through December 31, 2017.

Extraordinary costs and expenses include fees and costs resulting from:

time spent on insurance and salvage claims;

time spent vetting and pre-vetting the vessels by any charterers in excess of 10 days per vessel per year;

the deductible of any insurance claims relating to the vessels or for any claims that are within such deductible range;

the significant increase in insurance premiums which are due to factors such as acts of God outside the control of the Manager;

repairs, refurbishment or modifications, including those not covered by the guarantee of the shipbuilder or by the insurance covering the vessels, resulting from maritime accidents, collisions, other accidental damage or unforeseen events (except to the extent that such accidents, collisions, damage or events are due to the fraud, gross negligence or willful misconduct of the Manager, its employees or its agents, unless and to the extent otherwise covered by insurance);

expenses imposed due to any improvement, upgrade or modification to, structural changes with respect to the installation of new equipment aboard any vessel that results from a change in, an introduction of new, or a change in the interpretation of, applicable laws, at the recommendation of the classification society for that vessel or otherwise;

costs associated with increases in crew employment expenses resulting from an introduction of new, or a change in the interpretation of, applicable laws or resulting from the early termination of the charter of any vessel;

any taxes, dues or fines imposed on the vessels or the Manager due to the operation of the vessels;

expenses incurred in connection with the sale or acquisition of a vessel such as inspections and technical assistance; and

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any similar costs, liabilities and expenses that were not reasonably contemplated by us and the Manager as being encompassed by or a component of the fixed daily fees at the time the fixed daily fees were determined.

Payment of any extraordinary fees or expenses to the Manager could significantly increase our vessel operating expenses and impact our results of operations.

During the remaining term of the management agreement, we expect that we will reimburse the Manager for all of the actual operating costs and expenses it incurs in connection with the management of our fleet.

Administrative Services

Under the Administrative Services Agreement we entered into with the Manager, we reimburse the Manager for reasonable costs and expenses incurred in connection with the provision of the services under this agreement within 15 days after the Manager submits to us an invoice for such costs and expenses, together with any supporting detail that may be reasonably required. Under this agreement which expires in December 2017, the Manager provides significant administrative, financial and other support services to us.

Trends and Factors Affecting Our Future Results of Operations

We believe the principal factors that will affect our future results of operations are the economic, regulatory, political and governmental conditions that affect the shipping industry generally and that affect conditions in countries and markets in which our vessels engage in business. 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 distribution on our common units.

Please read **Risk Factors** for a discussion of certain risks inherent in our business.

Table of Contents**A. Operating results****Year Ended December 31, 2015 Compared to the Year Ended December 31, 2014**

The following table presents consolidated revenue and expense information for the years ended December 31, 2015 and 2014. This information was derived from the audited consolidated revenue and expense accounts of Navios Partners for the respective periods.

	Year Ended December 31, 2015 (In thousands of U.S dollars)	Year Ended December 31, 2014 (In thousands of U.S dollars)
Time charter and voyage revenues (includes related party revenue of \$39.0 million and \$27.4 million for the years ended December 31, 2015 and 2014, respectively)	\$ 223,676	\$ 227,356
Time charter and voyage expenses	(7,199)	(15,390)
Direct vessel expenses	(4,043)	(761)
Management fees (entirely through related parties transactions)	(56,504)	(50,359)
General and administrative expenses	(7,931)	(7,839)
Depreciation and amortization	(75,933)	(95,822)
Interest expense and finance cost, net	(31,720)	(28,761)
Interest income	222	243
Other income	5,232	47,935
Other expense	(3,995)	(1,749)
Net income	\$ 41,805	\$ 74,853

Time charter and voyage revenues: Time charter and voyage revenues for the year ended December 31, 2015 decreased by \$3.7 million or 1.6% to \$223.7 million, as compared to \$227.4 million for the same period in 2014. The decrease was mainly attributable to the decrease in TCE to \$19,739 per day for the year ended December 31, 2015, from \$20,306 per day for the year ended December 31, 2014. The above decrease in time charter and voyage revenues was partially mitigated by an increase in revenue due to the delivery of the Navios La Paix and the Navios Sun in January 2014, the YM Utmost and the YM Unity in the second half of 2014 and the delivery of the MSC Cristina in April 2015. As a result of the vessel acquisitions, available days of the fleet increased to 11,051 days for the year ended December 31, 2015, as compared to 10,927 days for the year ended December 31, 2014.

Time charter and voyage expenses: Time charter and voyage expenses for the year ended December 31, 2015 decreased by \$8.2 million or 53.2% to \$7.2 million, as compared to \$15.4 million for the year ended December 31, 2014. The decrease was mainly attributable to the termination of the charter-in contracts of the Navios Prosperity and the Navios Aldebaran in the first quarter of 2015. On February 11, 2015, Navios Partners and Navios Holdings entered into a novation agreement whereby the rights to the time charter contracts of the Navios Aldebaran and the Navios Prosperity were transferred to Navios Holdings as of February 28, 2015 and March 5, 2015, respectively.

Direct vessel expenses: Direct vessel expenses, comprising of the amortization of dry dock and special survey costs, of certain vessels in our fleet amounted to \$4.0 million for the year ended December 31, 2015, as compared to \$0.8 million for the year ended December 31, 2014. The increase of \$3.3 million was due to drydocks performed in advance during the year ended December 31, 2015.

Management fees: Management fees for the year ended December 31, 2015, increased by \$6.2 million or 12.2% to \$56.5 million, as compared to \$50.4 million for the year ended December 31, 2014. The increase was mainly attributable to the increased number of owned vessels in Navios Partners fleet.

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Pursuant to the Management Agreement, the Manager, a wholly owned subsidiary of Navios Holdings, provides commercial and technical management services to Navios Partners' vessels for a daily fee of: (a) \$4,000 daily rate per Ultra-Handymax vessel; (b) \$4,100 daily rate per Panamax vessel; (c) \$5,100 daily rate per Capesize vessel; (d) \$6,500 daily rate per Container vessel of TEU 6,800; (e) \$7,200 daily rate per Container vessel of more than TEU 8,000; and (f) \$8,500 daily rate per very large Container vessel of more than TEU 13,000 through December 31, 2015. In January 2016, Navios Partners amended its existing management agreement with the Manager to fix the fees for ship management services of its owned fleet excluding drydocking expenses which will be reimbursed at cost by Navios Partners at: (a) \$4,100 daily rate per Ultra-Handymax vessel; (b) \$4,200 daily rate per Panamax vessel; (c) \$5,250 daily rate per Capesize vessel; (d) \$6,700 daily rate per Container vessel of TEU 6,800; (e) \$7,400 daily rate per Container vessel of more than TEU 8,000; and (f) \$8,750 daily rate per very large Container vessel of more than TEU 13,000 through December 31, 2017.

General and administrative expenses: General and administrative expenses increased by \$0.1 million or 1.2% to \$7.9 million for the year ended December 31, 2015, as compared to \$7.8 million for the year ended December 31, 2014. The increase was mainly attributable to the increase in administrative fees paid to the Manager due to the increased number of vessels in Navios Partners' fleet.

Pursuant to the Administrative Services Agreement, the Manager also provides administrative services to Navios Partners, which include bookkeeping, audit and accounting services, legal and insurance services, administrative and clerical services, banking and financial services, advisory services, client and investor relations and other. The Manager is reimbursed for reasonable costs and expenses incurred in connection with the provision of these services. Navios Partners extended the duration of its existing Administrative Services Agreement with the Manager pursuant to the same terms, until December 31, 2017. For the year ended December 31, 2015 and 2014, the expenses charged by the Manager for administrative fees were \$6.2 million and \$6.1 million, respectively. The balance of \$1.7 million and \$1.8 million of general and administrative expenses, for the year ended December 31, 2015 and 2014, respectively, related to legal and professional fees, as well as audit fees and directors' fees.

Depreciation and amortization: Depreciation and amortization amounted to \$75.9 million for the year ended December 31, 2015 compared to \$95.8 million for the year ended December 31, 2014. The decrease of \$19.9 million was attributable to: (a) a \$22.0 million accelerated amortization of the Navios Pollux favorable lease intangible due to change in its useful life in 2014 (Refer to Note 7 - Intangible Assets for further details); and (b) a \$6.3 million decrease of amortization of the intangibles which were written off in the first quarter of 2014 for the Navios Orbiter, the Navios Hyperion and the Navios Pollux and the intangible for the Navios Fulvia which was written off in third quarter of 2015. The above decrease was primarily mitigated by an increase in depreciation expense of \$6.7 million due to the increased number of vessels that were delivered into our owned fleet. Depreciation of vessels is calculated using an estimated useful life of 25 and 30 years for drybulk and container vessels, respectively, from the date the vessel was originally delivered from the shipyard. Intangible assets are amortized over the contract periods, which range from one to ten years.

Interest expense and finance cost, net: Interest expense and finance cost, net for the year ended December 31, 2015 increased by \$3.0 million or 10.3% to \$31.7 million, as compared to \$28.8 million for the year ended December 31, 2014. The increase was due to the increase in the average outstanding loan balance to \$605.4 million for the year ended December 31, 2015 from \$547.7 million for the year ended December 31, 2014 mitigated by the lower weighted average interest rate of 4.44% for the year ended December 31, 2015, compared to 4.69% for the same period in 2014. As of December 31, 2015 and 2014, the outstanding loan balance under Navios Partners' credit facilities was \$603.4 million and \$583.3 million, respectively.

Interest income: Interest income decreased by \$0.02 million to \$0.22 million for the year ended December 31, 2015, as compared to \$0.25 million for the year ended December 31, 2014.

Other income: Other income for the year ended December 31, 2015 amounted to \$5.2 million compared to \$47.9 million for the year ended December 31, 2014. The decrease was mainly attributable to the compensation

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received of \$47.6 million from our third-party insurer for the termination of the credit default insurance in the first quarter of 2014, which resulted in a gain of \$47.6 million. Other income for the year ended December 31, 2015, mainly is attributable to the \$3.6 million relating to claims submitted under Navios Holdings Guarantee agreement.

Other expense: Other expense increased by \$2.3 million to \$4.0 million for the year ended December 31, 2015, as compared to \$1.7 million for the year ended December 31, 2014.

Net income: Net income for the year ended December 31, 2015 amounted to \$41.8 million compared to \$74.9 million for the year ended December 31, 2014. The decrease in net income of \$33.0 million was due to the factors discussed above.

Operating surplus: Navios Partners generated an Operating Surplus for the year ended December 31, 2015 of \$112.7 million, as compared to \$150.2 million for the year ended December 31, 2014. Operating Surplus is a non-GAAP financial measure used by certain investors to assist in evaluating a partnership's ability to make quarterly cash distributions (See Reconciliation of EBITDA to Net Cash from Operating Activities and Suspension of Distributions contained herein).

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

Year Ended December 31, 2014 Compared to the Year Ended December 31, 2013

The following table presents consolidated revenue and expense information for the years ended December 31, 2014 and 2013. This information was derived from the audited consolidated revenue and expense accounts of Navios Partners for the respective periods.

	Year Ended December 31, 2014 (In thousands of U.S dollars)	Year Ended December 31, 2013 (In thousands of U.S dollars)
Time charter and voyage revenues (includes related party revenue of \$27.4 million and \$23.7 million for the years ended December 31, 2014 and 2013, respectively)	\$ 227,356	\$ 198,159
Time charter and voyage expenses	(15,390)	(14,943)
Direct vessel expenses	(761)	
Management fees (entirely through related parties transactions)	(50,359)	(36,173)
General and administrative expenses	(7,839)	(6,305)
Depreciation and amortization	(95,822)	(77,505)
Interest expense and finance cost, net	(28,761)	(16,910)
Interest income	243	50
Other income	47,935	13,730
Other expense	(1,749)	(1,097)

Net income	\$	74,853	\$	59,006
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Time charter and voyage revenues: Time charter and voyage revenues for the year ended December 31, 2014 increased by \$29.2 million or 14.7% to \$227.4 million, as compared to \$198.2 million for the same period in 2013. The increase was mainly attributable to the delivery of: (i) the Navios Joy, the Navios Harmony and the five container vessels in the second half of 2013; and (ii) the Navios La Paix, the Navios Sun, the YM Utmost

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and the YM Unity in 2014. As a result of the vessel acquisitions, available days of the fleet increased to 10,927 days for the year ended December 31, 2014, as compared to 7,952 days for the year ended December 31, 2013. The above increase in time charter and voyage revenues was partially mitigated by the decrease in TCE to \$20,306 per day for the year ended December 31, 2014, from \$24,284 per day for the year ended December 31, 2013, which was primarily due to the decline in the freight market during 2014 as compared to the same period in 2013.

Time charter and voyage expenses: Time charter and voyage expenses for the year ended December 31, 2014 increased by \$0.5 million or 3.0% to \$15.4 million, as compared to \$14.9 million for the year ended December 31, 2013. The increase was mainly attributable to an increase in bunkers expenses incurred during the year.

Management fees: Management fees for the year ended December 31, 2014, increased by \$14.2 million or 39.2% to \$50.4 million, as compared to \$36.2 million for the year ended December 31, 2013. The increase was mainly attributable to the increased number of owned vessels in Navios Partners' fleet.

Pursuant to the Management Agreement, the Manager, a wholly owned subsidiary of Navios Holdings, provides commercial and technical management services to Navios Partners' vessels for a daily fee of: (a) \$4,000 daily rate per Ultra-Handymax vessel; (b) \$4,100 daily rate per Panamax vessel; (c) \$5,100 daily rate per Capesize vessel; (d) \$6,500 daily rate per Container vessel of TEU 6,800; (e) \$7,200 daily rate per Container vessel of more than TEU 8,000; and (f) \$8,500 daily rate per very large Container vessel of more than TEU 13,000 through December 31, 2015.

General and administrative expenses: General and administrative expenses increased by \$1.5 million or 24.3% to \$7.8 million for the year ended December 31, 2014, as compared to \$6.3 million for the year ended December 31, 2013. The increase was mainly attributable to the increase in administrative fees paid to the Manager due to the increased number of vessels in Navios Partners' fleet.

Pursuant to the Administrative Services Agreement, the Manager also provides administrative services to Navios Partners, which include bookkeeping, audit and accounting services, legal and insurance services, administrative and clerical services, banking and financial services, advisory services, client and investor relations and other. The Manager is reimbursed for reasonable costs and expenses incurred in connection with the provision of these services. Navios Partners extended the duration of its existing Administrative Services Agreement with the Manager pursuant to the same terms, until December 31, 2017. For the year ended December 31, 2014 and 2013, the expenses charged by the Manager for administrative fees were \$6.1 million and \$4.4 million, respectively. The balance of \$1.8 million and \$1.9 million of general and administrative expenses, for the year ended December 31, 2014 and 2013, respectively, related to legal and professional fees, as well as audit fees and directors' fees.

Depreciation and amortization: Depreciation and amortization amounted to \$95.8 million for the year ended December 31, 2014 compared to \$77.5 million for the year ended December 31, 2013. The increase of \$18.3 million was attributable to: (a) an increase in depreciation expense of \$14.0 million due to the increased number of vessels that were delivered into our owned fleet; and (b) a \$22.0 million accelerated amortization of the Navios Pollux favorable lease intangible due to a change in its useful life (Refer to Note 7 – Intangible Assets of our notes to the consolidated financial statements for further details). The above increase was partially mitigated by a \$14.6 million decrease of amortization due to write-offs of favorable lease of the Navios Orbiter, the Navios Hyperion and the Navios Pollux in the first quarter of 2014 and the write-off of the Navios Melodia favorable lease in the second quarter of 2013 of \$3.2 million. Depreciation of vessels is calculated using an estimated useful life of 25 and 30 years for drybulk and container vessels, respectively, from the date the vessel was originally delivered from the shipyard. Intangible assets are amortized over the contract periods, which range from one to eight years.

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Interest expense and finance cost, net: Interest expense and finance cost, net for the year ended December 31, 2014 increased by \$11.9 million or 70.1% to \$28.8 million, as compared to \$16.9 million for the year ended December 31, 2013. The increase was due to: (a) the higher weighted average interest rate of 4.69% for the year ended December 31, 2014, compared to 3.67% for the same period in 2013; and (b) the increase in the average outstanding loan balance to \$547.7 million for the year ended December 31, 2014 from \$353.1 million for the year ended December 31, 2013. As of December 31, 2014 and 2013, the outstanding loan balance under Navios Partners' credit facilities was \$583.3 million and \$533.3 million, respectively.

Interest income: Interest income increased by \$0.2 million to \$0.25 million for the year ended December 31, 2014, as compared to \$0.05 million for the year ended December 31, 2013.

Other income: Other income for the year ended December 31, 2014 amounted to \$47.9 million compared to \$13.7 million for the year ended December 31, 2013. The increase in other income by \$34.2 million was mainly due to: (i) a \$17.8 million cash compensation received during 2014 from the sale of a defaulted counterparty claim to an unrelated third party; and (ii) \$29.8 million compensation received during 2014 following the termination of the amended credit default insurance policy. During 2013, other income was \$13.7 million mainly related to \$10.0 million compensation recognized covering hire revenues for the suspension period in a drybulk charter contract until April 2016. (See also Note 20 Other Income of our notes to the consolidated financial statements).

Other expense: Other expense increased by \$0.7 million to \$1.7 million for the year ended December 31, 2014, as compared to \$1.1 million for the year ended December 31, 2013.

Net income: Net income for the year ended December 31, 2014 amounted to \$74.9 million compared to \$59.0 million for the year ended December 31, 2013. The increase in net income of \$15.8 million was due to the factors discussed above.

Operating surplus: Navios Partners generated an Operating Surplus for the year ended December 31, 2014 of \$150.2 million, as compared to \$125.5 million for the year ended December 31, 2013. Operating Surplus is a non-GAAP financial measure used by certain investors to assist in evaluating a partnership's ability to make quarterly cash distributions (See Reconciliation of EBITDA to Net Cash from Operating Activities and Suspension of Distributions contained herein).

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

B. Liquidity and Capital Resources

Credit facilities

In June 2013, Navios Partners completed the issuance of the \$250.0 million Term Loan B facility. The Term Loan B facility bears an interest rate of LIBOR plus 425 basis points (bps) and has a five-year term with 1.0% amortization profile and was issued at 98.0% (at a discount of \$5.0 million). Navios Partners used the net proceeds of the Term Loan B facility to: (i) prepay \$101.6 million of the July 2012 Credit Facility; (ii) fully repay the outstanding balance of \$41.2 million of the credit facility entered with DVB Bank AG on August 8, 2012 (the August 2012 Credit Facility); (iii) deposit \$98.2 million to be held in escrow, to partially finance part of the acquisition of four new vessels, of which \$47.0 million was released in September 2013 for the acquisition of the Navios Joy, \$17.8 million was released in October 2013 for the acquisition of the Navios Harmony and \$33.4 million was released in January 2014 to finance a portion of the purchase prices of the Navios Sun and the Navios La Paix, which were delivered in

January 2014; and (iv) cover fees and expenses. The refinancing of the August 2012 Credit Facility was accounted for as a debt extinguishment in accordance with ASC470 Debt and the remaining unamortized balance of \$0.7 million was written-off from the deferred financing fees.

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On November 1, 2013, Navios Partners completed the issuance of a \$189.5 million add-on to its existing Term Loan B facility. The add-on to the Term Loan B facility bears the same terms as Term Loan B facility and was issued at 100%. Navios Partners used the net proceeds to partially finance the acquisition of five Container vessels.

On March 30, 2015 and on March 23, 2016, Navios Partners prepaid \$21.0 million and \$3.0 million, respectively, of the Term Loan B facility. These prepayments were fully applied to the balloon payment. Following the prepayment of March 2015, an amount of \$0.3 million was written-off from the deferred financing fees.

The Term Loan B facility is secured by first priority mortgages covering certain vessels owned by subsidiaries of Navios Partners, in addition to other collateral and is guaranteed by each subsidiary of Navios Partners. The Term Loan B Agreement requires maintenance of a loan to value ratio of 0.8 to 1.0, and other restrictive covenants customary for facilities of this type (subject to negotiated exceptions and baskets), including restrictions on indebtedness, liens, acquisitions and investments, restricted payments and dispositions. The Term Loan B Agreement also provides for customary events of default, prepayment and cure provisions.

As of December 31, 2015, the outstanding balance of the Term Loan B facility including the add-on was \$408.8 million, net of discount of \$2.5 million, and it is repayable with a final payment of \$411.3 million, in June 2018.

On September 22, 2014, Navios Partners entered into the September 2014 Credit Facility (divided into two tranches) in order to finance a portion of the purchase price payable in connection with the acquisition of the YM Utmost and the YM Unity. Each tranche of the September 2014 Credit Facility was repayable in 20 equal quarterly installments of approximately \$0.7 million, with a final balloon payment of \$14.3 million on the last repayment date. The maturity date of each tranche was five years after the drawdown date of such tranche. The tranches of the September 2014 Credit Facility bear interest at LIBOR plus 300 bps per annum. On March 30, 2015, Navios Partners prepaid \$21.3 million out of \$53.9 million outstanding on that date. Following this prepayment, an amount of \$0.3 million was written-off from the deferred financing fees. On April 8, 2015, Navios Partners entered into a supplemental agreement (the First Supplemental Agreement) to its September 2014 Credit Facility following the release and discharge of Fairy Shipping Corporation and the YM Utmost from its obligations and liabilities under the September 2014 Credit Facility pursuant to a deed of release dated March 30, 2015. As of December 31, 2015, the outstanding balance of the loan was \$29.4 million, and is repayable in 16 consecutive quarterly installments, the first 11 of which are \$1.1 million and the next five are \$0.7 million, with a final balloon payment of \$14.3 million on the last repayment date.

On March 27, 2015, Navios Partners prepaid \$2.3 million of the July 2012 Credit facility and the prepayment was applied to 2015 installments. As of December 31, 2015, the outstanding balance of the July 2012 Credit facility was \$88.3 million, and it was repayable in seven installments of \$3.5 million and one installment of \$5.9 million, with a final balloon payment of \$58.2 million. On January 8, 2016, Navios Partners prepaid the 2016 installments of the July 2012 Credit facility in the amount of \$16.2 million. This payment of this facility was accounted for as debt modification in accordance with ASC470 Debt.

On April 16, 2015, Navios Partners, through certain of its wholly-owned subsidiaries, entered into the April 2015 Credit Facility (divided into two tranches), in order to finance a portion of the purchase price payable in connection with the acquisition of the MSC Cristina and one more super-post-panamax 13,100 TEU container vessel. In September 30, 2015, the second tranche of April 2015 Credit Facility of \$83.0 million was cancelled. As of December 31, 2015, the outstanding balance of the April 2015 Credit Facility of \$76.9 million was drawn on April 20, 2015, is repayable in 26 equal consecutive quarterly installments of \$1.5 million, with a final balloon payment of \$38.4 million on the last repayment date. The final maturity date is April 20, 2022. The April 2015 Credit Facility bears interest at LIBOR plus 275 bps per annum. The April 2015 Credit Facility also requires compliance with certain financial covenants. Among other events, it will be an event of default under this credit facility if the financial

covenants are not complied with.

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In May 2015, Navios Partners entered into a term loan facility with Navios Holdings of up to \$60.0 million (the Navios Holdings Credit Facility). The Navios Holdings Credit Facility has a margin of LIBOR plus 300 bps. The final maturity date is January 2, 2017. As of December 31, 2015, there was no outstanding amount under this facility and all \$60.0 million remained to be drawn.

As of December 31, 2015, the total amount available to be drawn from all Navios Partners credit facilities was \$60.0 million.

As of December 31, 2015, the total borrowings, net under the Navios Partners credit facilities were \$598.1 million.

Amounts drawn under the July 2012 Credit Facility are secured by first preferred mortgages on certain Navios Partners vessels and other collateral and are guaranteed by the respective vessel-owning subsidiary. Amounts drawn under the September 2014 Credit Facility and the April 2015 Credit Facility are secured by first preferred mortgages on certain Navios Partners vessels and other collateral and are guaranteed by Navios Partners. The July 2012 Credit Facility, the September 2014 Credit Facility and April 2015 Credit Facility contain a number of restrictive covenants that prohibit or limit Navios Partners from, among other things: incurring or guaranteeing indebtedness; entering into affiliate transactions; charging, pledging or encumbering the vessels; changing the flag, class, management or ownership of Navios Partners vessels; changing the commercial and technical management of Navios Partners vessels; selling or changing the beneficial ownership or control of Navios Partners vessels; not maintaining Navios Holdings (or its affiliates) ownership in Navios Partners of at least 15.0%; and subordinating the obligations under the credit facilities to any general and administrative costs relating to the vessels, including the fixed daily fee payable under the management agreement.

The July 2012 Credit Facility, the September 2014 Credit Facility and April 2015 Credit Facility also require compliance with a number of financial covenants, including: (i) maintain a required security amount ranging over 117% to 140%; (ii) minimum free consolidated liquidity of at least the higher of \$25.0 million and the aggregate of interest and principal falling due during the previous six months; (iii) maintain a ratio of EBITDA to interest expense of at least 2.00 : 1.00; (iv) maintain a ratio of total liabilities to total assets (as defined in our credit facilities) of less than 0.75 : 1.00; and (v) maintain a minimum net worth to \$135.0 million for the periods prior to any distributions by the Company, whilst during the last quarter prior to any distribution declaration should maintain: (a) a ratio of EBITDA to interest expense of at least 5.00 : 1.00; (b) a ratio of total liabilities to total assets (as defined in our credit facilities) of less than 0.65 : 1.00; and (c) a minimum net worth of \$250.0 million. It is an event of default under the credit facilities if such covenants are not complied with in accordance with the terms and subject to the prepayment or cure provision of each facility.

As of December 31, 2015, Navios Partners was in compliance with the financial covenants and/or the prepayment and/or the cure provisions as applicable in each of its credit facilities.

The credit facilities prohibit us from paying distributions to our unitholders or making new investments if, before and after giving effect to such distribution or investment we are not in compliance with the financial covenants described above or upon the occurrence of an event of default. Events of default under our credit facilities include:

failure to pay any principal, interest fees, expenses or other amounts when due;

breach of certain undertakings, negative covenants and financial covenants contained in the credit facilities, any related security document or guarantee, including failure to maintain unencumbered title to any of the vessel-owning subsidiaries or any of the assets of the vessel-owning subsidiaries and failure to maintain proper insurance and in some cases subject to certain grace and due periods;

default under other indebtedness;

any representation, warranty or statement made by us in the credit facilities or any drawdown notice thereunder or related security document or guarantee is untrue or misleading when made;

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any of our or our subsidiaries' assets are subject to any form of execution, attachment, arrest, sequestration or distress in that is not discharged within a specified period of time;

an event of insolvency or bankruptcy;

a material adverse change in the financial position or prospects of us or our General Partner;

unlawfulness, non-effectiveness or repudiation of any material provision of our credit facilities, of any of the related finance and guarantee documents;

failure of effectiveness of security documents or guarantee;

instability affecting a country where the vessels are flagged; and

failure of Navios Holdings or its affiliates (as defined in the credit facilities agreements) to own at least 15% of us.

Liquidity and Cash Sources and Uses

In addition to distributions on our units, our primary short-term liquidity needs are to fund general working capital requirements, cash reserve requirements including those under our credit facilities and debt service, while our long-term liquidity needs primarily relate to expansion and investment capital expenditures and other maintenance capital expenditures and debt repayment. Expansion capital expenditures are primarily for the purchase or construction of vessels to the extent the expenditures increase the operating capacity of or revenue generated by our fleet, while maintenance capital expenditures primarily consist of drydocking expenditures and expenditures to replace vessels in order to maintain the operating capacity of or revenue generated by our fleet. Investment capital expenditures are those capital expenditures that are neither maintenance capital expenditures nor expansion capital expenditures.

We anticipate that our primary sources of funds for our short-term liquidity needs will be cash flows from operations proceeds from asset sales and bank borrowings. As of December 31, 2015, Navios Partners' current assets totaled \$39.8 million, while current liabilities totaled \$41.5 million, resulting in a negative working capital position of \$1.7 million. Generally, our long-term sources of funds derive from cash from operations, long-term bank borrowings and other debt or equity financings to fund acquisitions and expansion and investment capital expenditures, including opportunities we may pursue under the Omnibus Agreement. We cannot assure you that we will be able to raise the size of our credit facilities or obtaining additional funds on favorable terms.

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

As of December 31, 2015, the total amount available to be drawn from all Navios Partners credit facilities was \$60.0 million.

As of December 31, 2015, the total borrowings, net under the Navios Partners credit facilities were \$598.1 million.

On February 6, 2013, Navios Partners completed its public offering of 4,500,000 common units at \$14.15 per unit and raised gross proceeds of approximately \$63.7 million to fund its fleet expansion. The net proceeds of this offering, including the underwriting discount and excluding offering costs at \$0.2 million were approximately \$60.8 million. Pursuant to this offering, Navios Partners issued 91,837 general partnership units to its general partner. The net proceeds from the issuance of the general partnership units were \$1.3 million. On the same date, Navios Partners completed the exercise of the option previously granted to the underwriters in connection with the offering and issued 675,000 additional common units at the public offering price less the

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underwriting discount. As a result of the exercise of the option, Navios Partners raised additional gross proceeds of \$9.6 million and net proceeds, including the underwriting discount, of approximately \$9.1 million and issued 13,776 additional general partnership units to its general partner. The net proceeds from the issuance of the general partnership units were \$0.2 million.

On September 25, 2013, Navios Partners completed its public offering of 5,000,000 common units at \$14.26 per unit and raised gross proceeds of \$71.3 million to fund its fleet expansion. The net proceeds of this offering, including the underwriting discount and excluding offering costs of \$0.2 million were \$68.2 million. Pursuant to this offering, Navios Partners issued 102,041 general partnership units to its general partner. The net proceeds from the issuance of the general partnership units were \$1.5 million. On the same date, Navios Partners completed the exercise of the option previously granted to the underwriters in connection with the offering and issued 750,000 additional common units at the public offering price less the underwriting discount. As a result of the exercise of the option, Navios Partners raised additional gross proceeds of \$10.7 million. The net proceeds, including the underwriting discount, were approximately \$10.2 million and Navios Partners issued 15,306 additional general partnership units to its general partner. The net proceeds from the issuance of the general partnership units were \$0.2 million.

On February 14, 2014, Navios Partners completed its public offering of 5,500,000 common units at \$17.30 per unit and raised gross proceeds of approximately \$95.2 million to fund its fleet expansion. The net proceeds of this offering, including the underwriting discount and excluding offering costs estimated at \$0.3 million were approximately \$91.1 million. Pursuant to this offering, Navios Partners issued 112,245 general partnership units to its general partner. The net proceeds from the issuance of the general partnership units were \$1.9 million. On February 18, 2014, Navios Partners completed the exercise of the option previously granted to the underwriters in connection with the offering and issued 825,000 additional common units at the public offering price less the underwriting discount. As a result of the exercise of the option, Navios Partners raised additional gross proceeds of \$14.3 million and net proceeds, including the underwriting discount, of approximately \$13.7 million and issued 16,837 additional general partnership units to its general partner. The net proceeds from the issuance of the general partnership units were \$0.3 million.

On February 11, 2015, Navios Partners completed its public offering of 4,000,000 common units at \$13.09 per unit and raised gross proceeds of approximately \$52.4 million to fund its fleet expansion. The net proceeds of this offering, including the underwriting discount and excluding offering costs of \$0.2 million were approximately \$50.1 million. Pursuant to this offering, Navios Partners issued 81,633 general partnership units to its general partner. The net proceeds from the issuance of the general partnership units were \$1.1 million. On the same date, Navios Partners completed the exercise of the option previously granted to the underwriters in connection with the offering and issued 600,000 additional common units at the public offering price less the underwriting discount. As a result of the exercise of the option, Navios Partners raised additional gross proceeds of \$7.9 million and net proceeds, including the underwriting discount, of approximately \$7.5 million and issued 12,245 additional general partnership units to its general partner. The net proceeds from the issuance of the general partnership units were \$0.2 million. In addition, Navios Partners completed a private placement of 1,120,547 common units and 22,868 general partner units at \$13.09 per unit to Navios Holdings, raising additional gross proceeds of \$15.0 million. Following the public offering and the private placement, Navios Holdings currently owns a 20.1% interest in Navios Partners, which includes the 2.0% interest through Navios Partners' general partner which Navios Holdings owns and controls.

As of March 22, 2016, there were outstanding: 83,079,710 common units and 1,695,509 general partnership units. During the years ended December 31, 2015, 2014 and 2013, the aggregate amount of cash distribution paid was \$132.3 million, \$139.0 million and \$122.4 million, respectively. In February 2016, we announced that our board of directors decided to suspend the quarterly cash distributions to our unitholders, including the distribution for the quarter ended December 31, 2015. (See "Suspension of Distributions" contained herein).

Table of Contents**Cash flows for the year ended December 31, 2015 compared to the year ended December 31, 2014:**

The following table presents cash flow information for the years ended December 31, 2015 and 2014. This information was derived from the audited consolidated statement of cash flows of Navios Partners for the respective periods.

	Year Ended December 31, 2015	Year Ended December 31, 2014
	(In thousands of U.S. dollars)	
Net cash provided by operating activities	\$ 123,370	\$ 171,661
Net cash used in investing activities	(149,395)	(123,272)
Net cash (used in)/provided by financing activities	(46,720)	15,760
(Decrease)/increase in cash and cash equivalents	\$ (72,745)	\$ 64,149

Cash provided by operating activities for the year ended December 31, 2015 as compared to the year ended December 31, 2014:

Net cash provided by operating activities decreased by \$48.3 million to \$123.4 million for the year ended December 31, 2015, as compared to \$171.7 million for the same period in 2014.

Net income decreased by \$33.0 million to \$41.8 million for the year ended December 31, 2015, from \$74.9 million for the year ended December 31, 2014. In determining net cash provided by operating activities for the year ended December 31, 2015, net income was adjusted for the effects of certain non-cash items, including \$75.9 million depreciation and amortization, \$3.7 million amortization and write-off of deferred financing costs and \$4.0 million amortization of deferred drydock and special survey costs. For the year ended December 31, 2014, net income was adjusted for the effects of certain non-cash items, including depreciation and amortization of \$95.8 million, \$3.1 million amortization and write-off of deferred financing cost and \$0.8 million amortization of deferred dry dock and special survey costs.

Accounts receivable decreased by \$9.3 million, from \$13.3 million at December 31, 2014, to \$4.0 million at December 31, 2015 due to the decrease in amounts due from charterers.

Accounts payable decreased by \$1.1 million, from \$3.8 million at December 31, 2014, to \$2.7 million at December 31, 2015.

Accrued expenses decreased by \$1.1 million from \$3.6 million at December 31, 2014, to \$2.5 million at December 31, 2015.

Deferred revenue primarily relates to cash received from charterers prior to it being earned. Deferred revenue, net of commissions increased by \$1.8 million from \$4.3 million at December 31, 2014, to \$6.1 million at December 31, 2015.

Amounts due to related parties increased by \$6.8 million, from \$1.9 million at December 31, 2014, to \$8.7 million at December 31, 2015. The increase was mainly attributable to an increase in other payables for drydock and special survey expenses of \$5.7 million and management fees outstanding of \$1.2 million and other receivables of \$1.8 million.

Payments for drydock and special survey costs incurred at December 31, 2015 and December 31, 2014 were \$13.5 million and \$8.7 million, respectively, and related to drydock and special survey costs incurred for certain vessels of the fleet.

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Cash used in investing activities for the year ended December 31, 2015 as compared to the year ended December 31, 2014:

Net cash used in investing activities increased by \$26.1 million to \$149.3 million for the year ended December 31, 2015, as compared to \$123.3 million for the same period in 2014.

Cash used in investing activities of \$149.3 million for the year ended December 31, 2015 was due to:

(i) \$147.8 million paid for the acquisition of the MSC Cristina, which was delivered in April 2015; (ii) \$0.8 million loan granted to Navios Europe II; and (iii) \$0.8 million used for investment in Navios Europe II.

Cash used in investing activities of \$123.3 million for the year ended December 31, 2014 was due to: (i) \$36.9 million paid for the acquisition of the Navios La Paix and the Navios Sun in January 2014 of which \$33.4 million was released from escrow; (ii) \$5.9 million paid as deposits for the acquisition of a vessel which was delivered to Navios Partners in the fourth quarter of 2014; (iii) a \$0.5 million loan granted to Navios Europe I; (iv) \$59.1 million paid for the acquisition of the YM Utmost in August 2014; and (v) \$59.1 million paid for the acquisition of the YM Unity in October 2014.

Cash used in financing activities for the year ended December 31, 2015 as compared to cash provided by financing activities for the year ended December 31, 2014:

Net cash used in financing activities decreased by \$62.5 million to \$46.7 million outflow for the year ended December 31, 2015, as compared to \$15.8 million inflow for the same period in 2014.

Cash used in financing activities of \$46.7 million for the year ended December 31, 2015 was due to: (i) \$72.1 million proceeds from the issuance of 4,600,000 common units in February 2015, net of offering costs; (ii) \$1.5 million proceeds from the issuance of additional general partnership units; and (iii) proceeds of \$79.8 million on April 20, 2015, under the April 2015 Credit Facility. This overall increase was partially offset by: (i) loan repayments of \$60.7 million; (ii) payment of a total cash distribution of \$132.3 million; (iii) payment of \$0.7 million of deferred financing costs relating to the April 2015 Credit Facility; and (iv) a \$6.4 million increase in restricted cash related to the amounts held in retention accounts in order to service debt payments or as cash collateral, as required by Navios Partners credit facilities.

Cash provided by financing activities of \$15.8 million for the year ended December 31, 2014 was due to: (a) \$104.5 million of proceeds from the issuance of 6,325,000 common units in February 2014, net of offering costs; (b) \$2.2 million of proceeds from the issuance of additional general partnership units; and (c) proceeds of \$56.0 million under the September 2014 Credit Facility. This overall increase was partially offset by: (a) loan repayments of \$7.1 million; (b) payment of a total cash distribution of \$139.0 million; and (c) payment of \$0.9 million of deferred financing costs relating to the September 2014 Credit Facility.

Table of Contents**Cash flows for the year ended December 31, 2014 compared to the year ended December 31, 2013:**

The following table presents cash flow information for the years ended December 31, 2014 and 2013. This information was derived from the audited consolidated statement of cash flows of Navios Partners for the respective periods.

	Year Ended December 31, 2014	Year Ended December 31, 2013
	(In thousands of U.S. dollars)	
Net cash provided by operating activities	\$ 171,661	\$ 104,842
Net cash used in investing activities	(123,272)	(382,673)
Net cash provided by financing activities	15,760	281,045
Increase in cash and cash equivalents	\$ 64,149	\$ 3,214

Cash provided by operating activities for the year ended December 31, 2014 as compared to the year ended December 31, 2013:

Net cash provided by operating activities increased by \$66.8 million to \$171.7 million for the year ended December 31, 2014, as compared to \$104.8 million for the same period in 2013.

Net income increased by \$15.8 million to \$74.9 million for the year ended December 31, 2014, from \$59.0 million for the year ended December 31, 2013, mainly due to: (i) compensation received from the sale of a defaulted counterparty claim to an unrelated third party; and (ii) compensation received following the termination of the amended credit default insurance policy. In determining net cash provided by operating activities for the year ended December 31, 2014, net income was adjusted for the effects of certain non-cash items, including depreciation and amortization of \$95.8 million, \$3.1 million amortization and write-off of deferred financing cost and \$0.8 million amortization of deferred dry dock and special survey costs. For the year ended December 31, 2013, net income was adjusted for the effects of certain non-cash items, including depreciation and amortization of \$77.5 million and \$4.0 million amortization and write-off of deferred financing cost.

Accounts receivable decreased by \$3.0 million, from \$16.3 million at December 31, 2013, to \$13.3 million at December 31, 2014 due to the decrease in amounts due from charterers.

Prepaid expenses and other current assets decreased by \$0.2 million, from \$1.7 million at December 31, 2013, to \$1.5 million at December 31, 2014.

Accounts payable increased by \$0.7 million, from \$3.2 million at December 31, 2013, to \$3.8 million at December 31, 2014.

Accrued expenses decreased by \$0.3 million from \$3.9 million at December 31, 2013 to \$3.6 million at December 31, 2014. The primary reason for the decrease was a decrease in accrued loan interest by \$0.2 million and a decrease in accrued legal expenses by \$0.7 million partially mitigated by an increase in accrued voyage expenses by \$0.6 million.

Deferred revenue primarily relates to cash received from charterers prior to it being earned. Deferred revenue, net of commissions increased by \$1.3 million from \$3.0 million at December 31, 2013 to \$4.3 million at December 31, 2014.

Amounts due to related parties increased by \$1.7 million, from \$0.2 million at December 31, 2013, to \$1.9 million at December 31, 2014. The increase was mainly attributable to an increase in other payables for drydock and special survey expenses of \$2.2 million mitigated by other receivables of \$0.3 million.

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Payment for drydock and special survey costs incurred in the year ended December 31, 2014 were \$8.7 million and related to drydock and special survey incurred for certain vessels of the fleet. There was no payment for drydock and special survey cost incurred in the same period of 2013.

Cash used in investing activities for the year ended December 31, 2014 as compared to the year ended December 31, 2013:

Net cash used in investing activities was \$123.3 million for the year ended December 31, 2014 as compared to \$382.7 million for the same period in 2013.

Cash used in investing activities of \$123.3 million for the year ended December 31, 2014 was due to: (i) \$36.9 million paid for the acquisition of the Navios La Paix and the Navios Sun in January 2014 of which \$33.4 million was released from escrow; (ii) \$5.9 million paid as deposits for the acquisition of a vessel which was delivered to Navios Partners in the fourth quarter of 2014; (iii) a \$0.5 million loan granted to Navios Europe I; (iv) \$59.1 million paid for the acquisition of the YM Utmost in August 2014; and (v) \$59.1 million paid for the acquisition of the YM Unity in October 2014.

Cash used in investing activities of \$382.7 million for the year ended December 31, 2013 was due to: (i) \$98.2 million held in escrow for the acquisition of four vessels of which \$47.0 million was released in September 2013 for the acquisition of the Navios Joy, \$17.8 million was released in October 2013 for the acquisition of the Navios Harmony and \$33.4 million was released in January 2014 to finance a portion of the purchase prices of the Navios Sun and the Navios La Paix, which were delivered in January 2014; (ii) \$7.3 million paid as deposits for the acquisition of the vessels that was delivered to Navios Partners in January 2014; (iii) a \$0.3 million loan granted to Navios Europe I; (iv) \$0.5 million for investment in Navios Europe I; and (v) \$341.2 million paid for the acquisition of the Navios Joy on September 11, 2013, the acquisition of the Navios Harmony on October 11, 2013 and the acquisition of five Container vessels in December 2013.

Cash provided by financing activities for the year ended December 31, 2014 as compared to the year ended December 31, 2013:

Net cash provided by financing activities decreased by \$265.3 million to \$15.8 million for the year ended December 31, 2014, as compared to \$281.0 million for the same period in 2013.

Cash provided by financing activities of \$15.8 million for the year ended December 31, 2014 was due to: (a) \$104.5 million of proceeds from the issuance of 6,325,000 common units in February 2014, net of offering costs; (b) \$2.2 million of proceeds from the issuance of additional general partnership units; and (c) proceeds of \$56.0 million under the September 2014 Credit Facility. This overall increase was partially offset by: (a) loan repayments of \$7.1 million; (b) payment of a total cash distribution of \$139.0 million; and (c) payment of \$0.9 million of deferred financing costs relating to the September 2014 Credit Facility.

Cash provided by financing activities of \$281.0 million for the year ended December 31, 2013 was due to: (a) \$148.0 million of proceeds from the issuance of 10,925,000 common units in February 2013 and September 2013, net of offering costs; (b) \$3.2 million of proceeds from the issuance of additional general partnership units; (c) a \$28.4 million decrease in restricted cash related to the amounts held in retention accounts in order to service debt as required by Navios Partners credit facilities; and (d) \$434.5 million of proceeds from the Term Loan B facility net of discount. This overall increase was partially mitigated by: (a) loan repayments and prepayment of long-term debt, net of expenses, of \$201.4 million; (b) payment of a total cash distribution of \$122.4 million; and (c) payment of \$9.2 million of deferred financing cost relating to the July 2012 Credit Facility and the Term Loan B facility.

Table of Contents**Reconciliation of EBITDA to Net Cash from Operating Activities and Operating Surplus**

	Year Ended December 31, 2015	Year Ended December 31, 2014	Year Ended December 31, 2013
	(In thousands of U.S. dollars)		
Net cash provided by operating activities	\$ 123,370	\$ 171,661	\$ 104,842
Net decrease in operating assets	8,499	6,002	9,403
Net (decrease)/increase in operating liabilities	(6,361)	(3,136)	26,301
Net interest cost	31,498	28,518	16,860
Amortization and write-off of deferred financing costs	(3,727)	(3,091)	(4,035)
EBITDA⁽¹⁾	\$ 153,279	\$ 199,954	\$ 153,371
Cash interest income	51	169	49
Cash interest paid	(26,787)	(25,870)	(13,324)
Maintenance and replacement capital expenditures	(13,811)	(24,047)	(14,593)
Operating Surplus	\$ 112,732	\$ 150,206	\$ 125,503

(1)

	Year Ended December 31, 2015	Year Ended December 31, 2014	Year Ended December 31, 2013
	(In thousands of U.S. dollars)		
Net cash provided by operating activities	\$ 123,370	\$ 171,661	\$ 104,842
Net cash used in investing activities	\$ (149,395)	\$ (123,272)	\$ (382,673)
Net cash (used in)/provided by financing activities	\$ (46,720)	\$ 15,760	\$ 281,045

EBITDA

EBITDA represents net income plus interest and finance costs plus depreciation and amortization and income taxes.

EBITDA is presented because Navios Partners believes that EBITDA is a basis upon which liquidity can be assessed and present useful information to investors regarding Navios Partners' ability to service and/or incur indebtedness, pay capital expenditures, meet working capital requirements and pay dividends. EBITDA is a non-GAAP financial measure and should not be considered a substitute for net income, cash flow from operating activities and other operations or cash flow statement data prepared in accordance with accounting principles generally accepted in the

United States or as a measure of profitability or liquidity.

While EBITDA is frequently used as a measure of operating results and the ability to meet debt service requirements, the definition of EBITDA used here may not be comparable to that used by other companies due to differences in methods of calculation.

EBITDA decreased by \$46.7 million to \$153.3 million for the year ended December 31, 2015, as compared to \$200.0 million for the same period in 2014. The decrease in EBITDA was due to: (i) a \$3.7 million decrease in revenue; (ii) a \$6.2 million increase in management fees; (iii) a \$0.1 million increase in general and administrative expenses due to the increased fleet; (iv) a \$42.7 million decrease in other income; and (v) a \$2.3 million increase in other expenses. The above decrease was partially mitigated by an \$8.2 million decrease in time charter and voyage expenses.

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EBITDA increased by \$46.6 million to \$200.0 million for the year ended December 31, 2014, as compared to \$153.4 million for the same period in 2013. The increase in EBITDA was due to: (i) a \$29.2 million increase in revenue; and (ii) a \$34.2 million increase in other income due to compensation received following the termination of the credit default insurance policy. The above increase was partially mitigated by: (a) a \$14.2 million increase in management fees and (b) a \$1.5 million increase in general and administrative expenses due to the increased fleet; (c) a \$0.5 million increase in time charter and voyage expenses; and (d) a \$0.7 million increase in other expenses.

Operating Surplus

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

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

Borrowings

Navios Partners' long-term third party borrowings are reflected in its balance sheet as Long-term debt, net and Current portion of long-term debt, net. As of December 31, 2015 and December 31, 2014, total debt, net amounted to \$598.1 million and \$576.0 million, respectively. The current portion of long-term debt, net amounted to \$23.3 million at December 31, 2015 and \$16.4 million at December 31, 2014.

Capital Expenditures

During the years ended December 31, 2015, 2014 and 2013, we financed our capital expenditures with cash flow from operations, the incurrence of bank debt and equity raisings. Capital expenditures for the years ended December 31, 2015, 2014 and 2013 amounted to \$147.8 million, \$122.8 million and \$381.9 million, respectively. For the year ended December 31, 2015, expansion capital expenditures of \$147.8 million related to the acquisition of the MSC Cristina in April 2015. For the year ended December 31, 2014, expansion capital expenditures of \$122.8 million related to the acquisition of the Navios La Paix and the Navios Sun in January 2014, the acquisition of the YM Utmost in August 2014 and the acquisition of the YM Unity in October 2014.

Maintenance for our vessels and expenses related to drydocking expenses are reimbursed at cost by Navios Partners to our Manager under the amended management agreement. In October 2011, Navios Partners extended the duration of its existing Management Agreement with the Manager until December 31, 2017 and fixed the rate for shipmanagement services of its owned fleet through December 31, 2013. The management fees, including drydocking expenses, were: (a) \$4,650 daily rate per Ultra-Handymax vessel; (b) \$4,550 daily rate per Panamax vessel; and (c) \$5,650 daily rate per Capesize vessel. In each of October 2013, August 2014, February 2015 and February 2016, Navios Partners amended its existing Management Agreement with the Manager to fix the fees for ship management services of its owned fleet, excluding drydocking expenses, which are reimbursed at cost by Navios Partners at: (a) \$4,100 daily rate per Ultra-Handymax vessel; (b) \$4,200 daily rate per Panamax vessel; (c) \$5,250 daily rate per Capesize vessel; (d) \$6,700 daily rate per Container vessel of TEU 6,800; (e) \$7,400 daily rate per Container vessel of more than TEU 8,000; and (f) \$8,750 daily rate per very large Container vessel of more than TEU 13,000 through

December 31, 2017.

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Maintenance and Replacement Capital Expenditures Reserve

Our annual maintenance and replacement capital expenditures reserve for the years ended December 31, 2015 and 2014 was \$13.8 million and \$24.0 million, respectively, for replacing our vessels at the end of their useful lives.

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

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

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

Possible Acquisitions of Other Vessels

Although we do not currently have in place any other agreements relating to acquisitions of other vessels, we assess potential acquisition opportunities on a regular basis. Pursuant to our Omnibus Agreement with Navios Holdings, as amended in June 2009, we will have the opportunity to purchase additional drybulk vessels from Navios Holdings when those vessels are fixed under charters of three or more years upon their expiration of their current charters or upon completion of their construction. Subject to the terms of our loan agreements, we could elect to fund any future acquisitions with equity or debt or cash on hand or a combination of these forms of consideration. Any debt incurred for this purpose could make us more leveraged and increase our debt service obligations or could subject us to additional operational or financial restrictive covenants.

C. Research and development, patents and licenses, etc.

Not applicable.

D. Trend information

Our results of operations depend primarily on the charter hire rates that we are able to realize for our vessels, which depend on the demand and supply dynamics characterizing the drybulk market at any given time. For other trends affecting our business please see other discussions in Item 5 Operating and Financial Review and Prospects .

E. Off-Balance Sheet Arrangements

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

Table of Contents**F. Contractual Obligations and Contingencies**

The following table summarizes our long-term contractual obligations as of December 31, 2015:

	Payments due by period (Unaudited)				Total
	Less than 1 year	1-3 years	3-5 years	More than 5 years	
Loan obligations ⁽¹⁾	\$ 26,416	\$ 503,320	\$ 28,825	\$ 47,300	\$ 605,861
Total contractual obligations	\$ 26,416	\$ 503,320	\$ 28,825	\$ 47,300	\$ 605,861

(1) Represents principal payments on amounts drawn on our credit facilities that bear interest at applicable fixed interest rates ranging from 1.80% to 4.25% plus LIBOR per annum. The amounts in the table exclude expected interest payments of \$27.2 million (less than 1 year), \$28.8 million (1-3 years), \$25.8 million (3-5 years) and \$1.8 million (more than 5 years). Expected interest payments are based on outstanding principal amounts, applicable currently effective interest rates and margins as of December 31, 2015, timing of scheduled payments and the term of the debt obligations.

Navios Holdings, Navios Acquisition and Navios Partners will make available to Navios Europe I (in each case, in proportion to their ownership interests in Navios Europe I) revolving loans up to \$24.1 million to fund working capital requirements (collectively, the Navios Revolving Loans I). As of December 31, 2015, the amounts undrawn from the Navios Revolving Loans I were \$9.1 million, of which Navios Partners' portion was \$0.5 million (See Note 17 for Transactions with related parties and affiliates).

Navios Holdings, Navios Acquisition and Navios Partners will make available to Navios Europe II (in each case, in proportion to their ownership interests in Navios Europe II) revolving loans up to \$38.5 million to fund working capital requirements (collectively, the Navios Revolving Loans II). As of December 31, 2015, the amounts undrawn from the Navios Revolving Loans II were \$23.1 million, of which Navios Partners' portion was \$1.2 million (See Note 17 for Transactions with related parties and affiliates).

Critical Accounting Policies

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

Critical accounting policies are those that reflect significant judgments or uncertainties, and potentially result in materially different results under different assumptions and conditions. For a description of all of our significant accounting policies, see Note 2 to the Notes to the consolidated financial statements included elsewhere in this Annual Report.

As of December 31, 2015, Navios Partners owned a fleet of 31 vessels, with an aggregate carrying value of \$1,285.6 million, including the carrying value of existing time charters on its fleet of vessels. On a vessel-by-vessel basis, as of December 31, 2015, the carrying value of 28 of Navios Partners' vessels (including the carrying value of the time charter, if any, on the specified vessel) exceeded the estimated fair value of those same vessels (including the estimated fair value of the time charter, if any, on the specified vessel) by approximately \$319.5 million in the aggregate (the unrealized loss).

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A vessel-by-vessel summary as of December 31, 2015, follows (with an * indicating those individual vessels whose carrying value exceeds its estimated fair value, including the related time charter, if any):

Vessel name	Date of Acquisition	Purchase Price⁽¹⁾	Carrying Value as of December 31, 2015⁽¹⁾
(In millions of U.S. dollars)			
Navios Libra II	11/16/2007	\$ 26.3	\$ 9.8*
Navios Alegria	11/16/2007	38.9	23.8*
Navios Felicity	11/16/2007	31.3	14.1*
Navios Gemini S	11/16/2007	24.3	8.9*
Navios Galaxy I	11/16/2007	30.7	17.4*
Navios Hope	07/01/2008	80.0	53.5*
Navios Apollon	10/29/2009	32.0	15.6*
Navios Fantastiks	05/02/2008	87.7	59.4*
Navios Sagittarius	01/12/2010	59.4	32.5*
Navios Hyperion	01/08/2010	63.0	23.2*
Navios Aurora II	03/18/2010	110.3	69.2*
Navios Pollux	05/21/2010	110.0	57.3*
Navios Melodia	11/15/2010	78.8	60.9
Navios Fulvia	11/15/2010	98.2	54.9*
Navios Luz	05/19/2011	78.0	58.1*
Navios Orbiter	05/19/2011	52.0	23.8*
Navios Buena Ventura	06/15/2012	67.5	52.8
Navios Soleil	07/24/2012	21.1	18.4*
Navios Helios	07/27/2012	21.1	17.9*
Navios Joy	09/11/2013	47.5	43.9*
Navios Harmony	10/11/2013	18.0	16.2*
Hyundai Hongkong	12/04/2013	55.2	51.0*
Hyundai Tokyo	12/04/2013	55.1	51.0*
Hyundai Singapore	12/10/2013	55.2	51.0*
Hyundai Shanghai	12/13/2013	55.2	51.0*
Hyundai Busan	12/16/2013	55.8	51.6*
Navios La Paix	1/8/2014	28.5	26.5*
Navios Sun	1/17/2014	16.2	14.7*
YM Utmost	8/29/2014	59.1	56.2*
YM Unity	10/28/2014	59.1	56.6*
MSC Cristina	22/04/2015	147.8	144.4
		\$ 1,763.3	\$ 1,285.6

(1) All amounts include related time charter, if any. Although the aforementioned excess of carrying value over fair value represents an estimate of the loss that Navios Partners would sustain on a hypothetical disposition of those

vessels as of December 31, 2015, the recognition of the unrealized loss absent a disposition (i.e., as an impairment) would require, among other things, that a triggering event had occurred and that the undiscounted cash flows attributable to the vessel are also less than the carrying value of the vessel (including the carrying value of the time charter, if any, on the specified vessel).

Impairment of Long Lived Assets

Vessels, other fixed assets and other long lived assets held and used by Navios Partners are reviewed periodically for potential impairment whenever events or changes in circumstances indicate that the carrying amount of a

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particular asset may not be fully recoverable. In accordance with accounting for the impairment or disposal of long-lived assets, Navios Partners 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 vessel and compared to the vessel carrying value of the vessel and related carrying value of the intangible with respect to the time charter agreement attached to that vessel. Within the shipping industry, vessels are customarily bought and sold with a charter attached. The value of the charter may be favorable or unfavorable when comparing the charter rate to 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 asset group.

During the fourth quarter of fiscal 2015, management concluded that events occurred and circumstances had changed, which indicated that potential impairment of Navios Partners long-lived assets may exist. These indicators included continued deterioration in the spot market, and the related, impact of the current drybulk and container sector has on management's expectation for future revenues. As a result, an impairment assessment of long-lived assets was performed.

Navios Partners determined undiscounted projected net operating cash flows for each vessel and compared it to the vessel's carrying value together with the carrying value of deferred drydock and special survey costs related to the vessel and the carrying value of the related intangible. The significant factors and assumptions used in the undiscounted projected net operating cash flow analysis included: determining the projected net operating cash flows by considering the charter revenues from existing time charters for the fixed fleet days (Navios Partners remaining charter agreement rates) and an estimated daily time charter equivalent for the unfixed days (based on a combination of the Navios Partners remaining charter agreement rates and the 10-year average historical one year time charter rates adjusted for outliers) over the remaining economic life of each vessel, net of brokerage and address commissions and excluding days of scheduled off-hires, management fees fixed until December 2015 and thereafter assuming an annual increase of 3.0% and utilization rate of 98.6% based on the fleet's historical performance. The assessment concluded that step two of the impairment analysis was not required and no impairment of vessels and the intangible assets existed as of December 31, 2015, as the undiscounted projected net operating cash flows exceeded the carrying value.

In connection with its annual impairment testing on its vessels as of December 31, 2015, the Company performs sensitivity analysis on the most sensitive and/or subjective assumptions that have the potential to affect the outcome of the test, principally the projected charter rate used to forecast future cash flows for unfixed days. In that regard, there would continue to be no impairment required to be recognized on any of the Company's vessels when assuming a decline in the 10-year average (of the one-year charter rate for similar vessels), which is the rate that the Company uses to forecast future cash flows for unfixed days, ranging from 13.17% to 90.73% (depending on the vessel).

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In addition, the Company compared the ten-year historical average (of the one-year charter rate for similar vessels), with current rates for five-year, three-year and one-year charters (for similar vessels). A comparison of the ten-year historical average (of the one-year charter rate) and the current rates for five-year, three-year and one-year charters (for similar vessels) follows (as of December 31, 2015):

	Current Time Charter Rates of Various Terms (for Similar Vessels) vs. Ten-year Historical Average (of the One-Year Charter Rate)		
	5-Year Average	3-Year Average	1-Year Average
	(% above (below) the 10-Year average)		
Ultra-Handymax	-42.3%	-47.8%	-58.7%
Panamax	-47.2%	-52.0%	-63.4%
Capesize	-56.3%	-55.9%	-72.0%
Container 6,800 TEU	n/a*	n/a*	-11.1%
Container 8,200 TEU	n/a*	n/a*	-2.2%
Container 13,100 TEU	n/a*	n/a*	-2.2%

* For the vessels with capacity of 6,800 TEU, 8,200 TEU and 13,100 TEU and above, the average daily rates were only available for the years 2013, 2014 and 2015.

As disclosed elsewhere, the Company's fleet includes 28 vessels for which the carrying value (including the carrying value of the time charter, if any, on the specified vessel) exceeds the estimated fair value of those same vessels (including the estimated fair value of the time charter, if any, on the specified vessel) by approximately \$319.5 million in the aggregate (the unrealized loss). If testing for impairment using current rates for five-year, three-year and one-year charters historical average (of the one-year charter rate for similar vessels) in lieu of the ten-year historical average (of the one-year charter rate for similar vessels), Navios Partners estimates that an additional one, five and one of its vessels, respectively, would have carrying values in excess of their projected undiscounted future cash flows.

As of December 31, 2015, the 10-year historical average rates for its vessels (which naturally varies by type of vessel) used in determining future cash flows for purposes of its impairment analysis were less than 5% higher than the Company's average daily time charter equivalent rate achieved in fiscal year 2015 of \$19,739 per day.

In the event that impairment would occur, the fair value of the related asset would be determined and an impairment charge would be recorded to operations calculated by comparing the asset's carrying value to its fair value. Fair value is estimated primarily through the use of third-party valuations performed on an individual vessel basis.

Although management believes the underlying assumptions supporting this assessment are reasonable, if charter rate trends and the length of the current market downturn vary significantly from our forecasts, management may be required to perform step two of the impairment analysis in the future that could expose Navios Partners to material impairment charges in the future.

No impairment loss was recognized for any of the periods presented.

Vessels

Vessels are stated at historical cost, which consists of the contract price and any material expenses incurred upon acquisition (improvements and delivery expenses). Vessels acquired in an asset acquisition or in 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.

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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 drybulk and container vessels based on a scrap value of \$340 per lightweight ton, as we believe these levels are consistent with those of similar companies within the shipping industry. Management estimates the useful life of our vessels to be 25 and 30 years from the drybulk and container vessel's original construction, respectively. 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.

Deferred Drydock and Special Survey Costs

Our vessels are subject to regularly scheduled dry docking and special surveys which are carried out every 30 or 60 months to coincide with the renewal of the related certificates issued by the classification societies, unless a further extension is obtained in rare cases and under certain conditions. In each of October 2013, August 2014, February 2015 and February 2016, Navios Partners amended its existing management agreement with the Manager to fix the fees for ship management services of its owned fleet (excluding drydocking expenses which are reimbursed at cost by Navios Partners) at: (a) \$4,100 daily rate per Ultra-Handymax vessel; (b) \$4,200 daily rate per Panamax vessel; (c) \$5,250 daily rate per Capesize vessel; (d) \$6,700 daily rate per Container vessel of TEU 6,800; (e) \$7,400 daily rate per Container vessel of more than TEU 8,000; and (f) \$8,750 daily rate per very large Container vessel of more than TEU 13,000 through December 31, 2017.

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 time charter of vessels.

Voyage revenues for the transportation of cargo are recognized ratably over the estimated relative transit time of each voyage. Voyage expenses are recognized as incurred. 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 minimum lease revenue over the rental periods of such charter agreements, as service is performed. A time charter involves placing a vessel at the charterer's 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.

Revenues from profit-sharing are calculated at an agreed percentage of the excess of the charterer's average daily income over an agreed amount and accounted for on an accrual basis based on provisional amounts.

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 rate. Since address commissions represent a discount (sales incentive) on services rendered by Navios Partners and no identifiable benefit is received in exchange for the consideration provided to the charterer, these commissions are presented as a reduction of revenue.

Recent Accounting Pronouncements

In February 2016, the FASB issued Accounting Standards Update No. 2016-02, Leases (Topic 842) (ASU 2016-02). 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

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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 February 2015, the FASB issued the ASU 2015-02, Consolidation (Topic 810) Amendments to the Consolidation Analysis, which amends the criteria for determining which entities are considered VIEs, amends the criteria for determining if a service provider possesses a variable interest in a VIE and ends the deferral granted to investment companies for application of the VIE consolidation model. The ASU is effective for interim and annual periods beginning after December 15, 2015. Early application is permitted. We do not expect the adoption of this ASU to have a material impact on the Company's results of operations, financial position or cash flows, except if Navios Partners were to enter into new arrangements in 2015 that fall into the scope prior to adoption of this standard.

In January 2015, the FASB issued ASU 2015-01, Income Statement Extraordinary and Unusual Items. This standard eliminates the concept of extraordinary and unusual items from U.S. GAAP. The new standard is effective for annual and interim periods after December 15, 2015. Early adoption is permitted. Navios Partners plans to adopt this standard effective January 1, 2016. The adoption of the new standard is not expected to have a material impact on Navios Partners' results of operations, financial position or cash flows.

In August 2014, the FASB issued ASU No. 2014-15, Presentation of Financial Statements-Going Concern (Subtopic 205-40): Disclosure of Uncertainties About an Entity's Ability to Continue as a Going Concern. This standard requires management to assess an entity's ability to continue as a going concern, and to provide related footnote disclosures in certain circumstances. Before this new standard, no accounting guidance existed for management on when and how to assess or disclose going concern uncertainties. The amendments are effective for annual periods ending after December 15, 2016, and interim periods within annual periods beginning after December 15, 2016. Early application is permitted. We plan to adopt this standard effective January 1, 2017. The adoption of the new standard is not expected to have a material impact on Navios Partners' 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 income. 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 is effective for interim and annual periods beginning after December 15, 2016. Early adoption is not permitted. We are currently reviewing the effect of ASU No. 2014-09 on our revenue recognition.

In April 2014, the FASB issued ASU 2014-08, Presentation of Financial Statements and Property, Plant and Equipment changing the presentation of discontinued operations on the statements of income and other requirements for reporting discontinued operations. Under the new standard, a disposal of a component or a group of components of an entity is required to be reported in discontinued operations if the disposal represents a strategic shift that has (or will have) a major effect on an entity's operations and financial results when the component meets the criteria to be classified as held-for-sale or is disposed. The amendments in this update also require additional disclosures about discontinued operations and disposal of an individually significant component of an entity that does not qualify for discontinued operations. The new accounting guidance is effective for interim and annual periods beginning after December 15, 2014. The adoption of the new standard is not expected to have a material impact on Navios Partners' results of operations, financial position or cash flows.

Table of Contents**Item 6. Directors, Senior Management and Employees****A. Directors and Senior Management**

The following table sets forth information regarding our current directors and senior management:

Name	Age	Position
Angeliki Frangou	51	Chairman of the Board, Chief Executive Officer and Director
Efstratios Desypris	42	Chief Financial Officer
George Achniotis	51	Executive Vice President-Business Development and Director
Shunji Sasada	57	Director
Serafeim Kriempardis	68	Director (Class III)
Robert Pierot	58	Director (Class I)
John Karakadas	53	Director (Class I)
Dimitris Papastefanou Gkouras	64	Director (Class II)
Vasiliki Papaefthymiou	47	Secretary

Biographical information with respect to each of our current directors and our executive officers is set forth below. The business address for our directors and executive officers is 7 Avenue de Grande Bretagne, Monte Carlo, MC 98000 Monaco.

Angeliki Frangou has been our Chairman and CEO since August 2007. In addition, Ms. Frangou has been the Chairman and Chief Executive Officer of Navios Holdings (NYSE: NM), our sponsor, since August 2005, and the Chairman and Chief Executive Officer of Navios Acquisition (NYSE: NNA), an affiliated corporation, since 2008 and the Chairman and Chief Executive Officer of Navios Midstream (NYSE: NAP), an affiliated limited partnership since October 2014. Ms. Frangou has been the Chairman of the Board of Directors of Navios South American Logistics Inc. since its inception in December 2007. Previously, Ms. Frangou served as Chairman, Chief Executive Officer and President of International Shipping Enterprises Inc., which acquired Navios Holdings. From 1990 until August 2005, Ms. Frangou was the Chief Executive Officer of Maritime Enterprises Management S.A. and its predecessor company, which specialized in the management of dry cargo vessels. Ms. Frangou is the Chairman of IRF European Finance Investments Ltd., listed on the SFM of the London Stock Exchange. Ms. Frangou is Member of the Board of the United Kingdom Mutual Steam Ship Assurance Association (Bermuda) Limited, Vice Chairman of China Classification Society Mediterranean Committee, a member of the International General Committee and of the Hellenic and Black Sea Committee of Bureau Veritas, as well as a member of Greek Committee of Nippon Kaiji Kyokai. Since February 2015, Ms. Frangou is a Member of the Board of the Union of Greek Shipowners. Since October 2015, Ms. Frangou has been a Member of the Board of Trustees of Fairleigh Dickinson University. Since July 2013, Ms. Frangou has been a Member of the Board of Visitors of the Columbia University School of Engineering and Applied Science. Ms. Frangou received a bachelor's degree in mechanical engineering, *summa cum laude*, from Fairleigh Dickinson University and a master's degree in mechanical engineering from Columbia University.

Stratos Desypris is Chief Financial Officer of Navios Maritime Partners L.P. since January 2010. In addition Mr. Desypris is the Chief Financial Controller of Navios Holdings, Navios Partners' sponsor, since May 2006. Mr. Desypris is also a Director and Senior Vice President - Business Development of Navios Midstream since October 2014. He also serves as a Director and the SVP- Strategic Planning of Navios South American Logistics Inc and as a Director in Navios Europe. Before joining Navios Group, Mr. Desypris worked for 9 years in the accounting profession, most recently as manager of the audit department at Ernst & Young in Greece. Mr. Desypris started his career as an auditor with Arthur Andersen & Co. in 1997. He holds a Bachelor of Science degree in Economics from

the University of Piraeus.

George Achniotis was appointed to our Board of Directors in August 2007 and he has been our Executive Vice President-Business Development since February 2008. Mr. Achniotis has been Navios Holdings Chief Financial Officer since April 12, 2007. Prior to being appointed Chief Financial Officer of Navios Holdings, Mr. Achniotis

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served as Senior Vice President – Business Development of Navios Holdings from August 2006 to April 2007. Prior to joining Navios Holdings, Mr. Achiotis was a partner at PricewaterhouseCoopers from 1999 to August 2006.

Mr. Achiotis holds a Bachelors of Science degree in engineering from the University of Manchester and he is a member of the institute of chartered accountants in England and Wales. Mr. Achiotis is also a member of the institute of certified accountants in Cyprus.

Shunji Sasada was appointed to our Board of Directors in August 2007. Mr. Sasada also served as a director of Navios Holdings and President of Navios Corporation since January 2015, as director in Navios Maritime Midstream Partners L.P. since October 2014. Mr. Sasada started his shipping career in 1981 in Japan with Mitsui O.S.K. Lines, Ltd. (MOSK). In 1991, Mr. Sasada joined Trinity Bulk Carriers as its chartering manager as well as subsidiary board member representing MOSK as one of the shareholders. After an assignment in Norway, Mr. Sasada moved to London and started MOSK 's own Ultra Handymax operation as its General Manager. Mr. Sasada joined Navios Holdings in May 1997. Mr. Sasada was Senior Vice President – Fleet Development of Navios Holdings from October 1, 2005 to July 2007 and Chief Operating Officer to December 2014. Mr. Sasada is the member of the North American Committee of Nippon Kaiji Kyokai since inception. Mr. Sasada is a graduate of Keio University, Tokyo, with a B.A. degree in business and he is the member of Board of Trustee of Keio Academy of New York.

Serafeim Kriempardis was appointed to our Board of Directors in December 2009. Mr. Kriempardis previously served as the Head of Shipping of Piraeus Bank from 2007 to 2009 and as the Head of Shipping of Emporiki Bank of Greece from 1999 to 2007. Prior to serving as Head of Shipping at Emporiki Bank, Mr. Kriempardis served in the Project Finance and Corporate and Feasibility departments of the bank. Mr. Kriempardis is an accountant by training and holds a Bachelor 's degree in Economics from the Athens University of Economics and Business and a Diploma in Management from the McGill University of Canada.

Robert Pierot was appointed to our Board of Directors in October 2007. Since 1979, Mr. Pierot has been engaged in brokering the sale and purchase of a variety of marine assets ranging from U.S. flag inland waterway marine assets, both United States and non-United States flagged vessels ranging from large bulk carriers, tankers, container vessels, U.S. inland waterway equipment and vessels that are used to service the offshore oil and gas exploration and production facilities. Currently, Mr. Pierot serves as director and principal of Jacq. Pierot Jr. & Sons, Inc., a privately held shipbrokers firm based in New York. Mr. Pierot served as a board member for Chiles Offshore prior to its sale to another U.S. publicly traded offshore drilling rig company. Previously, Mr. Pierothas served asa member of the United States Department of Transportation 's Shipbuilding Subcommittee, the Marine Transportation System National Advisory Council. Since 1980, Mr. Pierot has been a member of the Board of Directors of the Hellenic-American Chamber of Commerce and previously served as Chairman of the Board from mid 2011 to mid 2013.

John Karakadas was appointed to our Board of Directors in October 2007. Mr. Karakadas is the founder and Senior Managing Partner of AESION LLC, an investment management company, based in Greenwich, CT. From 2005 to 2011, Mr. Karakadas has served as Chairman and Chief Executive Officer of SingularLogic, an European software vendor and information technology services provider listed on the Athens Exchange. In parallel, from April 2007 until 2009, Mr. Karakadas has served as Executive Director and Deputy CEO of Marfin Investment Group, an Athens Exchange listed Investment Company In 2011, from the position of Executive Chairman of the Board of Directors of Olympic Air, he led the successful turnaround process following its privatization. Also, since 2004, he has served on the Board of Directors of Greek Information Technology Holdings S.A. During the period between 2002 and 2003, Mr. Karakadas was the CEO of Tchibo GmbH. Prior to that time, from 1999 to 2000, Mr. Karakadas was President, Asia Pacific, of Burger King, based in Sydney, Australia. Mr. Karakadas received a B.B.A. in Industrial Management from Kent State University. Mr. Karakadas also serves on our Audit Committee and is an independent director.

Dimitris Papastefanou Gkouras was appointed to our Board of Directors in June 2013. From 2007 until 2012, Mr. Papastefanou Gkouras served as Credit Director of Shipping for Marfin Egnatia Bank as well as a member of

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the bank's Greek and International Credit Committees. Prior to his position with Marfin Egnatia Bank, Mr. Papastefanou Gkouras served in various managing and advisory roles within the corporate and shipping finance sectors, including stints with Greek and other European banks, including Credit Commercial de France. Mr. Papastefanou Gkouras received a B.A. in Economics and History from American College of Greece in Athens, Greece and a diploma in Economic Analysis from the University of Kent, England. Mr. Papastefanou Gkouras also serves on our Audit Committee and is an independent director.

Vasiliki Papaefthymiou was appointed our Secretary in August 2007. Ms. Papaefthymiou has been Executive Vice President – Legal and a member of Navios Holdings' board of directors since August 25, 2005, and prior to that was a member of the board of directors of ISE. Ms. Papaefthymiou has served as general counsel for Maritime Enterprises Management S.A. since October 2001, where she has advised the company on shipping, corporate and finance legal matters. Ms. Papaefthymiou provided similar services as general counsel to Franser Shipping from October 1991 to September 2001. Ms. Papaefthymiou received her undergraduate degree from the Law School of the University of Athens and a Master degree in Maritime Law from Southampton University in the United Kingdom. Ms. Papaefthymiou is admitted to practice law before the Bar in Piraeus, Greece.

B. Compensation

Reimbursement of Expenses of Our General Partner

Our General Partner does not receive any management fee or other compensation for services from us, although it will be entitled to reimbursement for expenses incurred on our behalf. In addition, we reimburse the Manager and certain affiliates for expenses incurred pursuant to the Management Agreement and Administrative Services Agreement we entered into with the Manager. Our General Partner and its other affiliates are reimbursed for expenses incurred on our behalf. These expenses include all expenses necessary or appropriate for the conduct of our business and allocable to us, as determined by our General Partner. For the years ended December 31, 2015, 2014 and 2013 no amounts were paid to the General Partner.

Officers' Compensation

We and our General Partner were formed in August 2007. Because our officers, including our Chief Executive Officer and our Chief Financial Officer, are employees of Navios Holdings, their compensation is set and paid by Navios Holdings, and we reimburse Navios Holdings for time they spend on partnership matters pursuant to the administrative services agreement. Under the terms of the administrative agreement, we reimburse Navios Holdings for the actual costs and expenses it incurs in providing administrative support services to us. The amount of our reimbursements to Navios Holdings for the time of our officers depends on an estimate of the percentage of time our officers spent on our business and is based on a percentage of the salary and benefits that Navios Holdings pays to such officers. Our officers, and officers and employees of affiliates of our General Partner, may participate in employee benefit plans and arrangements sponsored by Navios Holdings, our General Partner or their affiliates, including plans that may be established in the future. Our board of directors may establish such plans without the approval of our limited partners. For the years ended December 31, 2015, 2014 and 2013, the fee charged by the Manager for administrative services was \$6.2 million, \$6.1 million and \$4.4 million, respectively.

Compensation of Directors

Our officers or officers of Navios Holdings who also serve as our directors do not receive additional compensation for their service as directors. Each non-management director receives compensation for attending meetings of our board of directors, as well as committee meetings. Non-management directors receive a director fee of \$45,000 per year.

Ms. Frangou receives a fee of \$150,000 per year for acting as a director and as our Chairman of the Board. The Chairman of our audit committee and our conflicts committee receives an additional fee of \$20,000 per year. In addition, each director is reimbursed for out-of-pocket expenses in connection with

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attending meetings of the board of directors or committees. Each director is fully indemnified by us for actions associated with being a director to the extent permitted under Marshall Islands law.

For each of the years ended December 31, 2015, 2014 and 2013, aggregate annual compensation paid to our current non-management executive directors was \$0.2 million and \$0.15 million was paid to Ms. Frangou for acting as a director and as our Chairman of the Board.

C. Board Practices

Our partnership agreement provides that our General Partner has delegated to our board of directors the authority to oversee and direct our operations, management and policies on an exclusive basis and such delegation will be binding on any successor general partner of the partnership. Our General Partner, Navios GP L.L.C., is wholly owned by Navios Holdings. Our executive officers manage our day-to-day activities consistent with the policies and procedures adopted by our board of directors. All of our executive officers and three of our directors also are executive officers, directors and/or affiliates of Navios Holdings and our Chief Executive Officer is also the Chairman and Chief Executive Officer of Navios Acquisition and Navios Holdings.

Following our first annual meeting of unitholders in 2008, our board of directors consisted of seven members, three persons who were appointed by our General Partner in its sole discretion and four who were elected by the common unitholders. Directors appointed by our general partner serve as directors for terms determined by our general partner. Directors elected by our common unitholders are divided into three classes serving staggered three-year terms. One of the four directors elected by our common unitholders was designated as the Class II elected director and will serve until our annual meeting of unitholders in 2016 as the term was renewed for three years during our 2013 annual meeting of unitholders; one director was designated as our Class III elected director and will serve until our annual meeting of unitholders in 2017 as the term was renewed for three years during our 2014 annual meeting of unitholders; and the remaining two directors were designated as the Class I elected directors and will serve until our annual meeting of unitholders in 2018, as their term was renewed for three years during our 2015 annual meeting of unitholders. At each subsequent annual meeting of unitholders, directors will be elected to succeed the class of directors whose terms have expired by a plurality of the votes of the common unitholders. Directors elected by our common unitholders will be nominated by the board of directors or by any limited partner or group of limited partners that holds at least 10% of the outstanding common units.

With respect to our corporate governance, there are several significant differences between us and a domestic issuer in that the New York Stock Exchange does not require a listed limited partnership like us to have a majority of independent directors on our board of directors or to establish a compensation committee or a nominating/corporate governance committee.

We have two committees: an audit committee and a conflicts committee. Three independent members of our board of directors serve on a conflicts committee to review specific matters that the board believes may involve potential conflicts of interest. The conflicts committee determines if the resolution of the conflict of interest is fair and reasonable to us. The members of the conflicts committee may not be officers or employees of our general partner or directors, officers or employees of its affiliates, and must meet the independence standards established by the New York Stock Exchange to serve on an audit committee of a board of directors and certain other requirements. Any matters approved by the conflicts committee are conclusively deemed to be fair and reasonable to us, approved by all of our partners, and not a breach by our directors, our general partner or its affiliates of any duties any of them may owe us or our unitholders. The members of our conflicts committee are Messrs. John Karakadas, Serafeim Kriempardis and Dimitris Papastefanou Gkouras.

In addition, we have an audit committee of three independent directors. One of the members of the audit committee is an audit committee financial expert for purposes of SEC rules and regulations. The audit committee, among other things, reviews our external financial reporting, engages our external auditors and oversees our internal audit activities and procedures and the adequacy of our internal accounting controls. Our

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audit committee is comprised of Messrs. John Karakadas, Dimitris Papastefanou Gkouras and Serafeim Kriempardis and our audit committee financial expert is Mr.Serafeim Kriempardis.

Employees of the Manager, a subsidiary of Navios Holdings, provide assistance to us and our operating subsidiaries pursuant to the Management Agreement and the Administrative Services Agreement.

Our Chief Executive Officer, Ms. Angeliki Frangou, and our Chief Financial Officer, Mr. Efstratios Desypris, allocate their time between managing our business and affairs and the business and affairs of Navios Holdings, and our Chief Executive Officer is also the Chief Executive Officer of Navios Acquisition, Navios Holdings and Navios Midstream. While the amount of time each of them allocate between our business and the business of Navios Holdings, Navios Acquisition and Navios Midstream varies from time to time depending on various circumstances and the respective needs of the business, such as their relative levels of strategic activities, we anticipate that each of them will allocate approximately one quarter of their time to our business.

Our officers and other individuals providing services to us or our subsidiaries may face a conflict regarding the allocation of their time between our business and the other business interests of Navios Midstream, Navios Holdings and Navios Acquisition. We intend to cause our officers to devote as much time to the management of our business and affairs as is necessary for the proper conduct of our business and affairs.

Our General Partner owes a fiduciary duty to our unitholders, subject to limitations. Our General Partner is liable, as General Partner, for all of our debts (to the extent not paid from our assets), except for indebtedness or other obligations that are expressly non-recourse to it. Whenever possible, the partnership agreement directs that we should incur indebtedness or other obligations that are non-recourse to our General Partner.

Whenever our General Partner makes a determination or takes or declines to take an action in its individual capacity rather than in its capacity as our General Partner, it is entitled to make such determination or to take or decline to take such other action free of any fiduciary duty or obligation whatsoever to us or any limited partner, and is not required to act in good faith or pursuant to any other standard imposed by our partnership agreement or under the Marshall Islands Act or any other law. Specifically, our General Partner will be considered to be acting in its individual capacity if it exercises its call right, pre-emptive rights or registration rights, consents or withholds consent to any merger or consolidation of the partnership, appoints any directors or votes for the appointment of any director, votes or refrains from voting on amendments to our partnership agreement that require a vote of the outstanding units, voluntarily withdraws from the partnership, transfers (to the extent permitted under our partnership agreement) or refrains from transferring its units, general partner interest or incentive distribution rights or votes upon the dissolution of the partnership. Actions of our General Partner, which are made in its individual capacity, are made by Navios Holdings as sole member of our General Partner.

D. Employees

Employees of the Manager provide assistance to us and our operating subsidiaries pursuant to the Management Agreement and the Administrative Services Agreement; therefore Navios Partners does not employ additional staff.

The Manager crews its vessels primarily with Ukrainian, Polish, Filipino, Russian, Indian, Georgian, Romanian and Sri Lankan officers and Filipino, Georgian, Romanian, Ethiopian, Indian and Ukrainian seamen. For these nationalities, officers and seamen are referred to the Manager by local crewing agencies. The crewing agencies handle each seaman's training while the Manager handles their travel and payroll. Navios Holdings requires that all of its seamen have the qualifications and licenses required to comply with international regulations and shipping conventions.

The Manager also provides on-shore advisory, operational and administrative support to us pursuant to service agreements. Please see Item 7. Major Unitholders and Related Party Transactions .

Table of Contents**E. Unit Ownership**

The following table sets forth certain information regarding beneficial ownership, as of March 22, 2016, of our units by each of our officers and directors and by all of our directors and officers as a group. The information is not necessarily indicative of beneficial ownership for any other purposes. Under SEC rules, a person or entity beneficially owns any units that the person or entity has the right to acquire as of May 21, 2016 (60 days after March 22, 2016) through the exercise of any unit option or other right. The percentage disclosed under Common Units Beneficially Owned is based on all outstanding common units (83,079,710), not including general partner units (1,695,509). Unless otherwise indicated, each person or entity has sole voting and investment power (or shares such powers with his or her spouse) with respect to the units set forth in the following table. Information for certain holders is based on information delivered to us.

Identity of Person or Group

	Common Units Owned	Percentage of Common Units Owned
Angeliki Frangou ⁽¹⁾⁽²⁾	500,000	*
Efstratios Desypris		
George Achniotis	*	*
Robert Pierot	*	*
Shunji Sasada	*	*
Serafeim Kriempardis		
John Karakadas		
Dimitris Papastefanou Gkouras		
Vasiliki Papaefthymiou		
All directors and officers as a group (9 persons) ⁽²⁾⁽³⁾	570,000	*

* Less than 1%

- (1) Held through Amadeus Maritime S.A., a corporation owned by Angeliki Frangou, our Chairman and Chief Executive Officer.
- (2) Excludes units owned by Navios Holdings, on the board of which serves our Chief Executive Officer, Angeliki Frangou and our Secretary Vasiliki Papaefthymiou, as well as our director, Shunji Sasada. In addition, Ms. Frangou is Navios Holdings' President and Chief Executive Officer, Ms. Papaefthymiou is Navios Holdings' Executive Vice President Legal and Mr. Achniotis is Navios Holdings' Chief Financial Officer.
- (3) Each director, executive officer and key employee, beneficially owns less than one percent of the outstanding common units.

Item 7. Major Unitholders and Related Party Transactions**A. Major Unitholders**

The following table sets forth the beneficial ownership as of March 22, 2016, of our common units by each person we know to beneficially own more than 5% of the common units. The number of units beneficially owned by each person

is determined under SEC rules and the information is not necessarily indicative of beneficial ownership for any other purpose. Under SEC rules, a person beneficially owns any units as to which the person has or shares voting or investment power. In addition, a person beneficially owns any units that the person or entity has the right to acquire as of May 21, 2016 (60 days after March 22, 2016) through the exercise of any unit

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option or other right. The percentage disclosed under "Common Units Beneficially Owned" is based all outstanding common units (84,775,219), which includes the general partner units (1,695,509).

Name of Beneficial Owner	Common Units	
	Beneficially	
	Owned	
	Number	Percentage
Navios Holdings ⁽¹⁾⁽²⁾	15,344,310	18.1%

- (1) Excludes the 2.0% general partner interest held by our general partner, a wholly owned subsidiary of Navios Holdings. The number of common units beneficially owned is based on a Schedule 13D/A filed on March 13, 2015 with the SEC.
- (2) Navios Holdings is a U.S. public company controlled by its board of directors, which consists of the following seven members: Angeliki Frangou, Vasiliki Papaefthymiou, Shunji Sasada, Spyridon Magoulas, John Stratakis, George Malanga and Efstathios Loizos.

Our majority unitholders have the same voting rights as our other unitholders except as follows: each outstanding common unit is entitled to one vote on matters subject to a vote of common unitholders. However, to preserve our ability to be exempt from U.S. federal income tax under Section 883 of the Code, at any time, any person or group owns beneficially more than 4.9% of any class of units then outstanding, any such units owned by that person or group in excess of 4.9% may not be voted. The voting rights of any such unitholders in excess of 4.9% will effectively be redistributed pro rata among the other unitholders holding less than 4.9% of the voting power of such class of units. Our General Partner, its affiliates and persons who acquired common units with the prior approval of our board of directors will not be subject to this 4.9% limitation except with respect to voting their common units in the election of the elected directors.

B. Related Party Transactions

As of December 31, 2015, Navios Holdings, the sole member of our General Partner, owned 15,344,310 common units, which represented an 18.1% limited partner interest in us based on the then outstanding common units (20.1% including the 2.0% general partner interest). Navios Holdings' ability, as sole member of our General Partner, to control the appointment of three of the seven members of our board of directors and to approve certain significant actions we may take and its ownership of all of the outstanding subordinated units and its right to vote the subordinated units as a separate class on certain matters, means that Navios Holdings, together with its affiliates, has the ability to exercise influence regarding our management.

Navios Europe I

Navios Holdings, Navios Acquisition and Navios Partners will make available to Navios Europe I (in each case, in proportion to their ownership interests in Navios Europe I) revolving loans up to \$24.1 million to fund working capital requirements (collectively, the "Navios Revolving Loans I"). See Note 18 for the Investment in Navios Europe I and respective ownership interests.

The Navios Revolving Loans I earn a 12.7% preferred distribution 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 December 31, 2015, Navios Partners' portion of the outstanding amount relating to portion of the investment in Navios Europe I (5.0% of the \$10.0 million) was \$0.5 million, under the caption "Investment in affiliates" and the outstanding amount relating to the Navios Revolving Loans I capital was \$0.8 million, under the caption "Loans receivable from affiliates." As of each of December 31, 2015 and December 31, 2014, the amount undrawn from the Navios Revolving Loans I was \$9.1 million, of which Navios Partners' portion was \$0.5 million.

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Navios Europe II

Navios Holdings, Navios Acquisition and Navios Partners will make available to Navios Europe II (in each case, in proportion to their ownership interests in Navios Europe II) revolving loans up to \$38.5 million to fund working capital requirements (collectively, the Navios Revolving Loans II). See Note 18 for the Investment in Navios Europe II and respective ownership interests.

The Navios Revolving Loans II earn an 18.0% preferred distribution 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 December 31, 2015, Navios Partners' portion of the outstanding amount relating to portion of the investment in Navios Europe II (5.0% of the \$14.0 million) was \$0.7 million, under the caption Investment in affiliates and the outstanding amount relating to the Navios Revolving Loans II capital is \$0.8 million, under the caption Loans receivable from affiliates. As of December 31, 2015, the amount undrawn from the Navios Revolving Loans II was \$23.1 million, of which Navios Partners' portion was \$1.2 million.

Share Purchase Agreements

On February 4, 2015, we completed a private placement to Navios Holdings of 1,120,547 common units and 22,868 general partner units, raising gross proceeds of \$15.0 million.

Registration Rights Agreements

On February 4, 2015, in connection with the private placement as discussed above, we entered into a registration rights agreement with Navios Holdings pursuant to which we provide Navios Holdings with certain rights relating to the registration of the common units.

Omnibus Agreement

At the closing of the IPO, we entered into the Omnibus Agreement with Navios Holdings, our General Partner and our operating subsidiary. The following discussion describes certain provisions of the Omnibus Agreement.

Noncompetition

Under the Omnibus Agreement, Navios Holdings agreed, and caused its controlled affiliates (other than us, our General Partner and our subsidiaries) to agree, not to acquire or own Panamax or Capesize drybulk carriers under charter for three or more years. This restriction does not prevent Navios Holdings or any of its controlled affiliates (other than us and our subsidiaries) from:

- (1) acquiring or owning Panamax or Capesize drybulk carriers under charters for less than three years;
- (2) acquiring a Panamax or Capesize drybulk carrier under charter for three or more years after the closing of the IPO if Navios Holdings offers to sell to us the vessel for fair market value or (y) putting a Panamax or Capesize drybulk carrier that Navios Holdings owns under charter for three or more years if Navios

Holdings offers to sell the vessel to us for fair market value at the time it is chartered for three or more years and, in each case, at each renewal or extension of that charter for three or more years;

- (3) acquiring a Panamax or Capesize drybulk carrier under charter for three or more years as part of the acquisition of a controlling interest in a business or package of assets and owning those vessels; provided, however, that:
 - (a) if less than a majority of the value of the total assets or business acquired is attributable to those Panamax or Capesize drybulk carriers and related charters, as determined in good faith by the

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board of directors of Navios Holdings, Navios Holdings must offer to sell such Panamax or Capesize drybulk carriers and related charters to us for their fair market value plus any additional tax or other similar costs to Navios Holdings that would be required to transfer the Panamax and Capesize drybulk carriers and related charters to us separately from the acquired business; and

- (b) if a majority or more of the value of the total assets or business acquired is attributable to the Panamax or Capesize drybulk carriers and related charters, as determined in good faith by the board of directors of Navios Holdings, Navios Holdings shall notify us in writing, of the proposed acquisition. We shall, not later than the 15th calendar day following receipt of such notice, notify Navios Holdings if we wish to acquire such Panamax or Capesize drybulk carriers and related charters forming part of the business or package of assets in cooperation and simultaneously with Navios Holdings acquiring the non-Panamax or non-Capesize drybulk carriers and related charters forming part of that business or package of assets. If we do not notify Navios Holdings of our intent to pursue the acquisition within 15 calendar days, Navios Holdings may proceed with the acquisition as provided in (a) above.

- (4) acquiring a non-controlling interest in any company, business or pool of assets;
- (5) acquiring or owning any Panamax or Capesize drybulk carrier and related charter if we do not fulfill our obligation, under any existing or future written agreement, to purchase such vessel in accordance with the terms of any such agreement;
- (6) acquiring or owning Panamax or Capesize drybulk carriers under charter for three or more years subject to the offers to us described in paragraphs (2) and (3) above pending our determination whether to accept such offers and pending the closing of any offers we accept;
- (7) providing ship management services relating to any vessel whatsoever, including to Panamax or Capesize drybulk carriers owned by the controlled affiliates of Navios Holdings; or
- (8) acquiring or owning Panamax or Capesize drybulk carriers under charter for three or more years if we have previously advised Navios Holdings that we consent to such acquisition, operation or charter.

Under the Omnibus Agreement, Navios Holdings will not be prohibited from operating chartered-in Panamax or Capesize drybulk carriers under charter-out contracts for three or more years, so long as immediately prior to the time such vessel is proposed to be put under such charter-out contract, Navios Holdings offers such charter-out opportunity to us in the event that (i) we have a Panamax or Capesize drybulk carrier that is available and comparable to Navios Holdings chartered-in vessel and (ii) it is acceptable to the charter customer.

If Navios Holdings or any of its controlled affiliates (other than us or our subsidiaries) acquires or owns Panamax or Capesize drybulk carriers pursuant to any of the exceptions described above, it may not subsequently expand that portion of its business other than pursuant to those exceptions.

In addition, under the Omnibus Agreement we agreed, and caused our subsidiaries to agree, to acquire, own, operate or charter Panamax or Capesize drybulk carriers with charters of three or more years only (any vessels that are not

Panamax or Capesize drybulk carriers will in the following be referred to as the Non-Panamax and Non-Capesize Drybulk Carriers). This restriction will not:

- (1) prevent us or any of our subsidiaries from acquiring a Non-Panamax or Non-Capesize Drybulk Carrier and any related charters 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:
 - (a) if less than a majority of the value of the total assets or business acquired is attributable to a Non-Panamax or Non-Capesize Drybulk Carrier and related charter, as determined in good faith by us; we must offer to sell such Non-Panamax or Non-Capesize Drybulk Carrier and related charter to Navios Holdings for their fair market value plus any additional tax or other similar costs to us that

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would be required to transfer the Non-Panamax and Non-Capesize Drybulk Carrier and related charter to Navios Holdings separately from the acquired business; and

(b) if a majority or more of the value of the total assets or business acquired is attributable to a Non-Panamax or Non-Capesize Drybulk Carrier and related charter, as determined in good faith by us; we shall notify Navios Holdings in writing of the proposed acquisition. Navios Holdings shall, not later than the 15th calendar day following receipt of such notice, notify us if it wishes to acquire the Non-Panamax or Non-Capesize Drybulk Carrier forming part of the business or package of assets in cooperation and simultaneously with us acquiring the Panamax or Capesize Drybulk Carrier under charter for three or more years forming part of that business or package of assets. If Navios Holdings does not notify us of its intent to pursue the acquisition within 15 calendar days, we may proceed with the acquisition as provided in (a) above.

(2) prevent us or any of our subsidiaries from owning, operating or chartering a Non-Panamax or Non-Capesize Drybulk Carrier subject to the offer to Navios Holdings described in paragraph (2) above, pending its determination whether to accept such offer and pending the closing of any offer it accepts; or

(3) prevent us or any of our subsidiaries from acquiring, operating or chartering a Non-Panamax or Non-Capesize Drybulk Carrier if Navios Holdings has previously advised us that it consents to such acquisition, operation or charter.

If we or any of our subsidiaries owns, operates and charters Non-Panamax or Non-Capesize Drybulk Carriers pursuant to any of the exceptions described above, neither we nor such subsidiary may subsequently expand that portion of our business other than pursuant to those exceptions.

Upon a change of control of us or our General Partner, the noncompetition provisions of the Omnibus Agreement will terminate immediately. Upon a change of control of Navios Holdings, the noncompetition provisions of the Omnibus Agreement will terminate at the time that is the later of one year following the change of control and the date on which all of our outstanding subordinated units have converted to common units; provided, however, that in no event will the noncompetition provisions of the Omnibus Agreement terminate upon a change of control of Navios Holdings prior to the date that is four years following the date of the Omnibus Agreement.

On June 9, 2009, Navios Holdings relieved Navios Partners from its obligation to purchase the Capesize vessel Navios Bonavis upon its delivery to Navios Holdings. Navios Holdings was released from the Omnibus Agreement restrictions for two years until June 29, 2011 in connection with acquiring vessels from third parties (but not from the requirement to offer to sell to Navios Partners qualifying vessels in Navios Holdings' existing fleet). Pursuant to our release from the Omnibus Agreement restrictions, in June 2009, we waived our rights of first refusal with Navios Acquisition with respect to an acquisition opportunity until the earlier of: (a) the consummation of a business combination by Navios Acquisition; (b) the liquidation of Navios Acquisition; and (c) June 2011.

In addition, concurrently with the successful consummation of the initial business combination by Navios Maritime Acquisition Corporation, or Navios Acquisition, on May 28, 2010, because of the overlap between Navios Acquisition, Navios Holdings and us, with respect to possible acquisitions under the terms of our Omnibus Agreement, we entered into a business opportunity right of first refusal agreement which provides the types of business opportunities in the marine transportation and logistics industries, we, Navios Holdings and Navios Acquisition must share with each other.

Rights of First Offer

Under the Omnibus Agreement, we and our subsidiaries will grant to Navios Holdings a right of first offer on any proposed sale, transfer or other disposition of any of our Panamax or Capesize drybulk carriers and related

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charters or any Non-Panamax or Non-Capesize Drybulk Carriers and related charters owned or acquired by us. Likewise, Navios Holdings agreed (and caused its subsidiaries to agree) to grant a similar right of first offer to us for any Panamax or Capesize drybulk carrier under charter for three or more years it might own. These rights of first offer do 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.

Prior to engaging in any negotiation regarding any vessel disposition with respect to a Panamax or Capesize drybulk carrier under charter for three or more years with a non-affiliated third-party or any Non-Panamax or Non-Capesize Drybulk Carrier and related charter, we or Navios Holdings, as the case may be, will deliver a written notice to the other party setting forth the material terms and conditions of the proposed transaction. During the 15-day period after the delivery of such notice, we and Navios Holdings will negotiate in good faith to reach an agreement on the transaction. If we do not reach an agreement within such 15-day period, we or Navios Holdings, as the case may be, will be able within the next 180 calendar days to sell, transfer, dispose or re-charter the vessel to a third party (or to agree in writing to undertake such transaction with a third party) on terms generally no less favorable to us or Navios Holdings, as the case may be, than those offered pursuant to the written notice.

Upon a change of control of us or our general partner, the right of first offer provisions of the Omnibus Agreement will terminate immediately. Upon a change of control of Navios Holdings, the right of first offer provisions of the Omnibus Agreement will terminate at the time that is the later of one year following the change of control and the date on which all of our outstanding subordinated units have converted to common units; provided, however, that in no event will the right of first offer provisions of the Omnibus Agreement terminate upon a change of control of Navios Holdings prior to the date that is four years following the date of the Omnibus Agreement.

Indemnification

Navios Holdings will also indemnify us for liabilities related to certain income tax liabilities attributable to the operation of the assets contributed to us prior to the time they were contributed.

Amendments

The Omnibus Agreement may not be amended without the prior approval of the conflicts committee of our board of directors if the proposed amendment will, in the reasonable discretion of our board of directors, adversely affect holders of our common units.

Similar Agreement with Navios Maritime Acquisition Corporation

In connection with the initial public offering of Navios Acquisition, because of the overlap between Navios Acquisition, Navios Holdings and us, with respect to possible acquisitions under the terms of our Omnibus Agreement, we had entered into a business opportunity right of first refusal agreement, which provided that, commencing on June 25, 2008 and extending until the earlier of the consummation of an initial business combination by Navios Acquisition or its liquidation, we, Navios Holdings and Navios Acquisition would share business opportunities in the marine transportation and logistics industries.

On June 9, 2009, Navios Holdings relieved Navios Partners from its obligation to purchase the Capesize vessel Navios Bonavis upon its delivery to Navios Holdings. Navios Holdings was released from the Omnibus Agreement restrictions for two years in connection with acquiring vessels from third parties until June 29, 2011 (but not from the requirement to offer to sell to Navios Partners qualifying vessels in Navios Holdings' existing fleet). Pursuant to our

release from the Omnibus Agreement restrictions, in June 2009, we had waived our rights of first refusal with Navios Acquisition with respect to an acquisition opportunity until the earlier of: (a) the

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consummation of a business combination by Navios Acquisition; (b) the liquidation of Navios Acquisition; and (c) June 2011. Such waiver ended with the successful consummation of the initial business combination by Navios Acquisition, on May 28, 2010, when we entered into the business opportunity right of first offer agreement.

The Acquisition Omnibus Agreement

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

The Navios Midstream Omnibus Agreement

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

Management Agreement

At the closing of the IPO, we entered into a management agreement, as amended, with the Manager, a subsidiary of Navios Holdings, pursuant to which the Manager has agreed to provide certain commercial and technical management services to us. These services are provided in a commercially reasonable manner in accordance with customary ship management practice and under our direction. The Manager provides these services to us directly but may subcontract for certain of these services with other entities, including other Navios Holdings subsidiaries.

The commercial and technical management services include:

the commercial and technical management of the vessel: managing day-to-day vessel operations including negotiating charters and other employment contracts with respect to the vessels and monitoring payments thereunder, ensuring regulatory compliance, arranging for the vetting of vessels, procuring and arranging for port entrance and clearance, appointing counsel and negotiating the settlement of all claims in connection with the operation of each vessel, appointing adjusters and surveyors and technical consultants as necessary, and providing technical support,

vessel maintenance and crewing: including supervising the maintenance and general efficiency of vessels, and ensuring the vessels are in seaworthy and good operating condition, arranging our hire of qualified officers and crew, arranging for all transportation, board and lodging of the crew, negotiating the settlement and payment of all wages, and

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purchasing and insurance: purchasing stores, supplies and parts for vessels, arranging insurance for vessels (including marine hull and machinery insurance, protection and indemnity insurance and war risk and oil pollution insurance).

In October 2011, Navios Partners extended the duration of its existing Management Agreement with the Manager until December 31, 2017 and fixed the rate for shipmanagement services of its owned fleet through December 31, 2013. The management fees, including drydocking expenses were: (a) \$4,650 daily rate per Ultra-Handymax vessel; (b) \$4,550 daily rate per Panamax vessel; and (c) \$5,650 daily rate per Capesize vessel. In each of October 2013, August 2014, February 2015 and February 2016, Navios Partners amended its existing management agreement with the Manager to fix the fees for ship management services of its owned fleet excluding drydocking expenses which are reimbursed at cost by Navios Partners at: (a) \$4,100 daily rate per Ultra-Handymax vessel; (b) \$4,200 daily rate per Panamax vessel; (c) \$5,250 daily rate per Capesize vessel; (d) \$6,700 daily rate per Container vessel of TEU 6,800; (e) \$7,400 daily rate per Container vessel of more than TEU 8,000; and (f) \$8,750 daily rate per very large Container vessel of more than TEU 13,000 through December 31, 2017. Intermediate and special survey expenses (including drydocking expenses) will be reimbursed at cost under the management agreement.

The management agreement may be terminated prior to the end of its term by us upon 120 days notice if there is a change of control of the Manager, or by the Manager upon 120 days notice if there is a change of control of us or our general partner. In addition, the management agreement may be terminated by us or by the Manager upon 120 days notice if:

the other party breaches the agreement;

a receiver is appointed for all or substantially all of the property of the other party;

an order is made to wind up the other party;

a final judgment or order that materially and adversely affects the other party's ability to perform the management agreement is obtained or entered and not vacated or discharged; or

the other party makes a general assignment for the benefit of its creditors, files a petition in bankruptcy or liquidation or commences any reorganization proceedings.

Furthermore, at any time after the first anniversary of the management agreement, the management agreement may be terminated prior to the end of its term by us or by the Manager upon 365 days notice for any reason other than those described above.

In addition to the fixed daily fees payable under the management agreement, the management agreement provides that the Manager is entitled to reasonable supplementary remuneration for extraordinary fees and costs resulting from:

time spent on insurance and salvage claims;

time spent vetting and pre-vetting the vessels by any charterers in excess of 10 days per vessel per year;

the deductible of any insurance claims relating to the vessels or for any claims that are within such deductible range;

the significant increase in insurance premiums which are due to factors such as acts of God outside the control of the Manager;

repairs, refurbishment or modifications, including those not covered by the guarantee of the shipbuilder or by the insurance covering the vessels, resulting from maritime accidents, collisions, other accidental damage or unforeseen events (except to the extent that such accidents, collisions, damage or events are due to the fraud, gross negligence or willful misconduct of the Manager, its employees or its agents, unless and to the extent otherwise covered by insurance);

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expenses imposed due to any improvement, upgrade or modification to, structural changes with respect to the installation of new equipment aboard any vessel that results from a change in, an introduction of new, or a change in the interpretation of, applicable laws, at the recommendation of the classification society for that vessel or otherwise;

costs associated with increases in crew employment expenses resulting from an introduction of new, or a change in the interpretation of, applicable laws or resulting from the early termination of the charter of any vessel;

any taxes, dues or fines imposed on the vessels or the Manager due to the operation of the vessels;

expenses incurred in connection with the sale or acquisition of a vessel such as inspections and technical assistance; and

any similar costs, liabilities and expenses that were not reasonably contemplated by us and the Manager as being encompassed by or a component of the fixed daily fees at the time the fixed daily fees were determined.

Under the management agreement, neither we nor the Manager are liable for failure to perform any of our or its obligations, respectively, under the management agreement by reason of any cause beyond our or its reasonable control.

In addition, the Manager has no liability for any loss arising in the course of the performance of the commercial and technical management services under the management agreement unless and to the extent that such loss is proved to have resulted solely from the fraud, gross negligence or willful misconduct of the Manager or its employees, in which case (except where such loss has resulted from the Manager's intentional personal act or omission and with knowledge that such loss would probably result) the Manager's liability is limited to \$3.0 million for each incident or series of related incidents.

Further, under our management agreement, we have agreed to indemnify the Manager and its employees and agents against all actions which may be brought against them under the management agreement including, without limitation, all actions brought under the environmental laws of any jurisdiction, or otherwise relating to pollution or the environment, and against and in respect of all costs and expenses they may suffer or incur due to defending or settling such action; provided, however that such indemnity excludes any or all losses which may be caused by or due to the fraud, gross negligence or willful misconduct of the Manager or its employees or agents, or any breach of the management agreement by the Manager.

Administrative Services Agreement

At the closing of the IPO, we entered into the Administrative Services Agreement, as amended, with the Manager, pursuant to which the Manager has agreed to provide certain administrative management services to us. The agreement has term expiring in December 2017.

The Administrative Services Agreement may be terminated prior to the end of its term by us upon 120 days notice if there is a change of control of the Manager or by the Manager upon 120 days notice if there is a change of control of

us or our General Partner. In addition, the Administrative Services Agreement may be terminated by us or by the Manager upon 120 days notice if:

the other party breaches the agreement;

a receiver is appointed for all or substantially all of the property of the other party;

an order is made to wind up the other party;

a final judgment or order that materially and adversely affects the other party's ability to perform the management agreement is obtained or entered and not vacated or discharged; or

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the other party makes a general assignment for the benefit of its creditors, files a petition in bankruptcy or liquidation or commences any reorganization proceedings.

Furthermore, the administrative services agreement may be terminated by us or by the Manager upon 365 days notice for any reason other than those described above.

The administrative services include:

bookkeeping, audit and accounting services: assistance with the maintenance of our corporate books and records, assistance with the preparation of our tax returns and arranging for the provision of audit and accounting services;

legal and insurance services: arranging for the provision of legal, insurance and other professional services and maintaining our existence and good standing in necessary jurisdictions;

administrative and clerical services: assistance with office space, arranging meetings for our common unitholders pursuant to the partnership agreement, arranging the provision of IT services, providing all administrative services required for subsequent debt and equity financings and attending to all other administrative matters necessary to ensure the professional management of our business;

banking and financial services: providing cash management including assistance with preparation of budgets, overseeing banking services and bank accounts, arranging for the deposit of funds, negotiating loan and credit terms with lenders and monitoring and maintaining compliance therewith;

advisory services: assistance in complying with United States and other relevant securities laws;

client and investor relations: arranging for the provision of, advisory, clerical and investor relations services to assist and support us in our communications with our common unitholders;

integration of any acquired businesses; and

client and investor relations.

We reimburse the Manager for reasonable costs and expenses incurred in connection with the provision of these services within 15 days after the Manager submits to us an invoice for such costs and expenses, together with any supporting detail that may be reasonably required.

Under the Administrative Services Agreement, we have agreed to indemnify the Manager and its employees against all actions which may be brought against them under the Administrative Services Agreement including, without limitation, all actions brought under the environmental laws of any jurisdiction, and against and in respect of all costs and expenses they may suffer or incur due to defending or settling such actions; provided, however that such

indemnity excludes any or all losses which may be caused by or due to the fraud, gross negligence or willful misconduct of the Manager or its employees or agents.

Common Unit Purchase Agreement between Navios Partners and Amadeus Maritime S.A.

In connection with the IPO, we entered into a common unit purchase agreement with Amadeus Maritime S.A. (Amadeus Maritime), a corporation wholly-owned by Ms. Angeliki Frangou, our Chairman and Chief Executive Officer, pursuant to which we sold 500,000 common units to Amadeus Maritime at a price per unit equal to the public offering price.

General and Administrative Expenses

We have entered into an administrative services agreement with the Manager, pursuant to which the Manager has agreed to provide certain administrative management services to us. Navios Partners extended the duration of its existing Administrative Services Agreement with the Manager pursuant to the same terms, until December 31,

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2017. Total general and administrative expenses for the years ended December 31, 2015, 2014 and 2013 amounted to \$6.2 million, \$6.1 million and \$4.4 million, respectively.

Management Fees

Pursuant to the management agreement dated November 16, 2007, which was revised in October 2009 and 2011, the Manager, provided commercial and technical management services to Navios Partners' vessels for a daily fee of: (a) \$4,500 daily rate per owned Ultra-Handymax vessel; (b) \$4,400 daily rate per owned Panamax vessel; and (c) \$5,500 daily rate per owned Capesize vessel until November 16, 2011. In October 2011, Navios Partners extended the duration of its existing Management Agreement with the Manager until December 31, 2017 and fixed the rate for shipmanagement services of its owned fleet through December 31, 2013. The management fees, including drydocking expenses were: (a) \$4,650 daily rate per Ultra-Handymax vessel; (b) \$4,550 daily rate per Panamax vessel; and (c) \$5,650 daily rate per Capesize vessel. In each of October 2013, August 2014, February 2015 and February 2016, Navios Partners amended its existing management agreement with the Manager to fix the fees for ship management services of its owned fleet at: (a) \$4,100 daily rate per Ultra-Handymax vessel; (b) \$4,200 daily rate per Panamax vessel; (c) \$5,250 daily rate per Capesize vessel; (d) \$6,700 daily rate per Container vessel of TEU 6,800; (e) \$7,400 daily rate per Container vessel of more than TEU 8,000; and (f) \$8,750 daily rate per very large Container vessel of more than TEU 13,000 through December 31, 2017.

Total management fees for the years ended December 31, 2015, 2014 and 2013 amounted to \$56.5 million, \$50.4 million and \$36.2 million, respectively.

Other

On November 15, 2012 (as amended in March 2014), Navios Holdings and Navios Partners entered into the Navios Holdings Guarantee by which Navios Holdings will provide supplemental credit default insurance with a maximum cash payment of \$20.0 million. During the year ended December 31, 2015, the Company submitted claims for charterers' default under this agreement to Navios Holdings for a total amount of \$3.6 million, which was recorded as Other income for the year ended December 31, 2015.

Item 8. Financial Information

A. Consolidated Statements and Other Financial Information

Consolidated Financial Statements: See Item 18.

Legal Proceedings

Although we may, from time to time, be involved in litigation and claims arising out of our operations in the normal course of business, we are not at present party to any legal proceedings or aware of any proceedings against us, or contemplated to be brought against us, that would have a material effect on our business, financial position, results of operations or liquidity. We maintain insurance policies with insurers in amounts and with coverage and deductibles as our board of directors believes are reasonable and prudent. We expect that these claims would be covered by insurance, subject to customary deductibles. Those claims, even if lacking merit, could result in the expenditure of significant financial and managerial resources.

Cash Distribution Policy

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

There is no guarantee that unitholders will receive quarterly distributions from us and beginning with the quarter ending December 31, 2015, our board of directors elected to suspend distributions on our common units. Our distribution policy is subject to certain restrictions and may be changed at any time, including:

Our unitholders have no contractual or other legal right to receive distributions other than the obligation under our partnership agreement to distribute available cash on a quarterly basis, which is subject to the broad discretion of our board of directors to establish reserves and other limitations.

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While our partnership agreement requires us to distribute all of our available cash, our partnership agreement, including provisions requiring us to make cash distributions contained therein, may be amended. Although during the subordination period, with certain exceptions, our partnership agreement could not be amended without the approval of non-affiliated common unitholders, our partnership agreement can be amended with the approval of a majority of the outstanding common units after the subordination period has ended. Upon the closing of the IPO, Navios Holdings did not own any of our outstanding common units and owned 100.0% of our outstanding subordinated units.

Even if our cash distribution policy is not modified or revoked, the amount of distributions we pay under our cash distribution policy and the decision to make any distribution is determined by our board of directors, taking into consideration the terms of our partnership agreement.

Under Section 51 of the Marshall Islands Limited Partnership Act, we may not make a distribution to our unitholders if the distribution would cause our liabilities to exceed the fair value of our assets.

We may lack sufficient cash to pay distributions to our unitholders due to decreases in net revenues or increases in operating expenses, principal and interest payments on outstanding debt, tax expenses, working capital requirements, maintenance and replacement capital expenditures or anticipated cash needs.

Our distribution policy is affected by restrictions on distributions under our credit facilities that we entered into in connection with the closing of the IPO. Specifically, our credit facilities contain material financial tests that must be satisfied and we will not pay any distributions that will cause us to violate our credit facilities or other debt instruments. Should we be unable to satisfy these restrictions included in our credit facilities or if we are otherwise in default under our credit facilities, our ability to make cash distributions to unitholders, notwithstanding our cash distribution policy, would be materially adversely affected.

If we make distributions out of capital surplus, as opposed to operating surplus, such distributions will constitute a return of capital and will result in a reduction in the minimum quarterly distribution and the target distribution levels. We do not anticipate that we will make any distributions from capital surplus. Our ability to make distributions to our unitholders depends on the performance of our subsidiaries and their ability to distribute funds to us. The ability of our subsidiaries to make distributions to us may be restricted by, among other things, the provisions of existing and future indebtedness, applicable partnership and limited liability company laws and other laws and regulations.

Quarterly Distribution

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

Quarterly distributions were paid by the Company through September 2015. For the quarter ended December 31, 2015, the Company's board of directors determined to suspend payment of the Company's quarterly distributions in

order to preserve cash and improve our liquidity. The board of directors will continue to reassess the Company's distribution policy as the environment changes. (See "Suspension of Distributions" above).

During the years ended December 31, 2015, 2014 and 2013 the aggregate amount of cash distribution paid was \$132.3 million, \$139.0 million and \$122.4 million, respectively.

Table of Contents**Incentive Distribution Rights**

Although we have suspended payments of our quarterly cash distributions, the following description of our incentive distribution rights reflects such rights in the event the distributions are reinstated and the indicated levels are achieved, of which there can be no assurance. Incentive distribution rights represent the right to receive an increasing percentage of quarterly distributions of available cash from Operating Surplus after the minimum quarterly distribution and the target distribution levels have been achieved. Our general partner currently holds the incentive distribution rights, but may transfer these rights separately from its general partner interest, subject to restrictions in the partnership agreement. Except for transfers of incentive distribution rights to an affiliate or another entity as part of our general partner's merger or consolidation with or into, or sale of substantially all of its assets to such entity, the approval of a majority of our common units (excluding common units held by our general partner and its affiliates), voting separately as a class, generally is required for a transfer of the incentive distribution rights to a third party prior to December 31, 2017.

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

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

B. Significant Changes

No significant changes have occurred since the date of the annual financial statements included herein.

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Our common units are traded on the New York Stock Exchange (or NYSE) under the symbol **NMM**. The following table sets forth the high and low closing sales prices for our common units on the NYSE for each of the periods indicated:

	Price Range	
	High	Low
Year Ended:		
December 31, 2015	\$ 13.89	\$ 2.71
December 31, 2014	\$ 20.40	\$ 9.67
December 31, 2013	\$ 19.45	\$ 12.84
December 31, 2012	\$ 16.94	\$ 11.59
December 31, 2011	\$ 21.38	\$ 11.31
Quarter Ended:		
December 31, 2015	\$ 8.75	\$ 2.71
September 30, 2015	\$ 11.41	\$ 6.96
June 30, 2015	\$ 13.22	\$ 10.63
March 31, 2015	\$ 13.89	\$ 9.75
December 31, 2014	\$ 18.12	\$ 9.67
September 30, 2014	\$ 20.40	\$ 17.00
June 30, 2014	\$ 19.46	\$ 17.96
March 31, 2014	\$ 19.76	\$ 16.78
Month Ended:		
March 22, 2016	\$ 1.63	\$ 1.06
February 29, 2016	\$ 2.25	\$ 0.80
January 31, 2016	\$ 3.07	\$ 1.69
December 31, 2015	\$ 3.50	\$ 2.71
November 30, 2015	\$ 7.14	\$ 3.48
October 31, 2015	\$ 8.75	\$ 7.13

Item 10. Additional Information**A. Share Capital**

Not applicable.

B. Memorandum and Articles of Association

The information required to be disclosed under Item 10.B is incorporated by reference to the following sections of the prospectus included in our Registration Statement on Form F-1 filed with the SEC on November 14, 2007: The Partnership Agreement, Description of the Common Units The Units, Conflicts of Interest and Fiduciary Duties, How we make Cash Distributions and Our Cash Distribution Policy and Restrictions on Distributions.

On June 10, 2009, we executed the Second Amended and Restated Agreement of Limited Partnership of Navios Partners. The Second Amended and Restated Agreement of Limited Partnership designated a new series of subordinated units as Subordinated Series A Units (the Series A Units).

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On January 1, 2012, in accordance with the terms of the partnership agreement, all of the then outstanding subordinated units converted into 7,621,843 shares of common units (conversion excluded the subordinated Series A units) and on June 29, 2012, the outstanding subordinated Series A units converted into 1,000,000 shares of common units.

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On March 12, 2015, we executed the Third Amended and Restated Agreement of Limited Partnership of Navios Partners in order to reflect the conversion of the Subordinated Units and the Subordinated Series A Units into Common Units.

C. Material Contracts

The following is a summary of each material contract, other than material contracts entered into in the ordinary course of business, to which we or any of our subsidiaries is a party, for the two years immediately preceding the date of this Annual Report, each of which is included in the list of exhibits in Item 19. Please read Item 5. Operating and Financial Review and Prospects Trends and Factors Affecting Our Future Results of Operations Liquidity and Capital Resources credit facilities for a summary of certain contract terms.

Facility Agreement for a \$260.0 million revolving credit and term loan facility, by and among Navios Partners, Commerzbank AG and DVB Bank AG, dated November 15, 2007. Please read Item 5. Operating and Financial Review and Prospects for a summary of certain contract terms.

Supplemental Agreement dated June 25, 2008, by and among Navios Partners, Commerzbank AG and DVB Bank AG relating to the credit facility dated November 15, 2007. Please read Item 5. Operating and Financial Review and Prospects for a summary of certain contract terms.

Supplemental Agreement dated January 30, 2009, by and among Navios Partners, Commerzbank AG and DVB Bank AG relating to the credit facility dated November 15, 2007 (as amended by an agreement dated June 25, 2008) for a loan facility of up to \$295.0 million. Please read Item 5. Operating and Financial Review and Prospects for a summary of certain contract terms.

Third Supplemental Agreement dated January 11, 2010, among Navios Partners, Commerzbank AG and DVB Bank AG relating to the credit facility dated November 15, 2007 (as amended by agreements dated June 25, 2008 and January 30, 2009). Please read Item 5. Operating and Financial Review and Prospects for a summary of certain contract terms.

Fourth Supplemental Agreement dated March 30, 2010, among Navios Partners, Commerzbank AG and DVB Bank AG relating to the credit facility dated November 15, 2007 (as amended by agreements dated June 25, 2008, January 30, 2009 and January 11, 2010). Please read Item 5. Operating and Financial Review and Prospects for a summary of certain contract terms.

Fifth Supplemental Agreement dated June 1, 2010, among Navios Partners, Commerzbank AG and DVB Bank AG relating to the credit facility dated November 15, 2007 (as amended by agreements dated June 25, 2008, January 30, 2009, January 11, 2010 and March 30, 2010). Please read Item 5. Operating and Financial Review and Prospects for a summary of certain contract terms.

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Sixth Supplemental Agreement dated December 13, 2010, among Navios Partners, Commerzbank AG and DVB Bank AG relating to the credit facility dated November 15, 2007 (as amended by agreements dated June 25, 2008, January 30, 2009, January 11, 2010, March 30, 2010 and June 1, 2010). Please read Item 5. Operating and Financial Review and Prospects for a summary of certain contract terms.

Seventh Supplemental Agreement dated May 31, 2011, among Navios Partners, Commerzbank AG and DVB Bank AG relating to the credit facility dated November 15, 2007 (as amended by agreements dated June 25, 2008, January 30, 2009, January 11, 2010, March 30, 2010, June 1, 2010 and December 13, 2010). Please read Item 5. Operating and Financial Review and Prospects for a summary of certain contract terms.

Eighth Supplemental Agreement dated September 30, 2011, among Navios Partners, Commerzbank AG and DVB Bank AG relating to the credit facility dated November 15, 2007 (as amended by agreements dated June 25, 2008, January 30, 2009, January 11, 2010, March 30, 2010, June 1, 2010, December 13, 2010 and May 31, 2011). Please read Item 5. Operating and Financial Review and Prospects for a summary of certain contract terms.

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Ninth Supplemental Agreement dated March 30, 2012, among Navios Partners, Commerzbank AG and DVB Bank AG relating to the credit facility dated November 15, 2007 (as amended by agreements dated June 25, 2008, January 30, 2009, January 11, 2010, March 30, 2010, June 1, 2010, December 13, 2010, May 31, 2011 and September 30, 2011). Please read [Item 5. Operating and Financial Review and Prospects](#) for a summary of certain contract terms.

Facility Agreement for a \$35.0 million term loan facility, dated May 27, 2011, among Navios Partners, Commerzbank AG and DVB Bank SE. Please read [Item 5. Operating and Financial Review and Prospects](#) for a summary of certain contract terms.

Supplemental Agreement, dated December 4, 2012, among Navios Partners, Commerzbank AG and DVB Bank SE relating to the \$290.45 million term loan facility, dated July 31, 2012. Please read [Item 5. Operating and Financial Review and Prospects](#) for a summary of certain contract terms.

Supplemental Agreement, dated March 27, 2013, among Navios Partners, Commerzbank AG and DVB Bank SE relating to the \$290.45 million term loan facility, dated July 31, 2012 to revise the lender majority vote requirement and expand the definition of Security Value. Please read [Item 5. Operating and Financial Review and Prospects](#) for a summary of certain contract terms.

Supplemental Agreement, dated December 24, 2015, among Navios Partners, Commerzbank AG and DVB Bank SE relating to the \$290.45 million term loan facility, dated July 31, 2012. Please read [Item 5. Operating and Financial Review and Prospects](#) for a summary of certain contract terms.

Supplemental Agreement, dated March 22, 2016, among Navios Partners, Commerzbank AG and DVB Bank SE relating to the \$290.45 million term loan facility, dated July 31, 2012. Please read [Item 5. Operating and Financial Review and Prospects](#) for a summary of certain contract terms.

Facility Agreement for a \$44.0 million term loan facility, dated August 8, 2012, among Navios Partners and DVB Bank SE. Please read [Item 5. Operating and Financial Review and Prospects](#) for a summary of certain contract terms.

Credit Agreement, dated June 27, 2013, among Navios Partners, Navios Partners Finance (US) Inc., as co-borrowers, JP Morgan Chase Bank, N.A., as syndication agent, Citibank, N.A., as documentation agent, Morgan Stanley Senior Funding, Inc., as administrative agent and the other lenders party thereto, for \$250.0 million term loan facility. Please read [Item 5. Operating and Financial Review and Prospects](#) for a summary of certain contract terms.

Incremental Amendment No. 1, dated October 31, 2013, to the Credit Agreement, dated June 27, 2013, among Navios Partners, Navios Partners Finance (US) Inc., as co-borrowers, JP Morgan Chase Bank, N.A., as syndication agent, Citibank, N.A., as documentation agent, Morgan Stanley Senior Funding, Inc., as

administrative agent and the other lenders party thereto, for \$250.0 million term loan facility. Please read Item 5. Operating and Financial Review and Prospects for a summary of certain contract terms.

Incremental Amendment No. 2, dated November 1, 2013, to the Credit Agreement, dated June 27, 2013, among Navios Partners, Navios Partners Finance (US) Inc., as co-borrowers, JP Morgan Chase Bank, N.A., as syndication agent, Citibank, N.A., as documentation agent, Morgan Stanley Senior Funding, Inc., as administrative agent and the other lenders party thereto, for \$250.0 million term loan facility. Please read Item 5. Operating and Financial Review and Prospects for a summary of certain contract terms.

Facility Agreement for \$56.0 million term loan facility, dated September 22, 2014, among Navios Partners and ABN AMRO Bank N.V. Please read Item 5. Operating and Financial Review and Prospects for a summary of certain contract terms.

First Supplemental Agreement, dated April 8, 2015, to Facility Agreement for \$56.0 million term loan facility among Navios Partners and ABN AMRO Bank N.V. Please read Item 5. Operating and Financial Review and Prospects for a summary of certain contract terms.

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Second Supplemental Agreement, dated March 22, 2016, to Facility Agreement for \$56.0 million term loan facility among Navios Partners and ABN AMRO Bank N.V. Please read [Item 5. Operating and Financial Review and Prospects](#) for a summary of certain contract terms.

Facility Agreement for \$164.0 million term loan facility, dated April 16, 2015, among Navios Partners and HSH Nordbank AG. Please read [Item 5. Operating and Financial Review and Prospects](#) for a summary of certain contract terms.

Omnibus Agreement, dated as of November 16, 2007, among Navios Holdings, Navios GP LLC, Navios Maritime Operating LLC., and Navios Partners. Please read [Item 7. Major Unitholders and Related Party Transactions](#) for a summary of certain contract terms.

Amendment to Omnibus Agreement, dated as of June 29, 2009, among Navios Holdings, Navios GP LLC, Navios Maritime Operating LLC., and Navios Partners, relating to the Omnibus Agreement dated November 16, 2007. Please read [Item 7. Major Unitholders and Related Party Transactions](#) for a summary of certain contract terms.

Acquisition Omnibus Agreement, dated as of May 28, 2010, among Navios Partners, Navios Acquisition and Navios Holdings. Please read [Item 7. Major Unitholders and Related Party Transactions](#) for a summary of certain contract terms.

Navios Midstream Omnibus Agreement, dated as of November 18, 2014, among Navios Holdings, Navios Maritime Midstream Partners L.P., Navios Maritime Midstream GP LLC, Navios Maritime Midstream Operating LLC., Navios Maritime Acquisition Corporation and Navios Partners. Please read [Item 7. Major Unitholders and Related Party Transactions](#) for a summary of certain contract terms.

Management Agreement dated November 16, 2007, between Navios Partners and Navios ShipManagement. Please read [Item 7. Major Unitholders and Related Party Transactions](#) for a summary of certain contract terms.

Amendment to Management Agreement dated October 29, 2009, between Navios Partners and Navios ShipManagement relating to the Management Agreement dated November 16, 2007. Please read [Item 7. Major Unitholders and Related Party Transactions](#) for a summary of certain contract terms.

Amendment No. 2 to Management Agreement dated October 21, 2011, between Navios Partners and Navios ShipManagement relating to the Management Agreement dated November 16, 2007. Please read [Item 7. Major Unitholders and Related Party Transactions](#) for a summary of certain contract terms.

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Amendment No. 3 to Management Agreement dated October 30, 2013, between Navios Partners and Navios ShipManagement relating to the Management Agreement dated November 16, 2007. Please read Item 7. Major Unitholders and Related Party Transactions for a summary of certain contract terms.

Amendment No. 4 to Management Agreement dated August 29, 2014, between Navios Partners and Navios ShipManagement relating to the Management Agreement dated November 16, 2007. Please read Item 7. Major Unitholders and Related Party Transactions for a summary of certain contract terms.

Amendment No. 5 to Management Agreement dated February 10, 2015, between Navios Partners and Navios ShipManagement relating to the Management Agreement dated November 16, 2007. Please read Item 7. Major Unitholders and Related Party Transactions for a summary of certain contract terms.

Amendment No. 6 to Management Agreement dated May 4, 2015, between Navios Partners and Navios ShipManagement relating to the Management Agreement dated November 16, 2007. Please read Item 7. Major Unitholders and Related Party Transactions for a summary of certain contract terms.

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Amendment No. 7 to Management Agreement dated February 4, 2016, between Navios Partners and Navios ShipManagement relating to the Management Agreement dated November 16, 2007. Please read Item 7. Major Unitholders and Related Party Transactions for a summary of certain contract terms.

Administrative Services Agreement, dated as of November 16, 2007, between Navios Partners and Navios ShipManagement. Please read Item 7. Major Unitholders and Related Party Transactions for a summary of certain contract terms.

Amendment No. 1, dated October 21, 2011, to the Administrative Services Agreement, dated as of November 16, 2007, between Navios Partners and Navios ShipManagement. Please read Item 7. Major Unitholders and Related Party Transactions for a summary of certain contract terms.

Registration Rights Agreement dated April 30, 2008. Please read Item 7. Major Unitholders and Related Party Transactions for a summary of certain contract terms.

Waiver to Right of First Refusal and Corporate Opportunities Agreement, dated June 29, 2009, by Navios Partners. Please read Item 7. Major Unitholders and Related Party Transactions for a summary of certain contract terms.

D. Exchange controls

We are not aware of any governmental laws, decrees or regulations, including foreign exchange controls, in the Marshall Islands, Liberia, Malta, the countries of incorporation of Navios Partners and its subsidiaries that restrict the export or import of capital, or that affect the remittance of dividends, interest or other payments to non-resident holders of our securities.

We are not aware of any limitations on the right of non-resident or foreign owners to hold or vote our securities imposed by the laws of the Republic of the Marshall Islands or our Certificate of Formation and Limited Partnership Agreement.

E. Taxation of Holders

MATERIAL U.S. FEDERAL INCOME TAX CONSIDERATIONS

The following is a discussion of the material U.S. federal income tax considerations that may be relevant to beneficial owners of our common units and, unless otherwise noted in the following discussion, is the opinion of Thompson Hine LLP, our U.S. counsel, insofar as it relates to matters of U.S. federal income tax law and legal conclusions with respect to those matters. The opinion of our counsel is dependent on the accuracy of representations made by us to them, including descriptions of our operations contained herein.

This discussion is based upon provisions of the Internal Revenue Code (the Code), U.S. Treasury Regulations, and administrative rulings and court decisions, all as in effect or in existence on the date of this filing and all of which are subject to change or differing interpretations by the Internal Revenue Service (IRS) or a court, possibly with retroactive effect. Changes in these authorities may cause the tax consequences of ownership of our common units to vary substantially from the consequences described below. Unless the context otherwise requires, references in this

section to we, our or us are references to Navios Maritime Partners L.P.

The following discussion applies only to beneficial owners of common units that own the common units as capital assets (generally, property held for investment purposes). The following discussion does not address all aspects of U.S. federal income taxation which may be important to particular beneficial owners of common units in light of their individual circumstances, such as (i) beneficial owners of common units subject to special tax rules (*e.g.*, banks or other financial institutions, real estate investment trusts, regulated investment companies, insurance companies, broker-dealers, tax-exempt organizations and retirement plans, individual retirement accounts and tax-deferred accounts, or former citizens or long-term residents of the United States) or that will

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hold the common units as part of a straddle, hedge, conversion, constructive sale, or other integrated transaction for U.S. federal income tax purposes, (ii) partnerships or other entities classified as partnerships for U.S. federal income tax purposes or their partners, (iii) U.S. Holders (as defined below) that have a functional currency other than the U.S. dollar or (iv) beneficial owners of common units that own 10% or more (by vote or value) of our common units, all of whom may be subject to tax rules that differ significantly from those summarized below. If a partnership or other entity classified as a partnership for U.S. federal income tax purposes holds our common units, the tax treatment of its partners generally will depend upon the status of the partner, the activities of the partnership and certain determinations made at the partner level. If you are a partner in a partnership holding our common units, you should consult your own tax advisor regarding the tax consequences to you of the partnership's ownership of our common units.

No ruling has been obtained or will be requested from the IRS, regarding any matter affecting us or holders of our common units. The opinions and statements made herein may be challenged by the IRS and, if so challenged, may not be sustained upon review in a court.

This discussion does not contain information regarding any state or local, estate, gift or alternative minimum tax considerations concerning the ownership or disposition of common units.

Each beneficial owner of our common units should consult its own tax advisor regarding the U.S. federal, state, local, and other tax consequences of the ownership or disposition of common units.

Election to Be Treated as a Corporation

We have elected to be treated as a corporation for U.S. federal income tax purposes. Consequently, among other things, U.S. Holders (as defined below) will not directly be subject to U.S. federal income tax on their shares of our income, but rather will be subject to U.S. federal income tax on distributions received from us and dispositions of common units as described below.

U.S. Federal Income Taxation of U.S. Holders

As used herein, the term "U.S. Holder" means a beneficial owner of our common units that:

is an individual U.S. citizen or resident (as determined for U.S. federal income tax purposes),

a corporation (or other entity that is classified as a corporation for U.S. federal income tax purposes) organized under the laws of the United States or any of its political subdivisions,

an estate the income of which is subject to U.S. federal income taxation regardless of its source, or

a trust if (i) a court within the United States is able to exercise primary jurisdiction over the administration of the trust and one or more "United States persons" (as defined in the Code) have the authority to control all substantial decisions of the trust or (ii) the trust has a valid election in effect under current U.S. Treasury Regulations to be treated as a "United States person."

Distributions

Subject to the discussion below of the rules applicable to a passive foreign investment company (a PFIC), any distributions to a U.S. Holder made by us with respect to our common units generally will constitute dividends, which will be taxable as ordinary income or qualified dividend income as described in more detail below, to the extent of our current and accumulated earnings and profits, as determined under U.S. federal income tax principles. Distributions in excess of our current and accumulated earnings and profits will be treated first as a non-taxable return of capital to the extent of the U.S. Holder's tax basis in its common units on a dollar-for-dollar basis, and thereafter as capital gain, which will be either long-term or short-term capital gain depending upon whether the U.S. Holder held the common units for more than one year. U.S. Holders that are corporations

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generally will not be entitled to claim a dividend received deduction with respect to distributions they receive from us. Dividends received with respect to the common units will be treated as foreign source income and generally will be treated as passive category income for U.S. foreign tax credit purposes.

Dividends received with respect to our common units by a U.S. Holder who is an individual, trust or estate (a non-corporate U.S. Holder) generally will be treated as qualified dividend income that is taxable to such non-corporate U.S. Holder at preferential capital gain tax rates, provided that: (i) subject to the possibility that our common units may be delisted by a qualifying exchange, our common units are traded on an established securities market in the United States (such as the NYSE where our common units are traded) and are readily tradeable on such an exchange; (ii) we are not a PFIC for the taxable year during which the dividend is paid or the immediately preceding taxable year (which we do not believe we are, have been or will be, as discussed below); (iii) the non-corporate U.S. Holder has owned the common units for more than 60 days during the 121-day period beginning 60 days before the date on which the common units become ex-dividend (and has not entered into certain risk limiting transactions with respect to such common units); and (iv) the non-corporate U.S. Holder is not under an obligation to make related payments with respect to positions in substantially similar or related property. Any dividends paid on our common units that are not eligible for these preferential rates will be taxed as ordinary income to a non-corporate U.S. Holder. In addition, a 3.8% tax may apply to certain investment income. See *Medicare Tax* below.

Special rules may apply to any amounts received in respect of our common units that are treated as extraordinary dividends. In general, an extraordinary dividend is a dividend with respect to a common unit that is equal to or in excess of 10.0% of a U.S. Holder's adjusted tax basis (or fair market value upon the U.S. Holder's election) in such common unit. In addition, extraordinary dividends include dividends received within a one-year period that, in the aggregate, equal or exceed 20.0% of a U.S. Holder's adjusted tax basis (or fair market value) in a common unit. If we pay an extraordinary dividend on our common units that is treated as qualified dividend income, then any loss recognized by a U.S. Individual Holder from the sale or exchange of such common units will be treated as long-term capital loss to the extent of the amount of such dividend.

Sale, Exchange or Other Disposition of Common Units

Subject to the discussion of PFICs below, a U.S. Holder generally will recognize capital gain or loss upon a sale, exchange or other disposition of our common units in an amount equal to the difference between the amount realized by the U.S. Holder from such sale, exchange or other disposition and the U.S. Holder's adjusted tax basis in such units. The U.S. Holder's initial tax basis in the common units generally will be the U.S. Holder's purchase price for the common units and that tax basis will be reduced (but not below zero) by the amount of any distributions on the common units that are treated as non-taxable returns of capital (as discussed under *Distributions* above). Such gain or loss will be treated as long-term capital gain or loss if the U.S. Holder's holding period is greater than one year at the time of the sale, exchange or other disposition.

A corporate U.S. Holder's capital gains, long-term and short-term, are taxed at ordinary income tax rates. If a corporate U.S. Holder recognizes a loss upon the disposition of our common units, such U.S. Holder is limited to using the loss to offset other capital gain. If a corporate U.S. Holder has no other capital gain in the tax year of the loss, it may carry the capital loss back three years and forward five years.

Long-term capital gains of non-corporate U.S. Holders are subject to the favorable tax rate of a maximum of 20%. In addition, a 3.8% tax may apply to certain investment income. See *Medicare Tax* below. A non-corporate U.S. Holder may deduct a capital loss resulting from a disposition of our common units to the extent of capital gains plus up to \$3,000 (\$1,500 for married individuals filing separate tax returns) annually and may carry forward a capital loss indefinitely.

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PFIC Status and Significant Tax Consequences

In general, we will be treated as a PFIC with respect to a U.S. Holder if, for any taxable year in which the holder held our common units, either:

at least 75.0% of our gross income (including the gross income of our vessel-owning subsidiaries) for such taxable year consists of passive income (e.g., dividends, interest, capital gains and rents derived other than in the active conduct of a rental business), or

at least 50.0% of the average value of the assets held by us (including the assets of our vessel-owning subsidiaries) during such taxable year produce, or are held for the production of, passive income.

Income earned, or deemed earned, by us in connection with the performance of services would not constitute passive income. By contrast, rental income generally would constitute passive income unless we were treated as deriving our rental income in the active conduct of a trade or business under the applicable rules.

Based on our current and projected methods of operations, and an opinion of counsel, we believe that we will not be a PFIC with respect to any taxable year. Our U.S. counsel, Thompson Hine LLP, is of the opinion that (1) the income we receive from the time chartering activities and assets engaged in generating such income should not be treated as passive income or assets, respectively, and (2) so long as our income from time charters exceeds 25.0% of our gross income for each taxable year after our initial taxable year and the value of our vessels contracted under time charters exceeds 50.0% of the average value of our assets for each taxable year after our initial taxable year, we should not be a PFIC. This opinion is based on representations and projections provided to our counsel by us regarding our assets, income and charters, and its validity is conditioned on the accuracy of such representations and projections.

Our counsel's opinion is based principally on their conclusion that, for purposes of determining whether we are a PFIC, the gross income we derive or are deemed to derive from the time chartering activities of our wholly-owned subsidiaries should constitute services income, rather than rental income. Correspondingly, such income should not constitute passive income, and the assets that we or our subsidiaries own and operate in connection with the production of such income, in particular, the vessels we or our subsidiaries own that are subject to time charters, should not constitute passive assets for purposes of determining whether we are or have been a PFIC. We expect that all of the vessels in our fleet will be engaged in time chartering activities and intend to treat our income from those activities as non-passive income, and the vessels engaged in those activities as non-passive assets, for PFIC purposes.

Our counsel has advised us that there is a significant amount of legal authority consisting of the Code, legislative history, IRS pronouncements and rulings supporting our position that the income from our time chartering activities constitutes services income (rather than rental income). There is, however, no direct legal authority under the PFIC rules addressing whether income from time chartering activities is services income or rental income. Moreover, in a case not interpreting the PFIC rules, *Tidewater Inc. v. United States*, 565 F.3d 299 (5th Cir. 2009), the Fifth Circuit held that the vessel time charters at issue generated predominantly rental income rather than services income. However, the IRS stated in an Action on Decision (AOD 2010-001) that it disagrees with, and will not acquiesce to, the way that the rental versus services framework was applied to the facts in the *Tidewater* decision, and in its discussion stated that the time charters at issue in *Tidewater* would be treated as producing services income for PFIC purposes. The IRS's AOD, however, is an administrative action that cannot be relied upon or otherwise cited as precedent by taxpayers.

The opinion of our counsel is not binding on the IRS or any court. Thus, while we have received an opinion of our counsel in support of our position, there is a possibility that the IRS or a court could disagree with this position and the opinion of our counsel. In addition, although we intend to conduct our affairs in a manner to avoid being classified as a PFIC with respect to any taxable year, we cannot assure you that the nature of our operations will not change in the future.

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As discussed more fully below, if we were to be treated as a PFIC for any taxable year in which a U.S. Holder owned our common units, the U.S. Holder would be subject to different taxation rules depending on whether the U.S. Holder makes an election to treat us as a Qualified Electing Fund, which we refer to as a QEF election. As an alternative to making a QEF election, the U.S. Holder may be able to make a mark-to-market election with respect to our common units, as discussed below. In addition, if we were treated as a PFIC for any taxable year in which a U.S. Holder owned our common units, the U.S. Holder generally would be required to file IRS Form 8621 with the U.S. Holder's U.S. federal income tax return for each year to report the U.S. Holder's ownership of such common units. In the event a U.S. Holder does not file IRS Form 8621, the statute of limitations on the assessment and collection of U.S. federal income taxes of such U.S. Holder for the related tax year will not close before the date which is three years after the date on which such report is filed.

It should also be noted that, if we were treated as a PFIC for any taxable year in which a U.S. Holder owned our common units and any of our non-U.S. subsidiaries were also a PFIC, the U.S. Holder would be treated as owning a proportionate amount (by value) of the shares of the lower-tier PFIC for purposes of the application of these rules.

Taxation of U.S. Holders Making a Timely QEF Election

If we were to be treated as a PFIC for any taxable year and a U.S. Holder makes a timely QEF election (any such U.S. Holder, an Electing Holder), the Electing Holder must report for U.S. federal income tax purposes its pro rata share of our ordinary earnings and net capital gain, if any, for our taxable year that ends with or within the Electing Holder's taxable year, regardless of whether or not the Electing Holder received any distributions from us in that year. Such income inclusions would not be eligible for the preferential tax rates applicable to qualified dividend income. The Electing Holder's adjusted tax basis in our common units will be increased to reflect taxed but undistributed earnings and profits. Distributions to the Electing Holder of our earnings and profits that were previously taxed will result in a corresponding reduction in the Electing Holder's adjusted tax basis in our common units and will not be taxed again once distributed. The Electing Holder would not, however, be entitled to a deduction for its pro rata share of any losses that we incur with respect to any year. An Electing Holder generally will recognize capital gain or loss on the sale, exchange or other disposition of our common units.

Even if a U.S. Holder makes a QEF election for one of our taxable years, if we were a PFIC for a prior taxable year during which the U.S. Holder owned our common units and for which the U.S. Holder did not make a timely QEF election, the U.S. Holder would also be subject to the more adverse rules described below under *Taxation of U.S. Holders Not Making a Timely QEF or Mark-to-Market Election*. However, under certain circumstances, a U.S. Holder may be permitted to make a retroactive QEF election with respect to us for any open taxable years in the U.S. Holder's holding period for our common units in which we are treated as a PFIC. Additionally, to the extent that any of our subsidiaries is a PFIC, a U.S. Holder's QEF election with respect to us would not be effective with respect to the U.S. Holder's deemed ownership of the stock of such subsidiary and a separate QEF election with respect to such subsidiary would be required.

A U.S. Holder makes a QEF election with respect to any year that we are a PFIC by filing IRS Form 8621 with the U.S. Holder's U.S. federal income tax return. If, contrary to our expectations, we were to determine that we are treated as a PFIC for any taxable year, we would notify all U.S. Holders and would provide all necessary information to any U.S. Holder that requests such information in order to make the QEF election described above with respect to us and the relevant subsidiaries. A QEF election would not apply to any taxable year for which we are not a PFIC, but would remain in effect with respect to any subsequent taxable year for which we are a PFIC, unless the IRS consents to the revocation of the election.

Taxation of U.S. Holders Making a Mark-to-Market Election

If we were to be treated as a PFIC for any taxable year and, subject to the possibility that our common units may be delisted by a qualifying exchange, our common units were treated as marketable stock, then, as an

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alternative to making a QEF election, a U.S. Holder would be allowed to make a mark-to-market election with respect to our common units, provided the U.S. Holder completes and files IRS Form 8621 in accordance with the relevant instructions and related Treasury Regulations. If that election is made, the U.S. Holder generally would include as ordinary income in each taxable year the excess, if any, of the fair market value of the U.S. Holder's common units at the end of the taxable year over the holder's adjusted tax basis in the common units. The U.S. Holder also would be permitted an ordinary loss in respect of the excess, if any, of the U.S. Holder's adjusted tax basis in the common units over the fair market value thereof at the end of the taxable year, but only to the extent of the net amount previously included in income as a result of the mark-to-market election. A U.S. Holder's tax basis in the U.S. Holder's common units would be adjusted to reflect any such income or loss recognized. Gain recognized on the sale, exchange or other disposition of our common units would be treated as ordinary income, and any loss recognized on the sale, exchange or other disposition of the common units would be treated as ordinary loss to the extent that such loss does not exceed the net mark-to-market gains previously included in income by the U.S. Holder. A mark-to-market election would not apply to our common units owned by a U.S. Holder in any taxable year during which we are not a PFIC, but would remain in effect with respect to any subsequent taxable year for which we are a PFIC, unless our common units are no longer treated as marketable stock or the IRS consents to the revocation of the election.

Even if a U.S. Holder makes a mark-to-market election for one of our taxable years, if we were a PFIC for a prior taxable year during which the U.S. Holder owned our common units and for which the U.S. Holder did not make a timely mark-to-market election, the U.S. Holder would also be subject to the more adverse rules described below under *Taxation of U.S. Holders Not Making a Timely QEF or Mark-to-Market Election*. Additionally, to the extent that any of our subsidiaries is a PFIC, a mark-to-market election with respect to our common units would not apply to the U.S. Holder's deemed ownership of the stock of such subsidiary.

Taxation of U.S. Holders Not Making a Timely QEF or Mark-to-Market Election

If we were to be treated as a PFIC for any taxable year, a U.S. Holder who does not make either a timely QEF election or a timely mark-to-market election for that year (i.e., the taxable year in which the U.S. Holder's holding period commences), whom we refer to as a Non-Electing Holder, would be subject to special rules resulting in increased tax liability with respect to (1) any excess distribution (i.e., the portion of any distributions received by the Non-Electing Holder on our common units in a taxable year in excess of 125.0% of the average annual distributions received by the Non-Electing Holder in the three preceding taxable years, or, if shorter, the Non-Electing Holder's holding period for the common units), and (2) any gain realized on the sale, exchange or other disposition of our common units. Under these special rules:

the excess distribution and any gain would be allocated ratably over the Non-Electing Holder's aggregate holding period for the common units;

the amount allocated to the current taxable year and any year prior to the year we were first treated as a PFIC with respect to the Non-Electing Holder would be taxed as ordinary income; and

the amount allocated to each of the other taxable years would be subject to tax at the highest rate of tax in effect for the applicable class of taxpayer for that year, and an interest charge for the deemed deferral benefit would be imposed with respect to the resulting tax attributable to each such other taxable year.

If we were treated as a PFIC for any taxable year and a Non-Electing Holder who is an individual dies while owning our common units, such holder's successor generally would not receive a step-up in tax basis with respect to such common units. Additionally, to the extent that any of our subsidiaries is a PFIC, the foregoing consequences would apply to the U.S. Holder's deemed receipt of any excess distribution on, or gain deemed realized on the disposition of, the stock of such subsidiary deemed owned by the U.S. Holder.

Table of Contents***Medicare Tax***

A U.S. Holder that is an individual or estate, or a trust that does not fall into a special class of trusts that is exempt from such tax, will generally be subject to a 3.8% tax on the lesser of (i) the U.S. Holder's net investment income for a taxable year and (ii) the excess of the U.S. Holder's modified adjusted gross income for such taxable year over \$200,000 (\$250,000 in the case of joint filers). For these purposes, net investment income will generally include dividends paid with respect to our common units and net gain attributable to the disposition of our common units not held in connection with certain trades or businesses, but will be reduced by any deductions properly allocable to such income or net gain.

U.S. Federal Income Taxation of Non-U.S. Holders

A beneficial owner of our common units (other than a partnership or an entity or arrangement treated as a partnership for U.S. federal income tax purposes) that is not a U.S. Holder is a Non-U.S. Holder.

Distributions

Distributions we pay to a Non-U.S. Holder will not be subject to U.S. federal income tax or withholding tax if the Non-U.S. Holder is not engaged in a U.S. trade or business. If the Non-U.S. Holder is engaged in a U.S. trade or business, our distributions will be subject to U.S. federal income tax to the extent they constitute income effectively connected with the Non-U.S. Holder's U.S. trade or business (and a corporate Non-U.S. Holder may also be subject to U.S. federal branch profits tax). However, distributions paid to a Non-U.S. Holder who is engaged in a trade or business may be exempt from taxation under an income tax treaty if the income arising from the distribution is not attributable to a U.S. permanent establishment maintained by the Non-U.S. Holder.

Disposition of Units

In general, a Non-U.S. Holder will not be subject to U.S. federal income tax or withholding tax on any gain resulting from the disposition of our common units provided the Non-U.S. Holder is not engaged in a U.S. trade or business. A Non-U.S. Holder that is engaged in a U.S. trade or business will be subject to U.S. federal income tax in the event the gain from the disposition of units is effectively connected with the conduct of such U.S. trade or business (provided, in the case of a Non-U.S. Holder entitled to the benefits of an income tax treaty with the United States, such gain also is attributable to a U.S. permanent establishment). However, even if not engaged in a U.S. trade or business, individual Non-U.S. Holders may be subject to tax on gain resulting from the disposition of our common units if they are present in the United States for 183 days or more during the taxable year in which those units are disposed and meet certain other requirements.

Backup Withholding and Information Reporting

In general, payments to a non-corporate U.S. Holder of distributions or the proceeds of a disposition of common units may be subject to information reporting. These payments to a non-corporate U.S. Holder also may be subject to backup withholding (currently at a rate of 28%), if the non-corporate U.S. Holder:

fails to provide an accurate taxpayer identification number;

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is notified by the IRS that he has failed to report all interest or corporate distributions required to be reported on his U.S. federal income tax returns; or

in certain circumstances, fails to comply with applicable certification requirements.

A U.S. Holder generally is required to certify its compliance with the backup withholding rules on IRS Form W-9.

Non-U.S. Holders may be required to establish their exemption from information reporting and backup withholding by certifying their status on IRS Form W-8BEN, W-8BEN-E, W-8ECI or W-8IMY, as applicable.

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Backup withholding is not an additional tax. Rather, a unitholder generally may obtain a credit for any amount withheld against his liability for U.S. federal income tax (and obtain a refund of any amounts withheld in excess of such liability) by filing a U.S. federal income tax return with the IRS.

Individual U.S. Holders (and to the extent specified in applicable U.S. Treasury regulations, certain individual Non-U.S. Holders and certain U.S. Holders that are entities) that hold specified foreign financial assets, including our common units, whose aggregate value exceeds \$75,000 at any time during the taxable year or \$50,000 on the last day of the taxable year (or such higher amounts as prescribed by applicable Treasury Regulations) are required to file a report on IRS Form 8938 with information relating to the assets for each such taxable year. Specified foreign financial assets would include, among other things, our common units, unless such common units are held in an account maintained by a U.S. financial institution (as defined). Substantial penalties apply to any failure to timely file IRS Form 8938, unless the failure is shown to be due to reasonable cause and not due to willful neglect. Additionally, in the event an individual U.S. Holder (and to the extent specified in applicable Treasury regulations, an individual Non-U.S. Holder or a U.S. entity) that is required to file IRS Form 8938 does not file such form, the statute of limitations on the assessment and collection of U.S. federal income taxes of such holder for the related tax year may not close until three years after the date that the required information is filed. U.S. Holders (including U.S. entities) and Non-U.S. Holders should consult their own tax advisors regarding their reporting obligations under this legislation.

NON-UNITED STATES TAX CONSIDERATIONS

Marshall Islands Tax Consequences

The following discussion is based upon the opinion of Reeder & Simpson P.C., our counsel as to matters of the laws of the Republic of the Marshall Islands, and the current laws of the Republic of the Marshall Islands applicable to persons who do not reside in, maintain offices in or engage in business in the Republic of the Marshall Islands.

Because we and our subsidiaries do not and do not expect to conduct business or operations in the Republic of the Marshall Islands, under current Marshall Islands law you will not be subject to Marshall Islands taxation or withholding on distributions, including upon distribution treated as a return of capital, we make to you as a unitholder. In addition, you will not be subject to Marshall Islands stamp, capital gains or other taxes on the purchase, ownership or disposition of common units, and you will not be required by the Republic of the Marshall Islands to file a tax return relating to your ownership of common units.

EACH UNITHOLDER IS URGED TO CONSULT HIS OWN TAX, LEGAL AND OTHER ADVISORS REGARDING THE CONSEQUENCES OF OWNERSHIP OF COMMON UNITS UNDER THE UNITHOLDER S PARTICULAR CIRCUMSTANCES.

F. Dividends and paying agents

Not applicable.

G. Statements by experts

Not applicable.

H. Documents on display

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We file reports and other information with the SEC. These materials, including this annual report and the accompanying exhibits, may be inspected and copied at the public facilities maintained by the Commission at 100 F Street, N.E., Washington, D.C. 20549, or from the SEC's website <http://www.sec.gov>. You may obtain

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information on the operation of the public reference room by calling 1 (800) SEC-300 and you may obtain copies at prescribed rates.

I. Subsidiary information

Not applicable.

Item 11. 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. dollar 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. Expenses incurred in foreign currencies against which the U.S. Dollar falls in value can increase thereby decreasing our income or vice versa if the U.S. dollar increases in value. For example, during the year ended December 31, 2015, the value of U.S. dollar increased by approximately 10.8% as compared to the Euro.

Interest Rate Risk

Borrowings under our credit facilities bear interest at rate based on a premium over U.S.\$ LIBOR. Therefore, we are exposed to the risk that our interest expense may increase if interest rates rise. For the years ended December 31, 2015, 2014 and 2013, we paid interest on our outstanding debt at a weighted average interest rate of 4.4%, 4.7% and 3.7%, respectively. A 1% increase in LIBOR would have increased our interest expense for the years ended December 31, 2015, 2014 and 2013, by \$6.1 million, \$5.6 million and \$3.5 million, respectively.

Concentration of Credit Risk

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

For the year ended December 31, 2015, our most significant counterparties were Hyundai Merchant Marine Co., Ltd., Navios Corporation and Yang Ming Marine Transport Corporation, which accounted for approximately 24.0%, 17.4% and 11.4%, respectively, of total revenues. For the year ended December 31, 2014, Navios Partners' customers representing 10% or more of total revenues were Hyundai Merchant Marine Co., Ltd and Navios Corporation, which accounted for 24.4% and 11.0%, respectively, of total revenues. For the year ended December 31, 2013, Navios Partners' customers representing 10% or more of total revenues were Cosco Bulk Carrier Co. Ltd., Hanjin Shipping Co. Ltd, Navios Corporation and Samsun Logix, which accounted for 23.4%, 11.3%, 10.4% and 10.2%, respectively, of total revenues. No other customers accounted for 10% or more of total revenue for any of the years presented. Following the termination of the credit default insurance through its third party insurer, entered into an agreement by which Navios Holdings will provide supplemental credit default insurance with a maximum cash payment of \$20.0 million. During the year ended December 31, 2015, the Company submitted claims under this agreement to Navios Holdings for a total amount of \$3.6 million, which was recorded as Other income for the year ended December 31, 2015.

Inflation

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

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Item 12. Description of Securities Other than Equity Securities

Not applicable.

PART II

Item 13. Defaults, Dividend Arrearages and Delinquencies

None.

Item 14. Material Modifications to the Rights of Unitholders and Use of Proceeds

None.

Item 15. Controls and Procedures

A. Disclosure Controls and Procedures

The management of Navios Partners, with the participation of the Chief Executive Officer and Chief Financial Officer, conducted an evaluation, pursuant to Rule 13a-15 promulgated under the Securities Act of 1934, as amended (the Exchange Act), of the effectiveness of our disclosure controls and procedures as of December 31, 2015. Based on this evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the disclosure controls and procedures were effective as of December 31, 2015.

Disclosure controls and procedures means controls and other procedures that are designed to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms and that such information required to be disclosed by us in the reports that we file or submit under the Exchange Act is accumulated and communicated to our management, including our principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosures.

B. Management's annual report on internal control over financial reporting

The management of Navios Partners is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rule 13a-15(f) or 15d-15(f) of the Exchange Act. Navios Partners' internal control system was designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles in the United States (GAAP).

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Navios Partners' management assessed the effectiveness of Navios Partners' internal control over financial reporting as of December 31, 2015. In making this assessment, it used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in Internal Control - Integrated Framework (2013). Based on its assessment, management concluded that, as of December 31, 2015, Navios Partners' internal control over financial

reporting is effective based on those criteria.

Navios Partners independent registered public accounting firm has issued an attestation report on Navios Partners internal control over financial reporting.

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C. Attestation report of the registered public accounting firm

Navios Partners' independent registered public accounting firm has issued an audit report on Navios Partners' internal control over financial reporting. This report appears on Page F-2 of the consolidated financial statements.

D. Changes in internal control over financial reporting

There have been no changes in internal controls over financial reporting (identified in connection with management's evaluation of such internal controls over financial reporting) that occurred during the year covered by this annual report that have materially affected, or are reasonably likely to materially affect, Navios Partners' internal controls over financial reporting.

Item 16A. Audit Committee Financial Expert

Navios Partners' Audit Committee consists of three independent directors, Dimitris Papastefanou Gkouras, Serafeim Kriempardis and John Karakadas. The Board of Directors has determined that Serafeim Kriempardis qualifies as an audit committee financial expert as defined in the instructions of Item 16A of Form 20-F. Mr. Kriempardis is independent under applicable NYSE and SEC standards.

Item 16B. Code of Ethics

Navios Partners has adopted a code of ethics applicable to officers, directors and employees that complies with applicable guidelines issued by the SEC. The Navios Partners Code of Corporate Conduct and Ethics is available for review on Navios Partners' website at www.navios-mlp.com.

Item 16C. Principal Accountant Fees and Services

Audit Fees

Our principal Accountants for fiscal years 2015 and 2014 were PricewaterhouseCoopers S.A. The audit fees for the audit of the years ended December 31, 2015 and 2014 were \$0.2 million and \$0.3 million, respectively.

Audit-Related Fees

There were no audit-related fees billed in 2015 and 2014.

Tax Fees

There were no tax fees billed in 2015 and 2014.

Other Fees

There were no other fees billed in 2015 and 2014.

Audit Committee

The Audit Committee is responsible for the appointment, replacement, compensation, evaluation and oversight of the work of the independent auditors. As part of this responsibility, the audit committee pre-approves the audit and

non-audit services performed by the independent auditors in order to assure that they do not impair the auditors independence from Navios Partners. The Audit Committee has adopted a policy which sets forth the procedures and the conditions pursuant to which services proposed to be performed by the independent auditors may be pre-approved.

The Audit Committee separately pre-approved all engagements and fees paid to our principal accountant in 2015.

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Item 16D. Exemptions from the Listing Standards for Audit Committees

Not applicable.

Item 16E. Purchases of Units by the Issuer and Affiliated Purchasers

None.

Please read Item 7. Major Unitholders and Related Party Transactions .

Item 16F. Change in Registrant's Certifying Accountant

Not applicable.

Item 16G. Corporate Governance

Pursuant to an exception for foreign private issuers, we are not required to comply with the corporate governance practices followed by U.S. companies under the NYSE listing standards. However, we have voluntarily adopted all of the NYSE required practices, except we do not have (i) a majority of independent board members, (ii) a compensation committee consisting of independent directors, (iii) a compensation committee charter specifying the purpose and responsibilities of the compensation committee, (iv) a nominating/governance committee consisting of independent directors or (v) a nominating/governance committee charter specifying the purpose and responsibilities of the nominating/governance committee. Instead, all compensation and nomination/governance decisions, other than those nominating decisions dictated by our Partnership Agreement, are currently made by a majority of our independent board members.

Item 16H. Mine Safety Disclosures

Not applicable.

Item 17. Financial Statements

Not applicable.

Item 18. Financial Statements

The financial information required by this Item together with the related report of PricewaterhouseCoopers S.A., Independent Registered Public Accounting Firm, thereon is filed as part of this annual report on Pages F-1 through F-27.

Item 19. Exhibits

1.1 Certificate of Limited Partnership of Navios Maritime Partners L.P.⁽¹⁾

1.2 Third Amended and Restated Agreement of Limited Partnership of Navios Maritime Partners L.P.⁽²⁸⁾

1.3 Certificate of Formation of Navios GP L.L.C.⁽¹⁾

1.4 Limited Liability Company Agreement of Navios GP L.L.C.⁽¹⁾

1.5 Certificate of Formation of Navios Maritime Operating L.L.C.⁽¹⁾

1.6 Amended and Restated Limited Liability Company Agreement of Navios GP L.L.C.⁽¹⁾

1.7 Limited Liability Company Agreement of Navios Operating L.L.C.⁽¹⁾

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- 4.1 Omnibus Agreement⁽¹⁾
- 4.2 Management Agreement with Navios ShipManagement Inc.⁽¹⁾
- 4.3 Administrative Services Agreement with Navios Maritime Holdings Inc.⁽¹⁾
- 4.4 Form of First Contribution and Conveyance Agreement⁽¹⁾
- 4.5 Form of Second Contribution and Conveyance Agreement⁽¹⁾
- 4.6 Form of Share Purchase Agreement for Navios TBN I⁽¹⁾
- 4.7 Form of Share Purchase Agreement for Navios TBN II⁽¹⁾
- 4.8 Revolving Credit and Term Loan Facility Agreement⁽²⁾
- 4.9 Common Unit Purchase Agreement between Navios Maritime Partners L.P. and Amadeus Maritime S.A.⁽¹⁾
- 4.10 Share Purchase Agreement for Navios Hope⁽³⁾
- 4.11 Registration Rights Agreement⁽³⁾
- 4.12 Supplemental Agreement, dated June 15, 2008, to the Facility Agreement⁽⁴⁾
- 4.13 Supplemental Agreement, dated January 30, 2009, to the Facility Agreement⁽⁵⁾
- 4.14 Amendment to Omnibus Agreement, dated as of June 29, 2009, relating to the Omnibus Agreement⁽⁶⁾
- 4.15 Amendment to Share Purchase Agreement, dated as of June 29, 2009, between Anemos Holdings and Navios Maritime Partners L.P. relating to the Share Purchase Agreement⁽⁶⁾
- 4.16 Waiver to Right of First Refusal and Corporate Opportunities Agreement, dated June 29, 2009, by Navios Maritime Partners L.P.⁽⁷⁾

- 4.17 Amendment to Management Agreement, dated October 29, 2009, between Navios Maritime Partners L.P. and Navios ShipManagement Inc. relating to the Management Agreement⁽⁷⁾
- 4.18 Supplemental Agreement, dated January 11, 2010, to the Facility Agreement⁽⁸⁾
- 4.19 Supplemental Agreement, dated March 30, 2010, to the Facility Agreement⁽⁹⁾
- 4.20 Supplemental Agreement, dated June 1, 2010, to the Facility Agreement⁽¹⁰⁾
- 4.21 Supplemental Agreement, dated December 13, 2010, to the Facility Agreement⁽¹¹⁾
- 4.22 Supplemental Agreement, dated May 31, 2011, to the Facility Agreement⁽¹²⁾
- 4.23 Supplemental Agreement, dated September 30, 2011, to the Facility Agreement⁽¹³⁾
- 4.24 Supplemental Agreement, dated March 30, 2012, to the Facility Agreement⁽¹⁵⁾
- 4.25 Facility Agreement for \$35.0 million term loan facility, dated May 27, 2011⁽¹²⁾
- 4.26 Facility Agreement for \$290.45 million term loan facility, dated July 31, 2012⁽¹⁶⁾
- 4.27 Supplemental Agreement, dated December 4, 2012, to Facility Agreement for \$290.45 million term loan facility, dated July 31, 2012⁽¹⁷⁾
- 4.28 Supplemental Agreement, dated March 27, 2013, to Facility Agreement for \$290.45 million term loan facility, dated July 31, 2012⁽¹⁸⁾
- 4.29 Supplemental Agreement, dated April 17, 2014, to Facility Agreement for \$290.45 million term loan facility, dated July 31, 2012⁽²²⁾
- 4.30 Facility Agreement for \$44.0 million term loan facility, dated August 8, 2012⁽¹⁶⁾
- 4.31 Credit Agreement for \$250.0 million term loan facility, dated June 27, 2013⁽¹⁹⁾

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- 4.32 Incremental Amendment No. 1, dated October 31, 2013, to the Credit Agreement for a \$250.0 million term loan facility, dated June 27, 2013⁽²⁰⁾
- 4.33 Incremental Amendment No. 2, dated November 1, 2013, to the Credit Agreement for a \$250.0 million term loan facility, dated June 27, 2013⁽²⁰⁾
- 4.34 Facility Agreement for \$56.0 million term loan facility, dated September 22, 2014⁽²³⁾
- 4.35 Amendment No. 1 to Administrative Services Agreement with Navios Maritime Holdings Inc., dated October 21, 2011⁽¹⁴⁾
- 4.36 Amendment No. 2 to Management Agreement, dated October 29, 2009, between Navios Maritime Partners L.P. and Navios ShipManagement Inc. relating to the Management Agreement, dated October 21, 2011⁽¹⁴⁾
- 4.37 Amendment No. 3, dated October 30, 2013, to the Management Agreement, dated November 16, 2007, between Navios Maritime Partners L.P. and Navios ShipManagement Inc.⁽²⁰⁾
- 4.38 Amendment No. 4, dated August 29, 2014, to the Management Agreement, dated November 16, 2007, between Navios Maritime Partners L.P. and Navios ShipManagement Inc.⁽²⁴⁾
- 4.39 Amendment No. 5, dated February 10, 2015, to the Management Agreement, dated November 16, 2007, between Navios Maritime Partners L.P. and Navios ShipManagement Inc.⁽²⁶⁾
- 4.40 Amendment No. 6, dated May 4, 2015, to the Management Agreement, dated November 16, 2007, between Navios Maritime Partners L.P. and Navios ShipManagement Inc.⁽²⁹⁾
- 4.41 Amendment No. 7, dated February 4, 2016, to the Management Agreement, dated October 21, 2011, between Navios Maritime Partners L.P. and Navios ShipManagement Inc.*
- 4.42 Facility Agreement for \$164.0 million term loan facility, dated April 16, 2015⁽²⁹⁾
- 4.43 Supplemental Agreement, dated March 22, 2016, to Facility Agreement for \$164.0 million term loan facility*
- 4.44 Supplemental Agreement, dated April 8, 2015, to Facility Agreement for \$56.0 million term loan facility, dated September 22, 2014⁽²⁹⁾

- 4.45 Supplemental Agreement, dated March 22, 2016, to Facility Agreement for \$56.0 million term loan facility*
- 4.46 Supplemental Agreement, dated March 22, 2016, to Facility Agreement for \$290.45 million term loan facility, dated July 31, 2012*
- 4.47 Credit Agreement for \$60.0 million term loan facility, dated May 29, 2015⁽³⁰⁾
- 4.48 Acquisition Omnibus Agreement⁽²¹⁾
- 4.49 Navios Midstream Omnibus Agreement⁽²⁷⁾
- 4.50 Registration Rights Agreement, dated February 4, 2015⁽²⁵⁾
- 8.1 List of Subsidiaries of Navios Maritime Partners L.P.*
- 12.1 Section 302 Certification of Chief Executive Officer*
- 12.2 Section 302 Certification of Chief Financial Officer*
- 13.1 Section 906 Certification of Chief Executive Officer and Chief Executive Officer*
- 15.1 Consent of PricewaterhouseCoopers S.A.*
- 101 The following materials from the Company's Annual Report on Form 20-F for the fiscal year ended December 31, 2015, formatted in eXtensible Business Reporting Language (XBRL): (i) Consolidated Balance Sheets at December 31, 2015 and 2014; (ii) Consolidated Statements of Income for each of the

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years ended December 31, 2015, 2014 and 2013; (iii) Consolidated Statements of Cash Flows for each of the years ended December 31, 2015, 2014 and 2013; (iv) Consolidated Statements of Changes in Partners' Capital for each of the years ended December 31, 2015, 2014 and 2013; and (v) the Notes to the Consolidated Financial Statements as blocks of text.

- (1) Previously filed as an exhibit to the Company's Registration Statement on Form F-1, as amended (File No. 333-146972) as filed with the SEC and hereby incorporated by reference to the Annual Report.
- (2) Previously filed as an exhibit to a Report on Form 6-K filed on November 26, 2007 and hereby incorporated by reference.
- (3) Previously filed as an exhibit to a Report on Form 6-K filed on July 2, 2008 and hereby incorporated by reference.
- (4) Previously filed as an exhibit to a Report on Form 6-K filed on July 10, 2008 and hereby incorporated by reference.
- (5) Previously filed as an exhibit to a Report on Form 6-K filed on February 25, 2009 and hereby incorporated by reference.
- (6) Previously filed as an exhibit to a Report on Form 6-K filed on July 14, 2009 and hereby incorporated by reference.
- (7) Previously filed as an exhibit to a Report on Form 6-K filed on October 30, 2009 and hereby incorporated by reference.
- (8) Previously filed as an exhibit to a Report on Form 6-K filed on January 26, 2010 and hereby incorporated by reference.
- (9) Previously filed as an exhibit to a Report on Form 6-K filed on April 8, 2010 and hereby incorporated by reference.
- (10) Previously filed as an exhibit to a Report on Form 6-K filed on June 11, 2010 and hereby incorporated by reference.
- (11) Previously filed as an exhibit to a Report on Form 6-K filed on March 1, 2011 and hereby incorporated by reference.
- (12) Previously filed as an exhibit to a Report on Form 6-K filed on June 8, 2011 and hereby incorporated by reference.
- (13) Previously filed as an exhibit to a Report on Form 6-K filed on October 5, 2011 and hereby incorporated by reference.
- (14) Previously filed as an exhibit to a Report on Form 6-K filed on October 24, 2011 and hereby incorporated by reference.
- (15) Previously filed as an exhibit to a Report on Form 6-K filed on April 9, 2012 and hereby incorporated by reference.
- (16) Previously filed as an exhibit to a Report on Form 6-K filed on September 5, 2012 and hereby incorporated by reference.
- (17) Previously filed as an exhibit to a Report on Form 6-K filed on January 31, 2013 and hereby incorporated by reference.
- (18) Previously filed as an exhibit to a Report on Form 6-K filed on May 2, 2013 and hereby incorporated by reference.
- (19) Previously filed as an exhibit to a Report on Form 6-K filed on July 11, 2013 and hereby incorporated by reference.
- (20) Previously filed as an exhibit to a Report on Form 6-K filed on November 7, 2013 and hereby incorporated by reference.
- (21) Previously filed as an exhibit to the Company's Annual Report on Form 20-F for the year ended December 31, 2012 filed on March 15, 2013 and hereby incorporated by reference.

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- (22) Previously filed as an exhibit to a Report on Form 6-K filed on July 31, 2014 and hereby incorporated by reference.
- (23) Previously filed as an exhibit to a Report on Form 6-K filed on September 30, 2014 and hereby incorporated by reference.

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- (24) Previously filed as an exhibit to a Report on Form 6-K filed on October 30, 2014 and hereby incorporated by reference.
- (25) Previously filed as an exhibit to a Report on Form 6-K filed on February 12, 2015 and hereby incorporated by reference.
- (26) Previously filed as an exhibit to a Report on Form 6-K filed on February 17, 2015 and hereby incorporated by reference.
- (27) Previously filed as an exhibit to a Report on Form F-1/A for Navios Maritime Midstream Partners L.P. filed on October 22, 2014 and hereby incorporated by reference.
- (28) Previously filed as an exhibit to the Company's Annual Report on Form 20-F for the year ended December 31, 2014 filed on March 13, 2015 and hereby incorporated by reference.
- (29) Previously filed as an exhibit to a Report on Form 6-K filed on May 5, 2015 and hereby incorporated by reference.
- (30) Previously filed as an exhibit to a Report on Form 6-K filed on August 3, 2015 and hereby incorporated by reference.
- * Filed herewith.

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SIGNATURES

Navios Maritime Partners L.P. hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this Annual Report on its behalf.

Navios Maritime Partners L.P.

/s/ Angeliki Frangou

By: Angeliki Frangou

Its: Chairman and Chief Executive Officer

Date: March 23, 2016

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Table of Contents**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM****To the Board of Directors and Partners of Navios Maritime Partners L.P.:**

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of income, changes in partners' capital and cash flows present fairly, in all material respects, the financial position of Navios Maritime Partners L.P. and its subsidiaries (the Company) at December 31, 2015 and 2014, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2015 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2015, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for these financial statements, for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in Management's annual report on internal control over financial reporting, appearing in Item 15(b) of the Company's 2015 Annual Report on Form 20-F. Our responsibility is to express opinions on these financial statements and on the Company's internal control over financial reporting based on our integrated audits. We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ PricewaterhouseCoopers S.A.

Athens, Greece

March 23, 2016

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(Expressed in thousands of U.S. Dollars except unit data)

		December 31,	December 31,
	Notes	2015	2014
ASSETS			
Current assets			
Cash and cash equivalents	3	\$ 26,750	\$ 99,495
Restricted cash	3	7,789	954
Accounts receivable, net	4	3,999	13,278
Prepaid expenses and other current assets	5	1,297	1,470
Total current assets		39,835	115,197
Vessels, net			
Deposits for vessels acquisitions	6	1,230,049	1,139,426
Deferred drydock and special survey costs, net and other long-term assets		22,232	8,750
Investment in affiliates	18	1,315	521
Loans receivable from affiliates	17	1,521	750
Intangible assets	7	55,339	74,055
Total non-current assets		1,310,456	1,223,512
Total assets		\$ 1,350,291	\$ 1,338,709
LIABILITIES AND PARTNERS CAPITAL			
Current liabilities			
Accounts payable	8	\$ 2,706	\$ 3,824
Accrued expenses	9	2,516	3,623
Deferred revenue		4,290	4,310
Current portion of long-term debt	10	23,336	16,435
Amounts due to related parties	17	8,680	1,880
Total current liabilities		41,528	30,072
Long-term debt, net of current portion and discount			
Deferred revenue		1,806	559,539
Total non-current liabilities		576,548	559,539
Total liabilities		618,076	589,611

Commitments and contingencies	15		
Partners' capital:			
Common Unitholders (83,079,710 and 77,359,163 units issued and outstanding at December 31, 2015 and December 31, 2014, respectively)	12	728,046	744,075
General Partner (1,695,509 and 1,578,763 units issued and outstanding at December 31, 2015 and December 31, 2014, respectively)	12	4,169	5,023
Total partners' capital		732,215	749,098
Total liabilities and partners' capital		\$ 1,350,291	\$ 1,338,709

See notes to consolidated financial statements

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NAVIOS MARITIME PARTNERS L.P.

CONSOLIDATED STATEMENTS OF INCOME

(Expressed in thousands of U.S. Dollars except unit and per unit data)

	Notes	Year Ended December 31, 2015	Year Ended December 31, 2014	Year Ended December 31, 2013
Time charter and voyage revenues (includes related party revenue of \$38,809, \$27,444 and \$23,738 for the years ended December 31, 2015, 2014 and 2013, respectively)	13,17	\$ 223,676	\$ 227,356	\$ 198,159
Time charter and voyage expenses		(7,199)	(15,390)	(14,943)
Direct vessel expenses		(4,043)	(761)	
Management fees (entirely through related parties transactions)	17	(56,504)	(50,359)	(36,173)
General and administrative expenses	17	(7,931)	(7,839)	(6,305)
Depreciation and amortization	6,7	(75,933)	(95,822)	(77,505)
Interest expense and finance cost, net	10	(31,720)	(28,761)	(16,910)
Interest income		222	243	50
Other income	20	5,232	47,935	13,730
Other expense		(3,995)	(1,749)	(1,097)
Net income		\$ 41,805	\$ 74,853	\$ 59,006

Earnings per unit (see note 19):

	Year Ended December 31, 2015	Year Ended December 31, 2014	Year Ended December 31, 2013
Earnings per unit:			
Common unit (basic and diluted)	\$ 0.48	\$ 0.93	\$ 0.84

See notes to consolidated financial statements

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NAVIOS MARITIME PARTNERS L.P.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Expressed in thousands of U.S. Dollars)

	Notes	Year Ended December 31, 2015	Year Ended December 31, 2014	Year Ended December 31, 2013
OPERATING ACTIVITIES				
Net income		\$ 41,805	\$ 74,853	\$ 59,006
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation and amortization	6,7	75,933	95,822	77,505
Amortization and write-off of deferred financing cost and discount		3,727	3,091	4,035
Amortization of deferred drydock and special survey costs		4,043	761	
Changes in operating assets and liabilities:				
Net increase/(decrease) in restricted cash		(426)	223	(2)
Decrease/(increase) in accounts receivable		9,279	3,020	(8,520)
Decrease/(increase) in prepaid expenses and other current assets		173	193	(1,069)
Decrease/(increase) in other long-term assets		20	(9)	188
Payments for dry dock and special survey costs		(17,545)	(9,429)	
(Decrease)/increase in accounts payable		(1,118)	653	1,081
(Decrease)/increase in accrued expenses		(1,107)	(253)	277
Increase/(decrease) in deferred revenue		1,786	1,313	(6,115)
Increase/(decrease) in amounts due to related parties		6,800	1,423	(21,544)
Net cash provided by operating activities		123,370	171,661	104,842
INVESTING ACTIVITIES:				
Acquisition of vessels	6	(147,830)	(156,221)	(341,193)
Deposits for acquisition of vessels, net of transfers to vessel acquisitions			(10)	(7,271)
Investment in affiliates		(794)		(500)
Loans receivable from affiliates		(771)	(470)	(280)
Increase in restricted cash				(98,179)
Release of restricted cash for vessel acquisitions			33,429	64,750
Net cash used in investing activities		(149,395)	(123,272)	(382,673)
FINANCING ACTIVITIES:				
Cash distributions paid	19	(132,306)	(138,994)	(122,382)
Net proceeds from issuance of general partner units	12	1,528	2,233	3,167
	12	72,090	104,499	148,022

Proceeds from issuance of common units, net of offering costs				
Proceeds from long-term debt	10	79,819	56,000	434,500
Net (increase)/decrease in restricted cash	10	(6,409)		28,354
Repayment of long-term debt and payment of principal	10	(60,696)	(7,060)	(201,412)
Debt issuance costs		(746)	(918)	(9,204)
Net cash (used in)/provided by financing activities		(46,720)	15,760	281,045
(Decrease)/increase in cash and cash equivalents		(72,745)	64,149	3,214
Cash and cash equivalents, beginning of period		99,495	35,346	32,132
Cash and cash equivalents, end of period		\$ 26,750	\$ 99,495	\$ 35,346

	Year Ended December 31, 2015	Year Ended December 31, 2014	Year Ended December 31, 2013
Supplemental disclosures of cash flow information			
Cash interest paid	\$ 26,787	\$ 25,870	\$ 13,324
Non-cash financing activities			
Due to related parties	\$	\$ 253	\$
Acquisition of vessels	\$	\$ (253)	\$

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NAVIOS MARITIME PARTNERS L.P.

CONSOLIDATED STATEMENTS OF CHANGES IN PARTNERS CAPITAL

(Expressed in thousands of U.S. Dollars except unit data)

	General Partner		Limited Partners Common Unitholders		Total Partners Capital
	Units		Units		
Balance December 31, 2012	1,226,721	\$ 2,090	60,109,163	\$ 616,604	\$ 618,694
Cash distribution paid		(4,285)		(118,097)	(122,382)
Proceeds from issuance of common units, net of offering costs(see note 12)			10,925,000	148,022	148,022
Net proceeds from issuance of general partners units (see note 12)	222,960	3,167			3,167
Net income		3,057		55,949	59,006
Balance December 31, 2013	1,449,681	\$ 4,029	71,034,163	\$ 702,478	\$ 706,507
Cash distribution paid		(4,867)		(134,127)	(138,994)
Proceeds from issuance of common units, net of offering costs (see note 12)			6,325,000	104,499	104,499
Net proceeds from issuance of general partner units (see note 12)	129,082	2,233			2,233
Net income		3,628		71,225	74,853
Balance December 31, 2014	1,578,763	\$ 5,023	77,359,163	\$ 744,075	\$ 749,098
Cash distribution paid		(4,362)		(127,944)	(132,306)
Proceeds from issuance of common units, net of offering costs (see note 12)			5,720,547	72,090	72,090
Net proceeds from issuance of general partner units (see note 12)	116,746	1,528			1,528
Net income		1,980		39,825	41,805
Balance December 31, 2015	1,695,509	\$ 4,169	83,079,710	\$ 728,046	\$ 732,215

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NAVIOS MARITIME PARTNERS L.P.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in thousands of U.S. Dollars except unit and per unit data)

NOTE 1 DESCRIPTION OF BUSINESS

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

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

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

- (a) a management agreement with the Manager (the Management Agreement), pursuant to which the Manager provides Navios Partners commercial and technical management services;
- (b) an administrative services agreement with the Manager (the Administrative Services Agreement), pursuant to which the Manager provides Navios Partners administrative services; and
- (c) an omnibus agreement with Navios Holdings (the Omnibus Agreement), governing, among other things, when Navios Partners and Navios Holdings may compete against each other as well as rights of first offer on certain drybulk carriers.

As of December 31, 2015, there were outstanding: 83,079,710 common units and 1,695,509 general partnership units. As of December 31, 2015, Navios Holdings owned a 20.1% interest in Navios Partners, which included a 2.0% general partner interest.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) **Basis of presentation:** The accompanying consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP).

Change in Accounting Principle: The Company historically presented deferred debt issuance costs, or fees related to directly issuing debt, as long-term assets on the consolidated balance sheets. During the first quarter of 2015, the Company adopted guidance codified in ASU 2015-03 Interest-Imputation of Interest (Subtopic 835-30), Simplifying the Presentation of Debt Issuance Costs. The guidance simplifies the presentation of debt issuance costs by requiring debt issuance costs to be presented as a deduction from the corresponding liability, consistent with debt discounts. The recognition and measurement guidance for debt issuance costs is not affected. Therefore, these costs will continue to

be amortized as interest expense using the effective interest method pursuant to ASC 835-30-35-2 through 35-3. Upon adoption, the Company applied the new guidance retrospectively to all prior periods presented in the financial statements. The Company elected to early adopt the requirements of ASU 2015-03 effective beginning the first quarter ending March 31, 2015 and applied this guidance retrospectively to all prior periods presented in the Company's financial statements.

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The reclassification does not impact net income as previously reported or any prior amounts reported on the Statements of Income, or the Consolidated Statements of Cash Flows. The effect of the retrospective application of this change in accounting principle on the Company's Consolidated Balance Sheets as of December 31, 2014 resulted in a reduction of Total non-current assets and Total assets in the amount of \$7,305, with a corresponding decrease of \$5,102 in Long-term debt, net and Total non-current liabilities and a decrease of \$2,203 in Current portion of long-term debt net and Total current liabilities.

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

Navios Partners also consolidates entities that are determined to be variable interest entities 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, (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.

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

The accompanying consolidated financial statements include the following entities and chartered-in vessels:

Company name	Vessel name	Country of incorporation	Statements of income			
			2015	2014	2013	
Libra Shipping Enterprises Corporation	Navios Libra II	Marshall Is.	1/01	12/311/01	12/311/01	12/31
Alegria Shipping Corporation	Navios Alegria	Marshall Is.	1/01	12/311/01	12/311/01	12/31
Felicity Shipping Corporation	Navios Felicity	Marshall Is.	1/01	12/311/01	12/311/01	12/31
Gemini Shipping Corporation	Navios Gemini S	Marshall Is.	1/01	12/311/01	12/311/01	12/31
Galaxy Shipping Corporation	Navios Galaxy I	Marshall Is.	1/01	12/311/01	12/311/01	12/31
Aurora Shipping Enterprises Ltd.	Navios Hope	Marshall Is.	1/01	12/311/01	12/311/01	12/31

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Palermo Shipping S.A.	Navios Apollon	Marshall Is.	1/01	12/311/01	12/311/01	12/31
Fantastiks Shipping Corporation	Navios Fantastiks	Marshall Is.	1/01	12/311/01	12/311/01	12/31
Sagittarius Shipping Corporation	Navios Sagittarius	Marshall Is.	1/01	12/311/01	12/311/01	12/31
Hyperion Enterprises Inc.	Navios Hyperion	Marshall Is.	1/01	12/311/01	12/311/01	12/31
Chilali Corp.	Navios Aurora II	Marshall Is.	1/01	12/311/01	12/311/01	12/31
Surf Maritime Co.	Navios Pollux	Marshall Is.	1/01	12/311/01	12/311/01	12/31
Pandora Marine Inc.	Navios Melodia	Marshall Is.	1/01	12/311/01	12/311/01	12/31
Customized Development S.A.	Navios Fulvia	Liberia	1/01	12/311/01	12/311/01	12/31
Kohylia Shipmanagement S.A.	Navios Luz	Marshall Is.	1/01	12/311/01	12/311/01	12/31
Orbiter Shipping Corp.	Navios Orbiter	Marshall Is.	1/01	12/311/01	12/311/01	12/31
Floral Marine Ltd.	Navios Buena Ventura	Marshall Is.	1/01	12/311/01	12/311/01	12/31
Golem Navigation Limited	Navios Soleil	Marshall Is.	1/01	12/311/01	12/311/01	12/31
Kymata Shipping Co.	Navios Helios	Marshall Is.	1/01	12/311/01	12/311/01	12/31

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Joy Shipping Corporation	Navios Joy	Marshall Is.	1/01	12/31	1/01	12/31	9/11	12/31
Micaela Shipping Corporation	Navios Harmony	Marshall Is.	1/01	12/31	1/01	12/31	10/11	12/31
Pearl Shipping Corporation	Navios Sun	Marshall Is.	1/01	12/31	1/18	12/31		
Velvet Shipping Corporation	Navios La Paix	Marshall Is.	1/01	12/31	1/07	12/31		
Rubina Shipping Corporation	Hyundai Hongkong	Marshall Is.	1/01	12/31	1/01	12/31	12/4	12/31
Topaz Shipping Corporation	Hyundai Singapore	Marshall Is.	1/01	12/31	1/01	12/31	12/4	12/31
Beryl Shipping Corporation	Hyundai Tokyo	Marshall Is.	1/01	12/31	1/01	12/31	12/10	12/31
Cheryl Shipping Corporation	Hyundai Shanghai	Marshall Is.	1/01	12/31	1/01	12/31	12/13	12/31
Christal Shipping Corporation	Hyundai Busan	Marshall Is.	1/01	12/31	1/01	12/31	12/16	12/31
Fairy Shipping Corporation	YM Utmost	Marshall Is.	1/01	12/31	8/29	12/31		
Limestone Shipping Corporation	YM Unity	Marshall Is.	1/01	12/31	10/28	12/31		
Dune Shipping Corp.	MSC Cristina	Marshall Is.	4/22	12/31				
Citrine Shipping Corporation		Marshall Is.						
Chartered-in vessels								
Prosperity Shipping Corporation	Navios Prosperity	Marshall Is.	1/01	03/05	1/01	12/31	1/01	12/31
Aldebaran Shipping Corporation	Navios Aldebaran	Marshall Is.	1/01	02/28	1/01	12/31	1/01	12/31
Other								
JTC Shipping and Trading Ltd (*)	Holding Company	Malta	1/01	12/31	1/01	12/31	1/01	12/31
Navios Maritime Partners L.P.	N/A	Marshall Is.	1/01	12/31	1/01	12/31	1/01	12/31
Navios Maritime Operating LLC	N/A	Marshall Is.	1/01	12/31	1/01	12/31	1/01	12/31
Navios Partners Finance (US) Inc.	Co-Borrower	Delaware	1/01	12/31	1/01	12/31	6/19	12/31
Navios Partners Europe Finance Inc.	Sub-Holding Company	Marshall Is.	1/01	12/31	1/01	12/31	6/04	12/31

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

(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 Partners evaluates its investments with equity method, 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) Use of Estimates: The preparation of consolidated financial statements in conformity with the accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and 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 future drydock dates, the selection of useful lives for tangible assets, expected future cash flows from long-lived assets to support impairment tests, provisions necessary for accounts

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receivables, 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.

- (e) **Cash and Cash equivalents:** Cash and cash equivalents consist of cash on hand, deposits held on call with banks, and other short-term liquid investments with original maturities of three months or less.
- (f) **Restricted Cash:** Restricted cash includes an amount of \$4,184 held in retention and pledged accounts as required by Navios Partners' credit facilities. As of December 31, 2015 and 2014, the restricted cash held in retention accounts was \$7,789 and \$954, respectively.
- (g) **Accounts Receivable, net:** The amount shown as accounts receivable, net at each balance sheet date includes receivables from charterers for hire, freight and demurrage billings, net of a provision for doubtful accounts. At each balance sheet date, all potentially uncollectible accounts are assessed individually for purposes of determining the appropriate provision for doubtful accounts. The allowance for doubtful accounts as of December 31, 2015 and 2014 was \$0 and \$49, respectively.
- (h) **Vessels, net:** Vessels are stated at historical cost, which consists of the contract price and any material expenses incurred upon acquisition (improvements and delivery expenses). 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. 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 drybulk vessels based on a scrap value cost of steel times the weight of the ship noted in lightweight ton (LWT). 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 affects depreciation expense in the period of the revision and future periods. Prior to December 31, 2012, management estimated the residual values of its vessels based on a scrap rate of \$285 per LWT. Effective January 1, 2013, following management's reassessment after considering current market trends for scrap rates and ten-year average historical scrap rates of the residual values of the Company's vessels, the estimated scrap value per LWT was increased to \$340. This change in accounting estimate of scrap value did not materially affect the statement of income and the earnings per unit of the Company for the year ended December 31, 2013.

Management estimates the useful life of drybulk and container vessels to be 25 and 30 years, respectively, 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.

- (i) **Deferred Drydock and Special Survey costs:** Navios Partners' vessels are subject to regularly scheduled drydocking and special surveys which are generally carried out every 30 or 60 months, depending on the vessels' ages to coincide with the renewal of the related certificates issued by the classification societies, unless a further extension is obtained in rare cases and under certain conditions. The cost of drydocking and special surveys are deferred and amortized over the above periods or to the next drydocking or special survey date if such date has been determined.

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Costs capitalized as part of the drydocking or special survey consist principally of the actual costs incurred at the yard and expenses relating to spare parts, paints, lubricants and services incurred solely during the drydocking or special survey period. For the years ended December 31, 2015, 2014 and 2013, the amortization expense was \$4,043, \$761 and \$0, respectively.

The costs of drydocking and special surveys was included in the daily management fee of \$4.65 per owned Ultra-Handymax vessel, \$4.55 per owned Panamax vessel and \$5.65 per owned Capesize vessel through December 31, 2013. In each of October 2013, August 2014 and February 2015, Navios Partners amended its existing Management Agreement with the Manager, a subsidiary of Navios Holdings, to fix the fees for ship management services of its owned fleet at: (a) \$4.00 daily rate per Ultra-Handymax vessel; (b) \$4.10 daily rate per Panamax vessel; (c) \$5.10 daily rate per Capesize vessel; (d) \$6.50 daily rate per Container vessel of TEU 6,800; (e) \$7.20 daily rate per Container vessel of more than TEU 8,000; and (f) \$8.50 daily rate per very large Container vessel of more than TEU 13,000 through December 31, 2015. Drydocking expenses under this agreement are reimbursed by Navios Partners at cost at occurrence.

(j) **Impairment of long lived assets:** Vessels, other fixed assets and other long lived assets held and used by Navios Partners 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. In accordance with accounting for the impairment or disposal of long-lived assets, Navios Partners 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 vessel and compared to the vessel carrying value of the vessel and related carrying value of the intangible with respect to the time charter agreement attached to that vessel. Within the shipping industry, vessels are customarily bought and sold with a charter attached. The value of the charter may be favorable or unfavorable when comparing the charter rate to 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 asset group.

During the fourth quarter of fiscal 2015, management concluded that events occurred and circumstances had changed, which indicated that potential impairment of Navios Partners long-lived assets may exist. These indicators included continued deterioration in the spot market, and the related impact of the current drybulk and container sector has on management's expectation for future revenues. As a result, an impairment assessment of long-lived assets was performed.

Navios Partners determined undiscounted projected net operating cash flows for each vessel and compared it to the vessel's carrying value together with the carrying value of the related intangible. The significant factors and assumptions used in the undiscounted projected net operating cash flow analysis included: determining the projected net operating cash flows by considering the charter revenues from existing time charters for the fixed fleet days (Navios Partners' remaining charter agreement rates) and an estimated daily time charter equivalent for the unfixed days (based on a combination of the Navios Partners' remaining charter agreement rates and the 10-year average historical one year time charter rates adjusted for outliers) over the remaining economic life of each vessel, net of brokerage and address commissions and excluding days of scheduled off-hires, management fees fixed until December 2015 and thereafter assuming an annual increase of 3.0% and utilization rate of 98.6% based on the fleet's historical performance. The assessment concluded that step two of the impairment analysis

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was not required and no impairment of vessels and the intangible assets existed as of December 31, 2015, as the undiscounted projected net operating cash flows exceeded the carrying value.

In the event that impairment would occur, the fair value of the related asset would be determined and an impairment charge would be recorded to operations calculated by comparing the asset's carrying value to its fair value. Fair value is estimated primarily through the use of third-party valuations performed on an individual vessel basis.

Although management believes the underlying assumptions supporting this assessment are reasonable, if charter rate trends and the length of the current market downturn, vary significantly from our forecasts, management may be required to perform step two of the impairment analysis in the future that could expose Navios Partners to material impairment charges in the future.

No impairment loss was recognized for any of the periods presented.

- (k) **Deferred Financing Cost:** Deferred financing costs include fees, commissions and legal expenses associated with obtaining credit facilities. These costs are amortized over the life of the related facility using the effective interest rate method, and are included in interest expense. Amortization expense and write-offs of deferred financing cost, including amortization of debt discount, for each of the years ended December 31, 2015, 2014 and 2013 were \$3,727, \$3,091 and \$4,035, respectively.
- (l) **Intangible assets and liabilities:** Navios Partners' intangible assets and liabilities consist of favorable lease terms and unfavorable lease terms. When intangible assets or liabilities associated with the acquisition of a vessel are identified, they are recorded at fair value. Fair value is determined by reference to market data and the discounted amount of expected future cash flows. Where charter rates are higher than market charter rates, an asset is recorded, being the difference between the acquired charter rate and the market charter rate for an equivalent vessel. Where charter rates are less than market charter rates, a liability is recorded, being the difference between the assumed charter rate and the market charter rate for an equivalent vessel. The determination of the fair value of acquired assets and assumed liabilities requires Navios Partners to make significant assumptions and estimates of many variables including market charter rates, expected future charter rates, the level of utilization of its vessels and its weighted average cost of capital. The use of different assumptions could result in a material change in the fair value of these items, which could have a material impact on Navios Partners' financial position and results of operations.

The amortizable value of favorable and unfavorable leases is amortized over the remaining life of the lease term and the amortization expense is included in the statement of income in the depreciation and amortization line item. The amortizable value of favorable leases would be considered impaired if their fair market values could not be recovered from the future undiscounted cash flows associated with the asset. Management, after considering various indicators, performed an impairment test which included intangible assets as described in paragraph (j) above. As of

December 31, 2015, there was no impairment of intangible assets.

(m) Foreign currency translation: Navios Partners' functional and reporting currency is the U.S. Dollar. Navios Partners engages in worldwide commerce with a variety of entities. Although, its operations may expose it to certain levels of foreign currency risk, its transactions are predominantly U.S. dollar denominated. Additionally, Navios Partners' wholly-owned vessel subsidiaries transacted a nominal amount of their operations in Euros; however, all of the subsidiaries' primary cash flows are U.S. dollar denominated. Transactions in currencies other than the functional currency 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

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settled or translated, are recognized in the statement of operations. The foreign currency gains/(losses) recognized in the accompanying consolidated statements of income, in other income or expense, for each of the years ended December 31, 2015, 2014 and 2013 were \$19, \$13 and \$(13), respectively.

- (n) **Provisions:** Navios Partners, in the ordinary course of its business, is subject to various claims, suits and complaints. Management, in consultation with internal and external advisors, will provide for a contingent loss in the financial statements if the contingency had been incurred and the likelihood of loss is deemed to be probable at the date of the financial statements and the amount of the loss can be reasonably estimated. In accordance with the accounting for contingencies, if Navios Partners has determined that the reasonable estimate of the loss is a range and there is no best estimate within the range, Navios Partners will accrue the lower amount of the range. Navios Partners, through the management agreement, participates in Protection and Indemnity (P&I) insurance coverage plans provided by mutual insurance societies known as P&I clubs. Under the terms of these plans, participants may be required to pay additional premiums to fund operating deficits incurred by the clubs (additional calls). Obligations for additional calls are accrued annually based on announcements made by the board of Directors of each Club at the end of each policy year pertaining to collection of any additional calls for the closed policy year/s.
- (o) **Segment Reporting:** Navios Partners reports financial information and evaluates its operations by charter revenues and not by the length of ship employment for its customers. Navios Partners does not use discrete financial information to evaluate operating results for each type of charter. Management does not identify expenses, profitability or other financial information by charter type. As a result, management reviews operating results solely by revenue per day and operating results of the fleet and thus Navios Partners has determined that it operates under one reportable segment.

(p) **Revenue and Expense Recognition:**

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 time charter of vessels.

Voyage revenues for the transportation of cargo are recognized ratably over the estimated relative transit time of each voyage. Voyage expenses are recognized as incurred. 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 minimum lease revenue over the rental periods of such charter agreements, as service is performed. A time charter involves placing a vessel at the charterer's 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.

Revenues from profit-sharing are calculated at an agreed percentage of the excess of the charterer's average daily income over an agreed amount and accounted for on an accrual basis based on provisional amounts.

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 rate. Since address commissions

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represent a discount (sales incentive) on services rendered by Navios Partners and no identifiable benefit is received in exchange for the consideration provided to the charterer, these commissions are presented as a reduction of revenue.

Time Charter and Voyage Expenses: Time charter and voyage expenses comprise all expenses related to each particular voyage, including time charter hire paid and bunkers, port charges, canal tolls, cargo handling, agency fees and brokerage commissions. Time charter expenses are expensed over the period of the time charter and voyage expenses are recognized as incurred.

Management fees: Pursuant to the amended Management Agreement, in each of October 2013, August 2014 and February 2015, the Manager, a wholly owned subsidiary of Navios Holdings, provides commercial and technical management services to Navios Partners' vessels for a daily fee of: (a) \$4.00 daily rate per Ultra-Handymax vessel; (b) \$4.10 daily rate per Panamax vessel; (c) \$5.10 daily rate per Capesize vessel; (d) \$6.50 daily rate per Container vessel of TEU 6,800; (e) \$7.20 daily rate per Container vessel of TEU 8,000; and (f) \$8.50 daily rate per very large Container vessel of more than TEU 13,000 through December 31, 2015. Drydocking expenses under this agreement are reimbursed by Navios Partners at cost at occurrence.

General and administrative expenses: Pursuant to the Administrative Services Agreement dated November 16, 2007, the Manager also provides administrative services to Navios Partners, which include bookkeeping, audit and accounting services, legal and insurance services, administrative and clerical services, banking and financial services, advisory services, client and investor relations and other. The Manager is reimbursed for reasonable costs and expenses incurred in connection with the provision of these services. Navios Partners extended the duration of its existing Administrative Services Agreement with the Manager pursuant to the same terms, until December 31, 2017.

Deferred Revenue: Deferred revenue primarily relates to cash received from charterers prior to it being earned. These amounts are recognized as revenue over the voyage or charter period.

Prepaid Voyage Costs: Prepaid voyage costs relate to cash paid in advance for expenses associated with voyages. These amounts are recognized as expense over the charter period.

Inventory: Inventories, which are comprised of bunkers due to freight voyages, are valued at cost as determined on the first-in, first-out basis.

(q) Financial Instruments: Financial instruments carried on the balance sheet include cash and cash equivalents, restricted cash, accounts receivables and accounts payables, other receivables and other liabilities and long-term debt. The particular recognition methods applicable to each class of financial instrument are disclosed in the applicable significant policy description of each item, or included below as applicable.

Financial risk management: Navios Partners' activities expose it to a variety of financial risks including fluctuations in future freight rates, time charter hire rates, and fuel prices, credit and interest rates risk. Risk management is carried

out under policies approved by executive management. Guidelines are established for overall risk management, as well as specific areas of operations.

Credit risk: Navios Partners closely monitors its exposure to customers and counter-parties for credit risk. Navios Partners has entered into the management agreement with the Manager, pursuant to which the Manager agreed to provide commercial and technical management services to Navios Partners. When negotiating on

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behalf of Navios Partners various vessel employment contracts, the Manager has policies in place to ensure that it trades with customers and counterparties with an appropriate credit history.

Financial instruments that potentially subject Navios Partners to concentrations of credit risk are accounts receivable and cash and cash equivalents. Navios Partners does not believe its exposure to credit risk is likely to have a material adverse effect on its financial position, results of operations or cash flows.

For the year ended December 31, 2015, our most significant counterparties were Hyundai Merchant Marine Co., Ltd., Navios Corporation and Yang Ming Marine Transport Corporation, which accounted for approximately 24.0%, 17.4% and 11.4%, respectively, of total revenues. For the year ended December 31, 2014, Navios Partners customers representing 10% or more of total revenues were Hyundai Merchant Marine Co., Ltd and Navios Corporation, which accounted for 24.4% and 11.0%, respectively of total revenues. For the year ended December 31, 2013, Navios Partners customers representing 10% or more of total revenues were Cosco Bulk Carrier Co. Ltd., Hanjin Shipping Co. Ltd, Navios Corporation and Samsun Logix, which accounted for 23.4%, 11.3%, 10.4% and 10.2%, respectively, of total revenues. No other customers accounted for 10% or more of total revenues for any of the years presented.

Foreign exchange risk: Foreign currency transactions are translated into the measurement currency rates prevailing at the dates of transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognized in the consolidated statements of income.

(r) **Cash Distribution:** As per the Partnership Agreement, within 45 days following the end of each quarter, to the extent and as may be declared by the Board, an amount equal to 100% of Available Cash with respect to such quarter shall be distributed to the partners as of the record date selected by the Board of Directors.

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

less the amount of cash reserves established by the board of directors to:

provide for the proper conduct of the business (including reserve for Maintenance and Replacement Capital Expenditures)

comply with applicable law, any of Navios Partners debt instruments, or other agreements; or

provide funds for distributions to the unitholders and to the general partner for any one or more of the next four quarters;

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

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

Maintenance and Replacement Capital Expenditures: Maintenance and Replacement capital expenditures are those capital expenditures required to maintain over the long-term the operating capacity of or the revenue generated by Navios Partners' capital assets, and expansion capital expenditures are those capital expenditures

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that increase the operating capacity of or the revenue generated by the capital assets. To the extent, however, that capital expenditures associated with acquiring a new vessel increase the revenues or the operating capacity of our fleet, those capital expenditures would be classified as expansion capital expenditures. As at December 31, 2015, 2014 and 2013, Maintenance and Replacement capital expenditures reserve approved by the Board of Directors was \$13,811, \$24,047 and \$14,593, respectively.

Recent Accounting Pronouncements

In February 2016, the FASB issued Accounting Standards Update No. 2016-02, Leases (Topic 842) (ASU 2016-02). 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 February 2015, the FASB issued the ASU 2015-02, Consolidation (Topic 810) Amendments to the Consolidation Analysis, which amends the criteria for determining which entities are considered VIEs, amends the criteria for determining if a service provider possesses a variable interest in a VIE and ends the deferral granted to investment companies for application of the VIE consolidation model. The ASU is effective for interim and annual periods beginning after December 15, 2015. Early application is permitted. We do not expect the adoption of this ASU to have a material impact on the Company's results of operations, financial position or cash flows, except if Navios Partners were to enter into new arrangements in 2015 that fall into the scope prior to adoption of this standard.

In January 2015, the FASB issued ASU 2015-01, Income Statement Extraordinary and Unusual Items. This standard eliminates the concept of extraordinary and unusual items from U.S. GAAP. The new standard is effective for annual and interim periods after December 15, 2015. Early adoption is permitted. Navios Partners adopted this standard with effect as of January 1, 2016. The adoption of the new standard is not expected to have a material impact on Navios Partners' results of operations, financial position or cash flows.

In August 2014, the FASB issued ASU No. 2014-15, Presentation of Financial Statements-Going Concern (Subtopic 205-40): Disclosure of Uncertainties About an Entity's Ability to Continue as a Going Concern. This standard requires management to assess an entity's ability to continue as a going concern, and to provide related footnote disclosures in certain circumstances. Before this new standard, no accounting guidance existed for management on when and how to assess or disclose going concern uncertainties. The amendments are effective for annual periods ending after December 15, 2016, and interim periods within annual periods beginning after December 15, 2016. Early application is permitted. We plan to adopt this standard effective January 1, 2017. The adoption of the new standard is not expected to have a material impact on Navios Partners' 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 income. 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 is effective for interim and annual periods beginning after December 15, 2016. Early adoption is not permitted. We are currently reviewing the effect of ASU No. 2014-09 on our revenue recognition.

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(Expressed in thousands of U.S. Dollars except unit and per unit data)

In April 2014, the FASB issued ASU 2014-08, Presentation of Financial Statements and Property, Plant and Equipment changing the presentation of discontinued operations on the statements of income and other requirements for reporting discontinued operations. Under the new standard, a disposal of a component or a group of components of an entity is required to be reported in discontinued operations if the disposal represents a strategic shift that has (or will have) a major effect on an entity's operations and financial results when the component meets the criteria to be classified as held-for-sale or is disposed. The amendments in this update also require additional disclosures about discontinued operations and disposal of an individually significant component of an entity that does not qualify for discontinued operations. The new accounting guidance is effective for interim and annual periods beginning after December 15, 2014. The adoption of the new standard is not expected to have a material impact on Navios Partners results of operations, financial position or cash flows.

NOTE 3 CASH AND CASH EQUIVALENTS

Cash and cash equivalents consisted of the following:

	December 31, 2015	December 31, 2014
Cash on hand and at banks	\$ 26,332	\$ 79,103
Short-term deposits and highly liquid funds	418	20,392
Total cash and cash equivalents	\$ 26,750	\$ 99,495

Short-term deposits and highly liquid funds relate to amounts held in banks for general financing purposes. As of December 31, 2015, Navios Partners held money market funds of \$418 with duration of less than three months. As of December 31, 2014, Navios Partners held time deposits of \$19,000 and money market funds of \$1,392 with duration of less than three months.

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

Restricted cash, at each of December 31, 2015 and December 31, 2014, included \$7,789 and \$954, respectively, which related to amounts held in retention accounts as required by certain of Navios Partners' credit facilities.

NOTE 4 ACCOUNTS RECEIVABLE, NET

Accounts receivable consisted of the following:

	December 31, 2015	December 31, 2014
Accounts receivable	\$ 3,999	\$ 13,327
Less: Provision for doubtful receivables		(49)
Accounts receivable, net	\$ 3,999	\$ 13,278

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in thousands of U.S. Dollars except unit and per unit data)

Charges to provisions for doubtful accounts are summarized as follows:

	Balance at beginning of period	Charges to costs and expenses	Amount utilized	Balance at end of period
Allowance for doubtful receivables				
Year ended December 31, 2015	\$ (49)	\$	\$ 49	\$
Year ended December 31, 2014	\$ (613)	\$	\$ 564	\$ (49)
Year ended December 31, 2013	\$ (458)	\$ (155)	\$	\$ (613)

NOTE 5 PREPAID EXPENSES AND OTHER CURRENT ASSETS

Prepaid expenses and other current assets consisted of the following:

	December 31, 2015	December 31, 2014
Prepaid voyage costs	\$ 137	\$ 634
Inventory	1,160	826
Other		10
Total prepaid expenses and other current assets	\$ 1,297	\$ 1,470

Inventories, which are comprised of bunkers due to freight voyages, are valued at cost as determined on the first-in, first-out basis.

NOTE 6 VESSELS, NET

Vessels	Cost	Accumulated Depreciation	Net Book Value
Balance December 31, 2013	\$ 1,194,603	\$ (168,450)	\$ 1,026,153
Additions	163,745	(50,472)	113,273
Balance December 31, 2014	\$ 1,358,348	\$ (218,922)	\$ 1,139,426
Additions	147,840	(57,217)	90,623

Balance December 31, 2015	\$ 1,506,188	\$ (276,139)	\$ 1,230,049
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To date, for each of the vessels purchased from Navios Holdings, the vessel acquisition was effected through the acquisition of all of the capital stock of the vessel-owning companies, which held the ownership and other contractual rights and obligations related to each of the acquired vessels, including the vessel and a charter-out contract. Management accounted for each acquisition as an asset acquisition. At the transaction date, the purchase price approximated the fair value of the assets acquired, which was determined based on a combination of methodologies including discounted cash flow analyses and independent valuation analyses. The consideration paid, for each of these transactions, was allocated between the intangible assets (favorable lease term) and the vessel value.

On April 22, 2015, Navios Partners acquired from an unrelated third party the MSC Cristina, a 2011 South Korean-built Container vessel of 13,100 TEU, for an acquisition cost of \$147,840, of which \$14,802 relates to vessel deposits paid and transferred during the year.

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(Expressed in thousands of U.S. Dollars except unit and per unit data)

On October 28, 2014, Navios Partners acquired from an unrelated third party the YM Unity, a 2006-built Container vessel of 8,204 TEU, for an acquisition cost of \$59,095.

On August 29, 2014, Navios Partners acquired from an unrelated third party the YM Utmost, a 2006-built Container vessel of 8,204 TEU, for an acquisition cost of \$59,092.

On January 18, 2014, Navios Partners acquired from an unrelated third party the Navios Sun, a 2005-built Panamax vessel of 76,619 dwt, for an acquisition cost of \$16,176, of which \$1,583 was transferred from vessel deposits.

On January 7, 2014, Navios Partners acquired from an unrelated third party the Navios La Paix, a 2014-built Ultra-Handymax vessel of 61,485 dwt, for an acquisition cost of \$28,478, of which \$5,688 was transferred from vessel deposits.

In December 2013, Navios Partners acquired from an unrelated third party five 2006 South Korean-built Container vessels of 6,800 TEU each, consisting of the Hyundai Hongkong, the Hyundai Singapore, the Hyundai Tokyo, the Hyundai Shanghai and the Hyundai Busan for an acquisition cost of \$276,478. Navios Partners allocated the total consideration to the fair value of the vessels, as these were the only assets acquired. There was no existing debt, charters or technical and commercial management agreements assumed, therefore, Navios Partners concluded that the acquisition of the Container vessels was an asset acquisition under ASC 805.

On October 11, 2013, Navios Partners acquired from an unrelated third party the Navios Harmony, an 82,790 dwt 2006 Japanese-built Panamax vessel, for an acquisition cost of \$17,955.

On September 11, 2013, Navios Partners acquired from an unrelated third party the Navios Joy, an 181,389 dwt 2013 Japanese-built Capesize vessel, for an acquisition cost of \$47,467.

NOTE 7 INTANGIBLE ASSETS

Intangible assets as of December 31, 2015 and 2014 consisted of the following:

	Cost	Accumulated Amortization	Net Book Value
Favorable lease terms December 31, 2013	\$ 248,528	\$ (129,123)	\$ 119,405
Additions		(23,287)	(23,287)
Accelerated amortization	(89,541)	67,478	(22,063)
	\$ 158,987	\$ (84,932)	\$ 74,055

**Favorable lease terms December 31,
2014**

Additions		(18,716)	(18,716)
Write-off	(31,199)	31,199	

**Favorable lease terms December 31,
2015**

	\$ 127,788	\$ (72,449)	\$ 55,339
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(Expressed in thousands of U.S. Dollars except unit and per unit data)

Amortization expense of favorable lease terms for the years ended December 31, 2015, 2014 and 2013 is presented in the following table:

	December 31, 2015	Year Ended December 31, 2014	December 31, 2013
Favorable lease terms	\$ (18,716)	\$ (23,287)	\$ (37,869)
Acceleration of favorable lease terms		(22,063)	(3,205)
Total	\$ (18,716)	\$ (45,350)	\$ (41,074)

The aggregate amortization of the intangibles as of December 31 is estimated to be as follows:

Year	Amount
2016	\$ 17,329
2017	15,809
2018	8,686
2019	6,103
2020	5,411
2021 and thereafter	2,001
	\$ 55,339

As of December 31, 2015, acquisition cost and accumulated amortization, each amounting \$31,199, was written-off as the intangible asset associated with the favorable lease that was fully amortized of the Navios Fulvia.

During the year ended December 31, 2014, Navios Partners accelerated \$22,010 of amortization of the Navios Pollux favorable lease intangible due to a change in its useful life following the termination of the credit default insurance policy (Refer to Note 20 Other Income for further details). The additional amount of \$53 of accelerated amortization incurred through December 31, 2014, related to the expiration of the intangible assets associated with two vessels of our fleet.

In relation to Navios Partners new suspension agreement, entered into in June 2013, the amount of \$3,205 of the Navios Melodia favorable lease term that corresponded to the suspension period until April 2016 was written-off in the statement of income under the caption of Depreciation and amortization .

Intangible assets subject to amortization are amortized using straight line method over their estimated useful lives to their estimated residual value of zero. The weighted average useful lives are 9.6 years for favorable lease terms charter out.

NOTE 8 ACCOUNTS PAYABLE

Accounts payable as of December 31, 2015 and 2014 consisted of the following:

	December 31, 2015	December 31, 2014
Creditors	\$ 329	\$ 1,571
Brokers	2,112	1,935
Insurances	149	151
Professional and legal fees	116	167
Total accounts payable	\$ 2,706	\$ 3,824

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NAVIOS MARITIME PARTNERS L.P.

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(Expressed in thousands of U.S. Dollars except unit and per unit data)

NOTE 9 ACCRUED EXPENSES

Accrued expenses as of December 31, 2015 and 2014 consisted of the following:

	December 31, 2015	December 31, 2014
Accrued voyage expenses	\$ 1,411	\$ 2,620
Accrued loan interest	864	380
Accrued legal and professional fees	241	623
Total accrued expenses	\$ 2,516	\$ 3,623

NOTE 10 BORROWINGS

Borrowings as of December 31, 2015 and 2014 consisted of the following:

	December 31, 2015	December 31, 2014
Term Loan B facility	\$ 411,292	\$ 433,389
Credit facilities	194,569	153,349
Total borrowings	\$ 605,861	\$ 586,738
Less: Long-term unamortized discount	(2,464)	(3,459)
Less: Current portion of long-term debt, net	(23,336)	(16,435)
Less: Deferred financing costs, net	(5,319)	(7,305)
Long-term debt, net	\$ 574,742	\$ 559,539

In June 2013, Navios Partners completed the issuance of the \$250,000 Term Loan B facility. The Term Loan B facility bears an interest rate of LIBOR plus 425 basis points (bps) and has a five-year term with 1.0% amortization profile and was issued at 98.0% (at a discount of \$5,000). Navios Partners used the net proceeds of the Term Loan B facility to: (i) prepay \$101,614 of the facility with Commerzbank AG and DVB Bank AG (the July 2012 Credit Facility); (ii) fully repay the outstanding balance of \$41,225 of the credit facility entered with DVB Bank AG on August 8, 2012 (the August 2012 Credit Facility); (iii) deposit \$98,179 to be held in escrow, to partially finance part of the acquisition of four new vessels, of which \$47,000 was released in September 2013 for the acquisition of the

Navios Joy, \$17,750 was released in October 2013 for the acquisition of the Navios Harmony and \$33,429 was released in January 2014 to finance a portion of the purchase prices of the Navios Sun and the Navios La Paix, which were delivered in January 2014; and (iv) cover fees and expenses. The refinancing of the August 2012 Credit Facility was accounted for as a debt extinguishment in accordance with ASC470 Debt and the remaining unamortized balance of \$707 was written-off from the deferred financing fees.

On November 1, 2013, Navios Partners completed the issuance of a \$189,500 add-on to its existing Term Loan B facility. The add-on to the Term Loan B facility bears the same terms as Term Loan B facility and was issued at 100%. Navios Partners used the net proceeds to partially finance the acquisition of five Container vessels.

On March 30, 2015 and on March 23, 2016, Navios Partners prepaid \$21,000 and \$3,000, respectively, of the Term Loan B facility. These prepayments were fully applied to the balloon payment. Following the prepayment of March 2015, an amount of \$256 was written-off from the deferred financing fees.

Table of Contents**NAVIOS MARITIME PARTNERS L.P.****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

(Expressed in thousands of U.S. Dollars except unit and per unit data)

The Term Loan B facility is secured by first priority mortgages covering certain vessels owned by subsidiaries of Navios Partners, in addition to other collateral and is guaranteed by each subsidiary of Navios Partners. The Term Loan B Agreement requires maintenance of a loan to value ratio of 0.8 to 1.0, and other restrictive covenants customary for facilities of this type (subject to negotiated exceptions and baskets), including restrictions on indebtedness, liens, acquisitions and investments, restricted payments and dispositions. The Term Loan B Agreement also provides for customary events of default, prepayment and cure provisions.

As of December 31, 2015, the outstanding balance of the Term Loan B facility including the add-on was \$408,828, net of discount of \$2,464, and it is repayable with a final payment of \$411,292, in June 2018.

On September 22, 2014, Navios Partners entered into a credit facility with ABN AMRO Bank N.V. (the September 2014 Credit Facility) of up to \$56,000 (divided into two tranches) in order to finance a portion of the purchase price payable in connection with the acquisition of the YM Utmost and the YM Unity. Each tranche of the September 2014 Credit Facility was repayable in 20 equal quarterly installments of approximately \$688, with a final balloon payment of \$14,250 on the last repayment date. The maturity date of each tranche was five years after the drawdown date of such tranche. The tranches of the September 2014 Credit Facility bear interest at LIBOR plus 300 bps per annum. On March 30, 2015, Navios Partners prepaid \$21,312 out of \$53,938 outstanding on that date. Following this prepayment, an amount of \$314 was written-off from the deferred financing fees. On April 8, 2015, Navios Partners entered into a supplemental agreement (the First Supplemental Agreement) to its September 2014 Credit Facility with ABN AMRO Bank N.V. following the release and discharge of Fairy Shipping Corporation and the YM Utmost from its obligations and liabilities under the September 2014 Credit Facility pursuant to a deed of release dated March 30, 2015. As of December 31, 2015, the outstanding balance of the loan was \$29,424, and is repayable in 16 consecutive quarterly installments, the first 11 of which are \$1,067 and the next five are \$688, with a final balloon payment of \$14,250 on the last repayment date.

On March 27, 2015, Navios Partners prepaid \$2,346 of the July 2012 Credit facility and the prepayment was applied to 2015 installments. As of December 31, 2015, the outstanding balance of the July 2012 Credit facility was \$88,282, and it was repayable in seven installments of \$3,456 and one installment of \$5,868, with a final balloon payment of \$58,223. On January 8, 2016, Navios Partners prepaid the 2016 installments in the amount of \$16,235 of the July 2012 Credit facility. This payment of this facility was accounted for as debt modification in accordance with ASC470 Debt.

On April 16, 2015, Navios Partners, through certain of its wholly-owned subsidiaries, entered into a term loan facility agreement of up to \$164,000 (divided into two tranches) with HSH Nordbank AG (the April 2015 Credit Facility), in order to finance a portion of the purchase price payable in connection with the acquisition of the MSC Cristina and one more super-post-panamax 13,100 TEU container vessel. In September 30, 2015, the second tranche of April 2015 Credit Facility of \$83,000 was cancelled. As of December 31, 2015, the outstanding balance of the April 2015 Credit facility of \$76,863 was drawn on April 20, 2015, is repayable in 26 equal consecutive quarterly installments of \$1,478, with a final balloon payment of \$38,431 on the last repayment date. The final maturity date is April 20, 2022. The April 2015 Credit Facility bears interest at LIBOR plus 275 bps per annum. The April 2015 Credit Facility also

requires compliance with certain financial covenants. Among other events, it will be an event of default under this credit facility if the financial covenants are not complied with.

In May 2015, Navios Partners entered into a term loan facility with Navios Holdings of up to \$60,000 (the Navios Holdings Credit Facility). The Navios Holdings Credit Facility has a margin of LIBOR plus 300 bps. The final maturity date is January 2, 2017. As of December 31, 2015, there was no outstanding amount under this facility and all \$60,000 remained to be drawn.

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As of December 31, 2015, the total amount available to be drawn from all Navios Partners credit facilities was \$60,000.

As of December 31, 2015, the total borrowings, net under the Navios Partners credit facilities were \$598,078.

Amounts drawn under the July 2012 Credit Facility are secured by first preferred mortgages on certain Navios Partners vessels and other collateral and are guaranteed by the respective vessel-owning subsidiary. Amounts drawn under the September 2014 Credit Facility and the April 2015 Credit Facility are secured by first preferred mortgages on certain Navios Partners vessels and other collateral and are guaranteed by Navios Partners. The July 2012 Credit Facility, the September 2014 Credit Facility and April 2015 Credit Facility contain a number of restrictive covenants that prohibit or limit Navios Partners from, among other things: incurring or guaranteeing indebtedness; entering into affiliate transactions; charging, pledging or encumbering the vessels; changing the flag, class, management or ownership of Navios Partners vessels; changing the commercial and technical management of Navios Partners vessels; selling or changing the beneficial ownership or control of Navios Partners vessels; not maintaining Navios Holdings (or its affiliates) ownership in Navios Partners of at least 15.0%; and subordinating the obligations under the credit facilities to any general and administrative costs relating to the vessels, including the fixed daily fee payable under the management agreement.

The July 2012 Credit Facility, the September 2014 Credit Facility and April 2015 Credit Facility also require compliance with a number of financial covenants, including: (i) maintain a required security amount ranging over 117% to 140%; (ii) minimum free consolidated liquidity of at least the higher of \$25,000 and the aggregate of interest and principal falling due during the previous six months; (iii) maintain a ratio of EBITDA to interest expense of at least 2.00 : 1.00; (iv) maintain a ratio of total liabilities to total assets (as defined in our credit facilities) of less than 0.75 : 1.00; and (v) maintain a minimum net worth to \$135,000 for the periods prior to any distributions by the Company, whilst during the last quarter prior to any distribution declaration should maintain: (a) a ratio of EBITDA to interest expense of at least 5.00 : 1.00; (b) a ratio of total liabilities to total assets (as defined in our credit facilities) of less than 0.65 : 1.00; and (c) a minimum net worth to \$250,000. It is an event of default under the credit facilities if such covenants are not complied with in accordance with the terms and subject to the prepayment or cure provision of each facility.

As of December 31, 2015, Navios Partners was in compliance with the financial covenants of all of its credit facilities.

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

Year	Amount
2016	\$ 26,416
2017	82,227

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2018	421,093
2019	8,663
2020	20,162
2021 and thereafter	47,300
	\$ 605,861

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NOTE 11 FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

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

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

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

	December 31, 2015		December 31, 2014	
	Book Value	Fair Value	Book Value	Fair Value
Cash and cash equivalents	\$ 26,750	\$ 26,750	\$ 99,495	\$ 99,495
Restricted cash	\$ 7,789	\$ 7,789	\$ 954	\$ 954
Loans receivable from affiliates	\$ 1,521	\$ 1,521	\$ 750	\$ 750
Amounts due to related parties	\$ (8,680)	\$ (8,680)	\$ (1,880)	\$ (1,880)
Term Loan B facility, net	\$ (404,977)	\$ (406,410)	\$ (424,252)	\$ (431,764)
Other long-term debt, net	\$ (193,102)	\$ (194,569)	\$ (151,722)	\$ (153,349)

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.

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Level III: Inputs that are unobservable. The Company did not use any Level 3 inputs as of December 31, 2015 and December 31, 2014.

	Fair Value Measurements at December 31, 2015			
	Total	Level I	Level II	Level III
Cash and cash equivalents	\$ 26,750	\$ 26,750	\$	\$
Restricted cash	\$ 7,789	\$ 7,789	\$	\$
Loans receivable from affiliates	\$ 1,521	\$	\$ 1,521	\$
Term Loan B facility, net ⁽¹⁾	\$ (406,410)	\$	\$ (406,410)	\$
Other long-term debt, net ⁽¹⁾	\$ (194,569)	\$	\$ (194,569)	\$

	Fair Value Measurements at December 31, 2014			
	Total	Level I	Level II	Level III
Cash and cash equivalents	\$ 99,495	\$ 99,495	\$	\$
Restricted cash	\$ 954	\$ 954	\$	\$
Loans receivable from affiliates	\$ 750	\$	\$ 750	\$
Term Loan B facility, net ⁽¹⁾	\$ (431,764)	\$	\$ (431,764)	\$
Other long-term debt, net ⁽¹⁾	\$ (153,349)	\$	\$ (153,349)	\$

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

NOTE 12 ISSUANCE OF UNITS

On February 11, 2015, Navios Partners completed its public offering of 4,000,000 common units at \$13.09 per unit and raised gross proceeds of approximately \$52,360 to fund its fleet expansion. The net proceeds of this offering, including the underwriting discount and excluding offering costs of \$216 were approximately \$50,120. Pursuant to this offering, Navios Partners issued 81,633 general partnership units to its general partner. The net proceeds from the issuance of the general partnership units were \$1,069. On the same date, Navios Partners completed the exercise of the option previously granted to the underwriters in connection with the offering and issued 600,000 additional common units at the public offering price less the underwriting discount. As a result of the exercise of the option, Navios Partners raised additional gross proceeds of \$7,854 and net proceeds, including the underwriting discount, of approximately \$7,518 and issued 12,245 additional general partnership units to its general partner. The net proceeds from the issuance of the general partnership units were \$160. In addition, Navios Partners completed a private placement of 1,120,547 common units and 22,868 general partner units at \$13.09 per unit to Navios Holdings, raising additional gross proceeds of \$14,967. Following the public offering and the private placement, Navios Holdings currently owns a 20.1% interest in Navios Partners, which includes the 2.0% interest through Navios Partners' general

partner which Navios Holdings owns and controls.

On February 14, 2014, Navios Partners completed its public offering of 5,500,000 common units at \$17.30 per unit and raised gross proceeds of approximately \$95,150 to fund its fleet expansion. The net proceeds of this offering, including the underwriting discount and excluding offering costs of \$306 were approximately \$91,135. Pursuant to this offering, Navios Partners issued 112,245 general partnership units to its general partner. The net proceeds from the issuance of the general partnership units were \$1,942. On February 18, 2014, Navios Partners completed the exercise of the option previously granted to the underwriters in connection with the offering and issued 825,000 additional common units at the public offering price less the underwriting discount. As a result of the exercise of the option, Navios Partners raised additional gross proceeds of \$14,273 and net proceeds, including the underwriting discount, of approximately \$13,670 and issued 16,837 additional general partnership units to its general partner. The net proceeds from the issuance of the general partnership units were \$291.

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(Expressed in thousands of U.S. Dollars except unit and per unit data)

On September 25, 2013, Navios Partners completed its public offering of 5,000,000 common units at \$14.26 per unit and raised gross proceeds of approximately \$71,300 to fund its fleet expansion. The net proceeds of this offering, including the underwriting discount and excluding offering costs of \$179 were approximately \$68,200. Pursuant to this offering, Navios Partners issued 102,041 general partnership units to its general partner. The net proceeds from the issuance of the general partnership units were \$1,455. On the same date, Navios Partners completed the exercise of the option previously granted to the underwriters in connection with the offering and issued 750,000 additional common units at the public offering price less the underwriting discount. As a result of the exercise of the option, Navios Partners raised additional gross proceeds of \$10,695. The net proceeds, including the underwriting discount, were approximately \$10,230 and issued 15,306 additional general partnership units to its general partner. The net proceeds from the issuance of the general partnership units were \$218.

On February 6, 2013, Navios Partners completed its public offering of 4,500,000 common units at \$14.15 per unit and raised gross proceeds of approximately \$63,675 to fund its fleet expansion. The net proceeds of this offering, including the underwriting discount and excluding offering costs of \$195 were approximately \$60,840. Pursuant to this offering, Navios Partners issued 91,837 general partnership units to its general partner. The net proceeds from the issuance of the general partnership units were \$1,299. On the same date, Navios Partners completed the exercise of the option previously granted to the underwriters in connection with the offering and issued 675,000 additional common units at the public offering price less the underwriting discount. As a result of the exercise of the option, Navios Partners raised additional gross proceeds of \$9,551. The net proceeds, including the underwriting discount, were approximately \$9,126 and issued 13,776 additional general partnership units to its general partner. The net proceeds from the issuance of the general partnership units were \$195.

NOTE 13 SEGMENT INFORMATION

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

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

Revenue by Geographic Region

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

	Year Ended December 31, 2015	Year Ended December 31, 2014	Year Ended December 31, 2013
Asia	\$ 133,542	\$ 125,572	\$ 119,776
Europe	70,121	64,858	48,906
North America	10,557	19,943	21,334
Australia	9,456	16,983	8,143
Total	\$ 223,676	\$ 227,356	\$ 198,159

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NOTE 14 INCOME TAXES

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

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

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

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

NOTE 15 COMMITMENTS AND CONTINGENCIES

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

In January 2011, Korea Line Corporation (KLC) which is the charterer of the Navios Melodia filed for receivership. The charter contract was affirmed and will be performed by KLC on its original terms, following an interim suspension period until April 2016 during which Navios Partners trades the vessel directly.

As of December 31, 2015, Navios Partners did not have any further commitments.

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NOTE 16 LEASES

The future minimum contractual lease income (charter-out rates are presented net of commissions and assume no off hires days) as of December 31, 2015, is as follows:

	Amount
2016	\$ 187,199
2017	157,484
2018	151,472
2019	122,315
2020	106,211
2021 and thereafter	318,716
	\$ 1,043,397

NOTE 17 TRANSACTIONS WITH RELATED PARTIES AND AFFILIATES

The Navios Holdings Credit facility: In May 2015, Navios Partners entered into the Navios Holdings Credit Facility of up to \$60,000. The Navios Holdings Credit Facility has a margin of LIBOR plus 300 bps. The final maturity date is January 2, 2017. As of December 31, 2015, there was no outstanding amount under this facility and all \$60,000 remained to be drawn.

Management fees: Pursuant to the amended Management Agreement, in each of October 2013, August 2014 and February 2015, the Manager, a wholly owned subsidiary of Navios Holdings, provides commercial and technical management services to Navios Partners' vessels for a daily fee of: (a) \$4.00 daily rate per Ultra-Handymax vessel; (b) \$4.10 daily rate per Panamax vessel; (c) \$5.10 daily rate per Capesize vessel; (d) \$6.50 daily rate per Container vessel of TEU 6,800; (e) \$7.20 daily rate per Container vessel of more than TEU 8,000; and (f) \$8.50 daily rate per very large Container vessel of more than TEU 13,000 through December 31, 2015. In January 2016, Navios Partners amended its existing management agreement with the Manager to fix the fees for ship management services of its owned fleet at: (a) \$4.10 daily rate per Ultra-Handymax vessel; (b) \$4.20 daily rate per Panamax vessel; (c) \$5.25 daily rate per Capesize vessel; (d) \$6.70 daily rate per Container vessel of TEU 6,800; (e) \$7.40 daily rate per Container vessel of more than TEU 8,000; and (f) \$8.75 daily rate per very large Container vessel of more than TEU 13,000 through December 31, 2017. Drydocking expenses under this agreement are reimbursed by Navios Partners at cost at occurrence. Total drydocking expenses reimbursed during the year ended December 31, 2015, 2014 and 2013 were \$4,043, \$761 and \$0, respectively.

Total management fees for the year ended December 31, 2015, 2014 and 2013 amounted to \$56,504, \$50,359 and \$36,173, respectively.

General and administrative expenses: Pursuant to the Administrative Services Agreement, the Manager also provides administrative services to Navios Partners, which include bookkeeping, audit and accounting services, legal and insurance services, administrative and clerical services, banking and financial services, advisory services, client and investor relations and other. The Manager is reimbursed for reasonable costs and expenses incurred in connection with the provision of these services. Navios Partners extended the duration of its existing Administrative Services Agreement with the Manager pursuant to the same terms, until December 31, 2017.

Total general and administrative expenses charged by Navios Holdings for the year ended December 31, 2015, 2014 and 2013 amounted to \$6,205, \$6,089 and \$4,366, respectively.

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Balance due to related parties: Included in the current liabilities as of December 31, 2015 was an amount of \$8,680, which represented the current account payable to Navios Holdings and its subsidiaries. The balance mainly consisted of payables for drydock and special survey expenses of \$5,714, management fees outstanding of \$1,203 and other receivables of \$1,763. Amounts due to related parties as of December 31, 2014 was \$1,880 mainly consisted of other payables for drydock and special survey expenses of \$2,155 mitigated by other receivables of \$275.

Vessel Chartering: In February 2012, Navios Partners entered into a charter with a subsidiary of Navios Holdings for the Navios Apollon, a 2000-built Ultra-Handymax vessel. The term of this charter was approximately two years, at a net daily rate of \$12.50 for the first year and \$13.50 for the second year, plus 50/50 profit sharing based on actual earnings. In January 2014, this charter was extended for approximately six months at a net daily rate of \$13.50 plus 50/50 profit sharing based on actual earnings and in October 2014, this charter was further extended for approximately one year at a net daily rate of \$12.50 plus 50/50 profit sharing based on actual earnings. In April 2015, this charter was further extended for approximately one year at a net daily rate of \$12.50 plus 50/50 profit sharing based on actual earnings at the end of the period. Any adjustment by the charterers for hire expense/loss will be settled accordingly at the end of the charter period. For this charter, for the years ended December 31, 2015, 2014 and 2013, the total revenue of Navios Partners from Navios Holdings amounted to \$4,281, \$4,768 and \$4,625, respectively.

In May 2012, Navios Partners entered into a charter with a subsidiary of Navios Holdings for the Navios Prosperity, a 2007-built Panamax vessel. The term of this charter was approximately one year with two six-month extension options granted to Navios Holdings, at a net daily rate of \$12.00 plus profit sharing. In April 2014, this charter was extended for approximately one year and the owners will receive 100% of the first \$1.50 in profits above the base rate, and thereafter all profits will be split 50/50 to each party. On February 11, 2015, Navios Partners and Navios Holdings entered into a novation agreement whereby the rights to the time charter contract of Navios Prosperity were transferred to Navios Holdings on March 5, 2015. For this charter, for the years ended December 31, 2015, 2014 and 2013, the total revenue of Navios Partners from Navios Holdings amounted to \$771, \$4,317 and \$4,401, respectively.

In September 2012, Navios Partners entered into a charter with a subsidiary of Navios Holdings for the Navios Libra, a 1995-built Panamax vessel. The term of this charter is approximately three years commencing in October 2012, at a net daily rate of \$12.00 plus 50/50 profit sharing based on actual earnings. In April 2015, this charter was further extended for approximately one year at a net daily rate of \$12.00 plus 50/50 profit sharing based on actual earnings at the end of the period. Any adjustment by the charterers for hire expense/loss will be settled accordingly at the end of the charter period. For this charter, for the years ended December 31, 2015, 2014 and 2013 the total revenue of Navios Partners from Navios Holdings amounted to \$4,346, \$4,034 and \$4,471, respectively.

In May 2013, Navios Partners entered into a charter with a subsidiary of Navios Holdings for the Navios Felicity, a 1997-built Panamax vessel. The term of this charter was approximately one year with two six-month extension options, at a net daily rate of \$12.00 plus profit sharing. The owners will receive 100% of the first \$1.50 in profits above the base rate, and thereafter all profits will be split 50/50 to each party. In February 2014, Navios Holdings exercised its first option to extend this charter, and in August 2014, Navios Holdings exercised its second option. In April 2015, this charter was further extended for approximately one year at a net daily rate of \$12.00 plus 50/50 profit

sharing based on actual earnings at the end of the period. Any adjustment by the charterers for hire expense/loss will be settled accordingly at the end of the charter period. For this charter, for the years ended December 31, 2015, 2014 and 2013, the total revenue of Navios Partners from Navios Holdings amounted to \$3,987, \$4,383 and \$2,848, respectively.

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In May 2013, Navios Partners entered into a charter with a subsidiary of Navios Holdings for the Navios Aldebaran, a 2008-built Panamax vessel. The term of this charter was approximately six months commencing in June 2013, at a net daily rate of \$11.00 plus profit sharing, with a six-month extension option. In December 2013, Navios Holdings exercised its option to extend this charter, at a net daily rate of \$11.00 plus profit sharing. The owners will receive 100% of the first \$2.50 in profits above the base rate, and thereafter all profits will be split 50/50 to each party. In July 2014, the Company further extended this charter for approximately six to nine months.

On February 11, 2015, Navios Partners and Navios Holdings entered into a novation agreement whereby the rights to the time charter contract of Navios Aldebaran were transferred to Navios Holdings on February 28, 2015. For this charter, for the years ended December 31, 2015, 2014 and 2013, the total revenue of Navios Partners from Navios Holdings amounted to \$640, \$4,036 and \$2,293, respectively.

In July 2013, Navios Partners entered into a charter with a subsidiary of Navios Holdings for the Navios Hope, a 2005-built Panamax vessel. The term of this charter was approximately one year, at a net daily rate of \$10.00. In December 2013, Navios Holdings extended this charter for approximately six months at a net daily rate of \$10.00 plus 50/50 profit sharing based on actual earnings. In January 2015, this charter was further extended for approximately one year at a net daily rate of \$10.00 plus 50/50 profit sharing based on actual earnings at the end of the period. The vessel was redelivered in December 2015. Any adjustment by the charterers for hire expense/loss will be settled accordingly at the end of the charter period. For this charter, for the years ended December 31, 2015, 2014 and 2013, the total revenue of Navios Partners from the subsidiary of Navios Holdings amounted to \$3,139, \$3,395 and \$1,874, respectively.

In July 2013, Navios Partners entered into a charter with a subsidiary of Navios Holdings for the Navios Pollux, a 2009-built Capesize vessel, which was completed in August 2013. In August 2014, Navios Partners entered into another charter with a subsidiary of Navios Holdings for the Navios Pollux. The term of this charter was approximately three months which commenced in August 2014, at a daily rate of \$21.3 net per day. The charter contract was completed in November 2014. In February 2015, Navios Partners entered into a charter with a subsidiary of Navios Holdings for the Navios Pollux, a 2009-built Capesize vessel. The term of this charter is approximately for twelve months at a daily rate of \$11.40 net per day plus 50/50 profit sharing based on actual earnings at the end of the period. Any adjustment by the charterers for hire expense/loss will be settled accordingly at the end of the charter period. For the years ended December 31, 2015, 2014 and 2013, the total revenue of Navios Partners from the subsidiary of Navios Holdings amounted to \$3,315, \$2,496 and \$1,509, respectively.

In March 2015, Navios Partners entered into a charter with a subsidiary of Navios Holdings for the Navios Gemini, a 1994-built Panamax vessel. The term of this charter is approximately nine months that commenced in March 2015, at a net daily rate of \$7.60 plus 50/50 profit sharing based on actual earnings at the end of the period. Any adjustment by the charterers for hire expense/loss will be settled accordingly at the end of the charter period. For the years ended December 31, 2015, 2014 and 2013, the total revenue of Navios Partners from the subsidiary of Navios Holdings amounted to \$1,903, \$0 and \$0, respectively.

In April 2015, Navios Partners entered into a charter with a subsidiary of Navios Holdings for the Navios Hyperion, a 2004-built Panamax vessel. The term of this charter is approximately ten months that commenced in April 2015, at a net daily rate of \$12.00 plus 50/50 profit sharing based on actual earnings at the end of the period. Any adjustment by the charterers for hire expense/loss will be settled accordingly at the end of the charter period. For the years ended December 31, 2015, 2014 and 2013, the total revenue of Navios Partners from the subsidiary of Navios Holdings amounted to \$2,115, \$0 and \$0, respectively.

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In April 2015, Navios Partners entered into a charter with a subsidiary of Navios Holdings for the Navios Soleil, a 2009-built Ultra-Handymax vessel. The term of this charter is approximately ten months that commenced in May 2015, at a net daily rate of \$12.00 plus 50/50 profit sharing based on actual earnings at the end of the period. The vessel was redelivered in December 2015. Any adjustment by the charterers for hire expense/loss will be settled accordingly at the end of the charter period. For the years ended December 31, 2015, 2014 and 2013, the total revenue of Navios Partners from the subsidiary of Navios Holdings amounted to \$1,892, \$0 and \$0, respectively.

In April 2015, Navios Partners entered into a charter with a subsidiary of Navios Holdings for the Navios Harmony, a 2006-built Panamax vessel. The term of this charter is approximately twelve months that commenced in May 2015, at a net daily rate of \$12.00 plus 50/50 profit sharing based on actual earnings at the end of the period. Any adjustment by the charterers for hire expense/loss will be settled accordingly at the end of the charter period. The vessel was redelivered in December 2015. For the years ended December 31, 2015, 2014 and 2013, the total revenue of Navios Partners from the subsidiary of Navios Holdings amounted to \$2,905, \$0 and \$0, respectively.

In April 2015, Navios Partners entered into a charter with a subsidiary of Navios Holdings for the Navios Orbiter, a 2004-built Panamax vessel. The term of this charter is approximately twelve months that commenced in June 2015, at a net daily rate of \$12.00 plus 50/50 profit sharing based on actual earnings at the end of the period. Any adjustment by the charterers for hire expense/loss will be settled accordingly at the end of the charter period. For the years ended December 31, 2015, 2014 and 2013, the total revenue of Navios Partners from the subsidiary of Navios Holdings amounted to \$2,571, \$0 and \$0, respectively.

In April 2015, Navios Partners entered into a charter with a subsidiary of Navios Holdings for the Navios Fantastiks, a 2005-built Capesize vessel. The term of this charter is approximately ten months that commenced in June 2015, at a net daily rate of \$12.50 plus 50/50 profit sharing based on actual earnings at the end of the period. Any adjustment by the charterers for hire expense/loss will be settled accordingly at the end of the charter period. For the years ended December 31, 2015, 2014 and 2013, the total revenue of Navios Partners from the subsidiary of Navios Holdings amounted to \$2,569, \$0 and \$0, respectively.

In April 2015, Navios Partners entered into a charter with a subsidiary of Navios Holdings for the Navios Alegria, a 2004-built Panamax vessel. The term of this charter is approximately twelve months that commenced in June 2015, at a net daily rate of \$12.00 plus 50/50 profit sharing based on actual earnings at the end of the period. Any adjustment by the charterers for hire expense/loss will be settled accordingly at the end of the charter period. For the years ended December 31, 2015, 2014 and 2013, the total revenue of Navios Partners from the subsidiary of Navios Holdings amounted to \$2,203, \$0 and \$0, respectively.

In April 2015, Navios Partners entered into a charter with a subsidiary of Navios Holdings for the Navios Sun, a 2005-built Panamax vessel. The term of this charter is approximately ten months that commenced in July 2015, at a net daily rate of \$12.00 plus 50/50 profit sharing based on actual earnings at the end of the period. Any adjustment by the charterers for hire expense/loss will be settled accordingly at the end of the charter period. For the years ended December 31, 2015, 2014 and 2013, the total revenue of Navios Partners from the subsidiary of Navios Holdings

amounted to \$2,172, \$0 and \$0, respectively.

Share Purchase Agreements: On February 4, 2015, Navios Partners entered into a share purchase agreement with Navios Holdings pursuant to which Navios Holdings made an investment in Navios Partners by purchasing common units, and general partnership interests (See Note 8 Issuance of Units).

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

Revolving Loans to Navios Europe I: Navios Holdings, Navios Maritime Acquisition Corporation (Navios Acquisition) and Navios Partners will make available to Navios Europe Inc. (Navios Europe I) (in each case, in proportion to their ownership interests in Navios Europe I) revolving loans up to \$24,100 to fund working capital requirements (collectively, the Navios Revolving Loans I). See Note 18 for the Investment in Navios Europe I and respective ownership interests.

The Navios Revolving Loans I earn a 12.7% preferred distribution 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 December 31, 2015, Navios Partners' portion of the outstanding amount relating to portion of the investment in Navios Europe I (5.0% of the \$10,000) was \$500, under the caption Investment in affiliates and the outstanding amount relating to the Navios Revolving Loans I capital is \$749, under the caption Loans receivable from affiliates. As of December 31, 2015 and December 31, 2014, the amounts undrawn from the Navios Revolving Loans I were \$9,100, of which Navios Partners' portion was \$455.

Revolving Loans to Navios Europe II: Navios Holdings, Navios Acquisition and Navios Partners will make available to Navios Europe (II) Inc. (Navios Europe II) (in each case, in proportion to their ownership interests in Navios Europe II) revolving loans up to \$38,500 to fund working capital requirements (collectively, the Navios Revolving Loans II). See Note 18 for the Investment in Navios Europe II and respective ownership interests.

The Navios Revolving Loans II earn an 18.0% preferred distribution 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 December 31, 2015, Navios Partners' portion of the outstanding amount relating to portion of the investment in Navios Europe II (5.0% of the \$14,000) was \$700, under the caption Investment in affiliates and the outstanding amount relating to the Navios Revolving Loans II capital is \$771, under the caption Loans receivable from affiliates. As of December 31, 2015, the amount undrawn from the Navios Revolving Loans II was \$23,075, of which Navios Partners' portion was \$1,154.

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

independent committee of Navios Partners. In addition, Navios Holdings has agreed to offer to Navios Partners the opportunity to purchase vessels from Navios Holdings when such vessels are fixed under time charters of three or more years.

Navios Partners entered into an omnibus agreement with Navios Acquisition and Navios Holdings (the Acquisition Omnibus Agreement) in connection with the closing of Navios Acquisition 's initial vessel

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

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

On November 15, 2012 (as amended in March 2014), Navios Holdings and Navios Partners entered into an agreement (the Navios Holdings Guarantee) by which Navios Holdings will provide supplemental credit default insurance with a maximum cash payment of \$20,000. During the year ended December 31, 2015, the Company submitted claims for charterers default under this agreement to Navios Holdings for a total amount of \$3,605, which was recorded as Other income for the year ended December 31, 2015.

As of December 31, 2015, Navios Holdings held an 18.1% common unit interest in Navios Partners, represented by 15,344,310 common units and it also held a general partner interest of 2.0%.

NOTE 18 INVESTMENT IN NAVIOS EUROPE I AND NAVIOS EUROPE II

Navios Europe I: On October 9, 2013, Navios Holdings, Navios Acquisition and Navios Partners established Navios Europe I and have ownership interests of 47.5%, 47.5% and 5.0%, respectively. On December 18, 2013, Navios Europe I acquired ten vessels for aggregate consideration consisting of: (i) cash (which was funded with the proceeds of senior loan facilities (the Senior Loans I) and loans aggregating \$10,000 from Navios Holdings, Navios Acquisition and Navios Partners (in each case, in proportion to their ownership interests in Navios Europe I) (collectively, the Navios Term Loans I) and (ii) the assumption of a junior participating loan facility (the Junior Loan I) with a face amount of \$173,367 and fair value of \$68,535 as of December 31, 2015. In addition to the Navios Term Loans I, Navios Holdings, Navios Acquisition and Navios Partners will also make available to Navios Europe I (in each case, in proportion to their ownership interests in Navios Europe I) revolving loans up to \$24,100 to fund working capital

requirements (collectively, the Navios Revolving Loans I).

On an ongoing basis, Navios Europe I is required to distribute cash flows (after payment of operating expenses and amounts due pursuant to the terms of the Senior Loans I and repayments of the Navios Revolving Loans I) according to a defined waterfall calculation. Navios Partners evaluated its investment in Navios Europe I under ASC 810 and concluded that Navios Europe I is a variable interest entity (VIE) and that they are not the party most closely associated with Navios Europe I and, accordingly, is not the primary beneficiary of Navios Europe

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

As of December 31, 2015, the estimated maximum potential loss by Navios Partners in Navios Europe I would have been \$1,315, which represents the Company's carrying value of the investment of \$566 plus the Company's balance of the Navios Revolving Loans I of \$749 and does not include the undrawn portion of the Navios Revolving Loans I.

As of December 31, 2015, the Navios Partners' portion of the Navios Revolving Loan I outstanding was \$749. Investment income of \$45 was recognized in the statement of income under the caption of "Other income" for the year ended December 31, 2015. Investment income of \$21 was recognized in the statement of income under the caption of "Other income" for the year ended December 31, 2014.

Navios Europe II: On February 18, 2015, Navios Holdings, Navios Acquisition and Navios Partners established Navios Europe II and have ownership interests of 47.5%, 47.5% and 5.0%, respectively. From June 8, 2015 through December 31, 2015, Navios Europe II acquired fourteen vessels for aggregate consideration consisting of: (i) cash consideration of \$145,550 (which was funded with the proceeds of a \$131,550 senior loan facilities net of loan discount amounting to \$3,375 (the "Senior Loans II") and loans aggregating \$14,000 from Navios Holdings, Navios Acquisition and Navios Partners (in each case, in proportion to their ownership interests in Navios Europe II) (collectively, the "Navios Term Loans II"); and (ii) the assumption of a junior participating loan facility (the "Junior Loan II") with a face amount of \$182,150 and fair value of \$23,568 as of December 31, 2015. In addition to the Navios Term Loans II, Navios Holdings, Navios Acquisition and Navios Partners will also make available to Navios Europe II (in each case, in proportion to their ownership interests in Navios Europe II) revolving loans up to \$38,500 to fund working capital requirements (collectively, the "Navios Revolving Loans II").

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

As of December 31, 2015, the estimated maximum potential loss by Navios Partners in Navios Europe II would have been \$1,521, which represents the Company's carrying value of the investment of \$750 plus the Company's balance of the Navios Revolving Loans II of \$771 and does not include the undrawn portion of the Navios Revolving Loans II. As of December 31, 2015, the Navios Partners' portion of the Navios Revolving Loan II outstanding was \$771. Investment income of \$49 was recognized in the statement of income under the caption of "Other income" for the year ended December 31, 2015.

NOTE 19 CASH DISTRIBUTIONS AND EARNINGS PER UNIT

Navios Partners intends to make distributions to the holders of common units on a quarterly basis, to the extent and as may be declared by the Board and to the extent it has sufficient cash on hand to pay the distribution after the Company establishes cash reserves and pays fees and expenses. There is no guarantee that Navios Partners

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(Expressed in thousands of U.S. Dollars except unit and per unit data)

will pay a quarterly distribution on the common units in any quarter. On February 3, 2016, Navios Partners announced that its board of directors decided to suspend the quarterly cash distributions to its unitholders, including the distribution for the quarter ended December 31, 2015. The amount of any distributions paid under Navios Partners policy and the decision to make any distribution is determined by its board of directors, taking into consideration the terms of its partnership agreement. The Company is prohibited from making any distributions to unitholders if it would cause an event of default, or an event of default exists, under its existing credit facilities.

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

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

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

On January 21, 2013, the Board of Directors of Navios Partners authorized its quarterly cash distribution for the three month period ended December 31, 2012 of \$0.4425 per unit. The distribution was paid on February 14, 2013 to all holders of record of common and general partner units on February 8, 2013, which included the unitholders from the common unit offering in February 2013. The aggregate amount of the declared distribution was \$29,936.

On April 22, 2013, the Board of Directors of Navios Partners authorized its quarterly cash distribution for the three month period ended March 31, 2013 of \$0.4425 per unit. The distribution was paid on May 14, 2013 to all holders of record of common and general partner units on May 10, 2013. The aggregate amount of the declared distribution was \$29,936.

On July 22, 2013, the Board of Directors of Navios Partners authorized its quarterly cash distribution for the three month period ended June 30, 2013 of \$0.4425 per unit. The distribution was paid on August 13, 2013 to all holders of record of common and general partner units on August 8, 2013. The aggregate amount of the declared distribution was \$29,936.

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On October 25, 2013, the Board of Directors of Navios Partners authorized its quarterly cash distribution for the three month period ended September 30, 2013 of \$0.4425 per unit. The distribution was paid on November 13, 2013 to all holders of record of common and general partner units on November 8, 2013. The aggregate amount of the declared distribution was \$32,573.

On January 24, 2014, the Board of Directors of Navios Partners authorized its quarterly cash distribution for the three month period ended December 31, 2013 of \$0.4425 per unit. The distribution was paid on February 14, 2014 to all holders of record of common and general partner units on February 10, 2014. The aggregate amount of the declared distribution was \$32,573.

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On April 25, 2014, the Board of Directors of Navios Partners authorized its quarterly cash distribution for the three month period ended March 31, 2014 of \$0.4425 per unit. The distribution was paid on May 13, 2014 to all holders of record of common and general partner units on May 9, 2014. The aggregate amount of the declared distribution was \$35,474.

On July 24, 2014, the Board of Directors of Navios Partners authorized its quarterly cash distribution for the three month period ended June 30, 2014 of \$0.4425 per unit. The distribution was paid on August 13, 2014 to all holders of record of common and general partner units on August 8, 2014. The aggregate amount of the declared distribution was \$35,474.

On October 23, 2014, the Board of Directors of Navios Partners authorized its quarterly cash distribution for the three month period ended September 30, 2014 of \$0.4425 per unit. The distribution was paid on November 10, 2014 to all holders of record of common and general partner units on November 7, 2014. The aggregate amount of the declared distribution was \$35,474.

On January 26, 2015, the Board of Directors of Navios Partners authorized its quarterly cash distribution for the three month period ended December 31, 2014 of \$0.4425 per unit. The distribution was paid on February 13, 2015 to all holders of record of common and general partner units on February 11, 2015, which included the unitholders participating in the February 2015 offering (See Note 8 Issuance of units). The aggregate amount of the declared distribution was \$38,097.

On April 28, 2015, the Board of Directors of Navios Partners authorized its quarterly cash distribution for the three month period ended March 31, 2015 of \$0.4425 per unit. The distribution was paid on May 14, 2015 to all holders of record of common and general partner units on May 13, 2015. The aggregate amount of the declared distribution was \$38,097.

On July 23, 2015, the Board of Directors of Navios Partners authorized its quarterly cash distribution for the three month period ended June 30, 2015 of \$0.4425 per unit. The distribution was paid on August 14, 2015 to all holders of record of common and general partner units on August 13, 2015. The aggregate amount of the declared distribution was \$38,097.

On November 3, 2015, the Board of Directors of Navios Partners authorized its quarterly cash distribution for the three month period ended September 30, 2015 of \$0.2125 per unit. The distribution was paid on November 13, 2015 to all holders of record of common and general partner units on November 12, 2015. The aggregate amount of the declared distribution was \$18,015.

Navios Partners calculates earnings per unit by allocating reported net income for each period to each class of units based on the distribution waterfall for available cash specified in Navios Partners' partnership agreement, net of the unallocated earnings (or losses). Basic earnings net income per unit is determined by dividing net income by the weighted average number of units outstanding during the period. Diluted earnings per unit is calculated in the same

manner as net income per unit, except that the weighted average number of outstanding units increased to include the dilutive effect of outstanding unit options or phantom units. Net loss per unit undistributed is determined by taking the distributions in excess of net income and allocating between common units and general partner units on a 98%-2% basis. There were no options or phantom units outstanding during the years ended December 31, 2015, 2014 and 2013.

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

	Year Ended December 31, 2015	Year Ended December 31, 2014	Year Ended December 31, 2013
Net income	\$ 41,805	\$ 74,853	\$ 59,006
Earnings attributable to:			
Common unit holders	39,825	71,225	55,949
Weighted average units outstanding (basic and diluted)			
Common unit holders	82,437,128	76,587,656	66,317,588
Earnings per unit (basic and diluted):			
Common unit holders	\$ 0.48	\$ 0.93	\$ 0.84
Earnings per unit distributed (basic and diluted):			
Common unit holders	\$ 1.11	\$ 1.79	\$ 1.82
Loss per unit undistributed (basic and diluted):			
Common unit holders	\$ (0.63)	\$ (0.86)	\$ (0.98)

NOTE 20 OTHER INCOME

On November 15, 2012 (as amended in March 2014), Navios Holdings and Navios Partners entered into an agreement by which Navios Holdings will provide supplemental credit default insurance with a maximum cash payment of \$20,000. During the year ended December 31, 2015, the Company submitted claims for charterers default under this agreement to Navios Holdings for a total amount of \$3,605, which was recorded as Other income .

During the year ended December 31, 2014, Navios Partners received cash compensation of \$17,779 from the sale of a defaulted counterparty claim to an unrelated third party. Navios Partners has no continuing obligation to provide any further services to the counterparty and has therefore recognized the entire compensation received immediately in the Statement of Income within the caption of Other income .

As of March 25, 2014, the Company terminated the amended credit default insurance policy. In connection with the termination, Navios Partners received compensation of \$30,956 (which was received in April 2014). From the total compensation, \$1,170 was recorded immediately in the statement of income within the caption of Revenue , which represents reimbursements for insurance claims submitted for the period prior to the date of the termination and the remaining amount of \$29,786 was recorded immediately in the statement of income within the caption of Other income . The Company has no future requirement to repay any of the lump sum cash payment back to the insurance

company or provide any further services.

As part of a new suspension agreement entered into in June 2013, Navios Partners agreed to receive an upfront payment of \$10,000 covering hire revenues for the suspension period until April 2016. The amount of \$10,000 was recognized immediately in the statement of income under the caption of Other income since the Company has no future requirements to refund the payment.

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NOTE 21 SUBSEQUENT EVENTS

On February 3, 2016, Navios Partners announced that its board of directors decided to suspend the quarterly cash distributions to its unitholders, including the distribution for the quarter ended December 31, 2015.

On February 4, 2016, Navios Partners amended its existing management agreement with the Manager to fix the fees for ship management services of its owned fleet at: (a) \$4.10 daily rate per Ultra-Handymax vessel; (b) \$4.20 daily rate per Panamax vessel; (c) \$5.25 daily rate per Capesize vessel; (d) \$6.70 daily rate per Container vessel of TEU 6,800; (e) \$7.40 daily rate per Container vessel of more than TEU 8,000; and (f) \$8.75 daily rate per very large Container vessel of more than TEU 13,000 through December 31, 2017. Drydocking expenses under this agreement are reimbursed by Navios Partners at cost at occurrence.