

Navios Maritime Partners L.P.
Form 6-K
November 12, 2015
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SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 6-K

REPORT OF FOREIGN PRIVATE ISSUER

PURSUANT TO RULE 13A-16 OR 15D-16

OF THE SECURITIES EXCHANGE ACT OF 1934

DATED: November 12, 2015

Commission File No. 001-33811

NAVIOS MARITIME PARTNERS L.P.

7 Avenue de Grande Bretagne, Office 11B2

Monte Carlo, MC 98000 Monaco

(Address of Principal Executive Offices)

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

Form 20-F Form 40-F

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

Yes No

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

Yes No

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

Yes No

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

N/A

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The information contained in this Report is hereby incorporated by reference into the Registration Statement on Form F-3, File No. 333-192176.

Operating and Financial Review

The following is a discussion of the financial condition and results of operations for the three and nine month periods ended September 30, 2015 and 2014 of Navios Maritime Partners L.P. (referred to herein as we, us or Navios Partners). All of the financial statements have been stated in accordance with generally accepted accounting principles in the United States of America (US GAAP). You should read this section together with the consolidated financial statements and the accompanying notes included in Navios Partners' 2014 Annual Report filed on Form 20-F with the Securities and Exchange Commission.

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

Overview

Navios Partners is an international owner and operator of dry cargo vessels, formed on August 7, 2007 under the laws of the Republic of the Marshall Islands by Navios Holdings Inc. (Navios Holdings), a vertically integrated seaborne

shipping and logistics company with over 60 years of operating history in the drybulk shipping industry. 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.

As of November 11, 2015, there were outstanding 83,079,710 common units and 1,695,509 general partnership units. Navios Holdings currently owns a 20.1% interest in Navios Partners, which includes the 2.0% general partner interest.

Fleet

Our fleet consists of 12 Panamax vessels, eight Capesize vessels, three Ultra-Handymax vessels and eight Container vessels.

In general, the vessels in our fleet are chartered-out under time charters, which range in length from one to 12 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 November 11, 2015:

Owned Drybulk Vessels	Type	Built	Capacity (DWT)	Charter Expiration Date	Charter-Out Rate⁽¹⁾
Navios Apollon	Ultra-Handymax	2000	52,073	May 2016	\$ 12,500 ⁽²⁾
Navios Soleil	Ultra-Handymax	2009	57,337	February 2016	\$ 12,000 ⁽²⁾
Navios La Paix	Ultra-Handymax	2014	61,485	November 2015	\$ 6,650
Navios Gemini S	Panamax	1994	68,636	January 2016	\$ 7,600 ⁽²⁾
Navios Libra II	Panamax	1995	70,136	May 2016	\$ 12,000 ⁽²⁾
Navios Felicity	Panamax	1997	73,867	May 2016	\$ 12,000 ⁽²⁾
Navios Galaxy I	Panamax	2001	74,195	February 2018	\$ 21,937
Navios Hyperion	Panamax	2004	75,707	February 2016	\$ 12,000 ⁽²⁾
Navios Alegria	Panamax	2004	76,466	May 2016	\$ 12,000 ⁽²⁾
Navios Orbiter	Panamax	2004	76,602	May 2016	\$ 12,000 ⁽²⁾
Navios Helios	Panamax	2005	77,075	February 2016	\$ 7,505
Navios Sun	Panamax	2005	76,619	May 2016	\$ 12,000 ⁽²⁾
Navios Hope	Panamax	2005	75,397	February 2016	\$ 10,000 ⁽²⁾
Navios Sagittarius	Panamax	2006	75,756	November 2018	\$ 26,125
Navios Harmony	Panamax	2006	82,790	May 2016	\$ 12,000 ⁽²⁾
Navios Fantastiks	Capesize	2005	180,265	April 2016	\$ 12,500 ⁽²⁾
				January 2017	\$ 12,825
Navios Aurora II ⁽³⁾	Capesize	2009	169,031	November 2015	\$ 33,759
				November 2019	\$ 40,009 ⁽⁴⁾
Navios Pollux	Capesize	2009	180,727	February 2016	\$ 11,400 ⁽²⁾
Navios Fulvia	Capesize	2010	179,263	February 2017	\$ 13,443
Navios Melodia ⁽⁵⁾	Capesize	2010	179,132	September 2022	\$ 29,356 ⁽⁶⁾
Navios Luz	Capesize	2010	179,144	November 2020	\$ 29,356 ⁽⁷⁾
Navios Buena Ventura	Capesize	2010	179,259	October 2020	\$ 29,356 ⁽⁷⁾
Navios Joy	Capesize	2013	181,389	June 2016	\$ 19,000 ⁽⁸⁾

Owned Container Vessels	Type	Built	TEU	Charter Expiration Date	Charter-Out Rate⁽¹⁾
Hyundai Hongkong	Container	2006	6,800	December 2023	\$ 30,119
Hyundai Singapore	Container	2006	6,800	December 2023	\$ 30,119
Hyundai Tokyo	Container	2006	6,800	December 2023	\$ 30,119
Hyundai Shanghai	Container	2006	6,800	December 2023	\$ 30,119
Hyundai Busan	Container	2006	6,800	December 2023	\$ 30,119
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	April 2027	\$ 60,275

(1) Daily charter-out rate per day, net of commissions or net insurance or settlement proceeds, where applicable.

(2)

- Profit sharing 50% on actual results at the end of the charter period. Any adjustment by the charterers for hire expense/loss will be settled accordingly at the end of the charter period.
- (3) On August 3, 2015, Samsun Logix got approval for its application to the Seoul Central District Court for its second rehabilitation proceedings. The vessel was redelivered in August 2015 and has been rechartered.
 - (4) Following the default of the original charterer, the above amount represents daily rate of insurance proceeds, which is subject to applicable deductibles and other limitations for such insurance.
 - (5) 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.
 - (6) Profit sharing 50% above \$37,500/ day based on Baltic Exchange Capesize TC Average.
 - (7) Profit sharing 50% above \$38,500/ day based on Baltic Exchange Capesize TC Average.
 - (8) The charterer has been granted an option to extend the charter for two optional years, the first at \$22,325 (net) per day and the second at \$25,650 (net) per day.

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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 twelve 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 nine month period ended September 30, 2015, our most significant counterparties were Hyundai Merchant Marine Co., Ltd., Navios Corporation and Yang Ming Marine Transport Corporation, which accounted for approximately 23.1%, 16.3% and 11.1%, respectively, of total revenues. For the year ended December 31, 2014, our most significant counterparties were Hyundai Merchant Marine Co., Ltd. and Navios Corporation, which accounted for approximately 24.4% and 11.0%, respectively, of total revenues. We believe that the combination of the long-term nature of most of our charters (which provide for the receipt of a fixed fee for the life of the charter) and our management agreement with Navios ShipManagement Inc., a wholly-owned subsidiary of Navios Holdings (the Manager) (which provides for a fixed management fee until December 31, 2015), provides us with a strong base of stable cash flows.

On July 3, 2015, Samsun Logix submitted its application for rehabilitation to the Seoul Central District Court. On August 3, 2015, Samsun Logix got approval for its application to the Seoul Central District Court for its second rehabilitation proceedings. Navios Partners has only one vessel chartered to Samsun Logix, which was redelivered in August 2015. Navios Partners does not expect significant financial exposure based on the currently available information of the rehabilitation process and the insurance coverage available by Navios Holdings up to a maximum payout of \$20.0 million.

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. Please read **Risk Factors** in our 2014 Annual Report on Form 20-F for a discussion of certain risks inherent in our business.

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

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

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

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

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

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

Table of Contents**Trends and Factors Affecting Our Future Results of Operations**

We believe the principal factors that will affect our future results of operations are the economic, regulatory, political and governmental conditions that affect the shipping industry generally and that affect conditions in countries and markets in which our vessels engage in business. Please read **Risk Factors** in our 2014 Annual Report on Form 20-F for a discussion of certain risks inherent in our business.

Results of Operations**Overview**

The financial condition and the results of operations presented for the nine month period ended September 30, 2015 and 2014 of Navios Partners discussed below include the following entities and chartered-in vessels:

Company name	Vessel name	Country of incorporation	Statements of income		
			2015	2014	
Libra Shipping Enterprises Corporation	Navios Libra II	Marshall Is.	1/01	09/30	1/01 09/30
Alegria Shipping Corporation	Navios Alegria	Marshall Is.	1/01	09/30	1/01 09/30
Felicity Shipping Corporation	Navios Felicity	Marshall Is.	1/01	09/30	1/01 09/30
Gemini Shipping Corporation	Navios Gemini S	Marshall Is.	1/01	09/30	1/01 09/30
Galaxy Shipping Corporation	Navios Galaxy I	Marshall Is.	1/01	09/30	1/01 09/30
Aurora Shipping Enterprises Ltd.	Navios Hope	Marshall Is.	1/01	09/30	1/01 09/30
Palermo Shipping S.A.	Navios Apollon	Marshall Is.	1/01	09/30	1/01 09/30
Fantastiks Shipping Corporation	Navios Fantastiks	Marshall Is.	1/01	09/30	1/01 09/30
Sagittarius Shipping Corporation	Navios Sagittarius	Marshall Is.	1/01	09/30	1/01 09/30
Hyperion Enterprises Inc.	Navios Hyperion	Marshall Is.	1/01	09/30	1/01 09/30
Chilali Corp.	Navios Aurora II	Marshall Is.	1/01	09/30	1/01 09/30
Surf Maritime Co.	Navios Pollux	Marshall Is.	1/01	09/30	1/01 09/30
Pandora Marine Inc.	Navios Melodia	Marshall Is.	1/01	09/30	1/01 09/30
Customized Development S.A.	Navios Fulvia	Liberia	1/01	09/30	1/01 09/30
Kohylia Shipmanagement S.A.	Navios Luz	Marshall Is.	1/01	09/30	1/01 09/30
Orbiter Shipping Corp.	Navios Orbiter	Marshall Is.	1/01	09/30	1/01 09/30
Floral Marine Ltd.	Navios Buena Ventura	Marshall Is.	1/01	09/30	1/01 09/30
Golem Navigation Limited	Navios Soleil	Marshall Is.	1/01	09/30	1/01 09/30
Kymata Shipping Co.	Navios Helios	Marshall Is.	1/01	09/30	1/01 09/30
Joy Shipping Corporation	Navios Joy	Marshall Is.	1/01	09/30	1/01 09/30
Micaela Shipping Corporation	Navios Harmony	Marshall Is.	1/01	09/30	1/01 09/30
Pearl Shipping Corporation	Navios Sun	Marshall Is.	1/01	09/30	1/01 09/30
Velvet Shipping Corporation	Navios La Paix	Marshall Is.	1/01	09/30	1/01 09/30
Rubina Shipping Corporation	Hyundai Hongkong	Marshall Is.	1/01	09/30	1/01 09/30
Topaz Shipping Corporation	Hyundai Singapore	Marshall Is.	1/01	09/30	1/01 09/30
Beryl Shipping Corporation	Hyundai Tokyo	Marshall Is.	1/01	09/30	1/01 09/30
Cheryl Shipping Corporation	Hyundai Shanghai	Marshall Is.	1/01	09/30	1/01 09/30
Christal Shipping Corporation	Hyundai Busan	Marshall Is.	1/01	09/30	1/01 09/30
Fairy Shipping Corporation	YM Utmost	Marshall Is.	1/01	09/30	1/01 09/30
Limestone Shipping Corporation	YM Unity	Marshall Is.	1/01	09/30	1/01 09/30

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Dune Shipping Corp.	MSC Cristina	Marshall Is.	4/22	09/30		
Citrine Shipping Corporation		Marshall Is.				
Chartered-in vessels						
Prosperity Shipping Corporation	Navios Prosperity	Marshall Is.	1/01	03/05	1/01	09/30
Aldebaran Shipping Corporation	Navios Aldebaran	Marshall Is.	1/01	02/28	1/01	09/30
Other						
JTC Shipping and Trading Ltd (*)	Holding Company	Malta	1/01	09/30	1/01	09/30
Navios Maritime Partners L.P.	N/A	Marshall Is.	1/01	09/30	1/01	09/30
Navios Maritime Operating LLC	N/A	Marshall Is.	1/01	09/30	1/01	09/30
Navios Partners Finance (US) Inc.	Co-Borrower	Delaware	1/01	09/30	1/01	09/30
Navios Partners Europe Finance Inc.	Sub-Holding Company	Marshall Is.	1/01	09/30	1/01	09/30

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

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The accompanying interim condensed consolidated financial statements of Navios Partners are unaudited, but, in the opinion of management, contain all adjustments necessary to present a fair statement of results, in all material respects, of Navios Partners' condensed consolidated financial position as of September 30, 2015 and the condensed consolidated results of operations for the three and nine months ended September 30, 2015 and 2014. The footnotes are condensed as permitted by the requirements for interim financial statements and, accordingly, do not include information and disclosures required under US GAAP for complete financial statements. All such adjustments are deemed to be of a normal, recurring nature. The results of operations for the interim periods are not necessarily indicative of the results to be expected for the full year. These financial statements should be read in conjunction with the consolidated financial statements and related notes included in Navios Partners' Annual Report on Form 20-F for the year ended December 31, 2014.

FINANCIAL HIGHLIGHTS

The following table presents consolidated revenue and expense information for the three and nine month periods ended September 30, 2015 and 2014.

	Three Month Period Ended September 30, 2015 (unaudited)	Three Month Period Ended September 30, 2014 (unaudited)	Nine Month Period Ended September 30, 2015 (unaudited)	Nine Month Period Ended September 30, 2014 (unaudited)
Time charter and voyage revenues	\$ 57,103	\$ 55,290	\$ 170,362	\$ 167,966
Time charter and voyage expenses	(908)	(3,607)	(5,856)	(11,690)
Direct vessel expenses	(1,278)	(227)	(2,572)	(373)
Management fees	(14,481)	(12,611)	(42,023)	(36,855)
General and administrative expenses	(1,900)	(1,778)	(5,724)	(5,751)
Depreciation and amortization	(19,983)	(17,267)	(57,127)	(77,954)
Interest expense and finance cost, net	(7,901)	(7,046)	(24,003)	(21,160)
Interest income	54	110	153	200
Other income	1,303	178	1,703	48,090
Other expense	(245)		(915)	(1,085)
Net income	\$ 11,764	\$ 13,042	\$ 33,998	\$ 61,388
EBITDA(1)	\$ 40,872	\$ 37,472	\$ 117,547	\$ 160,675
Operating Surplus(1)	\$ 30,431	\$ 25,003	\$ 87,557	\$ 123,770

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

Period over Period Comparisons

For the Three Month Period ended September 30, 2015 compared to the Three Month Period ended September 30, 2014

Time charter and voyage revenues: Time charter and voyage revenues for the three month period ended September 30, 2015 increased by \$1.8 million or 3.3% to \$57.1 million, as compared to \$55.3 million for the same period in 2014. The increase was mainly attributable to: (i) the increase in revenue following the delivery of the YM Utmost and the YM Unity in the second half of 2014 and the delivery of the MSC Cristina in April 2015; (ii) the increase in time charter equivalent (TCE) to \$20,305 for the three month period ended September 30, 2015, from \$20,009 for the three month period ended September 30, 2014; and (iii) the increase in available days of the fleet to 2,768 days for the three month period ended September 30, 2015, as compared to 2,709 days for the three month period ended September 30, 2014, mainly due to increased fleet, mitigated by approximately 84 drydock days during the third quarter of 2015 and the redelivery of the Navios Aldebaran and the Navios Prosperity in the first quarter of 2015.

Time charter and voyage expenses: Time charter and voyage expenses for the three month period ended September 30, 2015 decreased by \$2.7 million or 74.8% to \$0.9 million, as compared to \$3.6 million for the three month period ended September 30, 2014. The decrease was mainly attributable to the termination of 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.

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Direct vessel expenses: Direct vessel expenses, comprising of the amortization of dry dock and special survey costs, of certain vessels in our fleet amounted to \$1.3 million for the three month period ended September 30, 2015, as compared to \$0.2 million for the three month period ended September 30, 2014. The increase of \$1.1 million was due to drydocks performed in advance during the three month period ended September 30, 2015.

Management fees: Management fees for the three month period ended September 30, 2015, increased by \$1.9 million or 14.8% to \$14.5 million, as compared to \$12.6 million for the same period in 2014. The increase was mainly attributable to the increased fleet.

Pursuant to the Management Agreement, the Manager 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. Drydocking expenses under this agreement will be reimbursed by Navios Partners at cost at occurrence.

General and administrative expenses: General and administrative expenses increased by \$0.1 million or 6.9% to \$1.9 million for the three month period ended September 30, 2015, as compared to \$1.8 million for the same period of 2014.

Depreciation and amortization: Depreciation and amortization amounted to \$20.0 million for the three month period ended September 30, 2015 compared to \$17.3 million for the three month period ended September 30, 2014. The increase of \$2.7 million was attributable to: (i) a \$2.1 million increase in depreciation expense due to the increased number of vessels that were delivered into our owned fleet and (ii) an increase in amortization expense of \$0.6 million of the Navios Aurora II favorable lease intangible due to change in its useful life. 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.

Interest expense and finance cost, net: Interest expense and finance cost, net for the three months ended September 30, 2015 increased by \$0.9 million or 12.1% to \$7.9 million, as compared to \$7.0 million for the three months ended September 30, 2014. The increase was due to: (i) the increase in the average outstanding loan balance to \$613.1 million for the three month period ended September 30, 2015 from \$536.5 million for the three months ended September 30, 2014; and (ii) the higher weighted average interest rate of 4.78% for the three months ended September 30, 2015, compared to 4.67% for the same period in 2014. As of September 30, 2015 and 2014, the outstanding loan balance under Navios Partners' credit facilities was \$603.3 million and \$557.3 million, respectively.

Other income: Other income for the three months ended September 30, 2015 amounted to \$1.3 million compared to \$0.2 million for the three month period ended September 30, 2014.

Other expense: Other expense for the three months ended September 30, 2015 amounted to \$0.2 million compared to \$0 for the three months ended September 30, 2014.

Net income: Net income for the three months ended September 30, 2015 amounted to \$11.8 million compared to \$13.0 million for the three months ended September 30, 2014. The decrease in net income of \$1.3 million was due to the factors discussed above.

Operating surplus: Navios Partners generated operating surplus for the three month period ended September 30, 2015 of \$30.4 million, compared to \$25.0 million for the three month period ended September 30, 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, EBITDA, Operating Surplus and Available Cash for Distribution contained herein).

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

For the Nine Month Period ended September 30, 2015 compared to the Nine Month Period ended September 30, 2014

Time charter and voyage revenues: Time charter and voyage revenues for the nine month period ended September 30, 2015 increased by \$2.4 million or 1.4% to \$170.4 million, as compared to \$168.0 million for the same period in 2014. The increase was mainly attributable to: (i) the increase in revenue following 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; (ii) the increase in TCE to \$20,267 for the nine month period ended September 30, 2015, from \$20,277 for the nine month period ended September 30, 2014. As a result of the vessel acquisitions, available days of the fleet increased to 8,199 days for the nine month period ended September 30, 2015, as compared to 8,072 days for the nine month period ended September 30, 2014.

Time charter and voyage expenses: Time charter and voyage expenses for the nine month period ended September 30, 2015 decreased by \$5.8 million or 49.9% to \$5.9 million, as compared to \$11.7 million for the nine month period ended September 30, 2014. The decrease was mainly attributable to termination of 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.

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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 \$2.6 million for the nine month period ended September 30, 2015, as compared to \$0.4 million for the nine month period ended September 30, 2014. The increase of \$2.2 million was due to drydocks performed in advance during the nine month period ended September 30, 2015.

Management fees: Management fees for the nine month period ended September 30, 2015, increased by \$5.2 million or 14.0% to \$42.0 million, as compared to \$36.9 million for the same period in 2014. The increase was mainly attributable to the increased fleet.

General and administrative expenses: General and administrative expenses decreased by \$0.1 million to \$5.7 million for the nine month period ended September 30, 2015, as compared to \$5.8 million for the same period of 2014.

Depreciation and amortization: Depreciation and amortization amounted to \$57.1 million for the nine month period ended September 30, 2015 compared to \$78.0 million for the nine month period ended September 30, 2014. The decrease of \$20.9 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 (Refer to Note 5 Intangible Assets for further details); and (b) a \$4.7 million decrease of amortization due to write-offs of the Navios Orbiter, the Navios Hyperion and the Navios Pollux in the first quarter of 2014. The above decrease was partially mitigated by: (i) an increase in depreciation expense of \$5.3 million due to the increased number of vessels that were delivered into our owned fleet; and (ii) an increase in amortization expense of \$0.6 million of the Navios Aurora II favorable lease intangible due to change in its useful life. 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.

Interest expense and finance cost, net: Interest expense and finance cost, net for the nine months ended September 30, 2015 increased by \$2.8 million or 13.4% to \$24.0 million, as compared to \$21.2 million for the nine months ended September 30, 2014. The increase was due to: (a) the higher weighted average interest rate of 4.44% for the nine months ended September 30, 2015, compared to 4.67% for the same period in 2014; and (b) the increase in the average outstanding loan balance to \$604.8 million for the nine months ended September 30, 2015 from \$536.7 million for the nine months ended September 30, 2014. As of September 30, 2015 and 2014, the outstanding loan balance under Navios Partners credit facilities was \$603.3 million and \$557.3 million, respectively.

Other income: Other income for the nine months ended September 30, 2015 amounted to \$1.7 million compared to \$48.1 million for the nine months ended September 30, 2014. The decrease was mainly attributable to the compensation 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 (See Note 15 of our condensed notes to the condensed consolidated financial statements).

Other expense: Other expense for the nine months ended September 30, 2015 amounted to \$0.9 million compared to \$1.1 million for the nine months ended September 30, 2014.

Net income: Net income for the nine months ended September 30, 2015 amounted to \$34.0 million compared to \$61.4 million for the nine months ended September 30, 2014. The decrease in net income of \$27.4 million was due to the factors discussed above.

Operating surplus: Navios Partners generated operating surplus for the nine month period ended September 30, 2015 of \$87.6 million, compared to \$123.8 million for the nine month period ended September 30, 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, EBITDA, Operating Surplus and Available Cash for Distribution#14