Navios Maritime Partners L.P.
Form 6-K
November 14, 2016
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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 14, 2016

Commission File No. 001-33811

NAVIOS MARITIME PARTNERS L.P.

7 Avenue de Grande Bretagne, Office 11B2

Monte Carlo, MC 98000 Monaco

(Address of Principal Executive Offices)

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

Form 20-F Form 40-F

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, 2016 and 2015 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 2015 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 ar 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.

Recent Developments

In November 2016, Navios Partners reduced one of its commercial bank facilities by $30.2 million through prepayment of $28.0 million in cash and achieving a $2.2 million benefit to nominal amount. Following the reduction, six vessels were removed from the collateral package. The outstanding balance of the facility is currently $41.8 million and is repayable in the fourth quarter of 2017 with a final balloon payment of $31.9 million.

In November 2016, the Navios Partners provided $50.5 million additional collateral to the Term B Loan consisting of:

a. $37.0 million value of six drybulk vessels transferred from commercial bank facilities; and

b. $13.5 million cash collateral. The cash collateral will be replaced with a Capesize vessel that is expected to be delivered within December 2016.

Following the above additions, within 2016, Navios Partners has increased the collateral package of the Term Loan B by $99.0 million and $152.5 million from the first quarter of 2015. In addition, Navios Partners has repaid $25.0 million during the first half of 2016.

In October 2016, Navios Partners agreed to acquire a 2004 built Capesize vessel, from an unrelated third party, for a total cash consideration of $15.1 million and paid a deposit of 10% in November 2016. The vessel is expected to be delivered in the fourth quarter of 2016.

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On August 31, 2016, Hanjin Shipping Corporation Ltd. (Hanjin), filed for rehabilitation. Navios Partners had two Capesize vessels chartered to Hanjin at a net rate of $29,356 per day until December 2020. In September, both vessels were redelivered to Navios Partners commercial management and were rechartered to third parties. Navios is closely monitoring the developments and is proceeding with progressing claims for the lost revenues.

Overview

Navios Partners is an international owner and operator of dry cargo vessels, formed on August 7, 2007 under the laws of the Republic of the Marshall Islands by Navios Maritime Holdings Inc. (Navios Holdings), a vertically integrated seaborne shipping and logistics company with over 60 years of operating history in the drybulk shipping industry. Navios GP L.L.C. (the General Partner), a wholly owned subsidiary of Navios Holdings, was also formed on that date to act as the general partner of Navios Partners and received a 2.0% general partner interest in Navios Partners.

As of November 11, 2016, 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, nine Capesize vessels, three Ultra-Handymax vessels and eight Container vessels, including the one Container vessel, which we agreed to sell in June 2016 and the Capesize vessel, which is expected to be delivered in December 2016.

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 November 11, 2016:

Owned Drybulk Vessels	Type	Built	Capacity (DWT)	Charter Expiration Date[2]		Charter-Out Rate[1]
Navios Apollon	Ultra-Handymax	2000	52,073	December 2016	$	4,465
Navios Soleil	Ultra-Handymax	2009	57,337	December 2016	$	5,415
Navios La Paix	Ultra-Handymax	2014	61,485	February 2017	$	125% of pool earnings
Navios Gemini S	Panamax	1994	68,636	November 2016	$	6,033
Navios Libra II	Panamax	1995	70,136	December 2016	$	12,160
Navios Felicity	Panamax	1997	73,867	April 2017	$	4,750
Navios Galaxy I	Panamax	2001	74,195	February 2018	$	21,938
Navios Hyperion	Panamax	2004	75,707	December 2016	$	5,558
Navios Alegria	Panamax	2004	76,466	April 2017	$	6,413
Navios Orbiter	Panamax	2004	76,602	December 2016	$	9,986
				December 2018	$	Index[3]
Navios Helios	Panamax	2005	77,075	January 2017	$	Index[4]
Navios Sun	Panamax	2005	76,619	November 2016	$	9,986
				November 2018	$	Index[3]
Navios Hope	Panamax	2005	75,397	November 2016	$	9,986
				November 2018	$	Index[3]
Navios Sagittarius	Panamax	2006	75,756	November 2018	$	26,125
Navios Harmony	Panamax	2006	82,790	May 2017	$	4,750+Index[5]
Navios Fantastiks	Capesize	2005	180,265	November 2016	$	12,825
				December 2017	$	4,675+Index[6]
Navios Aurora II	Capesize	2009	169,031	August 2017	$	Index[7]
Navios Pollux	Capesize	2009	180,727	November 2016	$	100% of pool earnings
Navios Fulvia	Capesize	2010	179,263	February 2017	$	13,443
Navios Melodia	Capesize	2010	179,132	September 2022	$	29,356[8]
Navios Luz	Capesize	2010	179,144	December 2017	$	5,250+Index[9]
Navios Buena Ventura	Capesize	2010	179,259	December 2017	$	Index[10]
Navios Joy	Capesize	2013	181,389	February 2017	$	6,175
				March 2018	$	5,000+Index[9]

Vessel to be delivered	Type	Built	Capacity (DWT)	Charter Expiration Date		Charter-Out Rate [1]
Navios TBN[11]	Capesize	2004	180,310	September 2017	$	Index[7]

Owned Container Vessels	Type	Built	TEU	Charter Expiration Date[2]		Charter-Out Rate[1]
Hyundai Hongkong	Container	2006	6,800	December 2019	$	24,095
				December 2023	$	30,119[12]
Hyundai Singapore	Container	2006	6,800	December 2019	$	24,095
				December 2023	$	30,119[12]

Hyundai Tokyo	Container	2006	6,800	December 2019	$	24,095
				December 2023	$	30,119(12)
Hyundai Shanghai	Container	2006	6,800	December 2019	$	24,095
				December 2023	$	30,119(12)
Hyundai Busan	Container	2006	6,800	December 2019	$	24,095
				December 2023	$	30,119(12)
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	December 2016 January 2017	$	60,275(13)

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

(2) Expected redelivery basis midpoint of full redelivery period, excluding Navios Partners extension options, not declared yet.

(3) Average BPI 4TC minus $2,488 net per day.

(4) 106% average BPI 4TC.

(5) 52% average BPI 4TC.

(6) 50% average BCI 5TC.

(7) $9,480/day adjusted for 50% pool earnings or weighted average BCI 5TC.
(8) Profit sharing 50% above $37,500/day based on Baltic Exchange Capesize TC Average.
(9) 52% average BCI 5TC.
(10) 100% average BCI 5TC.
(11) Expected to be delivered in the fourth quarter of 2016.
(12) Upon acquisition, the vessels are fixed on ten/twelve year charters with Navios Partners option to terminate after year seven.
(13) The vessel has been classified as held for sale and is expected to be delivered to the buyer by the first quarter of 2017.

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 nine month period ended September 30, 2016, Navios Partners customers representing 10% or more of total revenues were Hyundai Merchant Marine Co., Ltd. (HMM), Yang Ming Marine Transport Corporation, Mediterranean Shipping Co. S.A. and Hanjin Shipping Co. Ltd. which accounted for approximately 29.9%, 13.0%, 11.7% and 11.1%, respectively, of total revenues. For the year ended December 31, 2015, Navios Partners customers representing 10% or more of total revenues were HMM, Navios Corporation and Yang Ming Marine Transport Corporation, which accounted for approximately 24.0%, 17.4% and 11.4%, 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 Navios ShipManagement Inc. (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. Please read Risk Factors in our 2015 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.

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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 2015 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 periods ended September 30, 2016 and 2015 of Navios Partners discussed below include the following entities, owned and chartered-in vessels:

		Country of	Statements of operations			
Company name	**Vessel name**	**incorporation**	**2016**		**2015**	
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

Dune Shipping Corp. (**)	MSC Cristina	Marshall Is.	1/01	09/30	4/22	09/30
Citrine Shipping Corporation		Marshall Is.				
Chartered-in vessels						
Prosperity Shipping Corporation	Navios Prosperity	Marshall Is.			1/01	03/05
Aldebaran Shipping Corporation	Navios Aldebaran	Marshall Is.			1/01	02/28
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 L.L.C	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.
(**) The vessel has been classified as held for sale.

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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, 2016 and the condensed consolidated results of operations for the three and nine months ended September 30, 2016 and 2015. 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, 2015.

Fleet Employment Profile

The following table reflects certain key indicators indicative of the performance of Navios Partners and its core fleet performance for the three and nine month periods ended September 30, 2016 and 2015.

	Three Month Period Ended September 30, 2016 (unaudited)	Three Month Period Ended September 30, 2015 (unaudited)	Nine Month Period Ended September 30, 2016 (unaudited)	Nine Month Period Ended September 30, 2015 (unaudited)
Available Days(1)	2,812	2,768	8,442	8,199
Operating Days(2)	2,806	2,762	8,431	8,190
Fleet Utilization(3)	99.8%	99.8%	99.9%	99.9%
Time Charter Equivalent (per day)	$ 16,968	$ 20,305	$ 16,165	$ 20,267
Vessels operating at period end	31	31	31	31

(1) Available days for the fleet represent total calendar days the vessels were in Navios Partners possession for the relevant period after subtracting off-hire days associated with scheduled repairs, dry dockings or special surveys. The shipping industry uses available days to measure the number of days in a relevant period during which a vessel is capable of generating revenues.

(2) Operating days is the number of available days in the relevant period less the aggregate number of days that the vessels are off-hire due to any reason, including unforeseen circumstances. The shipping industry uses operating days to measure the aggregate number of days in a relevant period during which vessels actually generate revenues.

(3) Fleet utilization is the percentage of time that Navios Partners vessels were available for revenue generating available days, and is determined by dividing the number of operating days during a relevant period by the number of available days during that period. The shipping industry uses fleet utilization to measure efficiency in finding employment for vessels and minimizing the amount of days that its vessels are off-hire for reasons other than scheduled repairs, drydockings or special surveys.

(4) TCE rates: TCE rates are defined as voyage and time charter revenues less voyage expenses during a period divided by the number of available days during the period. The TCE rate is a standard shipping industry performance measure used primarily to present the actual daily earnings generated by vessels on various types of

charter contracts for the number of available days of the fleet.

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FINANCIAL HIGHLIGHTS

The following table presents consolidated revenue and expense information for the three and nine month periods ended September 30, 2016 and 2015.

	Three Month Period Ended September 30, 2016 (unaudited)	Three Month Period Ended September 30, 2015 (unaudited)	Nine Month Period Ended September 30, 2016 (unaudited)	Nine Month Period Ended September 30, 2015 (unaudited)
Time charter and voyage revenues (includes related party revenue of $229 and $1,400 for the three and nine months ended September 30, 2016, respectively, and $13,785 and $27,916 for the three and nine months ended September 30, 2015, respectively)	$ 50,341	$ 57,103	$ 140,859	$ 170,362
Time charter and voyage expenses	(578)	(908)	(4,389)	(5,856)
Direct vessel expenses	(1,680)	(1,278)	(4,670)	(2,572)
Management fees (entirely through related parties transactions)	(14,881)	(14,481)	(44,320)	(42,023)
General and administrative expenses	(2,367)	(1,900)	(7,466)	(5,724)
Depreciation and amortization	(38,142)	(19,983)	(75,755)	(57,127)
Impairment loss			(17,193)	
Loss on sale of securities	(19,435)		(19,435)	
Interest expense and finance cost, net	(7,608)	(7,901)	(23,641)	(24,003)
Interest income	176	54	340	153
Other income	3,033	1,303	9,265	1,703
Other expense	(2,722)	(245)	(4,055)	(915)
Net (loss)/ income	**$ (33,863)**	**$ 11,764**	**$ (50,460)**	**$ 33,998**
EBITDA (1)	**$ 13,391**	**$ 40,872**	**$ 53,266**	**$ 117,547**
Adjusted EBITDA (1)	**$ 32,826**	**$ 40,872**	**$ 89,894**	**$ 117,547**
Operating Surplus (1)	**$ 23,190**	**$ 30,431**	**$ 60,908**	**$ 87,557**

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

Period over Period Comparisons

For the Three Month Period ended September 30, 2016 compared to the Three Month Period ended September 30, 2015

Time charter and voyage revenues: Time charter and voyage revenues for the three month period ended September 30, 2016 decreased by $6.8 million or 11.8% to $50.3 million, as compared to $57.1 million for the same period in 2015. The decrease in time charter and voyage revenues was primarily due to the decline in the freight market during 2016, as compared to the same period in 2015. The above decrease was partially mitigated by the increase in available days of the fleet to 2,812 days for the three month period ended September 30, 2016, as compared to 2,768 days for the three month period ended September 30, 2015. TCE decreased to $16,968 per day for the three month period ended September 30, 2016, from $20,305 per day for the three month period ended September 30, 2015.

Time charter and voyage expenses: Time charter and voyage expenses for the three month period ended September 30, 2016 decreased by $0.3 million or 36.3% to $0.6 million, as compared to $0.9 million for the three month period ended September 30, 2015.

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 $1.7 million for the three month period ended September 30, 2016, as compared to $1.3 million for the three month period ended September 30, 2015.

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Management fees: Management fees for the three month period ended September 30, 2016, increased by $0.4 million or 2.8% to $14.9 million, as compared to $14.5 million for the same period in 2015. The increase was mainly attributable to the increased daily management fee.

General and administrative expenses: General and administrative expenses amounted to $2.4 million for the three month period ended September 30, 2016, as compared to $1.9 million for the three month period ended September 30, 2015.

Depreciation and amortization: Depreciation and amortization amounted to $38.1 million for the three month period ended September 30, 2016 compared to $20.0 million for the three month period ended September 30, 2015. The increase of $18.2 million was attributable to an accelerated amortization of the Navios Luz and Navios Buena Ventura favorable lease intangibles due to change in their useful life (Refer to Note 6 Intangible Assets for further details) and was partially mitigated by the decrease of amortization of the intangible for the Navios Fulvia which was written off during the third quarter of 2015. 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.

Loss on sale of securities: A loss of $19.4 million was recorded in relation to the loss on sale of the HMM securities as of September 30, 2016. There was no loss for the corresponding interim period of the previous year.

Interest expense and finance cost, net: Interest expense and finance cost, net for the three months ended September 30, 2016 decreased by $0.3 million or 3.7% to $7.6 million, as compared to $7.9 million for the three months ended September 30, 2015. The decrease was mainly due: (a) the lower weighted average interest rate of 4.67% for the three month period ended September 30, 2016, from 4.78% for the same period of 2015; and (b) the decrease in the average outstanding loan balance to $559.8 million for the three month period ended September 30, 2016 from $613.1 million for the three month period ended September 30, 2015.

Other income: Other income for the three months ended September 30, 2016 amounted to $3.0 million compared to $1.3 million for the three months ended September 30, 2015. The increase was mainly attributable to the $2.4 million relating to claims submitted under the Navios Holdings Guarantee agreement.

Other expense: Other expense for the three months ended September 30, 2016 amounted to $2.7 million compared to $0.2 million for the three months ended September 30, 2015.

Net (loss)/ income: Net (loss)/ income for the three months ended September 30, 2016 amounted to $(33.9) million compared to $11.8 million for the three months ended September 30, 2015. The decrease in net income of $45.6 million was due to the factors discussed above.

Operating surplus: Navios Partners generated Operating Surplus for the three month period ended September 30, 2016 of $23.2 million, compared to $30.4 million for the three month period ended September 30, 2015. Operating Surplus is a non-GAAP financial measure used by certain investors to assist in evaluating a partnership s ability to make quarterly cash distributions (See Reconciliation of EBITDA and adjusted EBITDA to Net Cash from Operating Activities, 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.

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For the Nine Month Period ended September 30, 2016 compared to the Nine Month Period ended September 30, 2015

Time charter and voyage revenues: Time charter and voyage revenues for the nine month period ended September 30, 2016 decreased by $29.5 million or 17.3% to $140.9 million, as compared to $170.4 million for the same period in 2015. The decrease in time charter and voyage revenues was primarily due to the decline in the freight market during 2016, as compared to the same period in 2015 and was partially mitigated by an increase in revenue due to the delivery of the MSC Cristina in April 2015. As a result of the vessel acquisition, available days of the fleet increased to 8,442 days for the nine month period ended September 30, 2016, as compared to 8,199 days for the nine month period ended September 30, 2015. TCE decreased to $16,165 per day for the nine months period ended September 30, 2016, from $20,267 per day for the nine month period ended September 30, 2015.

Time charter and voyage expenses: Time charter and voyage expenses for the nine month period ended September 30, 2016 decreased by $1.5 million or 25.1% to $4.4 million, as compared to $5.9 million for the nine month period ended September 30, 2015. 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.

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 $4.7 million for the nine month period ended September 30, 2016, as compared to $2.6 million for the nine month period ended September 30, 2015.

Management fees: Management fees for the nine month period ended September 30, 2016, increased by $2.3 million or 5.5% to $44.3 million, as compared to $42.0 million for the same period in 2015. The increase was mainly attributable to the increased daily management fee and the delivery of the MSC Cristina during the second quarter of 2015.

General and administrative expenses: General and administrative expenses increased by $1.7 million or 30.4% to $7.5 million for the nine month period ended September 30, 2016, as compared to $5.7 million for the same period of 2015. The increase was mainly attributable to the delivery of the MSC Cristina in April 2015.

Depreciation and amortization: Depreciation and amortization amounted to $75.8 million for the nine month period ended September 30, 2016 compared to $57.1 million for the nine month period ended September 30, 2015. The increase of $18.6 million was attributable to $20.5 million accelerated amortization of the Navios Luz and Navios Buena Ventura favorable lease intangibles due to change in their useful life (Refer Note 6 Intangible Assets for further details) and was partially mitigated by a $1.9 million decrease of amortization of the intangible for the Navios Fulvia which was written off during the third quarter of 2015. 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.

Impairment loss: An impairment loss of $17.2 million was recorded in relation to one of our vessels, which was held for sale as of September 30, 2016. There was no impairment loss for the corresponding interim period of the previous year.

Loss on sale of securities : A loss of $19.4 million was recorded in relation to the loss on sale of the HMM securities as of September 30, 2016. There was no loss for the corresponding interim period of the previous year.

Interest expense and finance cost: Interest expense and finance cost, net for the nine months ended September 30, 2016 decreased by $0.4 million or 1.5% to $23.7 million, as compared to $24.0 million for the nine months ended September 30, 2015. The decrease was mainly due to the decrease in the average outstanding loan balance to $566.0 million for the nine month period ended September 30, 2016 as compared to $604.8 million for the same period of 2015. The decrease was partially mitigated by the higher weighted average interest rate of 4.62% for the nine month period ended September 30, 2016, from 4.44% for the same period of 2015.

Other income: Other income for the nine months ended September 30, 2016 amounted to $9.3 million compared to $1.7 million for the nine months ended September 30, 2015. The increase was mainly attributable to the $7.2 million relating to claims submitted under the Navios Holdings Guarantee agreement.

Other expense: Other expense for the nine months ended September 30, 2016 amounted to $4.0 million compared to $0.9 million for the nine months ended September 30, 2015.

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Net (loss)/ income: Net (loss)/ income for the nine months ended September 30, 2016 amounted to $(50.5) million compared to $34.0 million for the nine months ended September 30, 2015. The decrease in net income of $84.5 million was due to the factors discussed above.

Operating surplus: Navios Partners generated operating surplus for the nine month period ended September 30, 2016 of $60.9 million, compared to $87.6 million for the nine month period ended September 30, 2015. Operating Surplus is a non-GAAP financial measure used by certain investors to assist in evaluating a partnership s ability to make quarterly cash distributions (See Reconciliation of EBITDA and Adjusted EBITDA to Net Cash from Operating Activities, EBITDA, Operating Surplus and Available Cash for Distribution contained herein).

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.

Liquidity and Capital Resources

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

We anticipate that our primary sources of funds for our short-term liquidity needs will be cash flows from operations, proceeds from asset sales and bank borrowings. As of September 30, 2016, Navios Partners current assets totaled $75.8 million, while current liabilities totaled $64.0 million, resulting in a positive working capital position of $11.8 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 obtain additional funds on favorable terms.

As of September 30, 2016, the total borrowings, net under the Navios Partners credit facilities were $554.5 million.

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.

Credit Facilities

As of September 30, 2016, the total borrowings, net under the Navios Partners credit facilities were $554.5 million.

Term Loan B facility: 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.

On October 31, 2013 and 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. Navios Partners used the net proceeds to partially finance the acquisition of five Container vessels.

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During 2015 and 2016, Navios Partners prepaid $21.0 million and $25.0 million of the Term Loan B facility. These prepayments were fully applied to the balloon payment. Following the prepayments in March 2015 and May 2016, an amount of $0.3 million and $0.2 million, respectively, was written-off from the deferred finance 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. On March 31, 2016, YM Unity was added as a collateral to the Term Loan B facility. On November 14, 2016, six dry cargo vessels were added as collateral to the Term Loan B facility and a capesize vessel will be added upon delivery in September 2016, in exchange of $13.5 million, currently held in the escrow account. 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 September 30, 2016, the outstanding balance of the Term Loan B facility including the add-on was $384.6 million, net of discount of $1.7 million, and it is repayable with a final payment of $386.3 million, in June 2018.

ABN AMRO facility: On September 22, 2014, Navios Partners entered into the September 2014 Credit Facility (divided into two tranches), of up to $56.0 million in order to finance a portion of the purchase price payable in connection with the acquisition of the YM Utmost and the YM Unity. The September 2014 Credit Facility bears interest at LIBOR plus 300 bps per annum. During 2015, Navios Partners prepaid $21.3 million. Following this prepayment, an amount of $0.3 million was written-off from the deferred finance fees. On March 31, 2016, the YM Unity was released and discharged from its obligations and liabilities under the September 2014 Credit Facility. On April 1, 2016, Navios Partners fully repaid the facility with ABN AMRO Bank N.V. Following this repayment, an amount of $0.3 million was written-off from the deferred finance fees. As of September 30, 2016, there was no outstanding amount under this facility.

Commerzbank/DVB facility: 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 September 30, 2016, the outstanding balance of the July 2012 Credit Facility was $72.0 million, and it was repayable in four quarterly installments of $3.5 million each, with a final balloon payment of $58.2 million on the last repayment date. The final maturity date is November 30, 2017. 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*. Following this prepayment, an amount of $0.1 million was written-off from the deferred finance fees.

On November 10, 2016, Navios Partners reduced the July 2012 Credit Facility by $30.2 million ($28.0 million cash payments). The outstanding balance of the July 2012 Credit Facility, after the prepayment, is $41.8 million. The final maturity date will be November 30, 2017.

HSH facility: On April 16, 2015, Navios Partners, through certain of its wholly-owned subsidiaries, entered into the April 2015 Credit Facility (divided into two tranches), of up to $164.0 million 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. On September 30, 2015, the second tranche of April 2015 Credit Facility of $83.0 million was cancelled. As of September 30, 2016, the outstanding balance of the April 2015 Credit Facility was $72.4 million and is repayable in 23 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 Navios Holdings Credit Facility: 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. In April 2016, the Company drew down $21.0 million from Navios Holdings Credit Facility, which was fully repaid during April 2016. Following this prepayment, an amount of $0.6 million was written off from the deferred finance fees. As of September 30, 2016, there was no outstanding amount under this facility. (See Note 13 for Transactions with related parties and affiliates).

ABN AMRO facility: On June 23, 2016, Navios Partners entered into a credit facility with ABN AMRO Bank N.V. (the June 2016 Credit Facility) of up to $30.0 million to be used for the general corporate purposes of the Borrower. The June 2016 Credit Facility bears interest at LIBOR plus 400 bps per annum. The final maturity date is January 30, 2017. As of September 30, 2016, the outstanding balance of the facility was $29.0 million.

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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, April 2015 Credit Facility and the June 2016 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, the April 2015 Credit Facility and the June 2016 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, the April 2015 Credit Facility and the June 2016 Credit Facility also require compliance with a number of financial covenants, including: (i) maintain a required security amount ranging over 105% 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 or 0.80 : 1.00; and (v) maintain a minimum net worth to $135.0 million for the periods prior to any distributions by the Company. 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 September 30, 2016, 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 following table presents cash flow information derived from the unaudited condensed consolidated statements of cash flows of Navios Partners for the nine month periods ended September 30, 2016 and 2015.

	Nine Month Period Ended September 30, 2016 ($ 000) (Unaudited)	Nine Month Period Ended September 30, 2015 ($ 000) (Unaudited)
Net cash provided by operating activities	$ 34,625	$ 97,308
Net cash provided by / (used in) investing activities	20,392	(148,526)
Net cash used in financing activities	(41,188)	(23,136)
Increase / (decrease) in cash and cash equivalents	**$ 13,829**	**$ (74,354)**

Cash provided by operating activities for the nine month period ended September 30, 2016 as compared to the cash provided for the nine month period ended September 30, 2015:

Net cash provided by operating activities decreased by $62.7 million to $34.6 million for the nine month period ended September 30, 2016, as compared to $97.3 million for the same period in 2015.

Net income decreased by $84.5 million to $(50.5) million for the nine month period ended September 30, 2016, from $34.0 million in the nine month period ended September 30, 2015. In determining net cash provided by operating activities, for the nine month period ended September 30, 2016, net income was adjusted for the effects of certain non-cash items, including $75.8 million depreciation and amortization, $19.4 million loss in relation to the sale of the HMM securities, $17.2 million impairment loss in relation to the sale of one of our vessels, $4.7 million amortization of deferred drydock and special survey costs, $3.0 million amortization and write-off of deferred finance costs, and $(2.6) million non cash accrued interest income and amortization of deferred revenue. For the nine month period ended September 30, 2015, net income was adjusted for the effects of certain non-cash items, including $57.1 million depreciation and amortization, $2.9 million amortization and write-off of deferred financing costs, $2.6 million amortization of deferred drydock and special survey costs and $0.8 million used for investment in Navios Europe (II) Inc. (Navios Europe II).

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Accounts receivable increased by $3.5 million, from $4.0 million at December 31, 2015, to $7.5 million at September 30, 2016, due to the increase in amounts due from charterers.

Accounts payable decreased by $0.02 million, from $2.7 million at December 31, 2015, to $2.7 million at September 30, 2016.

Accrued expenses decreased by $0.6 million from $2.5 million at December 31, 2015, to $1.9 million at September 30, 2016.

Deferred revenue primarily relates to cash received from charterers prior to it being earned. Deferred revenue, net of commissions decreased by $0.9 million from $6.1 million at December 31, 2015, to $5.2 million at September 30, 2016.

Amounts due to related parties amounted to $11.0 million as of September 30, 2016 and $8.7 million as of December 31, 2015. The balance mainly consisted of drydock and special survey expenses.

Amounts due from related parties amounted to $24.4 million as of September 30, 2016 and $0 as of December 31, 2015. The balance mainly consisted of management fees, and other receivables.

Payments for drydock and special survey costs incurred at September 30, 2016 and December 31, 2015 were $0 and $13.5 million, respectively, and related to drydock and special survey costs incurred for certain vessels of the fleet.

Cash provided by/ (used in) investing activities for the nine month period ended September 30, 2016 as compared to the nine month period ended September 30, 2015:

Net cash used in investing activities decreased by $168.9 million to $20.4 million for the nine month period ended September 30, 2016, as compared to $148.5 million for the same period in 2015.

Cash provided by investing activities of $20.4 million for the nine month period ended September 30, 2016 was mainly due to $(0.5) million loan granted to Navios Europe (II) Inc. (Navios Europe II) and $20.8 million proceeds from the sale of the HMM securities.

Cash used in investing activities of $148.5 million for the nine month period ended September 30, 2015 was due to: (i) $147.8 million paid for the acquisition of the MSC Cristina, which was delivered in April 2015; and (ii) $0.7 million loan granted to Navios Europe (II) Inc. (Navios Europe II).

Cash used in financing activities for the nine month period ended September 30, 2016 as compared to cash used in financing activities for the nine month period ended September 30, 2015:

Net cash used in financing activities increased by $18.1 million to $41.2 million for the nine month period ended September 30, 2016, as compared to $23.1 million for the same period in 2015.

Cash used in financing activities of $41.2 million for the nine month period ended September 30, 2016 was due to: (i) loan repayments of $75.1 million; and (ii) payment of $1.1 million of deferred financing costs relating to the June 2016 Credit Facility and Navios Holdings Credit Facility. This overall decrease was partially offset by: (i) proceeds of $29.0 million on June 23, 2016, under the June 2016 Credit Facility; and (ii) a $6.0 million decrease in restricted cash related to the amounts held in retention accounts in order to service debt payments, as required by Navios Partners credit facilities.

Cash provided by financing activities of $23.1 million for the nine month period ended September 30, 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 $54.7 million; (ii) payment of a total cash distribution of $114.3 million; (iii) payment of $0.7 million of deferred financing costs relating to the April 2015 Credit Facility; and (iv) a $6.8 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.

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

	Three Month Period Ended September 30, 2016 ($ 000) (unaudited)	Three Month Period Ended September 30, 2015 ($ 000) (unaudited)	Nine Month Period Ended September 30, 2016 ($ 000) (unaudited)	Nine Month Period Ended September 30, 2015 ($ 000) (unaudited)
Net cash provided by/ (used in) operating activities	$ (4,111)	$ 28,342	$ 34,625	$ 97,308
Net increase in operating assets	31,001	7,132	33,864	15,244
Net increase in operating liabilities	(3,099)	(1,930)	(1,439)	(16,659)
Net interest cost	7,432	7,847	23,301	23,850
Amortization and write-off of deferred financing cost	(932)	(792)	(3,017)	(2,941)
Impairment loss			(17,193)	
Loss on sale of securities	(19,435)		(19,435)	
Non cash accrued interest income and amortization of deferred revenue	2,566		2,566	
Equity in earnings of affiliates, net of dividends received	(31)	273	(6)	745
EBITDA[1]	**$ 13,391**	**$ 40,872**	**$ 53,266**	$ **117,547**
Impairment loss			17,193	
Loss on sale of securities	19,435		19,435	
Adjusted EBITDA	**$ 32,826**	**$ 40,872**	**$ 89,894**	$ **117,547**
Cash interest income		5	5	47
Cash interest paid	(6,661)	(6,930)	(20,067)	(19,847)
Maintenance and replacement capital expenditures	(2,975)	(3,516)	(8,924)	(10,190)
Operating Surplus	**$ 23,190**	**$ 30,431**	**$ 60,908**	$ **87,557**
Cash distribution paid relating to the first half				(76,194)
Cash reserves	(23,190)	(12,416)	(60,908)	6,652
Available cash for distribution	**$**	**$ 18,015**	**$**	$ **18,015**

(1)

	Three Month Period Ended September 30, 2016	Three Month Period Ended September 30, 2015	Nine Month Period Ended September 30, 2016	Nine Month Period Ended September 30, 2015

	($ 000) (unaudited)	($ 000) (unaudited)	($ 000) (unaudited)	($ 000) (unaudited)
Net cash provided by/ (used in) operating activities	$ (4,111)	$ 28,342	$ 34,625	$ 97,308
Net cash provided by/ (used in) investing activities	$ 20,842	$ (350)	$ 20,392	$ (148,526)
Net cash used in financing activities	$ (1,479)	$ (29,692)	$ (41,188)	$ (23,136)

EBITDA and Adjusted EBITDA

EBITDA represents net income before interest and finance costs, before depreciation and amortization and income taxes. We use EBITDA and Adjusted EBITDA as a liquidity measure and reconcile EBITDA and Adjusted EBITDA to net cash provided by/(used in) operating activities, the most comparable U.S. GAAP liquidity measure. Adjusted EBITDA in this Form 6-K is calculated as follows: net cash provided by/(used in) operating activities adding back, when applicable and as the case may be, the effect of (i) net increase/(decrease) in operating assets, (ii) net (increase)/decrease in operating liabilities, (iii) net interest cost, (iv) amortization of deferred finance charges and other related expenses, (v) provision for losses on accounts receivable, (vi) equity in affiliates, net of dividends received, (vii) payments for drydock and special survey costs, (viii) gain/(loss) on sale of assets/subsidiaries, (ix) impairment charges and (x) non cash accrued interest income and amortization of deferred revenue. Navios Partners believes that EBITDA and Adjusted EBITDA are each the basis upon which liquidity can be assessed and presents useful information to investors regarding Navios Partners ability to service and/or incur indebtedness, pay capital expenditures, meet working capital requirements and make cash distributions. Navios Partners also believes that EBITDA and Adjusted EBITDA are used: (i) by potential lenders to evaluate potential transactions; (ii) to evaluate and price potential acquisition candidates; and (iii) by securities analysts, investors and other interested parties in the evaluation of companies in our industry.

EBITDA and Adjusted EBITDA have limitations as an analytical tool, and should not be considered in isolation or as a substitute for the analysis of Navios Partners results as reported under U.S. GAAP. Some of these limitations are: (i) EBITDA and Adjusted EBITDA do not reflect changes in, or cash requirements for, working capital needs; and (ii) although depreciation and amortization are non-cash charges, the assets being depreciated and amortized may have to be replaced in the future. EBITDA and Adjusted EBITDA do not reflect any cash requirements for such capital expenditures. Because of these limitations, EBITDA and Adjusted EBITDA should not be considered as a principal indicator of Navios Partners performance. Furthermore, our calculation of EBITDA and Adjusted EBITDA may not be comparable to that reported by other companies due to differences in methods of calculation.

EBITDA for the three months ended September 30, 2016 was negatively affected by the accounting effect of a $19.4 million loss on the loss of the HMM securities. Excluding this item, Adjusted EBITDA decreased by $8.0 million to $32.8 million for the three month period ended September 30, 2016, as compared to $40.9 million for the same period in 2015. The decrease in Adjusted EBITDA was primarily due to a: (i) $6.8 million decrease in revenue; (ii) $2.5 million increase in other expense; (iii) $0.5 million increase in general and administrative expenses; and (iv) $0.4 million increase in management fees. The above decrease was partially mitigated by a: (i) $0.3 million decrease in time charter and voyage expenses and (ii) $1.7 million increase in other income.

EBITDA for the nine months ended September 30, 2016 was negatively affected by the accounting effect of a $17.2 million impairment loss on the sale of the MSC Cristina and a $19.4 million loss on the sale of the HMM securities. Excluding these items, Adjusted EBITDA decreased by $27.6 million to $89.9 million for the nine month period ended September 30, 2016, as compared to $117.5 million for the same period in 2015. The decrease in Adjusted EBITDA was primarily due to a: (i) $29.5 million decrease in revenue; (ii) $2.3 million increase in management fees due to the increased number of vessels and the increased daily management fee; (iii) $1.7 million increase in general and administrative expenses; and (iv) $3.1 million increase in other expenses. The above decrease was partially mitigated by a: (i) $1.5 million decrease in time charter and voyage expenses; and (ii) $7.6 million increase in other income.

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.

Available Cash

Available Cash generally means, for each fiscal quarter, all cash on hand at the end of the quarter:

less the amount of cash reserves established by the board of directors to:

provide for the proper conduct of Navios Partners business (including reserve for maintenance and replacement capital expenditures);

comply with applicable law, any of Navios Partners debt instruments, or other agreements; or

provide funds for distributions to the unitholders and to the general partner for any one or more of the next four quarters;

plus all cash on hand on the date of determination of available cash for the quarter resulting from working capital borrowings made after the end of the quarter. Working capital borrowings are generally borrowings that are made under any revolving credit or similar agreement used solely for working capital purposes or to pay distributions to partners.

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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 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 September 30, 2016 and December 31, 2015, total debt, net amounted to $554.5 million and $598.1 million, respectively. The current portion of long-term debt, net amounted to $42.2 million at September 30, 2016 and $23.3 million at December 31, 2015.

Capital Expenditures

Navios Partners finances its capital expenditures with cash flow from operations, owners contribution, equity raisings and bank borrowings. Capital expenditures for the nine month periods ended September 30, 2016 and 2015 were $20.4 and $148.5 million, respectively. The reserve for estimated maintenance and replacement capital expenditures for the three and nine month period ended September 30, 2016 were $3.0 million and $8.9 million, respectively. The reserve for estimated maintenance and replacement capital expenditures for the three and nine month period ended September 30, 2015 was $3.5 million and $10.2 million, respectively.

Maintenance for our vessels and expenses related to drydocking expenses are reimbursed at cost by Navios Partners to our Manager under the amended management agreement. In October 2011, Navios Partners extended the duration of its existing Management Agreement with the Manager until December 31, 2017. In each of October 2011, 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.

Maintenance and Replacement Capital Expenditures Reserve

We estimate that our annual replacement reserve for the year ending December 31, 2016 will be approximately $11.9 million, for replacing our vessels at the end of their useful lives.

The amount for estimated maintenance and 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.

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

Off-Balance Sheet Arrangements

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

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Contractual Obligations and Contingencies

The following table summarizes Navios Partners long-term contractual obligations as of September 30, 2016.

	Payments due by period (Unaudited)				
	Less than 1 year	1-3 years	3-5 years	More than 5 years	Total
	(In thousands of U.S. dollars)				
Loan obligations[(1)]	$ 45,280	$ 459,797	$ 11,825	$ 42,865	$ 559,767
Total contractual obligations	**$ 45,280**	**$ 459,797**	**$ 11,825**	**$ 42,865**	**$ 559,767**

(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 $25.4 million (less than 1 year), $19.7 million (1-3 years), $3.4 million (3-5 years) and $0.9 million (more than 5 years). Expected interest payments are based on outstanding principal amounts, applicable currently effective interest rates and margins as of September&nbs