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

FORM 20-F

(Mark One)

☐ REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF THE SECURITIES EXCHANGE ACT OF 1934

OR

☒ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2017

OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

OR

☐ SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Date of event requiring this shell company report _________

For the transition period from _________ to _________

Commission file number 001-34104

Navios Maritime Acquisition Corporation
(Exact name of Registrant as specified in its charter)

Not Applicable
(Translation of Registrant's Name into English)

Republic of Marshall Islands
(Jurisdiction of incorporation or organization)

7 Avenue de Grande Bretagne, Office 11B2
Monte Carlo, MC 98000 Monaco
(Address of principal executive offices)

Todd E. Mason
Thompson Hine LLP
335 Madison Ave
New York, NY 10017
Todd.Mason@thompsonhine.com
(212) 908-3946
(Name, Telephone, E-mail and/or Facsimile number and Address of Company Contact Person)

Securities registered or to be registered pursuant to Section 12(b) of the Act.

Title of each class	Name of each exchange on which registered
Common Stock, par value $.0001 per share	New York Stock Exchange LLC

Securities registered or to be registered pursuant to Section 12(g) of the Act.	**None**
Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act.	**None**

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report: 152,107,905 Shares of Common Stock

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or (15)(d) of the Securities Exchange Act of 1934. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter periods that the registrant was required to file such reports), and (2) has been subject to such reporting requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or emerging growth company. See the definition of "large accelerated filer," "accelerated filer," and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one):

Large Accelerated Filer ☐ Accelerated Filer ☒ Non-Accelerated Filer ☐ Emerging Growth Company ☐

If an emerging growth company that prepares its financial statements in accordance with U.S. GAAP, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards† provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

U.S. GAAP ☒ International Financial Reporting Standards as issued by the International Accounting Standards Board ☐ Other ☐

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

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FORWARD-LOOKING STATEMENTS

This Annual Report should be read in conjunction with the financial statements and accompanying notes included herein.

Statements included in this Annual Report on Form 20-F (this "Annual Report") which are not historical facts (including our statements concerning plans and objectives of management for future operations or economic performance, or assumptions related thereto) are forward-looking statements. In addition, we and our representatives may from time to time make other oral or written statements which are also forward-looking statements. Such statements include, in particular, statements about our plans, strategies, business prospects, changes and trends in our business, and the markets in which we operate as described in this Annual Report. In some cases, you can identify the forward-looking statements by the use of words such as "may," "could," "should," "would," "expect," "plan," "anticipate," "intend," "forecast," "believe," "estimate," "predict," "propose," "potential," "continue" or the negative of these terms or other comparable terminology.

Forward-looking statements appear in a number of places and include statements with respect to, among other things:

- our ability to maintain or develop new and existing customer relationships with major refined product importers and exporters, major crude oil companies and major commodity traders, including our ability to enter into long-term charters for our vessels;
- our ability to successfully grow our business, our ability to identify and consummate desirable acquisitions, joint ventures or strategic alliances, business strategy, areas of possible expansion and our capacity to manage our expanding business;
- future levels of cash flow and levels of dividends, as well as our future cash dividend policy;
- our future opening and financial results, including the amount of filed hire and profit share that we may receive;
- tanker industry trends, including charter rates and vessel values and factors affecting vessel supply and demand;
- our ability to take delivery of, integrate into our fleet, and employ any newbuildings we may order in the future and the ability of shipyards to deliver vessels on a timely basis;
- the aging of our vessels and resultant increases in operation and drydocking costs;
- the ability of our vessels to pass classification inspection and vetting inspections by oil majors;
- significant changes in vessel performance, including increased vessel breakdowns;
- the creditworthiness of our charterers and the ability of our contract counterparties to fulfill their obligations to us;
- our ability to repay outstanding indebtedness, to fulfill other financial obligations, to obtain additional financing and to obtain replacement charters for our vessels, in each case, at commercially acceptable rates or at all;
- potential liability from litigation and our vessel operations, including discharge of pollutants;
- our track record, and past and future performance, in safety, environmental and regulatory matters;
- changes in the availability and costs of funding due to conditions in the bank market, capital markets and other factors;
- global economic outlook and growth and changes in general economic and business conditions;
- general domestic and international political conditions, including wars, acts of piracy and terrorism;
- changes in production of or demand for oil and petroleum products, either globally or in particular regions;
- changes in the standard of service or the ability of our technical manager to be approved as required;
- increases or decreases in domestic or worldwide oil consumption;
- 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 adequacy of our insurance arrangements and our ability to obtain insurance and required certifications;

- 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;
- the changes to the regulatory requirements applicable to the shipping and oil transportation industry, including, without limitation, stricter requirements adopted by international organizations, such as the International Maritime Organization and the European Union, or by individual countries or charterers and actions taken by regulatory authorities and governing such areas as safety and environmental compliance;
- potential liability and costs due to environmental, safety and other incidents involving our vessels;
- the effects of increasing emphasis on environmental and safety concerns by customers, governments and others, as well as changes in maritime regulations and standards;
- our ability to retain key executive officers; and
- our ability to leverage to our advantage, Navios Maritime Holdings Inc. ("Navios Holdings") relationships and reputation in the shipping industry.

These and other forward-looking statements are made based upon management's current plans, expectations, estimates, assumptions and beliefs concerning future events impacting us and therefore involve a number of risks and uncertainties, including those risks discussed in "Item 3. Key Information".

The forward-looking statements, contained in this Annual Report, are based on our current expectations and beliefs concerning future developments and their potential effects on us. There can be no assurance that future developments affecting us will be those that we have anticipated.

The forward-looking statements are inherently subject to significant uncertainties and contingencies, many of which are beyond our control. We caution that forward-looking statements are not guarantees and that actual results could differ materially from those expressed or implied in the forward-looking statements.

We undertake no obligation to update any forward-looking statement or statements to reflect events or circumstances after the date on which such statement is made or to reflect the occurrence of unanticipated events. New factors emerge from time to time, and it is not possible for us to predict all of these factors. Further, we cannot assess the impact of each such factor on our business or the extent to which any factor, or combination of factors, may cause actual results to be materially different from those contained in any forward-looking statement.

PART I

Item 1. *Identity of Directors, Senior Management and Advisers*

Not Applicable.

Item 2. *Offer Statistics and Expected Timetable*

Not Applicable.

Item 3. *Key Information*

A. Selected Financial Data

Navios Maritime Acquisition Corporation (sometimes referred to herein as "Navios Acquisition," the "Company," "we" or "us") was incorporated in the Republic of Marshall Islands on March 14, 2008 (refer to Item 4. Information on the Company).

Navios Acquisition's selected historical financial information and operating results for the years ended December 31, 2017, 2016, 2015, 2014 and 2013 is derived from the audited consolidated financial statements of Navios Acquisition. The selected consolidated statements of operations for the years ended December 31, 2017, 2016 and 2015 and the consolidated balance sheet data as of December 31, 2017 and 2016 have been derived from our audited consolidated financial statements included elsewhere in this

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Annual Report. The consolidated statements of operations data for the years ended December 31, 2014 and December 31, 2013, and the consolidated balance sheet data as of December 31, 2015, 2014 and 2013, have been derived from our audited consolidated financial statements which are not included in this document and are available at www.sec.gov. The selected consolidated financial data should be read in conjunction with "Item 5. Operating and Financial Review and Prospects", and other financial information included elsewhere in this Annual Report. The selected consolidated financial data is a summary of, is derived from, and is qualified by reference to, our audited consolidated financial statements and notes thereto, which have been prepared in accordance with U.S. generally accepted accounting principles ("U.S. GAAP"). The historical data included below and elsewhere in this Annual Report is not necessarily indicative of our future performance.

Statement of Income Data

(In thousands of U.S. dollars)	Year ended December 31, 2017	Year ended December 31, 2016	Year ended December 31, 2015	Year ended December 31, 2014	Year ended December 31, 2013
Revenue	$ 227,288	$ 290,245	$ 313,396	$ 264,877	$ 202,397
Time charter expenses	(21,919)	(4,980)	(4,492)	(5,187)	(6,762)
Direct vessel expenses	(4,198)	(3,567)	(1,532)	(1,979)	(3,096)
Management fees (entirely through related party transactions)	(94,973)	(97,866)	(95,336)	(95,827)	(71,392)
General and administrative expenses	(13,969)	(17,057)	(15,532)	(14,588)	(7,017)
Depreciation and amortization	(56,880)	(57,617)	(57,623)	(67,718)	(63,880)
Loss on bond and debt extinguishment	—	—	—	—	(33,973)
Interest income	10,042	4,767	1,683	720	315
Interest expenses and finance cost	(76,438)	(75,987)	(73,561)	(78,610)	(58,386)
Impairment loss	—	—	—	(11,690)	—
Gain/ (loss) on sale of vessels	—	11,749	5,771	22,599	(21,098)
Change in fair value of other assets	—	—	—	(1,188)	—
Equity/ (loss) in net earnings of affiliated companies	(46,657)	15,499	18,436	2,000	—
Other income	82	377	41	280	4,787
Other expense	(1,277)	(2,685)	(1,514)	(642)	(487)
Net (loss)/ income	**$ (78,899)**	**$ 62,878**	**$ 89,737**	**$ 13,047**	**$ (58,592)**
Net (loss)/ income per share, basic	$ (0.50)	$ 0.40	$ 0.57	$ 0.08	$ (0.57)
Net (loss)/ income per share, diluted	$ (0.50)	$ 0.40	$ 0.56	$ 0.08	$ (0.57)

Balance Sheet Data (at period end)	Year Ended December 31, 2017	Year Ended December 31, 2016	Year ended December 31, 2015	Year ended December 31, 2014	Year ended December 31, 2013
Current assets, including cash	$ 119,733	$ 107,282	$ 97,349	$ 89,528	$ 120,801
Vessels, net	$ 1,250,043	$ 1,306,923	$ 1,441,635	$ 1,375,931	$ 1,353,131
Total assets	$ 1,572,781	$ 1,703,619	$ 1,774,091	$ 1,697,014(1),(2)	$ 1,633,415(1)
Long-term debt, including current portion, net of premium and deferred finance costs	$ 1,065,369	$ 1,095,938	$ 1,197,583	$ 1,142,002(1)	$ 1,131,202(1)
Series D Convertible Preferred Stock	$ —	$ —	$ —	$ 12,000	$ 12,000
Total Stockholders' equity	$ 462,475	$ 572,931	$ 540,871	$ 490,793(2)	$ 450,822
Puttable common stock	$ —	$ 2,500	$ 6,500	$ —	$ —
Common stock	$ 15	$ 15	$ 15	$ 15	$ 13
Number of shares	152,107,905	150,582,990	149,782,990	151,664,942	136,714,942
Dividends declared/ paid	$ 31,614	$ 31,682	$ 32,117	$ 32,619	$ 24,521
Cash Flow Data					
Net cash provided by/ (used in) operating activities	$ 45,942	$ 92,945	$ 119,636	$ 75,985	$ (29,571)
Net cash provided by/ (used in) investing activities	$ 52,378	$ 43,505	$ (104,510)	$ (145,729)	$ (293,740)
Net cash (used in)/ provided by financing activities	$ (66,461)	$ (141,963)	$ (14,814)	$ 41,402	$ 363,300
Cash dividends declared per common share	$ 0.20	$ 0.20	$ 0.20	$ 0.20	$ 0.20
Fleet Data:					
Vessels at end of period	36	36	39	37	33

(1) The total assets and long-term debt, including current portion, net of premium and deferred finance costs presented in this table have been revised to reflect the adoption of ASU 2015-03.

(2) The total assets and total stockholders' equity at December 31, 2014 have been revised to account for the investments in the common units of Navios Maritime Midstream Partners L.P. ("Navios Midstream"), under the equity method.

B. Capitalization and indebtedness

Not applicable.

C. Reasons for the offer and use of proceeds

Not applicable.

D. Risk factors

RISK FACTORS

The following factors should be considered carefully in evaluating whether to purchase our securities. These factors should be considered in conjunction with any other information included or incorporated by reference herein, including in conjunction with forward-looking statements made herein.

Risks Relating to the Shipping Industry and the Operation of our Vessels

The cyclical nature of the tanker industry may lead to volatility in charter rates and vessel values, which could adversely affect our future earnings.

Oil has been one of the world's primary energy sources for a number of decades. The global economic growth of previous years had a significant impact on the demand for oil and subsequently on the oil trade and the demand for shipping oil and oil products. However, the past several years were marked by a major economic slowdown, the rise and continued expansion of shale oil production in the U.S. and extreme volatility that has had, and continues to have, a significant impact on world trade, including the oil trade. Global economic conditions, while somewhat more stable than in the immediate aftermath of the financial crisis, remain uncertain with respect to long-term economic growth. In particular, the uncertainty surrounding the future of the Eurozone, the economic prospects of the United States, the future economic growth of China, Brazil, Russia, India and other emerging markets and changing oil production and consumption patterns due to efficiencies, new technologies and government policy changes are all expected to affect demand for product and crude tankers going-forward. Demand for oil and refined petroleum products about equals current supply as a result of the steady global economic environment and a general global trend towards energy efficient technologies, which in combination with the limited availability of trade credit and an increasing supply of vessels, led to decreased demand for tanker vessels, creating downward pressure on charter rates. This economic downturn has also affected vessel values overall. Energy prices sharply declined from mid-2014 to mid-February 2016 primarily as a result of increased oil production worldwide. In response to this increased production, demand for tankers to move oil and refined petroleum products increased significantly and average spot and period charter rates for product and crude tankers rose to above historically average rates, but have since declined. If oil demand grows in the future, it is expected to come primarily from emerging markets which have been historically volatile, such as China and India, and a slowdown in these countries' economies may severely affect global oil demand growth, and may result in protracted, reduced consumption of oil products and a decreased demand for our vessels and lower charter rates, which could have a material adverse effect on our business, results of operations, cash flows, financial condition and ability to make cash distributions. Should the Organization of the Petroleum Exporting Countries ("OPEC") significantly reduce oil production or should there be significant declines in non-OPEC oil production, that may result in a protracted period of reduced oil shipments and a decreased demand for our vessels and lower charter rates, which could have a material adverse effect on our business, results of operations, cash flows, financial condition and ability to make cash distributions.

Historically, the crude oil markets have been volatile as a result of the many conditions and events that can affect the price, demand, production and transport of oil, including competition from alternative energy sources. Decreased demand for oil transportation may have a material adverse effect on our revenues, cash flows and profitability. The factors affecting the supply and demand for tankers are outside of our control, and the nature, timing and degree of changes in industry conditions are unpredictable. The past global financial crisis and the continuing U.S. shale production expansion has intensified this unpredictability.

The factors that influence demand for tanker capacity include:

- demand for and supply of liquid cargoes, including petroleum and petroleum products;
- developments in international trade;
- waiting days in ports;
- changes in oil production and refining capacity and regional availability of petroleum refining capacity;
- environmental and other legal and regulatory developments, including the adoption of any limits on the consumption of carbon-based fuels due to climate change agreements or protocols;
- global and regional economic conditions;
- the distance chemicals, petroleum and petroleum products are to be moved by sea;
- changes in seaborne and other transportation patterns, including changes in distances over which cargo is transported due to geographic changes in where oil is produced, refined and used;
- competition from alternative sources of energy;
- armed conflicts and terrorist activities;
- natural or man-made disasters that affect the ability of our vessels to use certain waterways;
- political developments;
- embargoes and strikes; and
- domestic and foreign tax policies.

The factors that influence the supply of tanker capacity include:

- the number of newbuilding deliveries;
- the scrapping rate of older vessels;
- port or canal congestion;
- the number of vessels that are used for storage or as floating storage offloading service vessels;

- the conversion of tankers to other uses, including conversion of vessels from transporting oil and oil products to carrying drybulk cargo and the reverse conversion;
- availability of financing for new tankers;
- the phasing out of single-hull tankers due to legislation and environmental concerns;
- the price of steel;
- the number of vessels that are out of service;
- national or international regulations that may effectively cause reductions in the carrying capacity of vessels or early obsolescence of tonnage; and
- environmental concerns and regulations, including ballast water management and low sulphur fuel consumption regulations.

Furthermore, the extension of refinery capacity in China, India and particularly the Middle East through 2018 is expected to exceed the immediate consumption in these areas, and an increase in exports of refined oil products is expected as a result. This coupled with announced refinery closures in Australia, Japan and Europe should increase trade in refined oil products.

Historically, the tanker markets have been volatile as a result of the many conditions and factors that can affect the price, supply and demand for tanker capacity. The recent global economic crisis may further reduce demand for transportation of oil over long distances and supply of tankers that carry oil, which may materially affect our future revenues, profitability and cash flows.

We believe that the current order book for tanker vessels represents a significant percentage of the existing fleet; however the percentage of the total tanker fleet on order as a percent of the total fleet declined from 18% at the end of 2011 to 12% at the beginning of March 2018. An over-supply of tanker capacity may result in a reduction of charter hire rates. If a reduction in charter rates occurs, we may only be able to charter our vessels at unprofitable rates or we may not be able to charter these vessels at all, which could lead to a material adverse effect on our results of operations.

Spot market rates for tanker vessels are highly volatile and may decrease in the future, which may materially adversely affect our earnings in the event that our vessels are chartered in the spot market.

We may deploy at least some of our product tankers, chemical tankers and VLCCs in the spot market directly or in pools. Although spot chartering is common in the product, chemical, tanker and VLCC sectors, product tankers, chemical tanker and VLCC charter hire rates are highly volatile and may fluctuate significantly based upon demand for seaborne transportation of crude oil and oil products and chemicals, as well as tanker supply. World oil demand is influenced by many factors, including international economic activity; geographic changes in oil production, processing, and consumption; oil price levels; inventory policies of the major oil and oil trading companies; and strategic inventory policies of countries such as the United States and China. The successful operation of our vessels in the spot charter market depends upon, among other things, obtaining profitable spot charters and minimizing, to the extent possible, time spent waiting for charters and time spent traveling unladen to pick up cargo. Furthermore, as charter rates for spot charters are fixed for a single voyage that may last up to several weeks, during periods in which spot charter rates are rising, we will generally experience delays in realizing the benefits from such increases. The spot market is highly volatile, and, in the past, there have been periods when spot rates have declined below the operating cost of vessels. Currently, spot charter hire rates are at or above operating costs for most vessel sizes but there is no assurance that the crude oil, product and chemical tanker charter market will rise over the next several months or will not decline further. A decrease in spot rates may decrease the revenues and cash flow we derive from vessels employed in pools or on index linked charters. Such volatility in pool or index linked charters may be mitigated by any minimum rate due to us that we negotiate with our charterers.

Additionally, if the spot market rates or short-term time charter rates become significantly lower than the time charter equivalent rates that some of our charterers are obligated to pay us under our existing charters, the charterers may have incentive to default under that charter or attempt to renegotiate the charter. If our charterers fail to pay their obligations, we would have to attempt to re-charter our vessels at lower charter rates, which would affect our ability to comply with our loan covenants and operate our vessels profitably. If we are not able to comply with our loan covenants and our lenders choose to accelerate our indebtedness and foreclose their liens, we could be required to sell vessels in our fleet and our ability to continue to conduct our business would be impaired.

Certain of our VLCC vessels are contractually committed to time charters. We are not permitted to unilaterally terminate the charter agreements of the VLCC vessels due to upswings in the tanker industry cycle, when spot market voyages might be more profitable. We may also decide to sell a vessel in the future. In such a case, should we sell a vessel that is committed to a long-term charter, we may not be able to realize the full charter free fair market value of the vessel during a period when spot market charters are more profitable than the charter agreement under which the vessel operates. We may re-charter the VLCC vessels on long-term charters or charter them in the spot market or place them in pools upon expiration or termination of the vessels' current charters. Furthermore, in connection with the initial public offering ("IPO") of Navios Midstream, we have provided backstop commitments for a two-year period as of the redelivery of each of the Nave Celeste, the Shinyo Ocean and the Shinyo Kannika from their original charters, at a net rate of $35,000, $38,400 and $38,025, respectively. Navios Midstream has currently entered into new charter contracts for the above vessels with third parties upon their redelivery in first quarter of 2017. Those contracts provide for index linked charter rates or pool earnings, as the case may be. The backstop commitment for Shinyo Kannika terminated following the sale of this vessel in March 2018. We extended the backstop commitment of the Shinyo Kannika to the Nave Galactic, following the sale of the latter to Navios Midstream in March 2018. If the actual rates achieved are below the agreed backstop rates our results of operations and operating cash flows may suffer.

An oversupply of tanker vessel capacity may lead to reductions in charter hire rates, vessel values and profitability.

The market supply of tankers is affected by a number of factors, such as demand for energy resources and primarily oil and petroleum products, level of charter hire rates, asset and newbuilding prices, availability of financing as well as overall economic growth in parts of the world economy, including Asia, and has been increasing as a result of the delivery of substantial newbuilding orders over the last few years. We believe that the current order book for tanker vessels represents a significant percentage of the existing fleet; however the percentage of the total tanker fleet on order as a percent of the total fleet declined from 48% in 2008 to 12% as of the beginning of March 2018. If the capacity of new ships delivered exceeds the capacity of tankers being scrapped and lost, tanker capacity will increase. If the supply of tanker capacity increases and if the demand for tanker capacity does not increase correspondingly, charter rates and vessel values could materially decline. If such a reduction occurs, we may only be able to recharter our vessels at reduced or unprofitable rates as their current charters expire, or we may not be able to charter these vessels at all, which could lead to a material adverse effect on our results of operations.

Increasing energy self-sufficiency in the United States could lead to a decrease in imports of oil to that country, which to date has been one of the largest importers of oil worldwide.

"Soaring domestic production makes the United States a net oil exporter by the late 2020s," according to the 2017 annual World Energy Outlook by the International Energy Agency ("IEA"). They see two distinct phases in the outlook for oil production to 2040: "In the first phase to the mid-2020s, non-OPEC countries dominate growth. Tight oil from the United States continues its upward march (the United States accounts for 80% of the net increase in production to 2025)." "In a second phase, from the mid-2020s, tight oil in the United States begins to fall" but the United States continues to be the world's largest oil producer to 2040 after overtaking Saudi Arabia around 2018. In its 2016 Medium Term Oil Market Report, the IEA said that the steep rise in shale oil and gas production is expected to push the country toward energy self-sufficiency. In recent years the share of total U.S. consumption met by total liquid fuel net imports, including both crude oil and products, has been decreasing since peaking at over 60% in 2005. The U.S. Energy Information Administration ("EIA") statistics through October 2017, show that U.S. crude oil imports rose 1.4% to an average of 8.0 million barrels per day ("MBPD") over the 7.9 MBPD in 2016, but the average imports are still below the 2005 peak of 10.1 MBPD. EIA statistics note that U.S. crude oil exports rose 76% to 1.04 MBPD through October 2017, which was a very significant increase over the most recent low of 9,100 barrels per day exported in 2002. A slowdown in oil imports to or exports from the United States, one of the most important oil trading nations worldwide, may result in decreased demand for our vessels and lower charter rates, which could have a material adverse effect on our business, results of operations, cash flows, financial condition and ability to make cash distributions.

A number of third party owners have ordered so-called modern vessels, which offer substantial bunker savings as compared to older vessels. Increased demand for and supply of modern vessels could reduce demand for certain of our existing older vessels and expose us to lower vessel utilization and/or decreased charter rates.

The product tanker newbuilding order book as of January 2018 is estimated at 240 vessels or 9% of the current product tanker fleet according to Clarksons Research Services Limited. The majority of these orders are based on vessel improvements such as improved propulsion system or other technical measures, which purport to offer material bunker savings compared to older vessels, which include certain of our vessels. Such savings could result in a substantial reduction of bunker cost for charterers compared to such vessels of ours. As the supply of such modern vessel increases and if charterers prefer such vessels over our vessels, this may reduce demand for our existing older vessels, impair our ability to recharter such vessels at competitive rates and have a material adverse effect on our cash flows and operations.

Charter rates in the crude oil tankers sector in which we operate and in the product and chemical tanker sectors of the seaborne transportation industry have significantly declined from historically high levels in 2008 and may remain depressed or decline further in the future, which may adversely affect our earnings.

Charter rates in the crude oil, product and chemical tanker sectors have significantly declined from historically high levels in 2008 and may remain depressed or decline further. For example, the Baltic Dirty Tanker Index declined from a high of 2,347 in July 2008 to 453 in mid-April 2009, which represents a decline of approximately 81%. Since January 2016, it has traded between a low of 496 and a high of 1,088; as of March 28, 2018, it stood at 662. The Baltic Clean Tanker Index fell from 1,509 in the early summer of 2008 to 345 in April 2009, or an approximate 77% decline. It has traded between a low of 346 and a high of 867 since January 2016 and stood at 563 as of March 28, 2018. Of note is that Chinese imports of crude oil have steadily increased from three million barrels per day in 2008 to a record 9.6 million barrels per day in January 2018 and the U.S. has steadily increased its total petroleum product exports by about 460% to about 5.8 million barrels per day in December 2017 from one million barrels per day in January 2006. Additionally, since the U.S. removed its ban at the end of 2015, U.S. crude oil exports increased by about 300% from 0.4 million barrels per day to about 1.5 million barrels per day at the end of 2017. If the tanker sector of the seaborne transportation industry, which has been highly cyclical, is depressed in the future at a time when we may want to sell a vessel, our earnings and available cash flow may be adversely affected. We cannot assure you that we will be able to successfully charter our vessels in the future at rates sufficient to allow us to operate our business profitably or to meet our obligations, including payment of debt service to our lenders. Our ability to renew the charters on vessels that we may acquire in the future, the charter rates payable under any replacement charters and vessel values will depend upon, among other things, economic conditions in the sector in which our vessels operate at that time, changes in the supply and demand for vessel capacity and changes in the supply and demand for the seaborne transportation of energy resources and commodities.

Any decrease in shipments of crude oil from the Arabian Gulf or West Africa may adversely affect our financial performance.

The demand for VLCC oil tankers derives primarily from demand for Arabian Gulf and West African crude oil, which, in turn, primarily depends on the economies of the world’s industrial countries and competition from alternative energy sources. A wide range of economic, social and other factors can significantly affect the strength of the world’s industrial economies and their demand for Arabian Gulf and West African crude oil.

Among the factors that could lead to a decrease in demand for exported Arabian Gulf and West African crude oil are:

- increased use of existing and future crude oil pipelines in the Arabian Gulf or West African regions;
- increased demand for crude oil in the Arabian Gulf or West African regions;
- a decision by OPEC or other petroleum exporters to increase their crude oil prices or to further decrease or limit their crude oil production;
- any increase in refining of crude into petroleum products for domestic consumption or export;
- armed conflict or acts of piracy in the Arabian Gulf or West Africa and political or other factors;
- increased oil production in other regions, such as the United States, Russia and Latin America; and
- the development and the relative costs of nuclear power, natural gas, coal and other alternative sources of energy.

Any significant decrease in shipments of crude oil from the Arabian Gulf or West Africa may materially adversely affect our financial performance.

Delays in deliveries of second-hand vessels, our decision to cancel an order for purchase of a vessel or our inability to otherwise complete the acquisitions of additional vessels for our fleet, could harm our business, financial condition and results of operations.

We expect to purchase second-hand vessels from time to time. The delivery of these vessels could be delayed, not completed or cancelled, which would delay or eliminate our expected receipt of revenues from the employment of these vessels. The seller could fail to deliver these vessels to us as agreed, or we could cancel a purchase contract because the seller has not met its obligations.

If the delivery of any vessel is materially delayed or cancelled, especially if we have committed the vessel to a charter for which we become responsible for substantial liquidated damages to the customer as a result of the delay or cancellation, our business, financial condition and results of operations could be adversely affected.

Delays in deliveries of any newbuilding vessels we may contract to acquire or order in the future, or our decision to cancel, or our inability to otherwise complete the acquisitions of any newbuildings, could harm our operating results and lead to the termination of any related charters.

Any newbuildings we may contract to acquire or order in the future could be delayed, not completed or cancelled, which would delay or eliminate our expected receipt of revenues under any charters for such vessels. The shipbuilder or third party seller could fail to deliver the newbuilding vessel or any other vessels we acquire or order, or we could cancel a purchase or a newbuilding contract because the shipbuilder has not met its obligations, including its obligation to maintain agreed refund guarantees in place for our benefit. For prolonged delays, the customer may terminate the time charter.

Our receipt of newbuildings could be delayed, canceled, or otherwise not completed because of:

- quality or engineering problems or failure to deliver the vessel in accordance with the vessel specifications;
- changes in governmental regulations or maritime self-regulatory organization standards;
- work stoppages or other labor disturbances at the shipyard;
- bankruptcy or other financial or liquidity problems of the shipbuilder;
- a backlog of orders at the shipyard;
- political or economic disturbances in the country or region where the vessel is being built;
- weather interference or a catastrophic event, such as a major earthquake or fire;
- the shipbuilder failing to deliver the vessel in accordance with our vessel specifications;
- our requests for changes to the original vessel specifications;
- shortages of or delays in the receipt of necessary construction materials, such as steel; or
- our inability to finance the purchase of the vessel.

If delivery of any newbuild vessel acquired, or any vessel we contract to acquire in the future is materially delayed, it could materially adversely affect our results of operations and financial condition.

Fifteen of the vessels in our fleet are second-hand vessels, and we may acquire more second-hand vessels in the future. The acquisition and operation of such vessels may result in increased operating costs and vessel off-hire, which could materially adversely affect our earnings.

As of April 2, 2018, the vessels in our fleet had an average age of approximately 7.2 years and most tanker vessels have an expected life of approximately 25 years. Two of our LR1 product tanker vessels, five of our MR2 product tanker vessels and our eight VLCC vessels are second-hand vessels, and we may acquire more second-hand vessels in the future. Our inspection of second-hand vessels prior to purchase does not provide us with the same knowledge about their condition and cost of any required or anticipated repairs that we would have had if these vessels had been built for and operated exclusively by us. Generally, we will not receive the benefit of warranties on second-hand vessels.

In general, the costs to maintain a vessel in good operating condition increase with the age of the vessel. Due to improvements in engine technology, older vessels are typically less fuel efficient and more costly to maintain than more recently constructed vessels. Cargo insurance rates increase with the age of a vessel, making older vessels less desirable to charterers.

Governmental regulations, safety or other equipment standards related to the age of vessels may require expenditures for alterations or the addition of new equipment to our vessels and may restrict the type of activities in which the vessels may engage or the geographic regions in which we may operate. We cannot predict what alterations or modifications our vessels may be required to undergo in the future. As our vessels age, market conditions may not justify those expenditures or enable us to operate our vessels profitably during the remainder of their useful lives.

Although we have considered the age and condition of the vessels in budgeting for operating, insurance and maintenance costs, we may encounter higher operating and maintenance costs due to the age and condition of these vessels, or any additional vessels we acquire in the future. The age of some of our VLCC vessels may result in higher operating costs and increased vessel off-hire periods relative to our competitors that operate newer fleets, which could have a material adverse effect on our results of operations.

Our growth depends on continued growth in demand for crude oil, refined petroleum products (clean and dirty) and bulk liquid chemicals and the continued demand for seaborne transportation of such cargoes.

Our growth strategy focuses on expansion in the crude oil, product and chemical tanker sectors. Accordingly, our growth depends on continued growth in world and regional demand for crude oil, refined petroleum (clean and dirty) products and bulk liquid chemicals and the transportation of such cargoes by sea, which could be negatively affected by a number of factors, including:

- the economic and financial developments globally, including actual and projected global economic growth;
- fluctuations in the actual or projected price of crude oil, refined petroleum products or bulk liquid chemicals;
- refining capacity and its geographical location;
- increases in the production of oil in areas linked by pipelines to consuming areas, the extension of existing, or the development of new, pipeline systems in markets we may serve, or the conversion of existing non-oil pipelines to oil pipelines in those markets;
- decreases in the consumption of oil due to increases in its price relative to other energy sources, other factors making consumption of oil less attractive or energy conservation measures or pollution reduction measures or those intended to reduce global warming;
- availability of new, alternative energy sources; and
- negative or deteriorating global or regional economic or political conditions, particularly in oil-consuming regions, which could reduce energy consumption or its growth.

The refining and chemical industries may respond to the economic downturn and demand weakness by reducing operating rates, partially or completely closing refineries and by reducing or cancelling certain investment expansion plans, including plans for additional refining capacity, in the case of the refining industry. Continued reduced demand for refined petroleum products and bulk liquid chemicals and the shipping of such cargoes or the increased availability of pipelines used to transport refined petroleum products, and bulk liquid chemicals would have a material adverse effect on our future growth and could harm our business, results of operations and financial condition.

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

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

- fail to realize anticipated benefits, such as new customer relationships, cost-savings or cash flow enhancements;
- be unable to hire, train or retain qualified shore and seafaring personnel to manage and operate our growing business and fleet;
- integrate any acquired vessels or businesses successfully with our existing operations;
- decrease our liquidity by using a significant portion of our available cash or borrowing capacity to finance acquisitions;
- significantly increase our interest expense or financial leverage if we incur additional debt to finance acquisitions; or
- incur or assume unanticipated liabilities, losses or costs associated with the business or vessels acquired.

Increasing growth of electric vehicles and renewable fuels could lead to a decrease in trading and the movement of crude oil and petroleum products worldwide.

The IEA noted in its Global EV Outlook 2017 that total electric vehicles (EVs) registered worldwide grew from about 1.25 million in 2015 to 2 million in 2016 following new registrations of 750,000 EVs. Forecasts are for EVs to grow to between 60 and 200 million registered cars by 2030. According to Ward’s there were about 1 billion cars registered in 2010 and there will be about 2 billion cars registered by 2035.

According to the EIA, U.S. biodiesel production increased rapidly from 32 thousand barrels per day in 2009 to 100 thousand barrels per day in 2017 (average through October), a growth of about 210%. During the same period diesel production from U.S. refineries grew from 4.1 million barrels per day in 2009 to 5.3 million barrels per day in December 2017, a growth of about 30%. A growth in EVs or a slowdown in imports or exports of crude or petroleum products worldwide, may result in decreased demand for our vessels and lower charter rates, which could have a material adverse effect on our business, results of operations, cash flows, financial condition and ability to make cash distributions.

Our growth depends on our ability to obtain customers, for which we face substantial competition. In the highly competitive tanker industry, we may not be able to compete for charters with new entrants or established companies with greater resources, which may adversely affect our results of operations.

We employ our tanker vessels (or will employ in the case of any product, chemical or LPG tanker vessels that we may acquire) in the highly competitive crude oil, product, chemical and LPG tanker sectors of the shipping industry that is capital intensive and fragmented. Competition arises primarily from other vessel owners, including major oil companies and traders as well as independent tanker companies, some of whom have substantially greater resources and experience than us. Competition for the chartering of tankers can be intense and depends on price, location, size, age, condition, quality operations and safety, experience and technical capability of the crew and the acceptability of the vessel and its managers to the charterers. Such competition has been enhanced as a result of the downturn in the shipping industry, which has resulted in an excess supply of vessels and reduced charter rates.

Medium to long-term time charters and bareboat charters have the potential to provide income at pre-determined rates over more extended periods of time. However, the process for obtaining longer term time charters and bareboat charters is highly competitive and generally involves a lengthy, intensive and continuous screening and vetting process and the submission of competitive bids that often extends for several months. In addition to the quality, age and suitability of the vessel, longer term shipping contracts tend to be awarded based upon a variety of other factors relating to the vessel operator. Competition for the transportation of crude oil, refined petroleum products and bulk liquid chemicals can be intense and depends on price, location, size, age, condition and acceptability of the vessel and our managers to the charterers.

In addition to having to meet the stringent requirements set out by charterers, it is likely that we will also face substantial competition from a number of competitors who may have greater financial resources, stronger reputations or experience than we do when we try to re-charter our vessels. It is also likely that we will face increased numbers of competitors entering in the crude oil, product and chemical tanker sectors, including in the ice class sector. Increased competition may cause greater price competition, especially for medium- to long-term charters. Due in part to the highly fragmented markets, competitors with greater resources could operate larger fleets through consolidations or acquisitions that may be able to offer better prices and fleets than ours.

As a result of these factors, we may be unable to obtain customers for medium- to long-term time charters or bareboat charters on a profitable basis, if at all. Even if we are successful in employing our vessels under longer term time charters or bareboat charters, our vessels will not be available for trading in the spot market during an upturn in the crude oil, product and chemical tanker market cycles, when spot trading may be more profitable. If we cannot successfully employ our vessels in profitable time charters our results of operations and operating cash flow could be adversely affected.

If we fail to manage our planned growth properly, we may not be able to expand our fleet successfully, which may adversely affect our overall financial position.

While we have no specific plans, we do intend to continue to expand our fleet in the future. Our growth will depend on:

- locating and acquiring suitable vessels;
- identifying reputable shipyards with available capacity and contracting with them for the construction of new vessels;
- integrating any acquired vessels successfully with our existing operations;
- enhancing our customer base;
- managing our expansion;
- obtaining required financing, which could include debt, equity or combinations thereof; and
- Improve operating and financial system and controls.

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

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

- acceleration of our obligations to repay the indebtedness even if we have made all principal and interest payments when due if the debt security contained covenants that required the maintenance of certain financial ratios or reserves and any such covenant were breached without a waiver or renegotiation of that covenant;
- our immediate payment of all principal and accrued interest, if any, if the debt security was payable on demand; and
- our inability to obtain additional financing, if necessary, if the debt security contained covenants restricting our ability to obtain additional financing while such security was outstanding.

In addition, our business plan and strategy is predicated on buying vessels in a market at what we believe is near the low, but recovering phase of the periodic cycle in what has typically been a cyclical industry. However, there is no assurance that charter rates and vessels asset values will not sink lower, or that there will be an upswing in shipping costs or vessel asset values in the near-term or at all, in which case our business plan and strategy may not succeed in the near-term or at all. Growing any business by acquisition presents numerous risks such as undisclosed liabilities and obligations, difficulty experienced in obtaining additional qualified personnel and managing relationships with customers and suppliers and integrating newly acquired operations into existing infrastructures. We may not be successful in growing and may incur significant expenses and losses.

We may face unexpected maintenance costs, which could materially adversely affect our business, financial condition and results of operations.

If our vessels suffer damage or require upgrade work, they may need to be repaired at a drydocking facility. Our vessels may occasionally require upgrade work in order to maintain their classification society rating or as a result of changes in regulatory requirements. In addition, our vessels will be off-hire periodically for intermediate surveys and special surveys in connection with each vessel's certification by its classification society. The costs of drydock repairs are unpredictable and can be substantial and the loss of earnings while these vessels are being repaired and reconditioned, as well as the actual cost of these repairs, would decrease our earnings. Our insurance generally only covers a portion of drydocking expenses resulting from damage to a vessel and expenses related to maintenance of a vessel will not be reimbursed. In addition, space at drydocking facilities is sometimes limited and not all drydocking facilities are conveniently located. We may be unable to find space at a suitable drydocking facility on a timely basis or may be forced to move a damaged vessel to a drydocking facility that is not conveniently located to the vessel's position. The loss of earnings while any of our vessels are forced to wait for space or to relocate to drydocking facilities that are far away from the routes on which our vessels trade would further decrease our earnings.

We rely on our technical managers to provide essential services to our vessels and run the day-to-day operations of our vessels.

Pursuant to technical management agreements we are provided with services essential to the business of our vessels, including vessel maintenance, crewing, purchasing, shipyard supervision, insurance and assistance with vessel regulatory compliance, by our technical managers, including a subsidiary of Navios Holdings. Our operational success and ability to execute our strategy will depend significantly upon the satisfactory performance of the aforementioned services by the current technical manager. The failure of our technical managers to perform these services satisfactorily could have a material adverse effect on our business, financial condition and results of operations.

Our vessels may be subject to unbudgeted periods of off-hire, which could materially adversely affect our business, financial condition and results of operations.

Under the terms of the charter agreements under which our vessels operate, or are expected to operate in the case of the newbuildings, when a vessel is "off-hire," or not available for service or otherwise deficient in its condition or performance, the charterer generally is not required to pay the hire rate, and we will be responsible for all costs (including the cost of bunker fuel) unless the charterer is responsible for the circumstances giving rise to the lack of availability. A vessel generally will be deemed to be off-hire if there is an occurrence preventing the full working of the vessel due to, among other things:

- operational deficiencies;
- the removal of a vessel from the water for repairs, maintenance or inspection, which is referred to as drydocking;
- delays due to accidents or deviations from course;
- occurrence of hostilities in the vessel's flag state or in the event of piracy;
- crewing strikes, labor boycotts, certain vessel detentions or similar problems;

- our failure to maintain the vessel in compliance with its specifications, contractual standards and applicable country of registry and international regulations or to provide the required crew; or
- a natural or man-made event of force majeure.

The market values of tanker vessels have declined from historically high levels and may fluctuate significantly, which could cause us to breach covenants in our credit facilities, result in the foreclosure of certain of our vessels, limit the amount of funds that we can borrow and adversely affect our ability to purchase new vessels and our operating results. Depressed vessel values could also cause us to incur impairment charges.

Due to the slow growth in world trade, the increase in the tanker fleet and declining tanker charter rates, the market values of our vessels and any contracted newbuildings and of tankers generally, are currently significantly lower than they would have been prior to the downturn in the second half of 2008. Within the past year smaller product tanker yard resale prices have moderated although they are still lower than the average 2015 price, they have recently risen above the average price for 2017. Vessel values may remain at current low, or lower, levels for a prolonged period of time and can fluctuate substantially over time due to a number of different factors, including:

- prevailing level of charter rates;
- general economic and market conditions affecting the shipping industry;
- competition from other shipping companies;
- types, sizes and age of vessels;
- sophistication and condition of the vessels;
- where the ship was built and as-built specifications;
- lifetime maintenance record;
- supply and demand for vessels;
- other modes of transportation;
- cost of newbuildings;
- governmental or other regulations, including environmental regulations;
- technological advances; and
- ability of buyers to access financing and capital.

If the market value of our vessels decreases, we may breach some of the covenants contained in the financing agreements relating to our indebtedness at the time. Our credit facilities contain covenants including maximum total net liabilities over total net assets (effective in general after delivery of the vessels), minimum net worth and value to loan ratio covenants of 137% or lower, applicable after delivery of the vessels. If we breach any such covenants in the future and we are unable to remedy the relevant breach, our lenders could accelerate or require us to prepay a portion of our debt and foreclose on our vessels. In addition, if the book value of a vessel is impaired due to unfavorable market conditions, we would incur a loss that could have a material adverse effect on our business, financial condition and results of operations.

In addition, as vessels grow older, they generally decline in value. We will review our vessels for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable.

We review certain indicators of potential impairment, such as undiscounted projected operating cash flows expected from the future operation of the vessels, which can be volatile for vessels employed on short-term charters or in the spot market. Any impairment charges incurred as a result of declines in charter rates would negatively affect our financial condition and results of operations. In addition, if we sell any vessel at a time when vessel prices have fallen and before we have recorded an impairment adjustment to our financial statements, the sale may be at less than the vessel's carrying amount on our financial statements, resulting in a loss and a reduction in earnings. Conversely, if vessel values are elevated at a time when we wish to acquire additional vessels, the cost of acquisition may increase and this could materially adversely affect our business, financial condition and results of operations.

Future increases in vessel operating expenses, including rising fuel prices, could materially adversely affect our business, financial condition and results of operations.

Under our time charter agreements, the charterer is responsible for substantially all of the voyage expenses, including port and canal charges and fuel costs, and we are generally responsible for vessel operating expenses. Vessel operating expenses are the costs of operating a vessel, primarily consisting of crew wages and associated costs, insurance premiums, management fees, lubricants and spare parts and repair and maintenance costs. In particular, the cost of fuel is a significant factor in negotiating charter rates. As a result, an increase in the price of fuel beyond our expectations may adversely affect our profitability. The price and supply of fuel is unpredictable and fluctuates based on events outside our control, including geopolitical developments, supply and demand for oil, actions by members of OPEC and other oil and gas producers, war, terrorism and unrest in oil producing countries and regions, regional production patterns and environmental concerns and regulations.

We have fixed the fees for ship management services of our owned fleet, provided by a subsidiary of Navios Holdings, through May 2018 at $6,350 per MR2 product tanker and chemical tanker vessel, $7,150 per LR1 product tanker vessel and $9,500 per VLCC vessel. Drydocking expenses under our Management Agreement are reimbursed at cost for all vessels.

We generally receive a daily rate for the use of our vessels, which is fixed through the term of the applicable charter agreement. Our charter agreements do not provide for any increase in the daily hire rate in the event that vessel-operating expenses increase during the term of the charter agreement. Increases in the fees for shipmanagement services of our vessels over the term of a charter agreement will effectively reduce our operating income and, if such increases in operating expenses are significant, adversely affect our business, financial condition and results of operations.

The crude oil, product and chemical tanker sectors are subject to seasonal fluctuations in demand and, therefore, may cause volatility in our operating results.

The crude oil, product and chemical tanker sectors of the shipping industry have historically exhibited seasonal variations in demand and, as a result, in charter hire rates. This seasonality may result in quarter-to-quarter volatility in our operating results. The product and chemical tanker markets are typically stronger in the fall and winter months in anticipation of increased consumption of oil and natural gas in the northern hemisphere. In addition, unpredictable weather patterns in these months tend to disrupt vessel scheduling and supplies of certain commodities. As a result, revenues are typically weaker during the fiscal quarters ended June 30 and September 30, and, conversely, typically stronger in fiscal quarters ended December 31 and March 31. Our operating results, therefore, may be subject to seasonal fluctuations.

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

China imports significant quantities of crude oil and trades significant quantities of petroleum products. For example in 2016, China imported about 354 million tons of crude oil by sea compared with crude oil imports to the United States of about 252 million tons. Through November 2017, China imported 356 million tons crude oil by sea (the United States imported 207 million tons through October 2017, the latest available data). Our tanker vessels are deployed by our charterers on routes involving crude oil and petroleum product trades in and out of emerging markets, and our charterers' oil shipping and business revenue may be derived from the shipment of goods within and to the Asia Pacific region from various overseas export markets. Any reduction in or hindrance to China-based importers could have a material adverse effect on the growth rate of China's imports and on our charterers' business. For instance, the government of China has implemented economic policies aimed at reducing pollution and increasing the strategic stock piling of crude oil. Should these policies change, this may have the effect of reducing crude oil imports or petroleum product exports and may, in turn, result in a decrease in demand for oil shipping. Additionally, though in China there is an increasing level of autonomy and a gradual shift in emphasis to a "market economy" and enterprise reform, many of the reforms, particularly some limited price reforms that result in the prices for certain commodities being principally determined by market forces, are unprecedented or experimental and may be subject to revision, change or abolition. The level of imports to and exports from China could be adversely affected by changes to these economic reforms by the Chinese government, as well as by changes in political, economic and social conditions or other relevant policies of the Chinese government. Although China exerts a large effect on the seaborne market for crude oil and petroleum products, any decreases in trade in those commodities by any of the countries in other major trading regions in North America, Europe and Asia could depress time charter rates which could have a material adverse effect on our business, results of operations, financial condition and our ability to pay cash distributions to our shareholders.

Our operations expose us to the risk that increased trade protectionism from China, the United States or other nations will adversely affect our business. If the global recovery is undermined by downside risks and the recent economic downturn returns, governments may turn to trade barriers to protect their domestic industries against foreign imports, thereby depressing the demand for shipping. Specifically, increasing trade protectionism in the markets that our charterers serve may cause (i) a decrease in cargoes available to our charterers in favor of Chinese charterers and Chinese owned ships and (ii) an increase in the risks associated with importing goods to China. Any increased trade barriers or restrictions on trade, especially trade with China, would have an adverse impact on our charterers' business, operating results and financial condition and could thereby affect their ability to make timely charter hire payments to us and to renew and increase the number of their time charters with us. This could have a material adverse effect on our business, results of operations, financial condition and our ability to pay cash distributions to our unitholders.

The expansion of the Panama Canal may have an adverse effect on our results of operations

In June 2016, the expansion of the Panama Canal, or the Canal, was completed. The new locks allow the Canal to accommodate significantly larger vessels, including LR1s, which we operate. Transit from the U.S. Gulf, the Caribbean or the Northern Coast of South America to Asia, a possible trade route for our customers using larger tankers, can now be shortened by approximately 15 days compared to transiting via the Cape of Good Hope. Such transits by larger tankers would be undertaken only if the cargo carried is close to the full capacity of the tanker and the fees charged by the Canal still allow for a savings in time and expenses compared to the alternative route. Any decrease in voyage time may increase the number of those larger tankers available for cargo lifting and thereby increase industry capacity, which may have an adverse effect on time-charter equivalent, or TCE, rates. Our VLCCs, which cannot transit the new Canal, will be unaffected by its expansion as long as any increased crude oil carrier capacity generated does not cause ships smaller than VLCCs to become a more economic alternative to VLCCs on a long term basis.

The employment of our vessels could be adversely affected by an inability to clear the oil majors' risk assessment process, and we could be in breach of our charter agreements with all of our tanker vessels.

The shipping industry, and especially the shipment of crude oil, refined petroleum products (clean and dirty) and bulk liquid chemicals, has been, and will remain, heavily regulated. The so-called "oil majors," such as Exxon Mobil, BP p.l.c., Royal Dutch Shell plc., Chevron, ConocoPhillips and Total S.A., together with a number of commodities traders, represent a significant percentage of the production, trading and shipping logistics (terminals) of crude oil and refined products worldwide. Concerns for the environment have led the oil majors to develop and implement a strict ongoing due diligence process when selecting their commercial partners. This vetting process has evolved into a sophisticated and comprehensive risk assessment of both the vessel operator and the vessel, including physical ship inspections, completion of vessel inspection questionnaires performed by accredited inspectors and the production of comprehensive risk assessment reports. In the case of term charter relationships, additional factors are considered when awarding such contracts, including:

- office assessments and audits of the vessel operator;
- the operator's environmental, health and safety record;
- compliance with the standards of the International Maritime Organization (the "IMO"), a United Nations agency that issues international trade standards for shipping;
- compliance with oil majors' codes of conduct, policies and guidelines, including transparency, anti-bribery and ethical conduct requirements and relationships with third parties;

- compliance with heightened industry standards that have been set by several oil companies;
- shipping industry relationships, reputation for customer service, technical and operating expertise;
- shipping experience and quality of ship operations, including cost-effectiveness;
- quality, experience and technical capability of crews;
- the ability to finance vessels at competitive rates and overall financial stability;
- relationships with shipyards and the ability to obtain suitable berths;
- construction management experience, including the ability to procure on-time delivery of new vessels according to customer specifications;
- willingness to accept operational risks pursuant to the charter, such as allowing termination of the charter for force majeure events; and
- competitiveness of the bid in terms of overall price.

Under the terms of our charter agreements, our charterers require that these vessels and the technical manager are vetted and approved to transport oil products by multiple oil majors. Our failure to maintain any of our vessels to the standards required by the oil majors could put us in breach of the applicable charter agreement and lead to termination of such agreement, and could give rise to impairment in the value of our vessels.

Should we not be able to successfully clear the oil majors' risk assessment processes on an ongoing basis, the future employment of our vessels, as well as our ability to obtain charters, whether medium- or long-term, could be adversely affected. Such a situation may lead to the oil majors' terminating existing charters and refusing to use our vessels in the future, which would adversely affect our results of operations and cash flows.

We depend on significant customers for part of our revenue. Charterers may terminate or default on their obligations to us, which could materially adversely affect our results of operations and cash flow, and breaches of the charters may be difficult to enforce.

We derive a significant part of our revenue from a number of charterers. For the year ended December 31, 2017, Navig8 Group of Companies ("Navig8"), Mansel LTD ("Mansel") and Shell Tankers Singapore Private LTD ("Shell") accounted for 31.9%, 14.3% and 13.7%, respectively, of our total revenue. The loss of these or any of our customers, a customer's failure to make payments or perform under any of the applicable charters, a customer's termination of any of the applicable charters, the loss or damage beyond repair to any of our vessels, our failure to deliver the vessel within a fixed period of time or a decline in payments under the charters could have a material adverse effect on our business, results of operations and financial condition. The charter agreements for our vessels are generally governed by English law and provide for dispute resolution in English courts or London-based arbitral proceedings. There can be no assurance that we would be able to enforce any judgments against these charterers in jurisdictions where they are based or have their primary assets and operations. Even after a charter contract is entered, charterers may terminate charters early under certain circumstances. The events or occurrences that will cause a charter to terminate or give the charterer the option to terminate the charter generally include a total or constructive total loss of the related vessel, the requisition for hire of the related vessel, the vessel becoming subject to seizure for more than a specified number of days or the failure of the related vessel to meet specified performance criteria.

In addition, the ability of a charterer to perform its obligations under a charter will depend on a number of factors that are beyond our control. These factors may include general economic conditions, the condition of the crude oil, product and chemical tanker sectors of the shipping industry, the charter rates received for specific types of vessels and various operating expenses. The costs and delays associated with the default by a charterer of a vessel may be considerable and may adversely affect our business, results of operations, cash flows and financial condition.

We cannot predict whether our charterers will, upon the expiration of their charters, re-charter our vessels on favorable terms or at all. If our charterers decide not to re-charter our vessels, we may not be able to re-charter them on terms similar to our current charters or at all. Even if we manage to successfully charter our vessels in the future, our charterers may go bankrupt or fail to perform their obligations under the charter agreements, they may delay payments or suspend payments altogether, they may terminate the charter agreements prior to the agreed-upon expiration date or they may attempt to renegotiate the terms of the charters. In the future, we may also employ our vessels on the spot charter market, which is subject to greater rate fluctuation than the time charter market. If we receive lower charter rates under replacement charters or are unable to re-charter all of our vessels, our results of operations and financial condition could be materially adversely affected.

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

As of April 2, 2018, the vessels in our fleet had an average age of approximately 7.2 years and most tanker vessels have an expected life of approximately 25 years. We may acquire older vessels in the future. Older vessels are typically more costly to maintain than more recently constructed vessels due to improvements in engine technology. Cargo insurance rates also increase with the age of a vessel, making older vessels less desirable to charterers as well. Governmental regulations, safety or other equipment standards related to the age of the vessels may require expenditures for alterations or the addition of new equipment, to our vessels and may restrict the type of activities in which these vessels may engage. We cannot assure you that as our vessels age, market conditions will justify those expenditures or enable us to operate our vessels profitably during the remainder of their useful lives. If we sell vessels, we may have to sell them at a loss, and if charterers no longer charter out vessels due to their age, it could materially adversely affect our earnings.

We are subject to inherent operational risks that may not be adequately covered by our insurance. If we experience a catastrophic loss and our insurance is not adequate to cover such loss, it could lower our profitability and be detrimental to operations.

The operation of ocean-going vessels in international trade is inherently risky. The ownership and operation of vessels in international trade is affected by a number of inherent risks, including mechanical failure, personal injury, vessel and cargo loss or damage, business interruption due to political conditions in foreign countries, hostilities, piracy, terrorism, labor strikes and/or boycotts, adverse weather conditions and catastrophic marine disaster, including environmental accidents and collisions. All of these risks could result in liability, loss of revenues, increased costs and loss of reputation. Although we carry insurance for our fleet against risks commonly insured against by vessel owners and operators, including hull and machinery insurance, war risks insurance and protection and indemnity insurance (which include environmental damage and pollution insurance), all risks may not be adequately insured against, and any particular claim may not be paid. We do not currently maintain off-hire insurance, which would cover the loss of revenue during extended vessel off-hire periods, such as those that occur during an unscheduled drydocking due to damage to the vessel from accidents. Other events that may lead to off-hire periods include natural or man-made disasters that result in the closure of certain waterways and prevent vessels from entering or leaving certain ports. Accordingly, any extended vessel off-hire, due to an accident or otherwise, could have a material adverse effect on our business. Any claims covered by insurance would be subject to deductibles, and since it is possible that a large number of claims may be brought, the aggregate amount of these deductibles could be material.

We may be unable to procure adequate insurance coverage at commercially reasonable rates in the future. For example, more stringent environmental regulations have led in the past to increased costs for, and in the future may result in the lack of availability of, insurance against risks of environmental damage or pollution. A catastrophic oil spill or marine disaster could exceed our insurance coverage, which could harm our business, financial condition and operating results. Changes in the insurance markets attributable to terrorist attacks may also make certain types of insurance more difficult for us to obtain. In addition, the insurance that may be available to us may be significantly more expensive than our existing coverage. We do not carry strike insurance.

Even if our insurance coverage is adequate to cover our losses, we may not be able to timely obtain a replacement vessel in the event of a loss. We may also be subject to calls, or premiums, in amounts based not only on our own claim records but also the claim records of all other members of the protection and indemnity associations through which we receive indemnity insurance coverage for tort liability. In addition, our protection and indemnity associations may not have enough resources to cover claims made against them. Our payment of these calls could result in significant expenses to us, which could reduce our cash flows and place strains on our liquidity and capital resources. Furthermore, in the future, we may not be able to obtain adequate insurance coverage at reasonable rates for our fleet. Our insurance policies also contain deductibles, limitations and exclusions which, although we believe will be standard for the shipping industry, may result in significant increased overall costs to us.

We may be subject to litigation that, if not resolved in our favor and not sufficiently insured against, could have a material adverse effect on us.

We have been and may be, from time to time, involved in various litigation matters. These matters may include, among other things, contract disputes, personal injury claims, environmental claims or proceedings, and other tort claims, employment matters, governmental claims for taxes or duties, and other litigation that arises in the ordinary course of our business. Although we intend to defend these matters vigorously, we cannot predict with certainty the outcome or effect of any claim or other litigation matter, and the ultimate outcome of any litigation or the potential costs to resolve them may have a material adverse effect on us. Insurance may not be applicable or sufficient in all cases and/or insurers may not remain solvent which may have a material adverse effect on our financial condition.

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

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

Additional conventions, laws and regulations may be adopted that could limit our ability to do business, require capital expenditures or otherwise increase our cost of doing business, which may materially adversely affect our operations, as well as the shipping industry generally. For example, in various jurisdictions, legislation has been enacted, or is under consideration, that would impose more stringent requirements on air pollution and effluent discharges from our vessels. For example, the IMO periodically proposes and adopts amendments to revise the International Convention for the Prevention of Pollution from Ships (“MARPOL”), such as the revision to Annex VI which came into force on July 1, 2010. The revised Annex VI implements a phased reduction of the sulfur content of fuel and allows for stricter sulfur limits in designated emission control areas (“ECAs”). Thus far, ECAs have been formally adopted for the Baltic Sea area (limits SOx emissions only); the North Sea area including the English Channel (limiting SOx emissions only) and the North American ECA (which came into effect on August 1, 2012 limiting SOx, NOx and particulate matter emissions). In October 2016, the IMO approved the designation of the North Sea and the Baltic Sea as ECAs for NOx under Annex VI, which is scheduled for adoption in 2017 and would take effect in January 2021. The United States Caribbean Sea ECA entered into force on January 1, 2013 and has been effective since January 1, 2014, limiting SOx, NOx and particulate matter emissions. In January 2015, the limit for fuel oil sulfur levels fell to 0.10% m/m in ECAs established to limit SOx and particulate matter emissions.

After considering the issue for many years, the IMO announced on October 27, 2016 that it was proceeding with a requirement for 0.5% m/m sulfur content in marine fuel (down from current levels of 3.5%) outside the ECAs starting on January 1, 2020. Under Annex VI, the 2020 date was subject to review as to the availability of the required fuel oil. Annex VI required the fuel availability review to be completed by 2018 but was ultimately completed in 2016. Therefore, by 2020, ships will be required to remove sulfur from emissions through the use of emission control equipment, or purchase marine fuel with 0.5% sulfur content, which may see increased demand and higher prices due to supply constraints. Installing pollution control equipment or using lower sulfur fuel could result in significantly increased costs to our company. Similarly, MARPOL Annex VI requires Tier III standards for NOx emissions to be applied to ships constructed and engines installed in ships operating in NOx ECAs from January 1, 2016.

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

In February 2004, the IMO adopted the International Convention for the Control and Management of Ships’ Ballast Water and Sediments (the “BWM Convention”). The BWM Convention’s implementing regulations call for a phased introduction of mandatory ballast water exchange requirements, to be replaced in time with mandatory concentration limits, as well as other obligations, including recordkeeping requirements and implementation of a Ballast Water and Sediments Management Plan. The BWM Convention entered into force on September 8, 2017. The BWM Convention requires ships to manage ballast water in a manner that removes, renders harmless or avoids the uptake or discharge of aquatic organisms and pathogens within ballast water and sediment.

Recently updated Ballast Water and Sediment Management Plan guidance includes more robust testing and performance specifications. Enforcement of the BWM Convention and revised guidance will likely result in additional compliance costs, to be implemented over a period of time, depending upon the ship's age and renewal survey cycle. Currently, all ships must have a ballast water management plan, a ballast water record book and an International Ballast Water Management Certificate. Existing ships built before September 8, 2017, are required to exchange ballast water in open seas, away from coastal areas or in designated areas. Ships built after September 8, 2017, are required to comply with discharge standards based on the maximum allowable amount of viable organisms, which usually involves the installation of ballast water treatment systems. Ships built before September 8, 2017 must comply with IMO discharge standards by the due date for their IOPPC renewal survey under MARPOL Annex 1. All ships must meet the IMO ballast water discharge standard by September 8, 2024. The entry of the BWM Convention and revised guidance will likely result in additional compliance costs.

The operation of vessels is also affected by the requirements set forth in the International Safety Management Code (the "ISM Code"). The ISM Code requires ship owners and bareboat charterers to develop and maintain an extensive "Safety Management System" that includes the adoption of a safety and environmental protection policy setting forth instructions and procedures for safe vessel operation and describing procedures for dealing with emergencies. Further to this, the IMO has introduced the first ever mandatory measures for an international greenhouse gas reduction regime for a global industry sector. These energy efficiency measures took effect on January 1, 2013 and apply to all ships of 400 gross tonnage and above. They include the development of a ship energy efficiency management plan ("SEEMP") which is akin to a safety management plan, with which the industry will have to comply. The failure of a ship owner or bareboat charterer to comply with the ISM Code and IMO measures may subject such party to increased liability, may decrease available insurance coverage for the affected vessels, and may result in a denial of access to, or detention in, certain ports.

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

When a tanker is carrying clean oil products that do not constitute "persistent oil" that would be covered under the CLC, liability for any pollution damage will generally fall outside the CLC and will depend on other international conventions or domestic laws in the jurisdiction where the spillage occurs. The same principle applies to any pollution from the vessel in a jurisdiction which is not a party to the CLC. The CLC applies in over 100 jurisdictions around the world, but it does not apply in the United States, where the corresponding liability laws such as the Oil Pollution Act of 1990 (the "OPA") discussed below, are particularly stringent. For vessel operations not covered by the CLC, including those operated under our fleet, at present, international liability for oil pollution is governed by the International Convention on Civil Liability for Bunker Oil Pollution Damage (the "Bunker Convention"). In 2001, the IMO adopted the Bunker Convention, which imposes strict liability on ship owners for pollution damage and response costs incurred in contracting states caused by discharges, or threatened discharges, of bunker oil from all classes of ships not covered by the CLC. The Bunker Convention also requires registered owners of ships over a certain size to maintain insurance to cover their liability for pollution damage in an amount equal to the limits of liability under the applicable national or international limitation regime, including liability limits calculated in accordance with the Convention on Limitation of Liability for Maritime Claims 1976, as amended (the "1976 Convention"), discussed in more detail in the following paragraph. The Bunker Convention became effective in contracting states on November 21, 2008 and, August 23, 2017, had 86 contracting states. In non-contracting states, liability for such bunker oil pollution typically is determined by the national or other domestic laws in the jurisdiction where the spillage occurs.

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

Environmental legislation in the United States merits particular mention as it is in many respects more onerous than international laws, representing a high-water mark of regulation with which ship owners and operators must comply, and of liability likely to be incurred in the event of non-compliance or an incident causing pollution. Though it has been eight years since the Deepwater Horizon oil spill in the Gulf of Mexico (the "Deepwater Horizon incident"), such regulation may become even stricter because of the incident's impact. In the United States, the OPA establishes an extensive regulatory and liability regime for the protection and cleanup of the environment from cargo and bunker oil spills from vessels, including tankers. The OPA covers all owners and operators whose vessels trade in the United States, its territories and possessions or whose vessels operate in United States waters, which includes the United States' territorial sea and its 200 nautical mile exclusive economic zone. Under the OPA, vessel owners, operators and bareboat charterers are "responsible parties" and are jointly, severally and strictly liable (unless the spill results solely from the act or omission of a third party, an act of God or an act of war) for all containment and clean-up costs and other damages arising from discharges or substantial threats of discharges, of oil from their vessels. In response to the Deepwater Horizon incident, the U.S. House of Representatives passed and the U.S. Senate considered but did not pass a bill to strengthen certain requirements of the OPA; similar legislation may be introduced in the future.

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

In recent years, the EU has become increasingly active in the field of regulation of maritime safety and protection of the environment. In some areas of regulation the EU has introduced new laws without attempting to procure a corresponding amendment to international law. Notably, in 2005 the EU adopted a directive, as amended in 2009, on ship-source pollution, imposing criminal sanctions for pollution not only where pollution is caused by intent or recklessness (which would be an offence under MARPOL), but also where it is caused by "serious negligence." The concept of "serious negligence" may be interpreted in practice to be little more than ordinary negligence. The directive could therefore result in criminal liability being incurred in circumstances where it would not be incurred under international law. In February 2017, EU member states met to consider independently regulating the shipping industry under the Emissions Trading System ("ETS"), which requires ETS-regulated businesses to report on carbon emissions and provides for a credit trading system for carbon allowances. On February 15, 2017, European Parliament voted in favor of a bill to include maritime shipping in the ETS by 2023 if the IMO has not promulgated a comparable system by 2021. In November 2017, the Council of Ministers, EU's main decision making body, agreed that Europe should act on shipping emissions from 2023 if the IMO fails to deliver effective global measures. Last year, IMO's urgent call to action to bring about ship greenhouse gas emissions reductions before 2023 was met with industry push-back by many countries. Depending on how fast IMO and the EU move on this issue, the ETS may result in additional compliance costs for our vessels.

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

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

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

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

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

In addition, while the emissions of greenhouse gases from international shipping are not subject to the Kyoto Protocol to the United Nations Framework Convention on Climate Change (the "UNFCCC"), which requires adopting countries to implement national programs to reduce greenhouse gas emissions, the IMO intends to develop limits on greenhouse gases from international shipping. It has responded to the global focus on climate change and greenhouse gas emissions by developing specific technical and operational efficiency measures and a work plan for market-based mechanisms in 2011. These include the mandatory measures of SEEMP, outlined above, and an energy efficiency design index ("EEDI") for new ships. The IMO is also considering its position on market-based measures through an expert working group. Among the numerous proposals being considered by the working group are the following: a port state levy based on the amount of fuel consumed by the vessel on its voyage to the port in question; a global emissions trading scheme which would allocate emissions allowances and set an emissions cap; and an international fund establishing a global reduction target for international shipping, to be set either by the UNFCCC or the IMO.

At its 64th session (2012), the IMO's Marine Environment Protection Committee (the "MEPC") indicated that 2015 was the target year for member states to identify market-based measures for international shipping. At its 66th session (2014), the MEPC continued its work on developing technical and operational measures relating to energy-efficiency measures for ships, following the entry into force of the mandatory efficiency measures on January 1, 2013. It adopted the 2014 Guidelines on the Method of Calculation of the Attained EEDI, applicable to new ships. It further adopted amendments to MARPOL Annex VI concerning the extension of the scope of application of the EEDI to Liquefied Natural Gas ("LNG") carriers, ro-ro cargo ships (vehicle carriers), ro-ro cargo ships, ro-ro passenger ships and cruise passengers ships with nonconventional propulsion. At its 67th session (2014), the MEPC adopted the 2014 Guidelines on survey and certification of the EEDI, updating the previous version to reference ships fitted with dual-fuel engines using LNG and liquid fuel oil. The MEPC also adopted amendments to the 2013 Interim Guidelines for determining minimum propulsion power to maintain the maneuverability of ships in adverse conditions, to make the guidelines applicable to phase 1 (starting January 1, 2015) of the EEDI requirements. At its 68th session (2015), the MEPC amended the 2014 Guidelines on EEDI survey and certification as well as the method of calculating an EEDI for new ships, the latter of which was again amended at the 70th session (2016). At its 70th session, the MEPC also adopted mandatory requirements for ships of 5,000 gross tonnage or greater to collect fuel consumption data for each type of fuel used, and report the data to the flag State after the end of each calendar year.

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

Although regulation of greenhouse gas emissions in the shipping industry was discussed during the 2015 UN Climate Change Conference in Paris (the "Paris Conference"), the agreement reached among the 195 nations did not expressly reference the shipping industry. Following the Paris Conference, the IMO announced it would continue its efforts on this issue at the MEPC, and at its 70th session, the MEPC approved a roadmap for developing a comprehensive GHG emissions reduction strategy for ships, which includes the goal of adopting an initial strategy and emission reduction commitments in 2018. The roadmap also provides for additional studies and further intersessional work, to be continued at the 71st session in 2017, with a goal of adopting a revised strategy in 2023 to include short-, mid- and long-term reduction measures and schedules for implementation. In April 2018, the committee charged with creating the reduction strategy must finalize the initial draft of the strategy and submit a report to MEPC.

The EU announced in April 2007 that it planned to expand the EU emissions trading scheme by adding vessels, and a proposal from the European Commission ("EC") was expected if no global regime for reduction of seaborne emissions had been agreed to by the end of 2011. As of January 31, 2013, the EC had stopped short of proposing that emissions from ships be included in the EU's emissions-trading scheme. However, on October 1, 2012, it announced that it would propose measures to monitor, verify and report on greenhouse-gas emissions from the shipping sector. On June 28, 2013, the EC adopted a communication setting out a strategy for progressively including greenhouse gas emissions from maritime transport in the EU's policy for reducing its overall GHG emissions. The first step proposed by the EC was an EU Regulation (as defined below) to an EU-wide system for the monitoring, reporting and verification of carbon dioxide emissions from large ships starting in 2018. The EU Regulation (2015/757) was adopted on April 29, 2015 and took effect on July 1, 2015, with monitoring, reporting and verification requirements beginning on January 1, 2018. This Regulation appears to be indicative of an intent to maintain pressure on the international negotiating process. The EC also adopted an Implementing Regulation, which entered into force in November 2016, setting templates for monitoring plans, emissions reports and compliance documents pursuant to Regulation 2015/757.

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

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

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

- on-board installation of automatic information systems ("AIS"), to enhance vessel-to-vessel and vessel-to-shore communications;
- on-board installation of ship security alert systems;
- the development of vessel security plans; and
- compliance with flag state security certification requirements.

The U.S. Coast Guard regulations, intended to be aligned with international maritime security standards, exempt non-U.S. vessels from MTSA vessel security measures, provided such vessels have on board a valid International Ship Security Certificate ("ISSC") that attests to the vessel's compliance with SOLAS security requirements and the ISPS Code. Starting January 1, 2016, the IMDG Code also included updates to the provisions for radioactive material, reflecting the latest provisions from the International Atomic Energy Agency, or the IAEA, new marking requirements for "overpack" and "salvage" and updates to various individual packing requirements. We will implement the various security measures addressed by the MTSA, SOLAS and the ISPS Code and take measures for our vessels or vessels that we charter to attain compliance with all applicable security requirements within the prescribed time periods. Although management does not believe these additional requirements will have a material financial impact on our operations, there can be no assurance that there will not be an interruption in operations to bring vessels into compliance with the applicable requirements and any such interruption could cause a decrease in charter revenues. Furthermore, additional security measures could be required in the future that could have significant financial impact on us.

The cost of vessel security measures has also been affected by the escalation in recent years in the frequency and seriousness of acts of piracy against ships, notably off the coast of Somalia, including the Gulf of Aden and Arabian Sea area. Attacks of this kind have commonly resulted in vessels and their crews being detained for several months, and being released only on payment of large ransoms. Substantial loss of revenue and other costs may be incurred as a result of such detention. Although we insure against these losses to the extent practicable, the risk remains of uninsured losses which could significantly affect our business. Costs are incurred in taking additional security measures in accordance with Best Management Practices to Deter Piracy, notably those contained in the BMP3 industry standard. A number of flag states have signed the 2009 New York Declaration, which expresses commitment to Best Management Practices in relation to piracy and calls for compliance with them as an essential part of compliance with the ISPS Code.

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

Prior to January 2016, the scope of sanctions imposed against Iran, the government of Iran and persons engaging in certain activities or doing certain business with and relating to Iran was expanded by a number of jurisdictions, including the United States, the European Union and Canada. In 2010, the U.S. enacted the Comprehensive Iran Sanctions Accountability and Divestment Act ("CISADA"), which expanded the scope of the former Iran Sanctions Act. The scope of U.S. sanctions against Iran were expanded subsequent to CISADA by, among other U.S. laws, the National Defense Authorization Act of 2012 (the "2012 NDAA"), the Iran Threat Reduction and Syria Human Rights Act of 2012 ("ITRA"), Executive Order 13662, and the Iran Freedom and Counter-Proliferation Act of 2012 ("IFCA"). The foregoing laws, among other things, expanded the application of prohibitions to non-U.S. companies, such as our company, and introduced limits on the ability of non-U.S. companies and other non-U.S. persons to do business or trade with Iran when such activities relate to specific activities such as investment in Iran, the supply or export of refined petroleum or refined petroleum products to Iran, the supply and delivery of goods to Iran which could enhance Iran's petroleum or energy sectors, and the transportation of crude oil from Iran to countries which do not enjoy Iran crude oil sanctions waivers (our tankers called in Iran but did not engage in the prohibited activities specifically identified by these sanctions). U.S. economic sanctions on Iran fall into two general categories: "Primary" sanctions, which prohibit U.S. persons or U.S. companies and their foreign branches, U.S. citizens, U.S. permanent residents, persons within the territory of the United States from engaging in all direct and indirect trade and other transactions with Iran without U.S. government authorization, and "secondary" sanctions, which are mainly nuclear-related sanctions. While most of the U.S. nuclear-related sanctions with respect to Iran and the EU sanctions on Iran (including, *inter alia,* CISADA, ITRA, and IFCA) were lifted on January 16, 2016 through the implementation of the Joint Comprehensive Plan of Action ("JCPOA") entered into between the permanent members of the United Nations Security Council (China, France, Russia, the United Kingdom and the United States) and Germany, there are still certain limitations in place with which we need to comply. The primary sanctions with which U.S. persons or transactions with a U.S. nexus must comply are still in force and have not been lifted or relaxed, except in a very limited fashion. Additionally, the sanctions lifted under the JCPOA could be reimposed ("snapped back") at any time if Iran violates the JCPOA or the United States does not certify that Iran is in compliance with the JCPOA.

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

i. Graphite and certain raw or semi-finished metals such as corrosion-resistant high-grade steel, iron, aluminium and alloys, titanium and alloys and nickel and alloys (as listed in Annex VIIB to EU Regulation 267/2012 as updated by EU Regulation 2015/1861 (the "EU Regulation");

ii. Goods listed in the Nuclear Suppliers Group list (listed in Annex I to the EU Regulation);

iii. Goods that could contribute to nuclear-related or other activities inconsistent with the JCPOA (as listed in Annex II to the EU Regulation); and

iv. Software designed for use in nuclear/military industries (as listed in Annex VIIA to the EU Regulation).

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

Russia/Ukraine

As a result of the crisis in Ukraine and the annexation of Crimea by Russia in 2014, both the U.S. and EU have implemented sanctions against certain persons and entities.

The EU has imposed travel bans and asset freezes on certain Russian persons and entities pursuant to which it is prohibited to make available, directly or indirectly, economic resources or assets to or for the benefit of the sanctioned parties. Certain Russian ports including Kerch Commercial Seaport; Sevastopol Commercial Seaport and Port Feodosia are subject to the above restrictions. Other entities are subject to sectoral sanctions which limit the provision of equity financing and loans to the listed entities. In addition, various restrictions on trade have been implemented which, amongst others, include a prohibition on the import into the EU of goods originating in Crimea or Sevastopol as well as restrictions on trade in certain dual-use and military items and restrictions in relation to various items of technology associated with the oil industry for use in deep water exploration and production, Arctic oil exploration and production or shale oil projects in Russia. As such, it is important to carry out due diligence on the parties and cargoes involved in fixtures relating to Russia.

The United States has imposed sanctions against certain designated Russian entities and individuals ("U.S. Russian Sanctions Targets"). These sanctions block the property and all interests in property of the U.S. Russian Sanctions Targets. This effectively prohibits U.S. persons from engaging in any economic or commercial transactions with the U.S. Russian Sanctions Targets unless the same are authorized by the U.S. Treasury Department. Similar to EU sanctions, U.S. sanctions also entail restrictions on certain exports from the United States to Russia and the imposition of Sectoral Sanctions which restrict the provision of equity and debt financing to designated Russian entities. While the prohibitions of these sanctions are not directly applicable to us, we have compliance measures in place to guard against transactions with U.S. Russian Sanctions Targets which may involve the United States or U.S. persons and thus implicate prohibitions. The United States also maintains prohibitions on trade with Crimea.

Venezuela-Related Sanctions

The U.S. sanctions with respect to Venezuela prohibit dealings with designated Venezuelan government officials, and curtail the provision of financing to PDVSA and other government entities. EU sanctions against Venezuela are primarily governed by EU Council Regulation 2017/2063 of 13 November 2017 concerning restrictive measures in view of the situation in Venezuela. This includes financial sanctions and restrictions on listed persons and an, arms embargo and related prohibitions and restrictions including restrictions related to internal repression.

Other U.S. Economic Sanctions Targets

In addition to Iran and certain Russian entities and individuals, as indicated above, the United States maintains economic sanctions against Syria, Cuba, North Korea, and sanctions against entities and individuals (such as entities and individuals in the foregoing targeted countries, designated terrorists, narcotics traffickers) whose names appear on the List of SDNs and Blocked Persons maintained by the U.S. Treasury Department (collectively, "Sanctions Targets"). We are subject to the prohibitions of these sanctions to the extent that any transaction or activity we engage in involves Sanctions Targets and a U.S. person or otherwise has a nexus to the United States.

Other E.U. Economic Sanctions Targets

The EU also maintains sanctions against Syria, North Korea and certain other countries and against individuals listed by the EU. These restrictions apply to our operations and as such, to the extent that these countries may be involved in any business it is important to carry out checks to ensure compliance with all relevant restrictions and to carry out due diligence checks on counterparties and cargoes.

Compliance

Considering the afoementioned prohibitions of U.S. as well as EU sanctions and the nature of our business, there is a sanctions risk for us due to the wordwide trade of our vessels, which we seek to minimise by the implementation of our corporate Sanctions policy and our compliance with all applicable sanctions and embargo laws and regulations. Although we intend to maintain such compliance, there can be no assurance that we will be in compliance in the future, particularly as the scope of certain laws may be unclear and may be subject to changing interpretations, and the law may change. Moreover, despite, for example, relevant provisions in charter parties forbidding the use of our vessels in trade that would violate economic sanctions, our charterers may nevertheless violate applicable sanctions and embargo laws and regulations and those violations could in turn negatively affect our reputation and be imputed to us. In addition, given our relationship with Navios Midstream and Navios Holdings, we cannot give any assurance that an adverse finding against Navios Midstream or Navios Holdings by a governmental or legal authority or others with respect to the matters discussed herein or any future matter related to regulatory compliance by Navios Acquisition, Navios Holdings or ourselves will not have a material adverse impact on our business, reputation or the market price or trading of our common stock-units.

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

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

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

As an international shipping company, we may operate in countries known to have a reputation for corruption. The U.S. Foreign Corrupt Practices Act of 1977 (the "FCPA") and other anti-corruption laws and regulations in applicable jurisdictions generally prohibit companies registered with the SEC and their intermediaries from making improper payments to government officials for the purpose of obtaining or retaining business. Under the FCPA, U.S. companies may be held liable for some actions taken by strategic or local partners or representatives. Legislation in other countries includes the U.K. Bribery Act 2010 (the "U.K. Bribery Act") which is broader in scope than the FCPA because it does not contain an exception for facilitation payments. We and our customers may be subject to these and similar anti-corruption laws in other applicable jurisdictions. Failure to comply with legal requirements could expose us to civil and/or criminal penalties, including fines, prosecution and significant reputational damage, all of which could materially and adversely affect our business and results of operations, including our relationships with our customers, and our financial results. Compliance with the FCPA, the U.K. Bribery Act and other applicable anti-corruption laws and related regulations and policies imposes potentially significant costs and operational burdens on us. Moreover, the compliance and monitoring mechanisms that we have in place including our Code of Ethics and our anti-bribery and anti-corruption policy, may not adequately prevent or detect all possible violations under applicable anti-bribery and anti-corruption legislation. However, we believe that the procedures we have in place to prevent bribery are adequate and that they should provide a defense in most circumstances to a violation or a mitigation of applicable penalties, at least under the U.K.'s Bribery Act.

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

International shipping is subject to various security and customs inspections and related procedures in countries of origin and destination. Inspection procedures can result in the seizure of contents of vessels, delays in the loading, offloading or delivery and the levying of customs, duties, fines and other penalties.

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

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

The hull and machinery of every commercial vessel must be classed by a classification society authorized by its country of registry. The classification society certifies that a vessel is safe and seaworthy in accordance with the applicable rules and regulations of the country of registry of the vessel and with SOLAS. A vessel must undergo an annual survey, an intermediate survey and a special survey. In lieu of a special survey, a vessel's machinery may be on a continuous survey cycle, under which the machinery would be surveyed periodically over a five-year period. Every vessel is also required to be drydocked every two to three years for inspection of the underwater parts of such vessel. If any of our vessels fail any annual survey, intermediate survey, or special survey, the vessel may be unable to trade between ports and, therefore, would be unemployable, potentially causing a negative impact on our revenues due to the loss of revenues from such vessel until it was able to trade again. Further, if any vessel fails a classification survey and the condition giving rise to the failure is not cured within a reasonable time, the vessel may lose coverage under various insurance programs, including hull & machinery insurance and/or protection & indemnity insurance.

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

The operation of ocean-going vessels entails certain inherent risks that may adversely affect our business and reputation. Our vessels and their cargoes are at risk of being damaged or lost due to events such as:

- damage or destruction of a vessel due to marine disaster such as a collision;
- the loss of a vessel due to piracy and terrorism;
- cargo and property losses or damage as a result of the foregoing or less drastic causes such as human error, mechanical failure, grounding, fire, explosions and bad weather;
- environmental accidents as a result of the foregoing; and
- business interruptions and delivery delays caused by mechanical failure, human error, acts of piracy, war, terrorism, political action in various countries, labor strikes, potential government expropriation of our vessels or adverse weather conditions.

In addition, increased operational risks arise as a consequence of the complex nature of the crude oil, product and chemical tanker industry, the nature of services required to support the industry, including maintenance and repair services, and the mechanical complexity of the tankers themselves. Compared to other types of vessels, tankers are exposed to a higher risk of damage and loss by fire, whether ignited by a terrorist attack, collision or other cause, due to the high flammability and high volume of the oil transported in tankers. Damage and loss could also arise as a consequence of a failure in the services required to support the industry, for example, due to inadequate dredging. Inherent risks also arise due to the nature of the product transported by our vessels. Any damage to, or accident involving, our vessels while carrying crude oil could give rise to environmental damage or lead to other adverse consequences. Each of these inherent risks may also result in death or injury to persons, loss of revenues or property, higher insurance rates, damage to our customer relationships, delay or rerouting.

Any of these circumstances or events could substantially increase our costs. For example, the costs of replacing a vessel or cleaning up environmental damage could substantially lower our revenues by taking vessels out of operation permanently or for periods of time. Furthermore, the involvement of our vessels in a disaster or delays in delivery, damage or the loss of cargo may harm our reputation as a safe and reliable vessel operator and cause us to lose business. Our vessels could be arrested by maritime claimants, which could result in the interruption of business and decrease revenue and lower profitability.

Some of these inherent risks could result in significant damage, such as marine disaster or environmental incidents, and any resulting legal proceedings may be complex, lengthy, costly and, if decided against us, any of these proceedings or other proceedings involving similar claims or claims for substantial damages may harm our reputation and have a material adverse effect on our business, results of operations, cash flow and financial position. In addition, the legal systems and law enforcement mechanisms in certain countries in which we operate may expose us to risk and uncertainty. Further, we may be required to devote substantial time and cost defending these proceedings, which could divert attention from management of our business. Crew members, tort claimants, claimants for breach of certain maritime contracts, vessel mortgagees, suppliers of goods and services to a vessel, shippers of cargo and other persons may be entitled to a maritime lien against a vessel for unsatisfied debts, claims or damages, and in many circumstances a maritime lien holder may enforce its lien by "arresting" a vessel through court processes. Additionally, in certain jurisdictions, such as South Africa, under the "sister ship" theory of liability, a claimant may arrest not only the vessel with respect to which the claimant's lien has arisen, but also any "associated" vessel owned or controlled by the legal or beneficial owner of that vessel. If any vessel ultimately owned and operated by us is "arrested," this could result in a material loss of revenues, or require us to pay substantial amounts to have the "arrest" lifted.

Any of these factors may have a material adverse effect on our business, financial conditions and results of operations.

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

We expect that our vessels will call in ports in South America and other areas where smugglers attempt to hide drugs and other contraband on vessels, with or without the knowledge of crew members. To the extent our vessels are found with contraband, whether inside or attached to the hull of our vessel and whether with or without the knowledge of any of our crew, we may face governmental or other regulatory claims which could have an adverse effect on our business, results of operations, cash flows and financial condition. Under some jurisdictions, vessels used for the conveyance of illegal drugs could subject the vessel to forfeiture to the government of such jurisdiction.

We rely on our information systems to conduct our business, and failure to protect these systems against security breaches could adversely affect our business and results of operations. Additionally, if these systems fail or become unavailable for any significant period of time, our business could be harmed.

The efficient operation of our business is dependent on computer hardware and software systems. Information systems are vulnerable to security breaches by computer hackers and cyber terrorists. We rely on industry accepted security measures and technology to securely maintain confidential and proprietary information maintained on our information systems. However, these measures and technology may not adequately prevent security breaches. In addition, the unavailability of the information systems or the failure of these systems to perform as anticipated for any reason could disrupt our business and could result in decreased performance and increased operating costs, causing our business and results of operations to suffer. Any significant interruption or failure of our information systems or any significant breach of security could adversely affect our business, results of operations and financial condition, as well as our cash flows, including cash available for dividends to our stockholders.

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

The shipping industry has historically been affected by acts of piracy in regions such as the South China Sea, the Indian Ocean, the Strait of Malacca, the Arabian Sea, the Gulf of Aden off the coast of Somalia and the Red Sea. Although the frequency of sea piracy worldwide has decreased in recent years, sea piracy incidents continue to occur, particularly in the Gulf of Aden and towards the Mozambique Channel in the North Indian Ocean and increasingly in the Gulf of Guinea. A significant example of the heightened level of piracy came in February 2011 when the M/V Irene SL, a crude oil tanker in the Arabian Sea which was not affiliated with us, was captured by pirates in the Arabian Sea while carrying crude oil estimated to be worth approximately $200 million. In December 2009, the Navios Apollon, a vessel owned by Navios Maritime Partners L.P. ("Navios Partners"), was seized by pirates 800 miles off the coast of Somalia while transporting fertilizer from Tampa, Florida to Rozi, India and was released on February 27, 2010. In January 2014, the Nave Atropos, a vessel owned by us, came under attack from a pirate action group in international waters off the coast of Yemen and in February 2016, the Nave Jupiter, a vessel also owned by us, came under attack from pirate action groups on her way out from her loading terminal about 50 nautical miles off Bayelsa, Nigeria. In both instances, the crew and the on-board security team successfully implemented the counter piracy action plan and standard operating procedures to deter the attack with no consequences to the vessels or their crew. These piracy attacks have resulted in regions (in which our vessels are deployed) being characterized by insurers as "war risk" zones or Joint War Committee "war and strikes" listed areas. Premiums payable for insurance coverage could increase significantly and insurance coverage may be more difficult to obtain. Crew costs, including those due to employing onboard security guards, could increase in such circumstances. While the use of security guards is intended to deter and prevent the hijacking of our vessels, it could also increase our risk of liability for death or injury to persons or damage to personal property. In addition, while we believe the charterer remains liable for charter payments when a vessel is seized by pirates, the charterer may dispute this and withhold charter hire until the vessel is released. A charterer may also claim that a vessel seized by pirates was not "on-hire" for a certain number of days and it is therefore entitled to cancel the charter party, a claim that we would dispute. We may not be adequately insured to cover losses from these incidents, which could have a material adverse effect on us. In addition, detention hijacking as a result of an act of piracy against our vessels, an increase in cost, or unavailability of insurance for our vessels, could have a material adverse impact on our business, financial condition, results of operations and cash flows. Acts of piracy on ocean-going vessels could adversely affect our business and operations.

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

We conduct most of our operations outside of the United States. In particular, we derive our revenues from shipping oil and oil products from politically unstable regions and our business, results of operations, cash flows, financial condition and ability to make cash distributions may be adversely affected by the effects of political instability, terrorist or other attacks, war or international hostilities. Terrorist attacks, such as the attacks in the United States on September 11, 2001, the attacks in London on July 7, 2005, in Paris on January 7, 2015 and November 13, 2015, and the bombings in Spain on March 11, 2004, along with the recent conflicts in Iraq, Afghanistan, Syria, Yemen, Ukraine and other current and future conflicts, and the continuing response of the United States and other countries to these attacks, as well as the threat of future terrorist attacks, continue to cause uncertainty in the world financial markets, including the energy markets. Continuing hostilities in the Middle East may lead to additional refugee flows, armed conflicts or to further acts of terrorism and civil disturbance in the United States or elsewhere, which could result in increased volatility and turmoil in the financial markets and may contribute further to economic instability. Current and future conflicts and terrorist attacks may adversely affect our business, operating results, financial condition, ability to raise capital and future growth. Terrorist attacks on vessels, such as the October 2002 attack on the M/V Limburg, a VLCC not related to us, may in the future also negatively affect our operations and financial condition and directly impact our vessels or our customers.

In addition, oil facilities, shipyards, vessels, pipelines and oil and gas fields could be targets of future terrorist attacks. Any such attacks could lead to, among other things, bodily injury or loss of life, vessel or other property damage, increased vessel operational costs, including insurance costs, and the inability to transport oil and other refined products to or from certain locations. Terrorist attacks, war, sanctions against oil exporting countries or other events beyond our control that adversely affect the distribution, production or transportation of oil and other refined products to be shipped by us could entitle our customers to terminate our charter contracts, which would harm our cash flow and our business.

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

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

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

Disruptions in world financial markets and the resulting governmental action in Europe, the United States and in other parts of the world could have a material adverse impact on our ability to obtain financing required to acquire vessels or new businesses. Furthermore, such a disruption would materially adversely affect our results of operations, financial condition and cash flows.

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

Cash deposits and cash equivalents in excess of amounts covered by government-provided insurance are exposed to loss in the event of non-performance by financial institutions. We maintain cash deposits and equivalents in excess of government-provided insurance limits at banks in Greece and other European banks, which may expose us to a loss of cash deposits or cash equivalents.

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

Within the last several years, a number of financial institutions have experienced serious financial difficulties and, in some cases, have entered bankruptcy proceedings or are in regulatory enforcement actions. These difficulties resulted, in part, from declining markets for assets held by such institutions, particularly the reduction in the value of their mortgage and asset-backed securities portfolios. These difficulties were compounded by financial turmoil affecting the world’s debt, credit and capital markets, and the general decline in the willingness by banks and other financial institutions to extend credit, particularly to the shipping industry due to the historically low vessel earnings and values, and, in part, due to changes in overall banking regulations (for example, Basel III). As a result, the ability of banks and credit institutions to finance new projects, including the acquisition of new vessels in the future, were for a time uncertain. Following the stress tests run by the European Central Bank (the “ECB”), revised capital ratios have been communicated to European banks. This has reduced the uncertainty following the difficulties of the past several years, but it has also led to changes in each bank’s lending policies and ability to provide financing or refinancing. A recurrence of global economic weakness may adversely affect the financial institutions that provide our credit facilities and may impair their ability to continue to perform under their financing obligations to us, which could have an impact on our ability to fund current and future obligations.

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

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

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

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

As international tank companies often generate most or all of their revenues in U.S. dollars but incur a portion of their expenses in other currencies, exchange rate fluctuations could cause us to suffer exchange rate losses, thereby increasing expenses and reducing income.

We engage in worldwide commerce with a variety of entities. Although our operations may expose us to certain levels of foreign currency risk, our transactions are predominantly U.S. dollar-denominated. Transactions in currencies other than the functional currency are translated at the exchange rate in effect at the date of each transaction. Expenses incurred in foreign currencies against which the U.S. dollar falls in value can increase, decreasing our income. A greater percentage of our transactions and expenses in the future may be denominated in currencies other than the U.S. dollar. As part of our overall risk management policy, we will attempt to hedge these risks in exchange rate fluctuations from time to time. We may not always be successful in such hedging activities and, as a result, our operating results could suffer as a result of un-hedged losses incurred as a result of exchange rate fluctuations. For example, as of December 31, 2017, the value of the U.S. dollar as compared to the Euro decreased by approximately 12.3% compared with the respective value as of December 31, 2016. A greater percentage of our transactions and expenses in the future may be denominated in currencies other than the U.S. dollar.

Labor interruptions and problems could disrupt our business.

Certain of our vessels are manned by masters, officers and crews that are employed by third parties. If not resolved in a timely and cost-effective manner, industrial action or other labor unrest could prevent or hinder our operations from being carried out normally and could have a material adverse effect on our business, results of operations, cash flow and financial condition.

Our right to be indemnified against certain damages may be inadequate.

The Securities Purchase Agreement for the VLCC vessels acquired through the VLCC Acquisition has a cap on indemnity obligations, subject to certain exceptions, of $58.7 million. Although we performed substantial due diligence with respect to the VLCC Acquisition, there can be no assurance that there will not be undisclosed liabilities or other matters not discovered in the course of such due diligence and the $58.7 million indemnity may be inadequate to cover these or other damages related to breaches of such agreement. In addition, since the return to Navios Acquisition of 217,159 shares on November 4, 2011 in settlement of claims relating to representation and warranties attributable to the sellers and the return of the balance of the escrow shares to the sellers, it may be difficult to enforce an arbitration award for any amount of damages.

Risks Related to Our Relationship with Navios Holdings and Its Affiliates

Navios Holdings has limited experience in the crude oil, product and chemical tanker sectors.

Navios Tankers Management Inc. (the "Manager"), a wholly owned subsidiary of Navios Holdings, oversees the commercial and administrative management of our entire fleet and the technical management of a portion of our fleet. Navios Holdings is a vertically-integrated seaborne shipping and logistics company with 60 years of operating history in the shipping industry that held approximately 44.4% of our shares of common stock as of April 2, 2018. Other than with respect to South American operations, Navios Holdings' experience in the crude oil, chemical and product tanker sectors dates to 2010. Navios Holdings or the Manager may make decisions that a more experienced operator in the sector might not make. If Navios Holdings or the Manager is not able to properly assess or ascertain a particular aspect of the crude oil, product or chemical tanker sectors, it could have a material adverse effect on our operations.

Navios Holdings may compete directly with us, causing certain officers to have a conflict of interest.

Angeliki Frangou is an officer and director of Navios Holdings, Navios Midstream, Navios Partners, Navios Acquisition and Navios Maritime Containers Inc. ("Navios Containers"). We operate in the crude oil, product and chemical tanker sectors of the shipping industry, and although Navios Holdings does not currently have any significant exposure in those sectors, there is no assurance it will not enter them. If it does, we may compete directly with Navios Holdings for business opportunities.

Navios Holdings, Navios Partners, Navios Midstream, Navios Acquisition and Navios Containers share certain officers and directors who may not be able to devote sufficient time to our affairs, which may affect our ability to conduct operations and generate revenues.

Some of our officers provide services to Navios Holdings, Navios Partners, Navios Midstream and Navios Containers and their affiliates. For instance, Angeliki Frangou is an officer and director of Navios Holdings, Navios Midstream, Navios Acquisition, Navios Partners and Navios Containers. As a result, demands for our officers' time and attention as required from Navios Acquisition, Navios Partners, Navios Midstream, Navios Holdings and Navios Containers may conflict from time to time and her limited devotion of time and attention to our business may hurt the operation of our business.

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

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

We are dependent on a subsidiary of Navios Holdings for the commercial and administrative management of our fleet and the technical management of a portion of our fleet, which may create conflicts of interest.

As we subcontract the technical and commercial management of our fleet, including crewing, maintenance and repair, to the Manager, and on an interim basis to other third party managers, the loss of these services or the failure of the Manager to perform these services could materially and adversely affect the results of our operations. Although we may have rights against the Manager if it defaults on its obligations to us, you will have no recourse directly against it. Further, we expect that we will need to seek approval from our respective lenders to change our commercial and technical managers. Navios Holdings has responsibilities and relationships to owners other than Navios Acquisition that could create conflicts of interest between us and Navios Holdings or the Manager. These conflicts may arise in connection with the provision of chartering services to us for our fleet versus carriers managed by Navios Holdings' subsidiaries or other companies affiliated with Navios Holdings.

Navios Holdings, our affiliate and a greater than 5% holder of our common stock, Angeliki Frangou, our Chairman and Chief Executive Officer, and certain of our officers and directors collectively own a substantial interest in us, and, as a result, may influence certain actions requiring stockholder vote.

As of April 2, 2018, Navios Holdings, Angeliki Frangou, our Chairman and Chief Executive Officer, and certain of our officers and directors beneficially own, in the aggregate, 49.4% of our issued and outstanding shares of common stock, which permits them to influence the outcome of effectively all matters requiring approval by our stockholders at such time, including the election of directors and approval of significant corporate transactions. Furthermore, if Navios Holdings and Ms. Frangou or an affiliate ceases to hold a minimum of 30% of our common stock, then we will be in default under our credit facilities.

Risks Related to Our Common Stock and Capital Structure

We are incorporated in the Republic of the Marshall Islands, a country that does not have a well-developed body of corporate law, which may negatively affect the ability of public stockholders to protect their interests.

Our corporate affairs are governed by our amended and restated articles of incorporation and bylaws, and by the Marshall Islands Business Corporations Act (the "BCA"). The provisions of the BCA resemble provisions of the corporation laws of a number of states in the United States. However, there have been few judicial cases in the Republic of the Marshall Islands interpreting the BCA. The rights and fiduciary responsibilities of directors under the law of the Republic of the Marshall Islands are not as clearly established as the rights and fiduciary responsibilities of directors under statutes or judicial precedent in existence in certain United States jurisdictions. Stockholder rights may differ as well. While the BCA does specifically incorporate the non-statutory law, or judicial case law, of the State of Delaware and other states with substantially similar legislative provisions, public stockholders may have more difficulty in protecting their interests in the face of actions by the management, directors or controlling stockholders than would stockholders of a corporation incorporated in a United States jurisdiction.

We are incorporated under the laws of the Marshall Islands and our directors and officers are non-U.S. residents, and although you may bring an original action in the courts of the Marshall Islands or obtain a judgment against us, our directors or our management based on U.S. laws in the event you believe your rights as a stockholder have been infringed, it may be difficult to enforce judgments against us, our directors or our management.

We are incorporated under the laws of the Republic of the Marshall Islands and all of our assets are located outside of the United States. Our business will be operated primarily from our offices in Monte Carlo, Monaco. In addition, our directors and officers are non-residents of the United States, and all or a substantial portion of the assets of these nonresidents are located outside the United States. As a result, it may be difficult or impossible for you to bring an action against us or against these individuals in the United States if you believe that your rights have been infringed under securities laws or otherwise. Even if you are successful in bringing an action of this kind, the laws of the Marshall Islands and of other jurisdictions may prevent or restrict you from enforcing a judgment against our assets or the assets of our directors and officers. Although you may bring an original action against us or our affiliates in the courts of the Marshall Islands based on U.S. laws, and the courts of the Marshall Islands may impose civil liability, including monetary damages, against us or our affiliates for a cause of action arising under Marshall Islands law, it may impracticable for you to do so given the geographic location of the Marshall Islands.

Since we are a foreign private issuer, we are not subject to certain SEC regulations that companies incorporated in the United States would be subject to.

We are a "foreign private issuer" within the meaning of the rules promulgated under the Securities Exchange Act of 1934, as amended (the "Exchange Act"). As such, we are exempt from certain provisions applicable to United States public companies including:

- the rules under the Exchange Act requiring the filing with the SEC of quarterly reports on Form 10-Q or current reports on Form 8-K;
- the sections of the Exchange Act regulating the solicitation of proxies, consents or authorizations in respect of a security registered under the Exchange Act;
- the provisions of Regulation FD of the Exchange Act aimed at preventing issuers from making selective disclosures of material information; and
- the sections of the Exchange Act requiring insiders to file public reports of their stock ownership and trading activities and establishing insider liability for profits realized from any "short-swing" trading transaction (i.e., a purchase and sale, or sale and purchase, of the issuer's equity securities within less than six months).

Accordingly, investors in our common stock may not be able to obtain all of the information of the type described above, and our stockholders may not be afforded the same protections or information generally available to investors holding shares in public companies in the United States.

Anti-takeover provisions in our amended and restated articles of incorporation could make it difficult for our stockholders to replace or remove our current board of directors or could have the effect of discouraging, delaying or preventing a merger or acquisition, which could adversely affect the market price of our common stock.

Several provisions of our amended and restated articles of incorporation and bylaws could make it difficult for our stockholders to change the composition of our board of directors in any one year, preventing them from changing the composition of our management. In addition, the same provisions may discourage, delay or prevent a merger or acquisition that stockholders may consider favorable. These provisions include those that:

- authorize our board of directors to issue "blank check" preferred stock without stockholder approval;
- provide for a classified board of directors with staggered, three-year terms;
- require a super-majority vote in order to amend the provisions regarding our classified board of directors with staggered, three-year terms; and
- prohibit cumulative voting in the election of directors.

These anti-takeover provisions could substantially impede the ability of stockholders to benefit from a change in control and, as a result, may adversely affect the market price of our common stock and your ability to realize any potential change of control premium.

Registration rights held by our initial stockholders and others may have an adverse effect on the market price of our common stock.

Certain stockholders, which include Navios Holdings and certain members of the management of Navios Acquisition, Navios Holdings and Navios Partners, are entitled to demand that we register the resale of their common stock totaling 67,320,507 shares. In addition, one third-party holder has an effective resale registration statement with respect to 1,677,759 shares of common stock. If all of these stockholders exercise their registration rights with respect to all of their shares of common stock, including the effective resale registration statement, there will be an additional 68,998,266 shares of common stock eligible for trading in the public market. The presence of these additional shares may have an adverse effect on the market price of our common stock.

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

Our securities are listed on the New York Stock Exchange (the "NYSE"), a national securities exchange. The NYSE minimum listing standards, require that we meet certain requirements relating to stockholders' equity, number of round-lot holders, market capitalization, aggregate market value of publicly held shares and distribution requirements. However, on February 13, 2018, we were notified by the NYSE that we were no longer in compliance with the NYSE's continued listing standards because the average closing price of our common stock over a consecutive 30 trading-day period was less than $1.00 per share. Although we intend to cure this deficiency within the prescribed timeframe set out in the NYSE's Listed Company Manual, we cannot assure you that our securities will continue to be listed on NYSE in the future.

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

- a limited availability of market quotations for our securities;
- a limited amount of news and analyst coverage for us;
- a decreased ability for us to issue additional securities or obtain additional financing in the future;
- limited liquidity for our stockholders due to thin trading; and
- loss of our tax exemption under Section 883 of the U.S. Internal Revenue Code of 1986, as amended (the "Code"), loss of preferential capital gain tax rates for certain dividends received by certain non-corporate U.S. holders and loss of "mark-to-market" election by U.S. holders in the event we are treated as a passive foreign investment company ("PFIC").

Risks Related to Our Indebtedness

We have substantial indebtedness and may incur substantial additional indebtedness, which could adversely affect our financial health and our ability to obtain financing in the future, react to changes in our business and make debt service payments.

We have substantial indebtedness, and we may also increase the amount of our indebtedness in the future. The terms of our credit facilities and other instruments and agreements governing our indebtedness do not prohibit us from doing so. Our substantial indebtedness could have important consequences for our stockholders.

Because of our substantial indebtedness:

- our ability to obtain additional financing for working capital, capital expenditures, debt service requirements, vessel or other acquisitions or general corporate purposes may be impaired in the future;
- if new debt is added to our debt levels after the vessel acquisition, the related risks that we now face would increase and we may not be able to meet all of our debt obligations;
- a substantial portion of our cash flow from operations must be dedicated to the payment of principal and interest on our indebtedness, thereby reducing the funds available to us for other purposes, and there can be no assurance that our operations will generate sufficient cash flow to service this indebtedness;
- we will be exposed to the risk of increased interest rates because our borrowings under the credit facilities will be at variable rates of interest;
- it may be more difficult for us to satisfy our obligations to our lenders, resulting in possible defaults on and acceleration of such indebtedness;
- we may be more vulnerable to general adverse economic and industry conditions;
- we may be at a competitive disadvantage compared to our competitors with less debt or comparable debt at more favorable interest rates and, as a result, we may not be better positioned to withstand economic downturns;
- our ability to refinance indebtedness may be limited or the associated costs may increase; and
- our flexibility to adjust to changing market conditions and ability to withstand competitive pressures could be limited, or we may be prevented from carrying out capital spending that is necessary or important to our growth strategy and efforts to improve operating margins or our business.

Highly leveraged companies are significantly more vulnerable to unanticipated downturns and setbacks, whether directly related to their business or flowing from a general economic or industry condition, and therefore are more vulnerable to a business failure or bankruptcy.

The agreements and instruments governing our indebtedness and other obligations do or will contain restrictions, limitations and obligations that could significantly impact our ability to operate our business and adversely affect our stockholders.

The agreements and instruments governing our indebtedness and other commitments we enter into, including certain credit lines to our affiliates, impose certain operating and financial restrictions on us.

Among other restrictions, these restrictions and our other obligations and commitments may limit our ability to:

- incur or guarantee additional indebtedness or issue certain preferred stock;
- create liens on our assets;
- make investments;
- engage in mergers and acquisitions or sell all or substantially all of our properties or assets;
- redeem or repurchase capital stock, pay dividends or make other restricted payments and investments;
- make capital expenditures;
- change the management of our vessels or terminate the management agreements we have relating to our vessels;
- enter into long-term charter arrangements without the consent of the lender;
- transfer or sell any of our vessels;
- enter into certain transactions with our affiliates; and
- reduce our cash available for growth and other purposes.

Therefore, we will need to seek permission from our lenders in order to engage in some corporate and commercial actions that we believe would be in the best interest of our business, and a denial of permission may make it difficult for us to successfully execute our business strategy or effectively compete with companies that are not similarly restricted. Our lenders' interests may be different from our interests, and we cannot guarantee that we will be able to obtain our lenders' permission when needed. This may prevent us from taking actions that are in our best interest. Any future credit agreement may include similar or more restrictive restrictions.

Additionally, in September 2016 we had entered into an agreement with Navios Holdings, pursuant to which we have provided Navios Holdings with a credit facility of up to $70.0 million. On November 3, 2017, Navios Holdings prepaid in full the outstanding amount of $55.1 million.

Our credit facilities contain requirements that the value of the collateral provided pursuant to the credit facilities must equal or exceed by a certain percentage the amount of outstanding borrowings under the credit facilities and that we maintain a minimum liquidity level. In addition, our credit facilities contain additional restrictive covenants, including a minimum net worth requirement and maximum total net liabilities over net assets requirement. It is an event of default under our credit facilities if such covenants are not complied with or if Navios Holdings, Ms. Angeliki Frangou, our Chairman and Chief Executive Officer, and their respective affiliates cease to hold a minimum percentage of our issued stock. In addition, the indenture governing the notes also contains certain provisions obligating us in certain instances to make offers to purchase outstanding notes with the net proceeds of certain sales or other dispositions of assets or upon the occurrence of an event of loss with respect to a mortgaged vessel, as defined in the indenture. Our ability to comply with the covenants and restrictions contained in our agreements and instruments governing our indebtedness may be affected by economic, financial and industry conditions and other factors beyond our control. If we are unable to comply with these covenants and restrictions, our indebtedness could be accelerated. If we are unable to repay indebtedness, our lenders could proceed against the collateral securing that indebtedness. In any such case, we may be unable to borrow under our credit facilities and may not be able to repay the amounts due under our agreements and instruments governing our indebtedness. This could have serious consequences on our financial condition and results of operations and could cause us to become bankrupt or insolvent. Our ability to comply with these covenants in future periods will also depend substantially on the value of our assets, our charter rates, our success at keeping our costs low and our ability to successfully implement our overall business strategy. Any future credit agreement or amendment or debt instrument may contain similar or more restrictive covenants.

Our ability to generate the significant amount of cash needed to service our other indebtedness and our ability to refinance all or a portion of our indebtedness or obtain additional financing depends on many factors beyond our control.

Our ability to make scheduled payments on or to refinance our obligations under, our indebtedness will depend on our financial and operating performance, which, in turn, will be subject to prevailing economic and competitive conditions and to financial and business factors, many of which may be beyond our control.

We will use cash to pay the principal and interest on our indebtedness. These payments limit funds otherwise available for working capital, capital expenditures, vessel acquisitions and other purposes. As a result of these obligations, our current liabilities may exceed our current assets. We may need to take on additional indebtedness as we expand our fleet, which could increase our ratio of indebtedness to equity. The need to service our indebtedness may limit funds available for other purposes and our inability to service indebtedness in the future could lead to acceleration of our indebtedness and foreclosure on our owned vessels.

Our credit facilities mature on various dates through 2024 and our ship mortgage notes mature on November 15, 2021. In addition, borrowings under certain of the credit facilities have amortization requirements prior to final maturity. We cannot assure you that we will be able to refinance any of our indebtedness or obtain additional financing, particularly because of our anticipated high levels of indebtedness and the indebtedness incurrence restrictions imposed by the agreements governing our indebtedness, as well as prevailing market conditions.

We could face substantial liquidity problems and might be required to dispose of material assets or operations to meet our indebtedness service and other obligations. Our credit facilities, the indenture governing our notes and any future indebtedness may restrict our ability to dispose of assets and use the proceeds from any such dispositions. If we do not reinvest the proceeds of asset sales in our business (in the case of asset sales of no collateral with respect to such indebtedness) or in new vessels or other related assets that are mortgaged in favor of the lenders under our credit facilities (in the case of assets sales of collateral securing), we may be required to use the proceeds to repurchase senior indebtedness. We cannot assure you we will be able to consummate any asset sales, or if we do, what the timing of the sales will be or whether the proceeds that we realize will be adequate to meet indebtedness service obligations when due.

Most of our credit facilities require that we maintain loan to collateral value ratios in order to remain in compliance with the covenants set forth therein. If the value of such collateral falls below such required level, we would be required to either prepay the loans or post additional collateral to the extent necessary to bring the value of the collateral as compared to the aggregate principal amount of the loan back to the required level. We cannot assure you that we will have the cash on hand or the financing available to prepay the loans or have any unencumbered assets available to post as additional collateral. In such case, we would be in default under such credit facility and the collateral securing such facility would be subject to foreclosure by the applicable lenders.

An increase or continuing volatility in interest rates would increase the cost of servicing our indebtedness and could reduce our profitability, earnings and cash flow.

Amounts borrowed under our term loan facilities fluctuate with changes in LIBOR. LIBOR has been volatile, with the spread between LIBOR and the prime lending rate widening significantly at times. We may also incur indebtedness in the future with variable interest rates. As a result, an increase in market interest rates would increase the cost of servicing our indebtedness and could materially reduce our profitability, earnings and cash flows. The impact of such an increase would be more significant for us than it would be for some other companies because of our substantial indebtedness. Because the interest rates borne by our outstanding indebtedness may fluctuate with changes in LIBOR, if this volatility were to continue, it could affect the amount of interest payable on our debt, which in turn, could have an adverse effect on our profitability, earnings and cash flow.

The international nature of our operations may make the outcome of any bankruptcy proceedings difficult to predict.

We are incorporated under the laws of the Republic of the Marshall Islands and our subsidiaries are also incorporated under the laws of the Republic of the Marshall Islands, the Cayman Islands, Hong Kong and certain other countries other than the United States, and we conduct operations in countries around the world. Consequently, in the event of any bankruptcy, insolvency or similar proceedings involving us or one of our subsidiaries, bankruptcy laws other than those of the United States could apply. We have limited operations in the United States. If we become a debtor under the United States bankruptcy laws, bankruptcy courts in the United States may seek to assert jurisdiction over all of our assets, wherever located, including property situated in other countries. There can be no assurance, however, that we would become a debtor in the United States or that a United States bankruptcy court would be entitled to, or accept, jurisdiction over such bankruptcy case or that courts in other countries that have jurisdiction over us and our operations would recognize a United States bankruptcy court's jurisdiction if any other bankruptcy court would determine it had jurisdiction.

We may be unable to raise funds necessary to finance the change of control repurchase offer required by the indenture governing our notes.

If we experience specified changes of control, we would be required to make an offer to repurchase all of our outstanding notes (unless otherwise redeemed) at a price equal to 101% of the principal amount thereof plus accrued and unpaid interest, if any, to the repurchase date. The occurrence of specified events that could constitute a change of control will constitute a default under our credit facilities. There are also change of control events that would constitute a default under the credit facilities that would not be a change of control under the indenture. In addition, our credit facilities prohibit the purchase of notes by us in the event of a change of control, unless and until such time as the indebtedness under our credit facilities is repaid in full. As a result, following a change of control event, we would not be able to repurchase notes unless we first repay all indebtedness outstanding under our credit facilities and any of our other indebtedness that contains similar provisions; or obtain a waiver from the holders of such indebtedness to permit us to repurchase the notes. We may be unable to repay all of that indebtedness or obtain a waiver of that type. Any requirement to offer to repurchase outstanding notes may therefore require us to refinance our other outstanding debt, which we may not be able to do on commercially reasonable terms, if at all. In addition, our failure to purchase the notes after a change of control in accordance with the terms of the indenture would constitute an event of default under the indenture, which in turn would result in a default under our credit facilities.

Our inability to repay the indebtedness under our credit facilities will constitute an event of default under the indenture governing our notes, which could have materially adverse consequences to us. In the event of a change of control, we cannot assure you that we would have sufficient assets to satisfy all of our obligations under our credit facilities and the notes. Our future indebtedness may also require such indebtedness to be repurchased upon a change of control.

We may require additional financing to acquire vessels or businesses or to exercise vessel purchase options, to finance any planned growth, and such financing may not be available.

In the future, we may be required to make substantial cash outlays to exercise options or to acquire vessels or business and will need additional financing to cover all or a portion of the purchase prices. We may seek to cover the cost of such items with new debt collateralized by the vessels to be acquired, if applicable, but there can be no assurance that we will generate sufficient cash or that debt financing will be available. Moreover, the covenants in our credit facilities, the indenture or other debt may make it more difficult to obtain such financing by imposing restrictions on what we can offer as collateral.

Tax Risks

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

We will be treated as a "passive foreign investment company," ("PFIC"), for U.S. federal income tax purposes if either (1) at least 75% of our gross income for any taxable year consists of certain types of "passive income" or (2) at least 50% of the average value of our assets produce or are held for the production of those types of "passive income." For purposes of these tests, "passive income" includes dividends, interest, and gains from the sale or exchange of investment property and rents and royalties other than rents and royalties that are received from unrelated parties in connection with the active conduct of a trade or business. For purposes of these tests, income derived from the performance of services does not constitute "passive income." U.S. stockholders of a PFIC may be subject to a disadvantageous U.S. federal income tax regime with respect to the income derived by the PFIC, the distributions they receive from the PFIC and the gain, if any, they derive from the sale or other disposition of their shares in the PFIC.

Based on our current and projected methods of operations, and an opinion of counsel, we believe that we were not a PFIC for the 2011 through 2017 taxable years (we were treated as a PFIC for the 2008 through 2010 taxable years), and we do not believe that we will be a PFIC for 2018 and subsequent taxable years. For post-2010 taxable years, our U.S. counsel, Thompson Hine LLP, is of the opinion that (1) the income we receive from the time chartering activities and assets engaged in generating such income should not be treated as passive income or assets, respectively, and (2) so long as our income from time charters exceeds 25.0% of our gross income for each taxable year after our 2010 taxable year and the value of our vessels contracted under time charters exceeds 50.0% of the average value of our assets for each taxable year after our 2010 taxable year, we should not be a PFIC for any taxable year after our 2010 taxable year. This opinion is based on representations and projections provided to our counsel by us regarding our assets, income and charters, and its validity is conditioned on the accuracy of such representations and projections.

We may have to pay tax on United States source income, which would reduce our earnings.

Under the Code, 50% of the gross transportation income of a vessel-owning or chartering corporation, such as us and our subsidiaries, that is attributable to transportation that either begins or ends, but that does not both begin and end, in the United States is characterized as U.S. Source International Transportation Income and such U.S. Source International Transportation Income is generally subject to a 4% U.S. federal income tax without allowance for deduction or, if such U.S. Source International Transportation Income is effectively connected with the conduct of a trade or business in the United States, U.S. federal corporate income tax (presently imposed at 21.0% rate) as well as a branch profits tax (presently imposed at a 30.0% rate on effectively connected earnings), unless the non-U.S. corporation qualifies for exemption from tax under Section 883 of the Code and the treasury regulations promulgated thereunder ("Treasury Regulations"). In general, the exemption from U.S. federal income taxation under Section 883 of the Code provides that if a non-U.S. corporation satisfies the requirements of Section 883 of the Code and the Treasury Regulations, it will not be subject to the net basis and branch profit taxes or the 4% gross basis tax on its U.S. Source International Transportation Income.

We expect that we and each of our vessel-owning subsidiaries have qualified for this statutory tax exemption and we will take this position for U.S. federal income tax return reporting purposes for our 2017 taxable year. However, the delisting of our securities from quotation on the NYSE (or other factual circumstances beyond our control) could cause us to lose the benefit of this tax exemption and thereby become subject to U.S. federal income tax on our U.S. Source International Transportation Income. *See* "— Risks Related to our Common Stock and Capital Structure—The New York Stock Exchange may delist our securities from quotation on its exchange, which could limit your ability to trade our securities and subject us to additional trading restrictions."

If we or our vessel-owning subsidiaries are not entitled to this exemption under Section 883 for any taxable year, we or our subsidiaries would be subject for those years to a 4% U.S. federal income tax (without allowance for deduction) on our U.S. Source International Transportation Income. The imposition of this taxation could have a negative effect on our business and would result in decreased earnings.

Other Tax Jurisdictions

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

Item 4. ***Information on the Company***

A. History and development of Navios Acquisition

Navios Acquisition was formed on March 14, 2008 under the laws of the Republic of the Marshall Islands and has its principal offices located at 7 Avenue de Grande Bretagne, Office 11B2, Monte Carlo, MC 98000 Monaco. Our agent for service is Trust Company of the Marshall Islands, Inc., located at Trust Company Complex, Ajeltake Island, P.O. Box 1405, Majuro, Marshall Islands MH96960.

Navios Acquisition owns a large fleet of modern crude oil, refined petroleum product and chemical tankers providing world-wide marine transportation services. The Company's strategy is to charter its vessels to international oil companies, refiners and large vessel operators under long, medium and short-term contracts. The Company is committed to providing quality transportation services and developing and maintaining long-term relationships with its customers.

On July 1, 2008, Navios Acquisition completed its IPO. On May 28, 2010, Navios Acquisition consummated the vessel acquisition which constituted its initial business combination. Following such transaction, Navios Acquisition commenced its operations as an operating company.

As of December 31, 2017, Navios Holdings had 42.9% of the voting power and 46.2% of the economic interest in Navios Acquisition.

Equity Transactions

Series C Convertible Preferred Stock

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

The Company was authorized to issue up to 10,000,000 shares of $0.0001 par value preferred stock in total with such designations, voting and other rights and preferences as may be determined from time to time by the Board of Directors.

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

Common Stock

In December 2017, Navios Acquisition authorized and issued in the aggregate 1,774,915 restricted shares of common stock to its directors and officers. These awards of restricted common stock are based on service conditions only and vest over four years.

In February 2018, the Board of Directors of Navios Acquisition authorized a stock repurchase program for up to $25.0 million of Navios Acquisition's common stock, for two years. Stock repurchases will be made from time to time for cash in open market transactions at prevailing market prices or in privately negotiated transactions. The timing and amount of repurchases under the program will be determined by management based upon market conditions and other factors. Repurchases may be made pursuant to a program adopted under Rule 10b5-1 under the Securities Exchange Act of 1934, as amended. The program does not require any minimum repurchase or any specific number or amount of shares of common stock and may be suspended or reinstated at any time in Navios Acquisition's discretion and without notice. The Board of Directors will review the program periodically. Repurchases will be subject to restrictions under Navios Acquisition's credit facilities and indenture.

As of December 31, 2017, the Company was authorized to issue 250,000,000 shares of $0.0001 par value common stock of which 152,107,905 were issued and outstanding. As of March 31, 2018, the Company has repurchased 5,166,544 shares of common stock, for a total cost of approximately $4.2 million, out of which 5,021,764 shares of common stock have been cancelled.

As of March 31, 2018, 147,086,141 shares of common stock were issued and outstanding.

Vessel Deliveries, Acquisitions and Sales

Acquisition of vessels

2015

On January 8, 2015, Navios Acquisition took delivery of the Nave Sextans, a newbuilding, 49,999 dwt, MR2 product tanker, from an unaffiliated third party for a total cost of $33.4 million. Cash paid was $17.8 million and $15.6 million was transferred from vessel deposits.

On February 11, 2015, Navios Acquisition took delivery of the Nave Velocity, a newbuilding, 49,999 dwt, MR2 product tanker, from an unaffiliated third party for a total cost of $39.2 million. Cash paid was $12.6 million and $26.6 million was transferred from vessel deposits.

On November 6, 2015, Navios Acquisition took delivery of the Nave Spherical, a 2009-built, 297,188 dwt VLCC, from an unaffiliated third party for a total cost of $69.2 million.

On December 2, 2015, Navios Acquisition took delivery of the Nave Photon, a 2008-built, 297,395 dwt VLCC from an unaffiliated third party for a total cost of $65.2 million.

Disposal of vessels

2018

On March 15, 2018, Navios Acquisition agreed to sell to Navios Midstream the Nave Galactic, a 2009 built VLCC vessel of 297,168 dwt, for a total sale price of $44.5 million the delivery of which completed on March 29, 2018. As of March 31, 2018, the estimated loss due to the sale is expected to be approximately $0.3 million.

2016

On January 27, 2016, Navios Acquisition sold the Nave Lucida to an unaffiliated third party for net cash proceeds of $18.4 million. The gain on sale of the vessel, upon write-off of the unamortized dry-docking, was $2.3 million.

On October 4, 2016, Navios Acquisition sold the Nave Universe to an unaffiliated third party for net cash proceeds of $35.8 million. As of June 30, 2016, the vessel was classified as held for sale as the relevant criteria for the classification were met. The gain on sale of the vessel was $4.8 million.

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On November 15, 2016, Navios Acquisition sold the Nave Constellation to an unaffiliated third party for net cash proceeds of $35.8 million. As of June 30, 2016, the vessel was classified as held for sale as the relevant criteria for the classification were met. The gain on sale of the vessel was $4.6 million.

2015

On June 18, 2015, Navios Midstream exercised its option to acquire the shares of the vessel-owning subsidiaries of the Nave Celeste, a 2003-built of 298,717 dwt VLCC, and the C. Dream, a 2000 built VLCC of 298,570 dwt, from Navios Acquisition for an aggregate sale price of $100.0 million. The sale price consisted of $73.0 million cash consideration and the issuance of 1,592,920 Subordinated Series A Units to Navios Acquisition.

B. Business Overview

Introduction

Navios Acquisition owns a large fleet of modern crude oil, refined petroleum product and chemical tankers providing worldwide marine transportation services. Our strategy is to charter our vessels to international oil companies, refiners and large vessel operators under long, medium and short-term contracts. We are committed to providing quality transportation services and developing and maintaining long-term relationships with our customers. We believe that the Navios brand will allow us to take advantage of increasing global environmental concerns that have created a demand in the petroleum products/crude oil seaborne transportation industry for vessels and operators that are able to conform to the stringent environmental standards currently being imposed throughout the world.

Navios Acquisition's Fleet

As of April 2, 2018, our fleet consisted of a total of 35 double-hulled tanker vessels, aggregating approximately 3.6 million deadweight tons, or dwt. The fleet includes seven Very Large Crude Carrier ("VLCC") tankers (over 200,000 dwt per ship), which transport crude oil, eight Long Range 1 ("LR1") product tankers (60,000-79,999 dwt per ship), 18 Medium Range 2 ("MR2") product tankers (30,000-59,999 dwt per ship) and two chemical tankers (25,000 dwt per ship), which transport refined petroleum products and bulk liquid chemicals. All our vessels are currently chartered-out to high-quality counterparties, including affiliates of Navig8, Shell Tankers Singapore Private LTD ("Shell") and Mansel LTD ("Mansel"), with an average remaining charter period of approximately one year. As of April 2, 2018, we had contracts covering 70.6% of available days in 2018 and 10.3 % of available days in 2019.

Vessels	Type	Year Built		Net Charter Rate (1)	Profit Sharing	Expiration Date (2)
Owned Vessels						
Nave Polaris	Chemical Tanker	2011	25,145	Floating Rate(8)	None	July 2018
Nave Cosmos	Chemical Tanker	2010	25,130	Floating Rate(8)	None	July 2018
Nave Velocity	MR2 Product Tanker	2015	49,999	$ 11,850(16)	50%/50%	May 2018
Nave Sextans	MR2 Product Tanker	2015	49,999	$ 13,250(17)	50%/50%	February 2019
Nave Pyxis	MR2 Product Tanker	2014	49,998	$ 13,250(17)	50%/50%	March 2019
Nave Luminosity	MR2 Product Tanker	2014	49,999	$ 11,850(16)	50%/50%	September 2018
Nave Jupiter	MR2 Product Tanker	2014	49,999	$ 11,850(16)	50%/50%	May 2018
Bougainville	MR2 Product Tanker	2013	50,626	$ 14,138(5)	100%	September 2018
				$ 14,420	100%	September 2019
Nave Alderamin	MR2 Product Tanker	2013	49,998	$ 13,260	None	February 2019
Nave Bellatrix	MR2 Product Tanker	2013	49,999	$ 13,331(3)	None	December 2018
Nave Capella	MR2 Product Tanker	2013	49,995	$ 13,331(11)	None	January 2019
Nave Orion	MR2 Product Tanker	2013	49,999	$ 13,260	None	March 2019
Nave Titan	MR2 Product Tanker	2013	49,999	$ 11,850(16)	50%/50%	June 2018
Nave Aquila	MR2 Product Tanker	2012	49,991	$ 13,331(3)	None	November 2018
Nave Atria	MR2 Product Tanker	2012	49,992	$ 11,850(16)	50%/50%	July 2018
Nave Orbit	MR2 Product Tanker	2009	50,470	$ 13,500(14)	None	November 2018
Nave Equator	MR2 Product Tanker	2009	50,542	$ 13,000(12)	None	October 2018
Nave Equinox	MR2 Product Tanker	2007	50,922	$ 13,578(15)	ice-transit premium (4)	January 2019

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Nave Pulsar	MR2 Product Tanker	2007	50,922	$ 12,344	50%/50% and ice-transit premium (6)	October 2018
Nave Dorado	MR2 Product Tanker	2005	47,999	$ 13,331(9)	None	January 2019
Nave Atropos	LR1 Product Tanker	2013	74,695	Floating Rate (13)	None	October 2019
Nave Rigel	LR1 Product Tanker	2013	74,673	$ 18,022	50%/50%	August 2019
Nave Cassiopeia	LR1 Product Tanker	2012	74,711	Floating Rate (13)	None	February 2019
Nave Cetus	LR1 Product Tanker	2012	74,581	$ 18,022	50%/50%	April 2019
Nave Estella	LR1 Product Tanker	2012	75,000	$ 13,260	None	March 2019
Nave Andromeda	LR1 Product Tanker	2011	75,000	$ 17,775	50%/50%	May 2018
Nave Ariadne	LR1 Product Tanker	2007	74,671	Floating Rate	None	July 2018
Nave Cielo	LR1 Product Tanker	2007	74,671	$ 17,775	50%/50%	May 2018
Nave Buena Suerte(10)	VLCC	2011	297,491	$ 28,638	None	April 2018
Nave Quasar	VLCC	2010	297,376	Floating Rate (7)	None	July 2018
Nave Synergy	VLCC	2010	299,973	Floating Rate (7)	None	July 2018
Nave Spherical	VLCC	2009	297,188	Floating Rate (7)	None	July 2018
Nave Neutrino(10)	VLCC	2003	298,287	$ 34,500	None	April 2018
Nave Electron(10)	VLCC	2002	305,178	Floating Rate (7)	None	July 2018
Nave Photon	VLCC	2008	297,395	Floating Rate (7)	None	July 2018

(1) Net time charter-out rate per day (net of commissions), presented in U.S. Dollars.
(2) Estimated dates assuming the midpoint of the redelivery period by charterers, including owner's extension options not declared yet.
(3) Charterer's option to extend the charter for one year months at $14,566 net per day.
(4) The premium for the Nave Equinox when vessel is trading on ice or follows ice braker is $1,975 net per day.
(5) Rate can increase to $19,013 net per day in year one and $19,393 in year two calculated based on a formula. Charterer's option to extend the charter for two years at $14,708 net per day for the first year and $15,002 net per day for the second year, plus profit sharing for both years.
(6) The premium for the Nave Pulsar when vessel is trading on ice or follows ice braker is $1,975 net per day. Charterer's option to extend the charter for one year at $13,455 net per day.
(7) Rate based on VLCC pool earnings, evergreen upon notice.
(8) Rate based on chemical tankers pool earnings.
(9) Charterer's option to extend the charter for one year at $14,813 net per day.
(10) Navios Acquisition has granted an option to Navios Midstream to purchase the vessel from Navios Acquisition at fair market value. The options were extended for an additional two-year period expiring on November 18, 2018.
(11) Charterer's option to extend for one year at $14,566 net per day.
(12) Charterer's option to extend the charter for one year at $14,250 net per day.
(13) Rate based on LR1 pool earnings.
(14) Charterer's option to extend for one year at $14,750 net per day.
(15) Charterer's option to extend for one year at $14,813 net per day.
(16) Charterer's option to extend the charter for one year at $13,331 net per day.
(17) Charterer's option to extend the charter for one year at $14,500 net per day.

Competitive Strengths

We believe that the following strengths will allow us to maintain a competitive advantage within the international shipping market:

- *Modern, High—Quality Fleet.* We own a large fleet of modern, high–quality double–hull tankers that are designed for enhanced safety and low operating costs. We believe that the increased enforcement of stringent environmental standards currently being imposed throughout the world has resulted in a shift in major charterers' preference towards greater use of modern double–hull vessels. We also have a large proportion of young product and chemical tankers in our fleet. Since our inception, we have committed to and have fully financed investments of over $2.1 billion, including investments of approximately $0.8 billion in newbuilding constructions. As of April 2, 2018, our fleet had an average age of approximately 7.2 years. We believe that owning and maintaining a modern, high–quality fleet reduces off–hire time and operating costs, improves safety and environmental performance and provides us with a competitive advantage in securing employment for our vessels.

- *Operating Visibility Through Contracted Revenues.* All of the vessels that we have taken delivery of as of April 2, 2018, are employed with an average remaining charter period of approximately one year, and we believe our existing employment coverage provides us with predictable, contracted revenues and operating visibility. As of April 2, 2018, we had contracts covering 70.6% of available days in 2018 and 10.3% of available days in 2019.
- *Diversified Fleet.* Our diversified fleet, which includes VLCC, product and chemical tankers, allows us to serve our customers' international crude oil, petroleum product and liquid bulk chemical transportation needs. VLCC tankers transport crude oil and operate on primarily long–haul trades from the Arabian Gulf or West Africa to the Far East, North America and Europe. Product tankers transport a large number of different refined oil products, such as naphtha, gasoline, kerosene, jetfuel and gasoil, and principally operate on short– to medium–haul routes. Chemical tankers transport primarily organic and inorganic chemicals, vegetable oils and animal fats. We believe that our fleet of vessels servicing the crude oil, product and chemical tanker transportation sectors provides us with more balanced exposure to oil and commodities and more diverse opportunities to generate revenues than would a focus on any single shipping sector.
- *High Quality Counterparties.* Our strategy is to charter our vessels to international oil companies, refiners and large vessel operators under long, medium and short–term contracts. We are committed to providing safe and quality transportation services and developing and maintaining long–term relationships with our customers, and we believe that our modern fleet will allow us to charter–out our vessels to what management views as high–quality counterparties and for long periods of time. Our current charterers include: Shell, one of the largest global groups of energy and petrochemical companies, operating in over 90 countries; Navig8 which controls a substantial fleet of product chemical tankers; Vitol, a major oil trader, trading over 5 million barrels of crude and product per day, Chevron, one of the world's leading integrated energy companies and Saudi Aramco, the state owned oil company of the Kingdom of Saudi Arabia.
- *An Experienced Management Team and a Strong Brand.* We have an experienced management team that we believe is well regarded in the shipping industry. The members of our management team have considerable experience in the shipping and financial industries. We also believe that we will be able to leverage the management structure at our affiliate, Navios Holdings, which benefits from a reputation for reliability and performance and operational experience in both the tanker and drybulk markets. Our management team is led by Angeliki Frangou, our Chairman and Chief Executive Officer, who has over 25 years of experience in the shipping industry. Ms. Frangou is also the Chairman & Chief Executive Officer of Navios Holdings, Navios Partners, Navios Midstream and Navios Containers and has been a Chief Executive Officer of various shipping and finance companies in the past. Ms. Frangou is a member of a number of recognized shipping committees. We believe that our well respected management team and strong brand may present us with market opportunities not afforded to other industry participants.

Business Strategy

We seek to generate predictable and growing cash flow through the following:

- *Strategically Manage Sector Exposure.* We operate a fleet of crude carriers and product and chemical tankers, which we believe provides us with diverse opportunities with a range of producers and consumers. As we grow our fleet, we expect to adjust our relative emphasis among the crude oil, product and chemical tanker sectors according to our view of the relative opportunities in these sectors. We believe that having a mixed fleet of tankers provides the flexibility to adapt to changing market conditions and will allow us to capitalize on sector–specific opportunities through varying economic cycles.
- *Enhance Operating Visibility With Our Employment Strategy.* We believe that we are a safe, cost-efficient operator of modern and well-maintained tankers. We also believe that these attributes, together with our strategy of proactively working towards meeting our customers' chartering needs, will contribute to our ability to attract leading charterers as customers and to our success in obtaining attractive long-term contracts. We will also seek profit sharing arrangements in our time charters, to provide us with potential incremental revenue above the contracted minimum charter rates. Depending on the then applicable market conditions, we intend to deploy our vessels to leading charterers on a mix of long, medium and short-term time contracts, with a greater emphasis on long-term charters and profit sharing. We believe that this chartering strategy will afford us opportunities to capture increased profits during strong charter markets, while benefiting from the relatively stable cash flows and high utilization rates associated with longer-term time charters. As of April 2, 2018, we had charters covering 70.6% of available days in 2018 and 10.3% of available days in 2019.

- *Actively Manage our Fleet to Maximize Return on Capital over Market Cycles.* We plan to actively manage the size and composition of our fleet through opportunistic acquisitions and dispositions as part of our effort to achieve above-market returns on capital for our vessel assets. Using Navios Holdings' global network of relationships and extensive experience in the maritime transportation industry, coupled with its commercial, financial and operational expertise, we plan to opportunistically grow our fleet through the timely and selective acquisition of high-quality newbuilding or secondhand vessels when we believe those acquisitions will result in attractive returns on invested capital and increased cash flow. We also intend to engage in opportunistic dispositions where we can achieve attractive values for our vessels as we assess the market cycle. We believe our diverse and versatile fleet, combined with the experience and long- standing relationships of Navios Holdings with participants in the maritime transportation industry, position us to identify and take advantage of attractive acquisition opportunities.
- *Leverage the Experience, Brand, Network and Relationships of Navios Holdings.* We intend to capitalize on the global network of relationships that Navios Holdings has developed during its long history of investing and operating in the marine transportation industry. This includes decades-long relationships with leading charterers, financing sources and key shipping industry players. When charter markets and vessel prices are depressed and vessel financing is difficult to obtain we believe the relationships and experience of Navios Holdings and its management enhances our ability to acquire young, technically advanced vessels at cyclically low prices and employ them under attractive charters with leading charterers. Navios Holdings' long involvement and reputation for reliability in the Asia Pacific region have also allowed it to develop privileged relationships with many of the largest institutions in Asia. Through its established reputation and relationships, Navios Holdings has had access to opportunities not readily available to most other industry participants that lack Navios Holdings' brand recognition, credibility and track record.
- *Benefit from Navios Holdings' Risk Management Practices and Corporate Managerial Support.* Risk management requires the balancing of a number of factors in a cyclical and potentially volatile environment. In part, this requires a view of the overall health of the market, as well as an understanding of capital costs and returns. Navios Holdings actively engages in assessing financial and other risks associated with fluctuating market rates, fuel prices, credit risks, interest rates and foreign exchange rates. Navios Holdings closely monitors credit exposure to charterers and other counterparties and has established policies designed to ensure that contracts are entered into with counterparties that have appropriate credit history. We believe that Navios Acquisition benefits from these established policies.
- *Sustain a Competitive Cost Structure.* Pursuant to our management agreement with the Manager, a wholly owned subsidiary of Navios Holdings, the Manager coordinates and oversees the commercial, technical and administrative management of our fleet. We believe that the Manager is able to do so at rates competitive with those that would be available to us through independent vessel management companies. For example, pursuant to our amended management agreement with Navios Holdings, management fees of our vessels are fixed through May 2018. We believe this external management arrangement will enhance the scalability of our business by allowing us to grow our fleet without incurring significant additional overhead costs. We believe that we will be able to leverage the economies of scale of Navios Holdings and manage operating, maintenance and corporate costs. At the same time, we believe the young age and high-quality of the vessels in our fleet, coupled with Navios Holdings' safety and environmental record, will position us favorably within the crude oil, product and chemical tanker transportation sectors with our customers and for future business opportunities.

Our Customers

We provide or will provide seaborne shipping services under contracts with customers that we believe are creditworthy.

Our major customers during 2017 were: Navig8, Mansel and Shell. For the year ended December 31, 2017, these three customers accounted for 31.9%, 14.3% and 13.7%, respectively, of Navios Acquisition's revenue.

Our major customers during 2016 were: Navig8, Shell and Mansel. For the year ended December 31, 2016, these three customers accounted for 33.0%, 20.0% and 14.7%, respectively, of Navios Acquisition's revenue.

Our major customers during 2015 were: Navig8, Shell and Mansel. For the year ended December 31, 2015, these three customers accounted for 35.2%, 13.6% and 10.8%, respectively, of Navios Acquisition's revenue.

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

Competition

The market for international seaborne crude oil transportation services is fragmented and highly competitive. Seaborne crude oil transportation services generally are provided by two main types of operators: major oil company captive fleets (both private and state-owned) and independent ship owner fleets. In addition, several owners and operators pool their vessels together on an ongoing basis, and such pools are available to customers to the same extent as independently owned and operated fleets. Many major oil companies and other oil trading companies also operate their own vessels and use such vessels not only to transport their own crude oil but also to transport crude oil for third party charterers in direct competition with independent owners and operators in the tanker charter market. Competition for charters is intense and is based upon price, location, size, age, condition and acceptability of the vessel and its manager. Due in part to the fragmented tanker market, competitors with greater resources could enter the tanker market and operate larger fleets through acquisitions or consolidations and may be willing or able to accept lower prices than us, which could result in our achieving lower revenues from our vessels. See "Risk Factors—Our growth depends on our ability to obtain customers, for which we face substantial competition. In the highly competitive tanker industry, we may not be able to compete for charters with new entrants or established companies with greater resources, which may adversely affect our results of operations."

Time Charters

A time charter is a contract for the use of a vessel for a fixed period of time at a specified daily rate. Under a time charter, the vessel owner provides crewing and other services related to the vessel's operation, the cost of which is included in the daily rate and the customer is responsible for substantially all of the vessel voyage costs. Most of the vessels in our fleet are hired out under time charters, and we intend to continue to hire out our vessels under time charters. The following discussion describes the material terms common to all of our time charters.

Base Hire Rate

"Base hire rate" refers to the basic payment from the customer for the use of the vessel. The hire rate is generally payable monthly, in advance on the first day of each month, in U.S. Dollars as specified in the charter.

Off-hire

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

- operational deficiencies; drydocking for repairs, maintenance or inspection; equipment breakdowns; or delays due to accidents, crewing strikes, certain vessel detentions or similar problems; or
- the shipowner's failure to maintain the vessel in compliance with its specifications and contractual standards or to provide the required crew.

Under some of our charters, the charterer is permitted to terminate the time charter if the vessel is off-hire for an extended period, which is generally defined as a period of 90 or more consecutive off-hire days.

Termination

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

Pooling Arrangements

For vessels operating in pooling arrangements, the Company earns a portion of total revenues generated by the pool, net of expenses incurred by the pool. The amount allocated to each pool participant vessel, including the Company's vessels, is determined in accordance with an agreed-upon formula, which is determined by the margins awarded to each vessel in the pool based on the vessel's age, design and other performance characteristics. Revenue under pooling arrangements is accounted for on the accrual basis and is recognized when an agreement with the pool exists, price is fixed, service is provided and the collectability is reasonably assured.

Expenses

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

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

Dry docking expenses are reimbursed by Navios Acquisition at cost.

Total management fees for each of the years ended December 31, 2017, 2016 and 2015 amounted to $95.0 million, $97.9 million and $95.3 million, respectively.

General and administrative expenses: On May 28, 2010, Navios Acquisition entered into an Administrative Services Agreement with Navios Holdings, pursuant to which Navios Holdings provides certain administrative management services to Navios Acquisition which include: bookkeeping, audit and accounting services, legal and insurance services, administrative and clerical services, banking and financial services, advisory services, client and investor relations and other services. Navios Holdings is reimbursed for reasonable costs and expenses incurred in connection with the provision of these services. In May 2014, Navios Acquisition extended the duration of its existing Administrative Services Agreement with Navios Holdings, until May 2020.

For each of the years ended December 31, 2017, 2016 and 2015 the expense arising from administrative services rendered by Navios Holdings amounted to $9.0 million, $9.4 million and $7.6 million, respectively.

Management of Ship Operations, Administration and Safety

Navios Holdings provides, through a wholly owned subsidiary, expertise in various functions critical to our operations. Pursuant to the Management Agreement and an Administrative Services Agreement with Navios Holdings, we have access to human resources, financial and other administrative functions, including:

- bookkeeping, audit and accounting services;
- administrative and clerical services;
- banking and financial services; and
- client and investor relations.

Technical management services are also provided, including:

- commercial management of the vessel;
- vessel maintenance and crewing;
- purchasing and insurance; and
- shipyard supervision.

For more information on the Management Agreement and the Administrative Services Agreement we have with Navios Holdings, please read "Item 7. — Major Stockholders and Related Party Transactions".

Oil Company Tanker Vetting Process

Traditionally there have been relatively few charterers in the oil transportation business and that part of the industry has been undergoing consolidation. The so called "oil majors," such as Exxon Mobil, BP p.l.c., Royal Dutch Shell plc., Chevron, ConocoPhillips and Total S.A., together with a few smaller companies, represent a significant percentage of the production, trading and, especially, seaborne transportation of crude oil and refined petroleum products worldwide. Concerns about the environment have led oil majors to develop and implement a strict due diligence process, known as vetting, when selecting vessels and considering their managers. Vetting has evolved into a sophisticated and comprehensive assessment of both the vessel and the vessel manager. While numerous factors are considered and evaluated prior to a commercial decision, the oil majors, through their association, Oil Companies International Marine Forum (OCIMF), have developed two basic tools: the Ship Inspection Report program, which is known as SIRE, and the Tanker Management & Self Assessment program, which is known as TMSA. The former is a physical ship inspection based upon a thorough vessel inspection questionnaire and performed by accredited OCIMF inspectors, resulting in a report being logged on SIRE, while the latter is a recent addition to the risk assessment tools used by the oil majors. Based upon commercial risk, there are three levels of assessment used by oil majors:

- terminal use, which clears a vessel to call at one of the oil major's terminals;
- voyage charter, which clears the vessel for a single voyage; and
- period charter, which clears the vessel for use for an extended period of time.

The depth and complexity of each of these levels of assessment varies. Each charter agreement for our vessels requires that the applicable vessel have a valid SIRE report (less than six months old) in the OCIMF website as recommended by OCIMF. In addition, under the terms of the charter agreements, the charterers require that our vessels and their technical managers be vetted and approved to transport crude oil or refined petroleum products (as applicable). The technical manager is responsible for obtaining and maintaining the vetting approvals required to successfully charter our vessels.

Governmental and Other Regulations

Sources of Applicable Rules and Standards

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

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

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

Ship Safety Regulation

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

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

An amendment of SOLAS introduced the International Safety Management (ISM) Code, which has been effective since July 1998. Under the ISM Code the party with operational control of a vessel is required to develop an extensive safety management system that includes, among other things, the adoption of a safety and environmental protection policy setting forth instructions and procedures for operating its vessels safely and describing procedures for responding to emergencies. The ISM Code requires that vessel operators obtain a safety management certificate for each vessel they operate. This certificate evidences compliance by a vessel's management with code requirements for a safety management system. No vessel can obtain a certificate unless its manager has been awarded a document of compliance, issued by the flag state for the vessel, under the ISM Code. Noncompliance with the ISM Code and other IMO regulations, such as the mandatory ship energy efficiency management plan ("SEEMP") which is akin to a safety management plan and came into effect on January 1, 2013, may subject a ship owner to increased liability, may lead to decreases in available insurance coverage for affected vessels, and may result in the denial of access to, or detention in, some ports. For example, the United States Coast Guard and European Union authorities have indicated that vessels not in compliance with the ISM Code will be prohibited from trading in ports in the United States and European Union. Each vessel's certificate evidencing compliance with the ISM Code and the ISPS Code, described below, must be periodically renewed and compliance must be periodically verified.

Security Regulations

Since the terrorist attacks of September 11, 2001, there have been a variety of initiatives intended to enhance vessel security. In 2002, Marine Transportation Security Act ("MTSA") came into effect. To implement certain portions of the MTSA, in 2003, the U.S. Coast Guard issued regulations requiring the implementation of certain security requirements aboard vessels operating in waters subject to the jurisdiction of the United States. Similarly, in 2002, amendments to SOLAS imposed various detailed security obligations on vessels and port authorities, most of which are contained in the International Ship and Port Facility Security Code ("ISPS Code"). Among the various requirements are:

- on-board installation of automatic information systems to enhance vessel-to-vessel and vessel-to-shore communications;
- on-board installation of ship security alert systems;
- the development of vessel security plans; and
- compliance with flag state security certification requirements.

The U.S. Coast Guard regulations, intended to be aligned with international maritime security standards, exempt non-U.S. vessels from MTSA vessel security measures, provided such vessels had on board, by July 1, 2004, a valid International Ship Security Certificate ("ISSC") that attests to the vessel's compliance with SOLAS security requirements and the ISPS Code.

International Regulations to Prevent Pollution from Ships

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

These regulations have been and continue to be regularly amended as new and more stringent standards of pollution prevention are introduced with which we are required to comply. For example, MARPOL Annex VI, together with the NOx Technical Code established thereunder, sets limits on sulfur oxide and nitrogen oxide emissions from ship exhausts and prohibits deliberate emissions of ozone depleting substances, such as chlorofluorocarbons. It also includes a global cap on the sulfur content of fuel oil and allows for special areas to be established with more stringent controls on emissions. Originally adopted in September 1997, Annex VI came into force in May 2005 and was amended in October 2008 (as was the NOx Technical Code) to provide for progressively more stringent limits on such emissions from 2010 onwards. The revised Annex VI provides, in particular, for a reduction of the global sulfur cap. After considering the issue for many years, the IMO announced on October 27, 2016 that it was proceeding with a requirement for 0.5% m/m sulfur content in marine fuel (down from current levels of 3.5%) outside the ECAs starting on January 1, 2020. Under Annex VI, the 2020 date was subject to review as to the availability of the required fuel oil. Annex VI required the fuel availability review to be completed by 2018 but was ultimately completed in 2016. Therefore, by 2020, ships will be required to remove sulfur from emissions through the use of emission control equipment, or purchase marine fuel with 0.5% sulfur content, which may see increased demand and higher prices due to supply constraints. Installing pollution control equipment or using lower sulfur fuel could result in significantly increased costs to our company. Similarly Annex VI requires Tier III standards for NOx emissions to be applied to ships constructed and engines installed in ships operating in NOx ECAs from January 1, 2016. We anticipate incurring costs to comply with these more stringent standards by implementing measures such as fuel switching, vessel modification adding distillate fuel storage capacity, or addition of exhaust gas cleaning scrubbers, and may require installation and operation of further control equipment at significantly increased cost.

The revised Annex VI further allows for designation, in response to proposals from member parties, of Emission Control Areas (ECAs) that impose accelerated and/or more stringent requirements for control of sulfur oxide, particulate matter, and nitrogen oxide emissions. Thus far, ECAs have been formally adopted for the Baltic Sea area (limits SOx emissions only); the North Sea area including the English Channel (limiting SOx emissions only) and the North American ECA (which came into effect from August 1, 2012 limiting SOx, NOx and particulate matter emissions). In October 2016, the IMO approved the designation of the North Sea and Baltic Sea as ECAs for NOx under Annex VI as well, which is scheduled for adoption in 2017 and would take effect in January 2021. The United States Caribbean Sea ECA entered into force on January 1, 2013 and has been effective since January 1, 2014, limiting SOx, NOx and particulate matter emissions. For the currently-designated ECAs, much lower sulfur limits on fuel oil content are being phased in (0.1% from January 1, 2015).

At its 66th Session, the IMO's Marine Environment Protection Committee (the "MEPC") adopted amendments (effective September 2015) to Annex VI, regulation 13, regarding NOx and the date for the implementation of the "Tier III" standards within ECAs. These amendments provide, inter alia, that such standards, applicable on January 1, 2016, apply to marine diesel engines installed on ships which operate in the North American ECA or the U.S. Caribbean Sea ECA and to installed marine diesel engines which operate in other ECAs which might be designated in the future for Tier III NOx control. At MEPC 69, Annex VI was also amended to require recordkeeping requirements to demonstrate compliance with the NOX Tier III ECA.

At its 64th session (2012), the MEPC indicated that 2015 was the target year for member states to identify market-based measures for international shipping. At its 66th session (2014), the MEPC continued its work on developing technical and operational measures relating to energy-efficiency measures for ships, following the entry into force of the mandatory efficiency measures on January 1, 2013. It adopted the 2014 Guidelines on the Method of Calculation of the Attained EEDI, applicable to new ships. It further adopted amendments to MARPOL Annex VI concerning the extension of the scope of application of the EEDI to Liquified Natural Gas ("LNG") carriers, ro-ro cargo ships (vehicle carriers), ro-ro cargo ships, ro-ro passenger ships and cruise passengers ships with nonconventional propulsion. At its 67th session (2014), the MEPC adopted the 2014.

Guidelines on survey and certification of the EEDI, updating the previous version to reference ships fitted with dual-fuel engines using LNG and liquid fuel oil. The MEPC also adopted amendments to the 2013 Interim Guidelines for determining minimum propulsion power to maintain the maneuverability of ships in adverse conditions, to make the guidelines applicable to phase 1 (starting January 1, 2015) of the EEDI requirements. At its 68th session (2015), the MEPC amended the 2014 Guidelines on EEDI survey and certification as well as the method of calculating of EEDI for new ships, the latter of which was again amended at the 70th session (2016). At its 70th session, the MEPC adopted mandatory requirements for ships of 5,000 gross tonnage or greater to collect fuel consumption data for each type of fuel used, and report the data to the flag State after the end of each calendar year.

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

Greenhouse Gas Emissions

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

In December 2011, UN climate change talks took place in Durban and concluded with an agreement referred to as the Durban Platform for Enhanced Action. In preparation for the Durban Conference, the International Chamber of Shipping ("ICS") produced a briefing document, confirming the shipping industry's commitment to cut shipping emissions by 20% by 2020, with significant further reductions thereafter. The ICS called on the participants in the Durban Conference to give the IMO a clear mandate to deliver emissions reductions through market-based measures, for example a shipping industry environmental compensation fund. Notwithstanding the ICS's request for global regulation of the shipping industry, the Durban Conference did not result in any proposals specifically addressing the shipping industry's role in climate change.

Although regulation of greenhouse gas emissions in the shipping industry was discussed during the 2015 UN Climate Change Conference in Paris (the "Paris Conference"), the agreement reached among the 195 nations did not expressly reference the shipping industry. Following the Paris Conference, the IMO announced it would continue its efforts on this issue at the MEPC, and at its 70th session, the MEPC approved a Roadmap for developing a comprehensive GHG emissions reduction strategy for ships, which includes the goal of adopting an initial strategy and emission reduction commitments in 2018. The Roadmap also provides for additional studies and further intersessional work, to be continued at the 71st session in 2017, with a goal of adopting a revised strategy in 2023 to include short-, mid- and long-term reduction measures and schedules for implementation.

In April 2007, the EU announced its plan to add vessels to its emissions trading scheme. A proposal from the European Commission ("EC") was expected if no global regime for reduction of seaborne emissions had been agreed by the end of 2011. As of January 31, 2013, the Commission stopped short of proposing that emissions from ships be included in the EU's emissions-trading scheme ("ETS"). However, on October 1, 2012, it announced that it would propose measures to monitor, verify and report on greenhouse gas emissions from the shipping sector.

On June 28, 2013, the EC adopted a communication setting out a strategy for progressively including greenhouse gas emissions from maritime transport in the EU's policy for reducing its overall GHG emissions. The first step proposed by the EC was an EU Regulation to an EU-wide system for the monitoring, reporting and verification of carbon dioxide emissions from large ships starting in 2018. The Regulation was adopted on April 29, 2015 and took effect on July 1, 2015, with monitoring, reporting and verification requirements beginning on January 1, 2018. This Regulation appears to be indicative of an intent to maintain pressure on the international negotiating process. The EC also adopted an Implementing Regulation, which entered into force November 2016, setting templates for monitoring plans, emissions reports and compliance documents pursuant to Regulation 2015/757.

Other International Regulations to Prevent Pollution

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

The BWM Convention entered into force on September 8, 2017. The BWM Convention requires ships to manage ballast water in a manner that removes, renders harmless or avoids the uptake or discharge of aquatic organisms and pathogens within ballast water and sediment. Recently updated Ballast Water and Sediment Management Plan guidance includes more robust testing and performance specifications. The entry of the BWM Convention and revised guidance will likely result in additional compliance costs.

European Regulations

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

In some instances where it has done so, international regulations have subsequently been amended to the same level of stringency as that introduced in Europe, but the risk is well established that EU regulations may from time to time impose burdens and costs on shipowners and operators which are additional to those involved in complying with international rules and standards. In December 2016, the EU signed into law the National Emissions Ceiling ("NEC") Directive, which entered into force on December 31, 2016. The NEC must be implemented by individual members states through particular laws in each state by June 30, 2018. The NEC aims to set stricter emissions limits on SO2, ammonia, non-methane volatile organic compounds, NOx and fine particulate (PM2.5) by setting new upper limits for emissions of these pollutants, starting in 2020. While the NEC is not specifically directed toward the shipping industry, the EU specifically mentions the shipping industry in its announcement of the NEC as a contributor to emissions of PM2.5, SO2 and NOx. Implementation of new laws by member states to reduce emissions may ultimately result in increased costs to us to comply with the more stringent standards.

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

United States Environmental Regulations and Laws Governing Civil Liability for Pollution

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

U.S. federal legislation, including notably the Oil Pollution Act of 1990, or OPA, establishes an extensive regulatory and liability regime for the protection and cleanup of the environment from oil spills, including cargo or bunker oil spills from tankers. OPA affects all owners and operators whose vessels trade in the United States, its territories and possessions or whose vessels operate in United States waters, which includes the United States' territorial sea and its 200 nautical mile exclusive economic zone. Under OPA, vessel owners, operators and bareboat charterers are "responsible parties" and are jointly, severally and strictly liable (unless the spill results solely from the act or omission of a third party, an act of God or an act of war) for all containment and clean-up costs and other damages arising from discharges or substantial threats of discharges, of oil from their vessels. In addition to potential liability under OPA as the relevant federal legislation, vessel owners may in some instances incur liability on an even more stringent basis under state law in the particular state where the spillage occurred.

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

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

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

In addition, the Comprehensive Environmental Response, Compensation, and Liability Act, or CERCLA, which applies to the discharge of hazardous substances (other than oil) whether on land or at sea, contains a similar liability regime and provides for cleanup, removal and natural resource damages. Liability under CERCLA is limited to the greater of $300 per gross ton, or $5.0 million for vessels carrying any hazardous substances as cargo, or $0.5 million for vessels not carrying hazardous substances as cargo or residue, unless the incident is caused by gross negligence, willful misconduct, or a violation of certain regulations, in which case liability is unlimited.

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

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

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

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

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

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

Because the VGP expires at the end of this year, there may be new U.S. federal and state requirements that could require the installation of equipment on our vessels to treat ballast water before it is discharged or the implementation of other port facility disposal arrangements or procedures at potentially substantial cost, and/or otherwise restrict our vessels from entering U.S. waters. Coast Guard regulations require commercial ships operating in U.S. waters to manage ballast water by meeting certain requirements, which include using a U.S. type-approved Ballast Water Management System ("BWMS"), temporarily using a foreign-type BWMS that has been accepted by the Coast Guard, using ballast water obtained from a U.S. Public Water System, discharge ballast water into a shore-side facility or not discharge ballast water within 12 nautical miles. Vessel owners/operators may request an extension to the compliance deadline by showing that, despite all efforts, it cannot comply with one of the approved systems or compliance methods. There are numerous foreign-approved Ballast Water Treatment Systems ("BWTS") in the Coast Guard's list of approved Alternate Management Systems. Since December 2016, the Coast Guard has type approved six Ballast Water Management System ("BWMS"), which claim to meet the range of requirements that most vessel owners and operators described in their extension requests in the past. Due to the increase in approvals, it will become more difficult to receive compliance extensions and thus could result in significant costs to install an approved BWTS. Failure to comply with U.S. ballast water regulations, including installation of BWTS by September 8, 2017, could result in civil or criminal fines or penalties.

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

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

International laws governing civil liability to pay compensation or damages

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

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

In 2001, the IMO adopted the International Convention on Civil Liability for Bunker Oil Pollution Damage, or the Bunker Convention, which imposes strict liability on shipowners for pollution damage in jurisdictional waters of ratifying states caused by discharges of "bunker oil." The Bunker Convention defines "bunker oil" as "any hydrocarbon mineral oil, including lubricating oil, used or intended to be used for the operation or propulsion of the ship, and any residues of such oil." The Bunker Convention also requires registered owners of ships over a certain size to maintain insurance for pollution damage in an amount equal to the limits of liability under the applicable national or international limitation regime (but not exceeding the amount calculated in accordance with the Convention on Limitation of Liability for Maritime Claims of 1976, as amended, or the 1976 Convention). The Bunker Convention entered into force on November 21, 2008, and as of August 23, 2017, had 86 contracting states. In other jurisdictions liability for spills or releases of oil from ships' bunkers continues to be determined by the national or other domestic laws in the jurisdiction where the events or damages occur.

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

Inspection by Classification Societies

Every sea going vessel must be "classed" by a classification society. The classification society certifies that the vessel is "in class," signifying that the vessel has been built and maintained in accordance with the rules of the classification society and complies with applicable rules and regulations of the vessel's country of registry and the international conventions of which that country is a member. In addition, where surveys are required by international conventions and corresponding laws and ordinances of a flag state, the classification society will undertake them on application or by official order, acting on behalf of the authorities concerned. The classification society also undertakes, on request, other surveys and checks that are required by regulations and requirements of the flag state or port authority. These surveys are subject to agreements made in each individual case or to the regulations of the country concerned. For maintenance of the class, regular and extraordinary surveys of hull, machinery (including the electrical plant) and any special equipment classed are required to be performed as follows:

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

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

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

Risk of Loss and Liability Insurance

General

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

Hull and Machinery Insurance

We have obtained marine hull and machinery and war risk insurance, which include coverage of the risk of actual or constructive total loss, for all of our owned vessels. Each of the owned vessels is covered for up to at least fair market value, with deductibles of $0.1 million per Handymax and Panamax tanker vessel and $0,25 million per VLCC tanker. We have also extended our war risk insurance to include war loss of hire for any loss of time to the vessel, including for physical repairs, caused by a warlike incident and piracy seizure for up to 270 days of detention / loss of time. There are no deductibles for the war risk insurance or the war loss of hire cover.

We have arranged, as necessary, increased value insurance for our vessels. With the increased value insurance, in case of total loss of the vessel, we will be able to recover the sum insured under the increased value policy in addition to the sum insured under the hull and machinery policy. Increased value insurance also covers excess liabilities that are not recoverable in full by the hull and machinery policies by reason of underinsurance. We do not expect to maintain loss of hire insurance for our vessels. Loss of hire insurance covers business interruptions that result in the loss of use of a vessel.

Protection and Indemnity Insurance

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

Navios Acquisition's fleet is currently entered for protection and indemnity insurance with International Group associations where, in line with all International Group Clubs, coverage for oil pollution is limited to $1.0 billion per event. The 13 P&I Associations that comprise the International Group insure approximately 95% of the world's commercial tonnage and have entered into a pooling agreement to collectively reinsure each association's liabilities. Each vessel that Navios Acquisition acquires will be entered with P&I Associations of the International Group. Under the International Group reinsurance program for the current policy year, each P&I club in the International Group is responsible for the first $10.0 million of every claim. In every claim the amount in excess of $10.0 million and up to $80.0 million is shared by the clubs under the pooling agreement. Any claim in excess of $80.0 million is reinsured by the International Group in the international reinsurance market under the General Excess of Loss Reinsurance Contract. This policy currently provides an additional $2.0 billion of coverage for non-oil pollution claims. Further to this, an additional reinsurance layer has been placed by the International Group for claims up to $1.0 billion in excess of $2.08 billion, i.e., $3.08 billion in total. For passengers and crew claims the overall limit is $3.0 billion for any one event with any one vessel with a sub-limit of $2.0 billion for passengers. With the exception of pollution, passenger or crew claims, should any other P&I claim exceed Group reinsurance limits, the provisions of all International Group Club's overspill claim rules will operate and members of any International Group Club will be liable for additional contributions in accordance with such rules. To date, there has never been an overspill claim, or one even nearing this level.

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

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

Uninsured Risks

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

Exchange Controls

Under Marshall Islands law, there are currently no restrictions on the export or import of capital, including foreign exchange controls or restrictions that affect the remittance of dividends, interest or other payments to non-resident holders of Navios Acquisition's securities.

Facilities

We have offices at 7 Avenue de Grande Bretagne, Office 11B2, Monte Carlo, MC 98000 Monaco. We believe that our office facilities are suitable and adequate for our business as it is presently conducted. We presently occupy office space provided by Navios Holdings. Navios Holdings has agreed that it will make such office space, as well as certain office and secretarial services, available to us, as may be required by us from time to time.

Crewing and Staff

The Manager crews its vessels primarily with Greek, Filipino, Romanian, Russian, Ukrainian and Croatian officers and Filipino seamen. The Manager is responsible for selecting its Greek officers. For other nationalities, officers and seamen are referred to us by local crewing agencies. Navios Acquisition requires that all of its seamen have the qualifications and licenses required to comply with international regulations and shipping conventions.

Administrative Services

On May 28, 2010, Navios Acquisition entered into an Administrative Services Agreement with Navios Holdings, initially set to expire on May 28, 2015 that has been extended to May 2020, pursuant to which Navios Holdings provides certain administrative management services to Navios Acquisition which include: bookkeeping, audit and accounting services, legal and insurance services, administrative and clerical services, banking and financial services, advisory services, client and investor relations and other services. Navios Holdings is reimbursed for reasonable costs and expenses incurred in connection with the provision of these services. See "Item 7B-Related Party Transactions — the Administrative Services Agreement."

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Legal Proceedings

The Company is involved in various disputes and arbitration proceedings arising in the ordinary course of business. Provisions have been recognized in the financial statements for all such proceedings where the Company believes that a liability may be probable and for which the amounts are reasonably estimable, based upon facts known at the date of the financial statements were prepared. We maintain insurance policies with insurers in amounts and with coverage and deductibles as our board of directors believes are reasonable and prudent. In the opinion of the management, the ultimate disposition of these matters individually and in aggregate will not materially affect the Company's financial position, results of operations or liquidity.

C. Organizational Structure

The table below lists the Company's wholly-owned subsidiaries as of December 31, 2017.

Navios Maritime Acquisition Corporation and Subsidiaries:	Nature	Country of Incorporation
Company Name		
Aegean Sea Maritime Holdings Inc.	Sub-Holding Company	Marshall Is.
Amorgos Shipping Corporation	Vessel-Owning Company	Marshall Is.
Andros Shipping Corporation	Vessel-Owning Company	Marshall Is.
Antikithira Shipping Corporation	Vessel-Owning Company	Marshall Is.
Antiparos Shipping Corporation	Vessel-Owning Company	Marshall Is.
Amindra Navigation Co.	Sub-Holding Company	Marshall Is.
Crete Shipping Corporation	Vessel-Owning Company	Marshall Is.
Folegandros Shipping Corporation	Vessel-Owning Company	Marshall Is.
Ikaria Shipping Corporation	Vessel-Owning Company	Marshall Is.
Ios Shipping Corporation	Vessel-Owning Company	Cayman Is.
Kithira Shipping Corporation	Vessel-Owning Company	Marshall Is.
Kos Shipping Corporation	Vessel-Owning Company	Marshall Is.
Mytilene Shipping Corporation	Vessel-Owning Company	Marshall Is.
Navios Maritime Acquisition Corporation	Holding Company	Marshall Is.
Navios Acquisition Finance (U.S.) Inc.	Co-Issuer	Delaware
Rhodes Shipping Corporation	Vessel-Owning Company	Marshall Is.
Serifos Shipping Corporation	Vessel-Owning Company	Marshall Is.
Shinyo Loyalty Limited	Former Vessel-Owning Company(1)	Hong Kong
Shinyo Navigator Limited	Former Vessel-Owning Company(2)	Hong Kong
Sifnos Shipping Corporation	Vessel-Owning Company	Marshall Is.
Skiathos Shipping Corporation	Vessel-Owning Company	Marshall Is.
Skopelos Shipping Corporation	Vessel-Owning Company	Cayman Is.
Syros Shipping Corporation	Vessel-Owning Company	Marshall Is.
Thera Shipping Corporation	Vessel-Owning Company	Marshall Is.
Tinos Shipping Corporation	Vessel-Owning Company	Marshall Is.
Oinousses Shipping Corporation	Vessel-Owning Company	Marshall Is.
Psara Shipping Corporation	Vessel-Owning Company	Marshall Is.
Antipsara Shipping Corporation	Vessel-Owning Company	Marshall Is.
Samothrace Shipping Corporation	Vessel-Owning Company	Marshall Is.
Thasos Shipping Corporation	Vessel-Owning Company	Marshall Is.
Limnos Shipping Corporation	Vessel-Owning Company	Marshall Is.
Skyros Shipping Corporation	Vessel-Owning Company	Marshall Is.
Alonnisos Shipping Corporation	Former Vessel-Owning Company(3)	Marshall Is.
Makronisos Shipping Corporation	Former Vessel-Owning Company(3)	Marshall Is.
Iraklia Shipping Corporation	Vessel-Owning Company	Marshall Is.
Paxos Shipping Corporation	Former Vessel-Owning Company(4)	Marshall Is.
Antipaxos Shipping Corporation	Vessel-Owning Company	Marshall Is.
Donoussa Shipping Corporation	Former Vessel-Owning Company(5)	Marshall Is.
Schinousa Shipping Corporation	Former Vessel-Owning Company(6)	Marshall Is.
Navios Acquisition Europe Finance Inc	Sub-Holding Company	Marshall Is.
Kerkyra Shipping Corporation	Vessel-Owning Company(7)	Marshall Is.
Lefkada Shipping Corporation	Vessel-Owning Company	Marshall Is.
Zakynthos Shipping Corporation	Vessel-Owning Company	Marshall Is.
Leros Shipping Corporation	Vessel-Owning Company	Marshall Is.
Kimolos Shipping Corporation	Vessel-Owning Company	Marshall Is.
Samos Shipping Corporation	Vessel-Owning Company	Marshall Is.
Tilos Shipping Corporation	Vessel-Owning Company	Marshall Is.
Delos Shipping Corporation	Vessel-Owning Company	Marshall Is.
Navios Maritime Midstream Partners GP LLC	Holding Company	Marshall Is.

(1) Former vessel-owner of the Shinyo Splendor which was sold to an unaffiliated third party on May 6, 2014.
(2) Former vessel-owner of the Shinyo Navigator which was sold to an unaffiliated third party on December 6, 2013.
(3) Each company had the rights over a shipbuilding contract of an MR2 product tanker vessel. In February 2015, these shipbuilding contracts were terminated, with no exposure to Navios Acquisition, due to the shipyard's inability to issue a refund guarantee.
(4) Former vessel-owner of the Nave Lucida which was sold to an unaffiliated third party on January 27, 2016.
(5) Former vessel-owner of the Nave Universe which was sold to an unaffiliated third party on October 4, 2016.
(6) Former vessel-owner of the Nave Constellation which was sold to an unaffiliated third party on November 15, 2016.
(7) The vessel Nave Galactic was sold to Navios Midstream on March 29, 2018.

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

In the consolidated financial statements of Navios Acquisition, Navios Europe I Inc. ("Navios Europe I") with ownership interest of 47.5% and Navios Europe II Inc. ("Navios Europe II") with ownership interest of 47.5% are included as affiliates and are accounted for under the equity method, for such periods during which the entities were affiliates of Navios Acquisition. See Note 8 to the Notes to Consolidated Financial Statements, included elsewhere within this Annual Report.

On November 16, 2017, in accordance with the terms of the Limited Partnership Agreement of Navios Midstream all of the 9,342,692 subordinated units of Navios Midstream converted into common units on a one-for-one basis. Following their conversion into common units, these units have the same distribution rights as all other common units.

As of December 31, 2017, Navios Acquisition owns the 2% general partner interest in Navios Midstream totaling 427,499 general partner units, as well as a 57.0% limited partner interest, which represents 10,585,384 common units (49.5%), no subordinated units and 1,592,920 Subordinated Series A Units (7.5%). In the consolidated financial statements of Navios Acquisition, Navios Midstream with ownership interest of 59.0% is included as an affiliate. The Company analyzed its investments in Navios Midstream and concluded that it has the ability to exercise significant influence over the operating and financial policies of Navios Midstream and, therefore all classes of units i.e., common units, the subordinated units, the Subordinated Series A units and the general partner units of Navios Midstream are accounted for under the equity method.

D. Property, plants and equipment

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

Item 4A. *Unresolved Staff Comments*

None.

Item 5. *Operating and Financial Review and Prospects*

Overview

We are an owner and operator of tanker vessels focusing in the transportation of petroleum products (clean and dirty) and bulk liquid chemicals and we are incorporated in the Republic of the Marshall Islands.

On May 25, 2010, we consummated the Product and Chemical Tanker Acquisition, the acquisition of 13 vessels (11 product tankers and two chemical tankers), for an aggregate purchase price of $457.7 million, including amounts to be paid for future contracted vessels to be delivered. On September 10, 2010, we consummated the VLCC Acquisition, for an aggregate purchase price of $587.0 million.

On October 9, 2013, Navios Holdings, Navios Acquisition and Navios Partners established Navios Europe I and have economic interests of 47.5%, 47.5% and 5.0%, respectively. Navios Europe I is engaged in the marine transportation industry through the ownership of five tankers and five container vessels. Effective November 2014, Navios Holdings, Navios Acquisition and Navios Partners have voting interest of 50%, 50% and 0%, respectively. On February 21, 2017, Navios Holdings agreed to transfer to Navios Partners its participation in Navios Revolving Loans I and Navios Term Loans I, both relating to Navios Europe I, for a consideration of $4.1 million in cash and 13,076,923 newly issued common units of Navios Partners.

On October 13, 2014, Navios Acquisition formed Navios Midstream under the laws of the Marshall Islands. Navios Maritime Midstream Partners GP LLC, or the general partner, a wholly-owned subsidiary of Navios Acquisition, was also formed on that date to act as the general partner of Navios Midstream and received a 2.0% general partner interest in Navios Midstream. Navios Midstream is an affiliate and not consolidated under Navios Acquisition.

On February 18, 2015, Navios Holdings, Navios Acquisition and Navios Partners established Navios Europe II and have economic interests of 47.5%, 47.5% and 5.0%, respectively and voting interests of 50%, 50% and 0%, respectively. Navios Europe II is engaged in the marine transportation industry through the ownership of seven dry bulk and seven container vessels.

Fleet Development

Acquisition of vessels

2015

On January 8, 2015, Navios Acquisition took delivery of the Nave Sextans, a newbuilding, 49,999 dwt, MR2 product tanker, from an unaffiliated third party for a total cost of $33.4 million. Cash paid was $17.8 million and $15.6 million was transferred from vessel deposits.

On February 11, 2015, Navios Acquisition took delivery of the Nave Velocity, a newbuilding, 49,999 dwt, MR2 product tanker, from an unaffiliated third party for a total cost of $39.2 million. Cash paid was $12.6 million and $26.6 million was transferred from vessel deposits.

On November 6, 2015, Navios Acquisition took delivery of the Nave Spherical, a 2009-built, 297,188 dwt VLCC, from an unaffiliated third party for a total cost of $69.2 million.

On December 2, 2015, Navios Acquisition took delivery of the Nave Photon, a 2008-built, 297,395 dwt VLCC from an unaffiliated third party for a total cost of $65.2 million.

Disposal of vessels

2018

On March 15, 2018, Navios Acquisition agreed to sell to Navios Midstream the Nave Galactic, a 2009 built VLCC vessel of 297,168 dwt, for a total sale price of $44.5 million the delivery of which completed on March 29, 2018. As of March 31, 2018, the estimated loss due to the sale is expected to be approximately $0.3 million.

2016

On January 27, 2016, Navios Acquisition sold the Nave Lucida to an unaffiliated third party for net cash proceeds of $18.4 million. The gain on sale of the vessel, upon write-off of the unamortized dry-docking, was $2.3 million.

On October 4, 2016, Navios Acquisition sold the Nave Universe to an unaffiliated third party for net cash proceeds of $35.8 million. As of June 30, 2016, the vessel was classified as held for sale as the relevant criteria for the classification were met. The gain on sale of the vessel was $4.8 million.

On November 15, 2016, Navios Acquisition sold the Nave Constellation to an unaffiliated third party for net cash proceeds of $35.8 million. As of June 30, 2016, the vessel was classified as held for sale as the relevant criteria for the classification were met. The gain on sale of the vessel was $4.6 million.

2015

On June 18, 2015, Navios Midstream exercised its option to acquire the shares of the vessel-owning subsidiaries of the Nave Celeste, a 2003-built of 298,717 dwt VLCC, and the C. Dream, a 2000 built VLCC of 298,570 dwt, from Navios Acquisition for an aggregate sale price of $100.0 million. The sale price consisted of $73.0 million cash consideration and the issuance of 1,592,920 Subordinated Series A Units to Navios Acquisition.

Navios Maritime Acquisition Corporation and Subsidiaries:	Nature	Country of Incorporation	2017	2016	2015
Company Name					
Aegean Sea Maritime Holdings Inc.	Sub-Holding Company	Marshall Is.	1/1 - 12/31	1/1 - 12/31	1/1 - 12/31
Amorgos Shipping Corporation	Vessel-Owning Company	Marshall Is.	1/1 - 12/31	1/1 - 12/31	1/1 - 12/31
Andros Shipping Corporation	Vessel-Owning Company	Marshall Is.	1/1 - 12/31	1/1 - 12/31	1/1 - 12/31
Antikithira Shipping Corporation	Vessel-Owning Company	Marshall Is.	1/1 - 12/31	1/1 - 12/31	1/1 - 12/31

Antiparos Shipping Corporation	Vessel-Owning Company	Marshall Is.	1/1 - 12/31	1/1 - 12/31	1/1 - 12/31
Amindra Navigation Co.	Sub-Holding Company	Marshall Is.	1/1 - 12/31	1/1 - 12/31	1/1 - 12/31
Crete Shipping Corporation	Vessel-Owning Company	Marshall Is.	1/1 - 12/31	1/1 - 12/31	1/1 - 12/31
Folegandros Shipping Corporation	Vessel-Owning Company	Marshall Is.	1/1 - 12/31	1/1 - 12/31	1/1 - 12/31
Ikaria Shipping Corporation	Vessel-Owning Company	Marshall Is.	1/1 - 12/31	1/1 - 12/31	1/1 - 12/31
Ios Shipping Corporation	Vessel-Owning Company	Cayman Is.	1/1 - 12/31	1/1 - 12/31	1/1 - 12/31
Kithira Shipping Corporation	Vessel-Owning Company	Marshall Is.	1/1 - 12/31	1/1 - 12/31	1/1 - 12/31
Kos Shipping Corporation	Vessel-Owning Company	Marshall Is.	1/1 - 12/31	1/1 - 12/31	1/1 - 12/31
Mytilene Shipping Corporation	Vessel-Owning Company	Marshall Is.	1/1 - 12/31	1/1 - 12/31	1/1 - 12/31
Navios Maritime Acquisition Corporation	Holding Company	Marshall Is.	1/1 - 12/31	1/1 - 12/31	1/1 - 12/31
Navios Acquisition Finance (U.S.) Inc.	Co-Issuer	Delaware	1/1 - 12/31	1/1 - 12/31	1/1 - 12/31
Rhodes Shipping Corporation	Vessel-Owning Company	Marshall Is.	1/1 - 12/31	1/1 - 12/31	1/1 - 12/31
Serifos Shipping Corporation	Vessel-Owning Company	Marshall Is.	1/1 - 12/31	1/1 - 12/31	1/1 - 12/31
Shinyo Dream Limited	Vessel-Owning Company(3)	Hong Kong	—	—	1/1 - 6/17
Shinyo Loyalty Limited	Former Vessel-Owning Company(1)	Hong Kong	1/1 - 12/31	1/1 - 12/31	1/1 - 12/31
Shinyo Navigator Limited	Former Vessel-Owning Company(2)	Hong Kong	1/1 - 12/31	1/1 - 12/31	1/1 - 12/31
Sifnos Shipping Corporation	Vessel-Owning Company	Marshall Is.	1/1 - 12/31	1/1 - 12/31	1/1 - 12/31
Skiathos Shipping Corporation	Vessel-Owning Company	Marshall Is.	1/1 - 12/31	1/1 - 12/31	1/1 - 12/31
Skopelos Shipping Corporation	Vessel-Owning Company	Cayman Is.	1/1 - 12/31	1/1 - 12/31	1/1 - 12/31
Syros Shipping Corporation	Vessel-Owning Company	Marshall Is.	1/1 - 12/31	1/1 - 12/31	1/1 - 12/31
Thera Shipping Corporation	Vessel-Owning Company	Marshall Is.	1/1 - 12/31	1/1 - 12/31	1/1 - 12/31
Tinos Shipping Corporation	Vessel-Owning Company	Marshall Is.	1/1 - 12/31	1/1 - 12/31	1/1 - 12/31
Oinousses Shipping Corporation	Vessel-Owning Company	Marshall Is.	1/1 - 12/31	1/1 - 12/31	1/1 - 12/31
Psara Shipping Corporation	Vessel-Owning Company	Marshall Is.	1/1 - 12/31	1/1 - 12/31	1/1 - 12/31
Antipsara Shipping Corporation	Vessel-Owning Company	Marshall Is.	1/1 - 12/31	1/1 - 12/31	1/1 - 12/31
Samothrace Shipping Corporation	Vessel-Owning Company	Marshall Is.	1/1 - 12/31	1/1 - 12/31	1/1 - 12/31
Thasos Shipping Corporation	Vessel-Owning Company	Marshall Is.	1/1 - 12/31	1/1 - 12/31	1/1 - 12/31
Limnos Shipping Corporation	Vessel-Owning Company	Marshall Is.	1/1 - 12/31	1/1 - 12/31	1/1 - 12/31
Skyros Shipping Corporation	Vessel-Owning Company	Marshall Is.	1/1 - 12/31	1/1 - 12/31	1/1 - 12/31
Alonnisos Shipping Corporation	Former Vessel-Owning Company(4)	Marshall Is.	1/1 - 12/31	1/1 - 12/31	1/1 - 12/31
Makronisos Shipping Corporation	Former Vessel-Owning Company(4)	Marshall Is.	1/1 - 12/31	1/1 - 12/31	1/1 - 12/31
Iraklia Shipping Corporation	Vessel-Owning Company	Marshall Is.	1/1 - 12/31	1/1 - 12/31	1/1 - 12/31
Paxos Shipping Corporation	Former Vessel-Owning Company(5)	Marshall Is.	1/1 - 12/31	1/1 - 12/31	1/1 - 12/31
Antipaxos Shipping Corporation	Vessel-Owning Company	Marshall Is.	1/1 - 12/31	1/1 - 12/31	1/1 - 12/31
Donoussa Shipping Corporation	Former Vessel-Owning Company(6)	Marshall Is.	1/1 - 12/31	1/1 - 12/31	1/1 - 12/31
Schinousa Shipping Corporation	Former Vessel-Owning Company(7)	Marshall Is.	1/1 - 12/31	1/1 - 12/31	1/1 - 12/31
Navios Acquisition Europe Finance Inc	Sub-Holding Company	Marshall Is.	1/1 - 12/31	1/1 - 12/31	1/1 - 12/31
Sikinos Shipping Corporation	Vessel-Owning Company(3)	Marshall Is.	—	—	1/1 - 6/17
Kerkyra Shipping Corporation	Vessel-Owning Company(8)	Marshall Is.	1/1 - 12/31	1/1 - 12/31	1/1 - 12/31
Lefkada Shipping Corporation	Vessel-Owning Company	Marshall Is.	1/1 - 12/31	1/1 - 12/31	1/1 - 12/31
Zakynthos Shipping Corporation	Vessel-Owning Company	Marshall Is.	1/1 - 12/31	1/1 - 12/31	1/1 - 12/31
Leros Shipping Corporation	Vessel-Owning Company	Marshall Is.	1/1 - 12/31	1/1 - 12/31	1/1 - 12/31
Kimolos Shipping Corporation	Vessel-Owning Company	Marshall Is.	1/1 - 12/31	1/1 - 12/31	1/1 - 12/31
Samos Shipping Corporation	Vessel-Owning Company	Marshall Is.	1/1 - 12/31	1/1 - 12/31	1/1 - 12/31
Tilos Shipping Corporation	Vessel-Owning Company	Marshall Is.	1/1 - 12/31	1/1 - 12/31	10/9 - 12/31
Delos Shipping Corporation	Vessel-Owning Company	Marshall Is.	1/1 - 12/31	1/1 - 12/31	10/9 - 12/31
Navios Maritime Midstream Partners GP LLC	Holding Company	Marshall Is.	1/1 - 12/31	1/1 - 12/31	1/1 - 12/31

(1) Former vessel-owner of the Shinyo Splendor which was sold to an unaffiliated third party on May 6, 2014.
(2) Former vessel-owner of the Shinyo Navigator which was sold to an unaffiliated third party on December 6, 2013.
(3) Navios Midstream acquired all of the outstanding shares of capital stock of the vessel-owning subsidiary.
(4) Each company had the rights over a shipbuilding contract of an MR2 product tanker vessel. In February 2015, these shipbuilding contracts were terminated, with no exposure to Navios Acquisition, due to the shipyard's inability to issue a refund guarantee.
(5) Former vessel-owner of the Nave Lucida which was sold to an unaffiliated third party on January 27, 2016.
(6) Former vessel-owner of the Nave Universe which was sold to an unaffiliated third party on October 4, 2016
(7) Former vessel-owner of the Nave Constellation which was sold to an unaffiliated third party on November 15, 2016
(8) The vessel Nave Galactic was sold to Navios Midstream on March 29, 2018.

Our Charters

Our major customers during 2017 were: Navig8, Mansel and Shell. For the year ended December 31, 2017, these three customers accounted for 31.9%, 14.3% and 13.7%, respectively, of Navios Acquisition's revenue.

Our major customers during 2016 were: Navig8, Shell and Mansel. For the year ended December 31, 2016, these three customers accounted for 33.0%, 20.0% and 14.7%, respectively, of Navios Acquisition's revenue.

Our major customers during 2015 were: Navig8, Shell and Mansel. For the year ended December 31, 2015, these three customers accounted for 35.2%, 13.6% and 10.8%, respectively, of Navios Acquisition's revenue.

No other customers accounted for 10% or more of total revenue for any of the years presented.

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 tanker shipping industry.

Time charters are available for varying periods, ranging from a single trip (spot charter) to long-term which may be any number of 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 a mix of short-term and long-term charter markets. Vessel charter rates are affected by world economics, international events, weather conditions, strikes, governmental policies, supply and demand and many other factors that might be beyond our control.

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

- the customer fails to make charter payments because of its financial inability, disagreements with us or otherwise;
- the customer exercises certain rights to terminate the charter of the vessel;
- the customer terminates the charter because we fail to deliver the vessel within a fixed period of time, the vessel is lost or damaged beyond repair, there are serious deficiencies in the vessel or prolonged periods of off-hire, or we default under the charter; or
- a prolonged force majeure event affecting the customer, including damage to or destruction of relevant production facilities, war or political unrest prevents us from performing services for that customer.

If we lose a charter, we may be unable to re-deploy the related vessel on terms as favorable to us due to the long-term nature of most charters and the cyclical nature of the industry or we may be forced to charter the vessel on the spot market at then market rates which may be less favorable than the charter that has been terminated. The loss of any of our customers, time charters or vessels, or a decline in payments under our charters, could have a material adverse effect on our business, results of operations and financial condition and our ability to make cash distributions in the event we are unable to replace such customer, time charter or vessel.

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.

Vessels Operations

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

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

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

Extraordinary costs and expenses include fees and costs resulting from:

- time spent on insurance and salvage claims;
- time spent vetting and pre-vetting the vessels by any charterers in excess of 10 days per vessel per year;
- the deductible of any insurance claims relating to the vessels or for any claims that are within such deductible range;
- the significant increase in insurance premiums which are due to factors such as "acts of God" outside the control of the Manager;
- repairs, refurbishment or modifications, including those not covered by the guarantee of the shipbuilder or by the insurance covering the vessels, resulting from maritime accidents, collisions, other accidental damage or unforeseen events (except to the extent that such accidents, collisions, damage or events are due to the fraud, gross negligence or willful misconduct of the Manager, its employees or its agents, unless and to the extent otherwise covered by insurance);
- expenses imposed due to any improvement, upgrade or modification to, structural changes with respect to the installation of new equipment aboard any vessel that results from a change in, an introduction of new, or a change in the interpretation of, applicable laws, at the recommendation of the classification society for that vessel or otherwise;
- costs associated with increases in crew employment expenses resulting from an introduction of new, or a change in the interpretation of, applicable laws or resulting from the early termination of the charter of any vessel;
- any taxes, dues or fines imposed on the vessels or the Manager due to the operation of the vessels;
- expenses incurred in connection with the sale or acquisition of a vessel such as inspections and technical assistance; and
- any similar costs, liabilities and expenses that were not reasonably contemplated by us and the Manager as being encompassed by or a component of the fixed daily fees at the time the fixed daily fees were determined.

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

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

Administrative Services

On May 28, 2010, Navios Acquisition entered into the Administrative Services Agreement with Navios Holdings, initially set to expire on May 28, 2015, pursuant to which Navios Holdings provides certain administrative management services to Navios Acquisition which include: bookkeeping, audit and accounting services, legal and insurance services, administrative and clerical services, banking and financial services, advisory services, client and investor relations and other services. Navios Holdings is reimbursed for reasonable costs and expenses incurred in connection with the provision of these services.

In May 2014, Navios Acquisition extended the duration of its existing Administrative Services Agreement with Navios Holdings, until May 2020 pursuant to its existing terms.

A. Operating results

Trends and Factors Affecting Our Future Results of Operations

We believe the principal factors that will affect our future results of operations are the economic, regulatory, political and governmental conditions that affect the shipping industry generally and that affect conditions in countries and markets in which our vessels engage in business. Other key factors that will be fundamental to our business, future financial condition and results of operations include:

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

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

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

Period over Period Comparisons

Year Ended December 31, 2017 Compared to the Year Ended December 31, 2016

The following table presents consolidated revenue and expense information for the years ended December 31, 2017 and 2016. This information was derived from the audited consolidated financial statements of Navios Acquisition for the respective periods.

(in thousands of U.S. dollars)	Year ended December 31, 2017	Year ended December 31, 2016
Revenue	$ 227,288	$ 290,245
Time charter and voyage expenses	(21,919)	(4,980)
Direct vessel expenses	(4,198)	(3,567)
Management fees (entirely through related party transactions)	(94,973)	(97,866)
General and administrative expenses	(13,969)	(17,057)
Depreciation and amortization	(56,880)	(57,617)
Interest income	10,042	4,767
Interest expenses and finance cost	(76,438)	(75,987)
Gain on sale of vessels	—	11,749
Equity/ (loss) in net earnings of affiliated companies	(46,657)	15,499
Other income	82	377
Other expense	(1,277)	(2,685)
Net (loss)/ income	**$ (78,899)**	**$ 62,878**

Set forth below are selected historical and statistical data for Navios Acquisition for each of the years ended December 31, 2017 and 2016 that we believe may be useful in better understanding Navios Acquisition's financial position and results of operations.

	Year ended December 31, 2017	Year ended December 31, 2016
FLEET DATA		
Available days(1)	12,904	13,753
Operating days(2)	12,843	13,716
Fleet utilization(3)	99.5%	99.7%
Vessels operating at period end	36	36
AVERAGE DAILY RESULTS		
Time Charter Equivalent ("TCE") Rate per day (4)	$ 17,186	$ 20,742

(1) ***Available days:*** Available days for the fleet are total calendar days the vessels were in Navios Acquisition's possession for the relevant period after subtracting off-hire days associated with major repairs, drydocking or special surveys. The shipping industry uses available days to measure the number of days in a relevant period during which vessels should be capable of generating revenues.

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

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

(4) ***TCE Rate:*** The TCE Rate per day is defined as voyage and time charter revenues less voyage expenses during a period divided by the number of available days during the period. The TCE Rate per day is a standard shipping industry performance measure used primarily to present the actual daily earnings generated by vessels of various types of charter contracts for the number of available days of the fleet.

Revenue: Revenue for the year ended December 31, 2017 decreased by $63.0 million, or 21.7%, to $227.3 million, as compared to $290.2 million for the same period of 2016. The decrease was mainly attributable to a: (i) decrease in the market rates during the year ended December 31, 2017, as compared to the same period in 2016; and (ii) decrease in revenue by $10.8 million due to the sale of one MR2 product tanker in January 2016 and two chemical tankers in the fourth quarter of 2016. Available days of the fleet decreased to 12,904 days for the year ended December 31, 2017, as compared to 13,753 days for the year ended December 31, 2016. The TCE Rate decreased to $17,186 for the year ended December 31, 2017, from $20,742 for the year ended December 31, 2016.

Time charter and voyage expenses: Time charter and voyage expenses for the year ended December 31, 2017 increased by approximately $16.9 million to $21.9 million, as compared to $5.0 million for the year ended December 31, 2016. The increase was attributable to a: (i) $16.4 million backstop commitment to Navios Midstream; and (ii) $1.0 million increase in bunkers and other voyage expenses; partially mitigated by a $0.6 million decrease in broker commission costs.

Direct vessel expenses: Direct vessel expenses for the year ended December 31, 2017 increased by $0.6 million to $4.2 million as compared to $3.6 million for the year ended December 31, 2016. The increase was attributable to a $1.4 million increase in amortization of dry dock and special survey cost; partially mitigated by a $0.7 million decrease in expenses incurred in connection with specialized work performed on certain vessels of our fleet for the year ended December 31, 2016.

Management fees: Management fees for the year ended December 31, 2017 decreased by $2.9 million to $95.0 million, as compared to $97.9 million for the year ended December 31, 2016, attributable to the decrease in the number of vessels operating under Navios Acquisition's fleet, partially mitigated by the increase in management fees in effect as of May 29, 2016, described below. Pursuant to our Management Agreement, the Manager, a wholly owned subsidiary of Navios Holdings, provided commercial and technical management services to Navios Acquisition's vessels for a daily fee of: (a) $6,000 per MR2 product tanker and chemical tanker vessel; (b) $7,000 per LR1 product tanker vessel; and (c) $9,500 per VLCC, through May 2016. Navios Acquisition fixed the fees for commercial and technical ship management services of its fleet for two additional years from May 29, 2016 through May 2018, at a daily fee of: (a) $6,350 per MR2 product tanker and chemical tanker vessel; (b) $7,150 per LR1 product tanker vessel; and (c) $9,500 per VLCC.

General and administrative expenses: Total general and administrative expenses for the year ended December 31, 2017 decreased by approximately $3.1 million to $14.0 million compared to $17.1 million for the year ended December 31, 2016.

The decrease was mainly attributable to a: (a) $2.0 million decrease of compensation to the directors and/ or officers of the Company; and (b) $0.6 million decrease in other general and administrative expenses, including professional fees and expenses.

For the years ended December 31, 2017 and 2016, the expenses charged by Navios Holdings for administrative services were $9.0 million and $9.4 million, respectively.

The remaining balance of $5.0 million and $7.6 million of general and administrative expenses for the years ended December 31, 2017 and 2016, respectively, related to stock based compensation and compensation expense, as well as legal, consulting, travel and professional fees including audit fees.

Depreciation and amortization: Depreciation and amortization for the year ended December 31, 2017 decreased by $0.7 million to $56.9 million from $57.6 million compared to December 31, 2016, due to the sale of vessels mentioned above. Depreciation of a vessel is calculated using an estimated useful life of 25 years from the date the vessel was originally delivered from the shipyard.

Interest income: Interest income for year ended December 31, 2017 increased by $5.3 million to $10.0 million compared to $4.8 million for the year ended December 31, 2016. The increase was mainly attributable to the increase of the interest income accrued under the revolving loans granted to Navios Holdings, Navios Europe I and Navios Europe II.

Interest expense and finance cost: Interest expense and finance cost for the year ended December 31, 2017 increased by $0.5 million to $76.4 million, as compared to $76.0 million for the year ended December 31, 2016. The increase was due to the increase in the weighted average interest rate for the year ended December 31, 2017 to 6.45% from 6.0% for the year ended December 31, 2016 and to an increase of $0.6 million in the amortization and write-off of deferred finance cost to $4.4 million for the year ended December 31, 2017, as compared to $3.7 million for the same period of 2016. The average outstanding loan balance decreased to $428.1 million for the year ended December 31, 2017 as compared to $503.6 million for the year ended December 31, 2016. As of December 31, 2017 and 2016, the outstanding loan balance under Navios Acquisition's credit facilities was $1,077.7 million and $1,111.2 million, respectively.

Gain on sale of vessels: There was no gain on sale of vessels for the year ended December 31, 2017, as compared to $11.7 million for the same period in 2016, due to the sale of the Nave Constellation, the Nave Universe and the Nave Lucida to unaffiliated third parties for total net cash proceeds of $90.0 million.

Equity/ (loss) in net earnings of affiliated companies: Equity in net earnings of affiliated companies decreased by $62.2 million to $46.7 million loss for the year ended December 31, 2017, as compared to $15.5 million equity for the same period in 2016.

The decrease mainly resulted from a: (i) $59.1 million non-cash "other-than-temporary impairment" ("OTTI") loss relating to its investment in Navios Midstream recognized during the year ended December 31, 2017; and (ii) $3.9 million decrease in equity in net earnings of Navios Midstream; partially mitigated by a $0.9 million increase in the equity in net earnings of Navios Europe I and Navios Europe II.

Other income: Other income amounted to $0.1 million for the year ended December 31, 2017, compared to $0.4 million for the year ended December 31, 2016.

Other expense: Other expense decreased by $1.4 million to $1.3 million for the year ended December 31, 2017, as compared to $2.7 million for the same period in 2016.

Year Ended December 31, 2016 Compared to the Year Ended December 31, 2015

The following table presents consolidated revenue and expense information for the years ended December 31, 2016 and 2015. This information was derived from the audited consolidated financial statements of Navios Acquisition for the respective periods.

(in thousands of U.S. dollars)	**Year ended December 31, 2016**	**Year ended December 31, 2015**
Revenue	$ 290,245	$ 313,396
Time charter and voyage expenses	(4,980)	(4,492)
Direct vessel expenses	(3,567)	(1,532)
Management fees (entirely through related party transactions)	(97,866)	(95,336)
General and administrative expenses	(17,057)	(15,532)
Depreciation and amortization	(57,617)	(57,623)
Interest income	4,767	1,683
Interest expenses and finance cost	(75,987)	(73,561)
Gain on sale of vessels	11,749	5,771
Equity in net earnings of affiliated companies	15,499	18,436
Other income	377	41
Other expense	(2,685)	(1,514)
Net income	**$ 62,878**	**$ 89,737**

Set forth below are selected historical and statistical data for Navios Acquisition for each of the years ended December 31, 2016 and 2015 that we believe may be useful in better understanding Navios Acquisition's financial position and results of operations.

	Year ended December 31, 2016	Year ended December 31, 2015
FLEET DATA		
Available days(1)	13,753	13,743
Operating days(2)	13,716	13,707
Fleet utilization(3)	99.7%	99.7%
Vessels operating at period end	36	39
AVERAGE DAILY RESULTS		
Time Charter Equivalent ("TCE") Rate per day (4)	$ 20,742	$ 22,477

(1) ***Available days:*** Available days for the fleet are total calendar days the vessels were in Navios Acquisition's possession for the relevant period after subtracting off-hire days associated with major repairs, drydocking or special surveys. The shipping industry uses available days to measure the number of days in a relevant period during which vessels should be capable of generating revenues.

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

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

(4) ***TCE Rate:*** Time Charter Equivalent Rate per day is defined as voyage and time charter revenues less voyage expenses during a period divided by the number of available days during the period. The TCE Rate per day is a standard shipping industry performance measure used primarily to present the actual daily earnings generated by vessels of various types of charter contracts for the number of available days of the fleet.

For the year ended December 31, 2016, Navios Acquisition had 13,753 available days, after it took delivery of four MR2 product tankers in 2015. The effect was partially mitigated by: (i) the sale of the outstanding shares of capital stock of two of its vessel-owning subsidiaries (Nave Celeste and C. Dream) to Navios Midstream (see Note 1) on June 18, 2015; and (ii) the sale of one MR2 product tanker and two chemical tankers in 2016.

There were 13,743 available days in the comparative period in 2015.

Revenue: Revenue for the year ended December 31, 2016 decreased by $23.2 million, or 7.4%, to $290.2 million, as compared to $313.4 million for 2015. The decrease was mainly attributable to: (i) the decrease in revenue by $18.6 million due to the sale of two VLCCs in June 2015, one MR2 product tanker in January 2016 and two chemical tankers in October and November 2016; and (ii) the decrease in profit sharing by $24.5 million. The decrease was partially mitigated by the increase in revenue following deliveries of four vessels during 2015. Available days of the fleet increased to 13,753 days for the year ended December 31, 2016, as compared to 13,743 days for the year ended December 31, 2015. The TCE Rate decreased to $20,742 for the year ended December 31, 2016, from $22,477 for the year ended December 31, 2015.

Time charter and voyage expenses: Time charter and voyage expenses for the year ended December 31, 2016 increased by approximately $0.5 million to $5.0 million, as compared to $4.5 million for the year ended December 31, 2015. The increase was attributable to a $1.1 million increase in bunkers and other voyage expenses and was partially mitigated by a $0.5 million decrease in broker commission costs.

Direct vessel expenses: Direct vessel expenses for the year ended December 31, 2016 increased by approximately $2.0 million to $3.6 million as compared to $1.5 million for the year ended December 31, 2015. The increase was attributable to a: (i) $1.3 million increase in amortization of dry dock and special survey cost; and (ii) $0.7 million increase in expenses incurred in connection with specialized work performed on certain vessels of our fleet.

Management fees: Management fees for the year ended December 31, 2016 increased by approximately $2.5 million to $97.9 million, as compared to $95.3 million for the year ended December 31, 2015. The increase was mainly attributable to the increased number of vessels and the increase in the management fees with effect as of May 29, 2016, described below. Pursuant to the Management Agreement, the Manager provided commercial and technical management services to Navios Acquisition's vessels for a daily fee of: (a) $6,000 per MR2 product tanker and chemical tanker vessel; (b) $7,000 per LR1 product tanker vessel; and (c) $9,500 per VLCC, through May 2016. Navios Acquisition fixed the fees for commercial and technical ship management services of its fleet for two additional years from May 29, 2016, through May 2018, at a daily fee of: (a) $6,350 per MR2 product tanker and chemical tanker vessel; (b) $7,150 per LR1 product tanker vessel; and (c) $9,500 per VLCC.

Dry docking expenses are reimbursed by Navios Acquisition, at cost.

General and administrative expenses: Total general and administrative expenses for the year ended December 31, 2016 increased by approximately $1.5 million to $17.1 million compared to $15.5 million for the year ended December 31, 2015.

The increase was mainly attributable to a $1.8 million increase in administrative expenses paid to Navios Holdings mainly due to the increased number of vessels in Navios Acquisition's fleet, partially mitigated by a: (i) $0.2 million decrease in compensation to the directors and/or officers of the Company; and (ii) $0.2 million decrease in other general and administrative expenses, including professional, other fees and travel expenses.

For the years ended December 31, 2016 and 2015, the expenses charged by Navios Holdings for administrative services were $9.4 million and $7.6 million, respectively. The remaining balance of $7.6 million and $7.9 million of general and administrative expenses for the years ended December 31, 2016 and 2015, respectively, related to stock based compensation and compensation expense, as well as legal, consulting, travel and professional fees including audit fees.

Depreciation and amortization: Depreciation and amortization amounted to $57.6 million for each of the years ended December 31, 2016 and December 31, 2015. Depreciation of a vessel is calculated using an estimated useful life of 25 years from the date the vessel was originally delivered from the shipyard.

Interest income: Interest income for year ended December 31, 2016 increased by approximately $3.1 million to $4.8 million compared to $1.7 million for the year ended December 31, 2015. The increase is mainly attributable to the increase of the interest income accrued under the revolving loans granted to Navios Holdings, Navios Europe I and Navios Europe II.

Interest expense and finance cost: Interest expense and finance cost for the year ended December 31, 2016 increased by $2.4 million to $76.0 million, as compared to $73.6 million for the year ended December 31, 2015. The increase was mainly due to the increase in the average outstanding balance of our borrowings, which amounted to $503.6 million for the year ended December 31, 2016 as compared to $487.7 million for the year ended December 31, 2015. The weighted average interest rate for the years ended December 31, 2016 and 2015 was 6.0%. As of December 31, 2016 and 2015, the outstanding balance under Navios Acquisition's total borrowings was $1,111.2 million and $1,216.6 million, respectively.

Gain on sale of vessels: The gain on sale of vessels for the year ended December 31, 2016 increased by approximately $6.0 million to $11.7 million, as compared to $5.8 million.

During 2016, Navios Acquisition sold the Nave Constellation, the Nave Universe and the Nave Lucida to unaffiliated third parties for total net cash proceeds of $90.0 million. As of June 30, 2016, the Nave Constellation and the Nave Universe were classified as vessels held for sale.

The gain on sale of vessels for the year ended December 31, 2015, was $5.8 million and resulted from the sale of the Nave Celeste and the C. Dream to Navios Midstream for a total sale price of $100.0 million, of which $73.0 million was paid in cash and $27.0 million was paid in a new class of units designated as Subordinated Series A Units of Navios Midstream.

Equity in net earnings of affiliated companies: Equity in net earnings of affiliated companies decreased by $2.9 million to $15.5 million for the year ended December 31, 2016, as compared to $18.4 million for the same period in 2015. The decrease resulted from the decrease in equity in earnings of Navios Midstream which amounted to $1.6 million and of Navios Europe I and of Navios Europe II which amounted to $1.3 million.

Other income: Other income amounted to $0.4 million for the year ended December 31, 2016 compared to $0.04 million for the year ended December 31, 2015.

Other expense: Other expense increased by $1.2 million to $2.7 million for the year ended December 31, 2016, as compared to $1.5 million for the same period in 2015.

B. Liquidity and Capital Resources and Uses

Our primary short-term liquidity needs are to fund general working capital requirements, dry docking expenditures, minimum cash balance maintenance as per our credit facility agreements and debt repayment, and other obligations from time to time, while our long-term liquidity needs primarily relate to expansion and investment capital expenditures and other maintenance capital expenditures and debt repayment. Expansion capital expenditures are primarily for the purchase or construction of vessels to the extent the expenditures increase the operating capacity of or revenue generated by our fleet, while maintenance capital expenditures primarily consist of dry docking expenditures and expenditures to replace vessels in order to maintain the operating capacity of or revenue generated by our fleet. We anticipate that our primary sources of funds for our short-term liquidity needs will be cash flows from operations, long-term borrowings and proceeds from asset sales. As of December 31, 2017, Navios Acquisition's current assets totaled $119.7 million, while current liabilities totaled $74.6 million, resulting in a positive working capital position of $45.1 million. Navios Acquisition's cash forecast indicates that it will generate sufficient cash for at least the next 12 months following April 5, 2018 to make the required principal and interest payments on its indebtedness, provide for the normal working capital requirements of the business and remain in a positive working capital position. Generally, our long-term sources of funds derive from cash from operations, long-term bank borrowings and other debt or equity financings. We expect that we will rely upon cash from operations and upon external financing sources, including bank borrowings, to fund acquisitions, expansion and investment capital expenditures and other commitments we have entered into. We cannot assure you that we will be able to secure adequate financing or obtaining additional funds on favorable terms, to meet our liquidity needs. Please also refer to "Item 3.D. Risk Factors — Risks Related to Our Indebtedness."

In the first quarter of 2018, Navios Acquisition paid to Navios Midstream the amount of $16.4 million concerning the backstop commitment.

On March 31, 2018, Navios Acquisition entered into a sale and leaseback agreement in order to refinance $71.5 million outstanding on the existing facility on four product tankers. Navios Acquisition has a purchase obligation at the end of the lease term and under ASC 842-40, the transaction is expected to be accounted for as a failed sale and leaseback transaction and result in a finance lease. As a result of the refinancing, as of December 31, 2017, an amount of $32.8 million was reclassified from "Current portion of long-term debt, net of deferred finance cost" to "Long term debt, net of current portion, premium and net of deferred finance cost". The facility will be repayable in 24 equal consecutive quarterly installments of $1.5 million each, with a final balloon payment of $35.8 million to be repaid on the last repayment date. The facility matures in March 2024 and bears interest at LIBOR plus 305 bps per annum.

Navios Acquisition may use funds to repurchase its outstanding capital stock and/or indebtedness from time to time. Repurchases may be made in the open market, or through privately negotiated transactions or otherwise, in compliance with applicable laws, rules and regulations, at prices and on terms Navios Acquisition deems appropriate and subject to its cash requirements for other purposes, compliance with the covenants under Navios Acquisition's debt agreements, and other factors management deems relevant.

In February 2018, the Board of Directors of Navios Acquisition authorized a stock repurchase program for up to $25.0 million of Navios Acquisition's common stock, for two years. Stock repurchases will be made from time to time for cash in open market transactions at prevailing market prices or in privately negotiated transactions. The timing and amount of repurchases under the program will be determined by management based upon market conditions and other factors. Repurchases may be made pursuant to a program adopted under Rule 10b5-1 under the Securities Exchange Act of 1934, as amended. The program does not require any minimum repurchase or any specific number or amount of shares of common stock and may be suspended or reinstated at any time in Navios Acquisition's discretion and without notice. The Board of Directors will review the program periodically. Repurchases will be subject to restrictions under Navios Acquisition's credit facilities and indenture. As of March 31, 2018, the Company has repurchased 5,166,544 shares of common stock, for a total cost of approximately $4.2 million, out of which 5,021,764 shares of common stock have been cancelled.

As of March 31, 2018 147,086,141 shares of common stock were issued and outstanding.

Cash flows for the year ended December 31, 2017 compared to the year ended December 31, 2016:

The following table presents cash flow information for the years ended December 31, 2017 and 2016. This information was derived from the audited consolidated statement of cash flows of Navios Acquisition for the respective periods.

(Expressed in thousands of U.S. dollars)	Year Ended December 31, 2017	Year Ended December 31, 2016
Net cash provided by operating activities	$ 45,942	$ 92,945
Net cash provided by investing activities	52,378	43,505
Net cash used in financing activities	(66,461)	(141,963)
Net increase/ (decrease) in cash and cash equivalents	**$ 31,859**	**$ (5,513)**

Cash provided by operating activities for the year ended December 31, 2017 as compared to the year ended December 31, 2016:

Net cash provided by operating activities decreased by $47.0 million to $45.9 million for the year ended December 31, 2017 as compared to net cash provided by operating activities of $92.9 million for the same period in 2016. The decrease is analyzed as follows:

The net loss for the year ended December 31, 2017 was $78.9 million compared to income of $62.9 million for the year ended December 31, 2016. In determining net cash provided by operating activities for the year ended December 31, 2017, the net loss was adjusted for the effect of depreciation and amortization of $56.9 million, $56.9 million for equity/ (loss) in net earnings of affiliated companies, net of dividends received, $4.2 million for the amortization of drydock and special survey costs, $3.8 million for amortization and write-off of deferred finance costs and bond premium, $0.1 million stock based compensation.

Amounts due from related parties, short-term, decreased by $11.1 million to $13.9 million at December 31, 2017 from $25.0 million at December 31, 2016. The balances related mainly to management fees in accordance with the Management Agreement. Please refer to the relevant discussion below, under "Related Party Transactions".

Payment for dry dock and special survey costs incurred in the years ended December 31, 2017 and December 31, 2016 was $14.9 million and $3.8 million, respectively, and related to drydock and special survey costs incurred for certain vessels of the fleet.

Accounts receivable decreased by $8.1 million from $20.9 million for the year ended December 31, 2016, to $12.8 million for the year ended December 31, 2017. The decrease was attributed to the decrease in receivables due from charterers.

Amounts due from related parties, long term, excluding the Navios Holdings Credit Facility, increased by $25.2 million from $29.4 million as of December 31, 2016, to $54.6 million as of December 31, 2017, which mainly related to management fees in accordance with the Management Agreement and the $13.7 million loan granted to Navios Europe II, classified under "Cash provided by / (used in) investing activities". Please refer to the relevant discussion below, under "Related Party Transactions".

Accounts payable decreased by $1.0 million to $3.9 million at December 31, 2017 from $4.9 million at December 31, 2016.

Amounts due to related parties, short-term as of December 31, 2017 and December 31, 2016 was $17.1 million and $0, respectively, and mainly consisted of backstop commitment liability of $16.4 million and other payables to Navios Midstream.

Prepaid expenses and other current assets increased to $6.5 million for the year ended December 31, 2017 from $4.6 million for the year ended December 31, 2016, mainly due to working capital advances required under certain charter contracts, under the long-term assets.

Other long-term assets amounted to $0.9 million for the each of the years ended December 31, 2017 and 2016.

Accrued expenses increased by $1.2 million to $12.2 million for the year ended December 31, 2017, from $11.0 million on December 31, 2016. The increase was mainly attributable to the increase of accrued voyage and other expenses.

Deferred revenue primarily relates to cash received from charterers prior to it being earned and also includes the current portion of deferred gain on sale of the Nave Celeste and the C. Dream to Navios Midstream. Deferred revenue relating to cash received from charterers was recognized as revenue over the voyage or charter period. Deferred revenue decreased by $3.5 million to $5.0 million for the year ended December 31, 2017 from $8.5 million on December 31, 2016.

Cash provided by investing activities for the year ended December 31, 2017 as compared to the year ended December 31, 2016:

Net cash provided by investing activities increased by $8.9 million to $52.4 million at December 31, 2017 from $43.5 million at December 31, 2016.

Net cash provided by investing activities for the year ended December 31, 2017, resulted from: (i) $55.1 million loan repayment from Navios Holdings; and (ii) $11.0 million from dividends received from affiliates. The increase was mitigated by a: (a) $13.7 million loan granted to Navios Europe II (Navios Revolving Loans II); and (b) $0.1 million investment in Navios Midstream in order to maintain the 2% general partner interest.

Net cash provided by investing activities for the year ended December 31, 2016, resulted from: (i) $90.0 million net proceeds from sale of vessels; and (ii) $7.2 million from dividends received from affiliates. The increase was mitigated by a: (i) $49.3 million loan granted to Navios Holdings, net of issuance fees and costs; (ii) $4.3 million loan granted to Navios Europe II (Navios Revolving Loans II); and (iii) $0.1 million investment in Navios Midstream in order to maintain the 2% general partner interest.

Cash used in financing activities for the year ended December 31, 2017 as compared to the year ended December 31, 2016:

Net cash used in financing activities decreased by $75.5 million to a $66.5 million outflow at December 31, 2017 from a $142.0 million outflow in the year ended December 31, 2016.

Net cash used in financing activities for the year ended December 31, 2017, resulted from: (i) $84.2 million of loan repayments; (ii) $31.6 million of dividends paid; (iii) a $2.5 million redemption of puttable common stock; and was partially mitigated by: (a) $49.8 million in loan proceeds, net of deferred finance costs; and (b) a $2.1 million decrease in restricted cash.

Net cash used in financing activities for the year ended December 31, 2016, resulted from: (i) $105.5 million of loan repayments; (ii) $31.7 million of dividends paid; (iii) a $4.0 million for the redemption of puttable common stock; and (iv) a $0.8 million increase in restricted cash.

Cash flows for the year ended December 31, 2016 compared to the year ended December 31, 2015:

The following table presents cash flow information for the years ended December 31, 2016 and 2015. This information was derived from the audited consolidated statement of cash flows of Navios Acquisition for the respective periods.

(Expressed in thousands of U.S. dollars)	**Year Ended December 31, 2016**	**Year Ended December 31, 2015**
Net cash provided by operating activities	$ 92,945	$ 119,636
Net cash provided by/ (used in) investing activities	43,505	(104,510)
Net cash used in financing activities	(141,963)	(14,814)
Net (decrease)/ increase in cash and cash equivalents	**$ (5,513)**	**$ 312**

Cash provided by operating activities for the year ended December 31, 2016 as compared to the year ended December 31, 2015:

Net cash provided by operating activities decreased by $26.7 million to $92.9 million for the year ended December 31, 2016 as compared to net cash provided by operating activities of $119.6 million for the same period in 2015. The decrease is analyzed as follows:

The net income for the year ended December 31, 2016 was $62.9 million compared to $89.7 million for the year ended December 31, 2015. In determining net cash provided by operating activities for the year ended December 31, 2016, the net income was adjusted for the effect of depreciation and amortization of $57.6 million, $11.7 million gain on sale of vessels, $3.7 million for amortization and write-off of deferred finance costs and bond premium, $2.8 million for the amortization of dry dock and special survey costs, $1.4 million for earnings in affiliates, net of dividend received, $0.9 million stock based compensation and $0.4 million gain on debt repayment.

Amounts due from related parties, short-term, increased by $7.2 million to $25.0 million at December 31, 2016 from $17.8 million at December 31, 2015. The increase mainly related to payment of management fees for our vessels. Please refer to the relevant discussion below, under "Related Party Transactions".

Payment for dry dock and special survey costs incurred in the years ended December 31, 2016 and December 31, 2015 was $3.8 million and $6.6 million, respectively, and related to drydock and special survey costs incurred for certain vessels of the fleet.

Accounts receivable increased by $6.7 million from $14.2 million for the year ended December 31, 2015, to $20.9 million for the year ended December 31, 2016. The increase was attributed to the increase in receivables due from charterers.

Restricted cash from operating activities decreased by approximately $0.2 million from $1.4 million for the year ended December 31, 2015 to $1.1 million for the year ended December 31, 2016 and related to the cash held in retention accounts for the payment of interest under our credit facilities.

Amounts due from related parties, long-term, excluding the amounts related to the Navios Holdings Credit Facility, increased by $12.9 million from $16.5 million for the period ended December 31, 2015, to $29.4 million for the year ended December 31, 2016, which mainly related to payment of special survey and dry docking expenses for certain vessels of our fleet and the increase of $4.3 million loan granted to Navios Europe II, classified under "Cash provided by / (used in) investing activities". Please refer to the relevant discussion below, under "Related Party Transactions".

Accounts payable increased by $2.1 million to $4.9 million at December 31, 2016 from $2.8 million at December 31, 2015.

Prepaid expenses and other current assets increased to $4.6 million for the year ended December 31, 2016 from $3.7 million for the year ended December 31, 2015, mainly due to reclassification of working capital advances required under certain charter contracts, under the long-term assets.

Other long-term assets decreased by $1.0 million to $0.9 million for the year ended December 31, 2016 from $1.9 million for the year ended December 31, 2015, due to $1.0 million of working capital reclassified to current assets.

Accrued expenses increased by $1.2 million to $11.0 million for the year ended December 31, 2016, from $9.8 million on December 31, 2015. The increase was mainly attributable to the increase of accrued voyage and other expenses.

Deferred revenue primarily relates to cash received from charterers prior to it being earned and also includes the current portion of deferred gain on sale of the Nave Celeste and the C. Dream to Navios Midstream. Deferred revenue relating to cash received from charterers was recognized as revenue over the voyage or charter period. Deferred revenue increased by $0.9 million to $8.5 million for the year ended December 31, 2016 from $7.6 million on December 31, 2015.

Cash provided by/ (used in) investing activities for the year ended December 31, 2016 as compared to the year ended December 31, 2015:

Net cash provided by investing activities increased by $148.0 million to $43.5 million inflow at December 31, 2016 from $104.5 million outflow at December 31, 2015.

Net cash provided by investing activities for the year ended December 31, 2016, resulted from: (i) $90.0 million net proceeds from sale of vessels; and (ii) $7.2 million from dividends received from affiliates. The increase was mitigated by a: (i) $49.3 million loan granted to Navios Holdings, net of issuance fees and costs; (ii) a $4.3 million loan granted to Navios Europe II (Navios Revolving Loans II); and (iii) a $0.1 million investment in Navios Midstream in order to maintain the 2% general partner interest.

Net cash used in investing activities for the year ended December 31, 2015, resulted from: (i) $71.2 million net proceeds from sale of vessel; and (ii) $2.6 million from dividends received from affiliates. The $73.8 million increase was mitigated by: (a) $163.8 million paid for the acquisition of vessels; (b) $7.2 million paid for investments in affiliates (from which $6.7 million related to the investment in Navios Europe II and approximately $0.6 million was paid to Navios Midstream to acquire 32,509 general partner units in order for Navios Acquisition to maintain its 2.0% general partnership interest); and (c) a $7.3 million loan granted to Navios Europe II.

Cash used in financing activities for the year ended December 31, 2016 as compared to the year ended December 31, 2015:

Net cash used in financing activities increased by $127.1 million to a $142.0 million outflow at December 31, 2016 from a $14.8 million outflow in the year ended December 31, 2015.

Net cash used in financing activities for the year ended December 31, 2016, resulted from: (i) $105.5 million of loan repayments; (ii) $31.7 million of dividends paid; (iii) a $4.0 million for the redemption of puttable common stock; and (iv) a $0.8 million increase in restricted cash.

Net cash used in financing activities for the year ended December 31, 2015, resulted from: (i) $140.9 million of loan repayments; (ii) $40.1 million of dividends paid; (iii) a $11.3 million payment to a related party with respect to capitalized expenses of certain of the Company's vessels, while these were under construction; (iv) $5.5 million for the redemption of convertible shares; and (v) $9.9 million for the acquisition of treasury stock, which was partially offset by $192.9 million loan proceeds net of deferred finance costs; and a $0.1 million increase in restricted cash.

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

	Year Ended December 31, 2017	Year Ended December 31, 2016	Year Ended December 31, 2015
Expressed in thousands of U.S. dollars			
Net cash provided by operating activities	$ 45,942	$ 92,945	$ 119,636
Net (decrease)/ increase in operating assets	(4,093)	20,814	8,313
Net decrease/ (increase) in operating liabilities	(13,803)	(3,272)	10,610
Net interest cost	66,396	71,220	71,878
Amortization and write-off of deferred finance costs and bond premium	(3,784)	(3,656)	(3,495)
Gain on debt repayment	—	350	—
Equity/ (loss) in net earnings of affiliates (including OTTI loss), net of dividends received	(56,923)	1,438	3,821
Payments for dry dock and special survey costs	14,897	3,828	6,598
Gain on sale of vessels	—	11,749	5,771
Stock-based compensation	(57)	(864)	(2,362)
EBITDA	**$ 48,575**	**$ 194,552**	**$ 220,770**
OTTI loss	59,104	—	—
Gain on sale of vessels	—	(11,749)	(5,771)
Stock-based compensation	57	864	2,362
Gain on debt repayment	—	(350)	—
Adjusted EBITDA	**$ 107,736**	**$ 183,317**	**$ 217,361**

	Year Ended December 31, 2017	Year Ended December 31, 2016	Year Ended December 31, 2015
Net cash provided by operating activities	$ 45,942	$ 92,945	$ 119,636
Net cash provided by/ (used) in investing activities	$ 52,378	$ 43,505	$ (104,510)
Net cash used in financing activities	$ (66,461)	$ (141,963)	$ (14,814)

EBITDA in this document represents net (loss)/income before interest and finance costs, before depreciation and amortization and before income taxes. Adjusted EBITDA in this document represents EBITDA excluding certain items, such as stock-based compensation, gain on sale of vessels, gain/ (loss) on debt repayment and OTTI loss on equity investment.

We use Adjusted EBITDA as 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. EBITDA in this document is calculated as follows: net cash provided by/(used in) operating activities adding back, when applicable and as the case may be, the effect of: (i) net increase/(decrease) in operating assets; (ii) net (increase)/decrease in operating liabilities; (iii) net interest cost; (iv) amortization of deferred finance costs and other related expenses; (v) equity in net earnings of affiliated companies, net of dividends received; (vi) payments for dry dock and special survey costs; (vii) impairment charges; (viii) gain/ loss on sale of assets; (ix) gain/ (loss) on debt repayment; and (x) stock- based compensation. Navios Acquisition believes that EBITDA and Adjusted EBITDA are each the basis upon which liquidity can be assessed and present useful information to investors regarding Navios Acquisition’s ability to service and/or incur indebtedness, pay capital expenditures, meet working capital requirements and pay dividends. Navios Acquisition also believes that 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 Acquisition’s 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 Acquisition’s 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.

Adjusted EBITDA, affected by the items described in the table above, excludes the $59.1 million other-than-temporary impairment loss, as discussed above, and $0.1 million non-cash stock-based compensation and decreased by approximately $75.6 million to $107.7 million for the year ended December 31, 2017, as compared to $183.3 million for the same period of 2016. The decrease in Adjusted EBITDA was mainly due to a: (a) $63.0 million decrease in revenue, as described above; (b) $16.9 million increase in time charter expenses mainly due to the $16.4 million accrued backstop commitment to Navios Midstream; and (c) $3.1 million decrease in equity/ (loss) in net earnings of affiliated companies, (excluding the $59.1 million of non-cash impairment loss on equity investment in Navios Midstream), partially mitigated by a: (i) $2.3 million decrease in general and administrative expenses (excluding stock-based compensation); (ii) $2.9 million decrease in management fees, mainly due to the sale of one MR2 product tanker in January 2016 and two chemical tankers in the fourth quarter of 2016; (iii) $1.4 million decrease in other expense; (iv) $0.7 million decrease in direct vessel expenses (excluding amortization of dry dock and special survey costs); and (v) $0.1 million increase in other income (excluding the $0.4 million gain on debt repayment incurred in 2016).

Adjusted EBITDA for the year ended December 31, 2016 decreased by approximately $34.0 million to $183.3 million from $217.4 million in the same period of 2015. The decrease in Adjusted EBITDA was mainly due to a: (a) $23.2 million decrease in revenue; (b) $2.9 million decrease in equity in net earnings of affiliated companies; (c) $2.5 million increase in management fees mainly due to the increased number of vessels and the increase in the management fees with effect as of May 29, 2016; (d) $3.0 million increase in general and administrative expenses (excluding stock based compensation); (e) $1.2 million increase in other expense; (f) $0.7 million increase in direct vessel expenses (excluding amortization of dry dock and special survey costs); and (g) $0.5 million increase in time charter expenses.

Long-Term Debt Obligations and Credit Arrangements

Ship Mortgage Notes:

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

On March 31, 2014, the Company completed a sale of $60.0 million of its first priority ship mortgage notes due in 2021 (the "Additional Notes," and together with the Existing Notes, the "2021 Notes"). The terms of the Additional Notes are identical to the Existing Notes and were issued at 103.25% plus accrued interest from November 13, 2013. The net cash received amounted to $59.6 million.

The 2021 Co-Issuers currently have the option to redeem the 2021 Notes in whole or in part, at a fixed price of 106.094% of the principal amount, which price declines ratably until it reaches par in 2019, plus accrued and unpaid interest, if any.

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

The 2021 Notes contain covenants which, among other things, limit the incurrence of additional indebtedness, issuance of certain preferred stock, the payment of dividends, redemption or repurchase of capital stock or making restricted payments and investments, creation of certain liens, transfer or sale of assets, entering in transactions with affiliates, merging or consolidating or selling all or substantially all of the 2021 Co-Issuers' properties and assets and creation or designation of restricted subsidiaries. The 2021 Co-Issuers were in compliance with the covenants as of December 31, 2017.

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

Guarantees

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

Credit Facilities

Commerzbank AG, Alpha Bank A.E., and Credit Agricole Corporate and Investment Bank: Navios Acquisition assumed a loan agreement dated April 7, 2010, with Commerzbank AG, Alpha Bank A.E. and Credit Agricole Corporate and Investment Bank of up to $150.0 million (divided in six equal tranches of $25.0 million each) to partially finance the construction of two chemical tankers and four product tankers. Each tranche of the facility is repayable in 12 equal semi-annual installments of $0.75 million each with a final balloon payment of $16.0 million to be repaid on the last repayment date. The repayment of each tranche started six months after the delivery date of the respective vessel which that tranche financed. It bears interest at a rate of LIBOR plus 250 bps. The loan also requires compliance with certain financial covenants. On October 27, 2016, Navios Acquisition reduced the facility by $16.0 million through payment of $15.7 million in cash being the balloon instalment for one of the six tranches, achieving a nominal benefit amount of $0.4 million. On January 27, 2017, Navios Acquisition repaid $16.0 million being the balloon instalment for another of the remaining five tranches. As of December 31, 2017, an amount of $71.5 million was outstanding.

BNP Paribas S.A. Bank and DVB Bank S.E.: Navios Acquisition assumed a loan agreement dated April 8, 2010, of up to $75.0 million (divided in three equal tranches of $25.0 million each) to partially finance the purchase price of three product tankers. Each of the tranches is repayable in 12 equal semi-annual installments of $0.75 million each with a final balloon payment of $16.0 million to be repaid on the last repayment date. The repayment date of each tranche started six months after the delivery date of the respective vessel which that tranche finances. It bears interest at a rate of LIBOR plus 250 bps. The loan also requires compliance with certain financial covenants. As of December 31, 2017, an amount of $56.3 million was outstanding.

Eurobank Ergasias S.A.: On October 26, 2010, Navios Acquisition entered into a loan agreement with Eurobank Ergasias S.A. of up to $52.2 million, of which $51.6 million has been drawn (divided into two tranches of $26.1 million and $25.5 million, respectively) to partially finance the acquisition costs of two LR1 product tanker vessels. Each tranche of the facility is repayable in 32 quarterly installments of $0.35 million and $0.34 million, respectively, with a final balloon payment of $15.1 million and $14.7 million, respectively, to be repaid on the last repayment date. The repayment of each tranche started three months after the delivery date of the respective vessel. The loan bears interest at a rate of LIBOR plus (i) 250 bps for the period prior to the delivery date in respect of the vessel being financed, and (ii) thereafter 275 bps. The loan also requires compliance with certain financial covenants. The amount of $35.6 million was outstanding as of December 31, 2017, under this facility.

Eurobank Ergasias S.A.: On December 6, 2010, Navios Acquisition entered into a loan agreement with Eurobank Ergasias S.A. of up to $52.0 million out of which $46.2 million has been drawn (divided into two tranches of $23.1 million each) to partially finance the acquisition costs of two LR1 product tanker vessels. Each tranche of the facility is repayable in 32 equal quarterly installments of $0.31 million each with a final balloon payment of $13.3 million, to be repaid on the last repayment date. The repayment of each tranche started three months after the delivery date of the respective vessel. It bears interest at a rate of LIBOR plus 300 bps. The loan also requires compliance with certain financial covenants. The amount of $33.7 million was outstanding as of December 31, 2017, under this facility.

Norddeutsche Landesbank Girozentrale: On December 29, 2011, Navios Acquisition entered into a loan agreement with Norddeutsche Landesbank Girozentrale of up to $28.1 million to partially finance the purchase price of one MR2 product tanker vessel. The facility is repayable in 32 quarterly installments of $0.39 million each with a final balloon payment of $15.6 million to be repaid on the last repayment date. The repayment started three months after the delivery of the vessel and bears interest at a rate of LIBOR plus: (a) up to but not including the drawdown date of, 175 bps per annum; (b) thereafter until, but not including, the tenth repayment date, 250 bps per annum; and (c) thereafter 300 bps per annum. The loan also requires compliance with certain financial covenants. During the first quarter of 2015, the facility was fully drawn and as of December 31, 2017, an amount of $23.8 million was outstanding under this loan agreement.

DVB Bank S.E. and Credit Agricole Corporate and Investment Bank: On December 29, 2011, Navios Acquisition entered into a loan agreement with DVB Bank SE and Investment Bank of up to $56.3 million (divided into two tranches of $28.1 million each) to partially finance the purchase price of two MR2 product tanker vessels. Each tranche of the facility is repayable in 32 quarterly installments of $0.39 million each with a final balloon payment of $15.6 million to be repaid on the last repayment date. The repayment started three months after the delivery of the respective vessel and bears interest at a rate of LIBOR plus: (a) up to but not including the drawdown date of, 175 bps per annum; (b) thereafter until, but not including, the tenth repayment date, 250 bps per annum; and (c) thereafter 300 bps per annum. The loan also requires compliance with certain financial covenants. As of December 31, 2017, an amount of $45.7 million was outstanding.

ABN AMRO Bank N.V.: In February 2017, the Company drew $26.7 million under this credit facility with ABN AMRO Bank N.V., which was secured with its two chemical tankers, following the full repayment of the previous financing arrangements. The facility was repayable in four equal consecutive quarterly installments of $0.7 million each, with a final balloon payment of the balance to be repaid on the last repayment date. The loan bore interest at LIBOR plus 400 bps per annum. In June, 2017, the Company prepaid the outstanding balance of $26.0 and an amount of $0.7 million was written-off from the deferred finance costs. As of December 31, 2017, there was no outstanding amount under this facility and the loan matured in February 2018.

Deutsche Bank AG Filiale Deutschlandgeschäft and Skandinaviska Enskilda Banken AB: In November 2015, Navios Acquisition, entered into a term loan facility of up to $125.0 million (divided into five tranches) with Deutsche Bank AG Filiale Deutschlandgeschäft and Skandinaviska Enskilda Banken AB for the: (i) financing of the purchase price of the Nave Spherical; and (ii) the refinancing of the existing facility with Deutsche Bank AG Filiale Deutschlandgescäft and Skandinaviska Enskilda Banken

AB, dated July 18, 2014. Four of the five tranches of the facility are repayable in 20 quarterly installments of between approximately $0.44 million and $1.9 million, each with a final balloon repayment to be made on the last repayment date. The fifth tranche is repayable in 16 quarterly installments of between approximately $0.7 million and $0.8 million, each. The maturity date of the loan is in the fourth quarter of 2020. The credit facility bears interest at LIBOR plus 295 bps per annum.

On January 27, 2016, Navios Acquisition sold the Nave Lucida to an unaffiliated third party for net cash proceeds of $18.4 million. Navios Acquisition prepaid $12.1 million being the respective tranche of the Deutsche Bank AG Filiale Deutschlandgeschäft and Skandinaviska Enskilda Banken AB facility that was drawn to finance the Nave Lucida. Following the prepayment in January 2016, an amount of $0.2 million was written-off from the deferred financing cost. As of December 31, 2017, an amount of $82.3 million was outstanding under this facility.

On March 23, 2018, Navios Acquisition prepaid $26.8 million, being the respective tranche of the facility that was drawn to finance the Nave Equinox and the Nave Pyxis.

HSH Nordbank: In June 2017, Navios Acquisition entered into a loan facility for an amount of $24.0 million to refinance the credit facility with ABN AMRO Bank N.V. of its two chemical tankers. The facility is repayable in 17 equal consecutive quarterly installments of $0.6 million each, with a final balloon payment of the balance to be repaid on the last repayment date. The facility matures in September 2021 and bears interest at LIBOR plus 300 bps per annum. As of December 31, 2017, the outstanding balance was $22.9 million.

BNP Paribas S.A. Bank: On December 18, 2015, Navios Acquisition, through certain of its wholly owned subsidiaries, entered into a term loan facility agreement of up to $44.0 million with BNP Paribas, as agent and the lenders named therein, for the partial post-delivery financing of a LR1 product tanker and a MR2 product tanker. The facility is repayable in 12 equal consecutive semi-annual installments in the amount of $2.0 million in aggregate, with a final balloon payment of $20.0 million to be repaid on the last repayment date. The maturity date of the loan is in December 2021. The loan bears interest at LIBOR plus 230 bps per annum. As of December 31, 2017, an amount of $36.0 million was outstanding under this facility.

HSH Nordbank AG: On August 20, 2013, Navios Acquisition entered into a loan agreement with HSH Nordbank AG of up to $40.3 million (divided in two tranches of $20.2 million each), to partially finance the acquisition of two chemical tanker vessels. Each tranche of the facility was repayable in 28 quarterly installments of $0.3 million with a final balloon payment of $11.3 million to be paid on the last repayment date. The facility bore interest at a rate of LIBOR plus 320 bps. The loan also required compliance with certain financial covenants. On October 4, 2016, Navios Acquisition sold the Nave Universe to an unaffiliated third party for net cash proceeds of $35.8 million. Navios Acquisition prepaid $16.4 million being the respective tranche of the HSH Nordbank AG facility that was drawn to finance the acquisition of the Nave Universe. On November 15, 2016, Navios Acquisition sold the Nave Constellation to an unaffiliated third party for net cash proceeds of $35.8 million. Navios Acquisition prepaid $16.4 million being the respective tranche of the HSH Nordbank AG facility that was drawn to finance the acquisition of the Nave Constellation. Following these prepayments in 2016, an amount of $0.2 million was written-off from the deferred financing cost. As of each of December 31, 2017 and 2016, no amount was outstanding.

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

As of December 31, 2017, the Company was in compliance with its covenants.

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

Sale and Leaseback Agreement

On March 31, 2018, Navios Acquisition entered into a sale and leaseback agreement in order to refinance $71.5 million outstanding on the existing facility on four product tankers. Navios Acquisition has a purchase obligation at the end of the lease term and under ASC 842-40, the transaction is expected to be accounted for as a failed sale and leaseback transaction and result in a finance lease. As a result of the refinancing, as of December 31, 2017, an amount of $32.8 million was reclassified from "Current portion of long-term debt, net of deferred finance cost" to "Long term debt, net of current portion, premium and net of deferred finance cost". The facility will be repayable in 24 equal consecutive quarterly installments of $1.5 million each, with a final balloon payment of $35.8 million to be repaid on the last repayment date. The facility matures in March 2024 and bears interest at LIBOR plus 305 bps per annum.

The agreement includes, among other things, compliance with loan to value ratios and certain financial covenants: (i) minimum liquidity higher of $1.0 million per vessel; (ii) net worth higher from $125.0 million; and (iii) total liabilities divided by total assets, adjusted for market values to be lower than 80%. It is an event of default under the credit facilities if such covenants are not complied with, including the loan to value ratios for which the Company may provide sufficient additional security to prevent such an event.

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

Not applicable.

D. Trend information

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

E. Off-Balance Sheet Arrangements

Charter hire payments to third parties for chartered-in vessels are treated as operating leases for accounting purposes. As of December 31, 2017, Navios Acquisition was contingently liable to charter-in certain vessels from Navios Midstream. Please see discussion in "Item 5F. Contractual Obligations and Contingencies".

F. Contractual Obligations and Contingencies

The following table summarizes our long-term contractual obligations as of December 31, 2017:

	Payments due by period (Unaudited)(1)				
(In thousands of U.S. dollars)	**Less than 1 year**	**1-3 years**	**3-5 years**	**More than 5 years**	**Total**
Long-term debt obligations(1)	$37,712	$220,161	$777,377	$ 42,437	$1,077,687
Total contractual obligations	**$37,712**	**$220,161**	**$777,377**	**$ 42,437**	**$1,077,687**

(1) The amount identified does not include interest costs associated with the outstanding credit facilities, which are based on LIBOR, plus the costs of complying with any applicable regulatory requirements and a margin ranging from 250 bps to 325 bps per annum or the $670.0 million 2021 Notes which have a fixed rate of 8.125%.

Navios Holdings, Navios Acquisition and Navios Partners have made available to Navios Europe I revolving loans up to $24.1 million to fund working capital requirements (collectively, the "Navios Revolving Loans I"). As of December 31, 2017, there was no amount undrawn under the Navios Revolving Loans I. See Note 15 for the investment in Navios Europe I.

Navios Holdings, Navios Acquisition and Navios Partners have made available to Navios Europe II revolving loans up to $57.5 million to fund working capital requirements (collectively, the "Navios Revolving Loans II"). As of December 31, 2017, the amount undrawn under the Navios Revolving Loans II was $15.0 million, of which Navios Acquisition may be required to fund an amount ranging from $0 to $15.0 million. See Note 15 for the investment in Navios Europe II.

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

The backstop commitment for Shinyo Kannika terminated following the sale of this vessel in March 2018. Navios Acquisition agreed to extend the backstop commitment of the Shinyo Kannika to the Nave Galactic, following the sale of the latter to Navios Midstream in March 2018.

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

Critical Accounting Policies

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

Critical accounting policies are those that reflect significant judgments or uncertainties, and potentially result in materially different results under different assumptions and conditions. For a description of all of our significant accounting policies, see Note 2 to the Consolidated Financial Statements, included herein.

Fair Value of Vessels: As of December 31, 2017, Navios Acquisition owned and operated a fleet of 36 vessels, with an aggregate carrying value of $1,271.0 million, including the unamortized portion of deferred drydock and special survey costs related to the vessel. On a vessel-by-vessel basis, as of December 31, 2017, the carrying value of 30 of Navios Acquisition's vessels (including the unamortized portion of deferred drydock and special survey costs related to the vessel) exceeds the estimated fair value of those same vessels by approximately $154.3 million in the aggregate (the unrealized loss).

As of December 31, 2016, Navios Acquisition owned and operated a fleet of 36 vessels, with an aggregate carrying value of $1,317.1 million, including the unamortized portion of deferred drydock and special survey costs related to the vessel. On a vessel-by-vessel basis, as of December 31, 2016, the carrying value of 32 of Navios Acquisition's vessels (including the unamortized portion of deferred drydock and special survey costs related to the vessel) exceeds the estimated fair value of those same vessels by approximately $211.9 million in the aggregate (the unrealized loss).

A vessel-by-vessel summary as of December 31, 2017 follows (with an * indicating those individual vessels whose carrying value exceeds its estimated fair value, including the related time charter, if any):

Vessel name	Date of Acquisition	Purchase Price	Carrying Value as of December 31, 2017
	(In millions of U.S. dollars)		
Nave Cielo	6/29/2010	$ 44.2	$ 33.5*
Nave Ariadne	7/2/2010	$ 44.1	$ 31.6*
Nave Cosmos	10/27/2010	$ 31.8	$ 24.1*
Nave Polaris	1/27/2011	$ 31.8	$ 24.4*
Nave Orbit	7/12/2011	$ 37.3	$ 28.2*
Nave Equator	7/18/2011	$ 37.3	$ 28.3*
Nave Andromeda	11/14/2011	$ 44.3	$ 35.6*
Nave Estella	1/20/2012	$ 44.6	$ 35.2*
Nave Atria	7/31/2012	$ 37.6	$ 31.8*
Nave Cassiopeia	8/31/2012	$ 43.8	$ 36.8*
Nave Cetus	10/31/2012	$ 44.0	$ 37.4*
Nave Aquila	11/9/2012	$ 37.8	$ 30.9*
Nave Bellatrix	1/24/2013	$ 38.0	$ 32.6*
Nave Orion	3/22/2013	$ 38.1	$ 31.6*
Nave Rigel	2/13/2013	$ 47.9	$ 39.5*

Nave Atropos	4/24/2013	$ 48.2	$ 40.1*
Nave Titan	6/10/2013	$ 37.1	$ 31.1*
Nave Capella	7/9/2013	$ 37.2	$ 31.2*
Nave Alderamin	9/3/2013	$ 37.3	$ 31.6*
Nave Equinox	6/26/2013	$ 23.5	$ 19.2*
Nave Pulsar	7/9/2013	$ 23.6	$ 20.4
Bougainville	9/30/2013	$ 35.6	$ 30.2
Nave Dorado	9/24/2013	$ 16.8	$ 14.0*
Nave Jupiter	5/7/2014	$ 39.6	$ 34.4*
Nave Luminosity	9/19/2014	$ 39.6	$ 34.9*
Nave Pyxis	11/20/2014	$ 33.4	$ 29.8*
Nave Galactic	2/4/2014	$ 53.5	$ 45.4
Nave Quasar	2/12/2014	$ 54.7	$ 48.4
Nave Buena Suerte	3/10/2014	$ 57.2	$ 51.4
Nave Neutrino	6/16/2014	$ 43.7	$ 36.3*
Nave Synergy	12/09/2014	$ 76.9	$ 67.0*
Nave Electron	7/21/2014	$ 41.2	$ 36.7*
Nave Sextans	1/8/2015	$ 33.4	$ 29.9
Nave Velocity	2/11/2015	$ 39.2	$ 35.2*
Nave Spherical	11/6/2015	$ 69.2	$ 62.9*
Nave Photon	12/2/2015	$ 65.2	$ 59.4*
		$1,508.7	**$1,271.0**

Although the aforementioned excess of carrying value over fair value represents an estimate of the loss that Navios Acquisition would sustain on a hypothetical disposition of those vessels as of December 31, 2017, the recognition of the unrealized loss absent a disposition (i.e., as an impairment) would require, among other things, that a triggering event had occurred and that the undiscounted cash flows attributable to the vessel are also less than the carrying value of the vessel (including the unamortized portion of deferred drydock and special survey costs related to the vessel).

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

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

Depreciation is computed using the straight line method over the useful life of the vessels, after considering the estimated residual value. Management estimates the residual values of our tanker vessels based on a scrap value cost of steel times the weight of the ship noted in lightweight ton (LWT). Residual values are periodically reviewed and revised to recognize changes in conditions, new regulations or other reasons. Revisions of residual values affect the depreciable amount of the vessels and affects depreciation expense in the period of the revision and future periods. The management after considering current market trends for scrap rates and 10-year average historical scrap rates of the residual values of the Company's vessels, estimates scrap value at a rate of $360 per LWT. Management estimates the useful life of our vessels to be 25 years from the vessel's original construction. However, when regulations place limitations over the ability of a vessel to trade on a worldwide basis, its useful life is re-estimated to end at the date such regulations become effective.

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

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

During the fourth quarter of fiscal 2017, management concluded that, market rates decreased during the year and events occurred and circumstances had changed, over previous years, which indicated the potential impairment of Navios Acquisition's long-lived assets may exist. These indicators included continued volatility in the charter market and the related impact of the tanker sector has on management's expectation for future revenues. As a result, an impairment assessment of long-lived assets or identified asset groups was performed.

The Company determined undiscounted projected net operating cash flows for each vessel and compared it to the vessel's carrying value together with the carrying value of the related intangible. The significant factors and assumptions used in the undiscounted projected net operating cash flow analysis included: determining the projected net operating cash flows by considering the charter revenues from existing time charters for the fixed fleet days (Company's remaining charter agreement rates) and an estimated daily time charter equivalent for the unfixed days (based on the 10- year average historical one year time charter rates) over the remaining economic life of each vessel, net of brokerage and address commissions, excluding days of scheduled off-hires, management fees fixed until May 2018 and thereafter assuming an annual increase of 3.0% and utilization rate of 99.6% based on the fleets historical performance.

We determine projected cash flows for unfixed days using an estimated daily time charter rate based on the 10-year historical average (of the one-year charter rate for similar vessels or the 10-year average spot rate for chemical tankers since the 10-year average rates of a one-year time charter are not available for chemical tankers). We consider this approach to be reasonable and appropriate. However, for the purposes of presenting our investors with additional information to determine how the Company's future results of operations may be impacted, we set forth below an analysis that shows the five-year, three-year and one-year historical averages (of the one-year charter rate for similar vessels or the average spot rate for chemical tankers) in lieu of the 10-year historical average (of the one-year charter rate for similar vessels or the average spot rate for chemical tankers) and the effect the use of each of these rates would have on the Company's impairment analysis.

	December 31, 2017		December 31, 2016	
	Number of vessels (*)	Amount (U.S. millions) (**)	Number of vessels (*)	Amount (U.S. millions) (**)
5-year historical average rate	—	—	—	—
3-year historical average rate	—	—	—	—
1-year historical average rate	21	146.0	—	—

(*) Number of vessels the carrying value of which would not have been recovered.
(**) Aggregate carrying value that exceeds the estimated fair value (the unrealized loss).

In connection with its impairment testing on its vessels as of December 31, 2017, the Company performed sensitivity analysis on the most sensitive and/or subjective assumptions that have the potential to affect the outcome of the test, principally the projected charter rate used to forecast future cash flow for unfixed days. In that regard, there would continue to be no impairment required to be recognized on any of the Company's vessels when assuming a decline in the 10-year average (of the one-year charter rate for similar vessels), which is the rate that the Group uses to forecast future cash flows for unfixed days, ranging from 9.0% to 46.0% (depending on the vessel).

In addition, the Company compared the 10-year historical average (of the one-year charter rate for similar vessels) with the five-year historical average (of the one-year charter rate for similar vessels), three-year historical average (of the one-year charter rate for similar vessels), and one-year average (for similar vessels). The table below compares the 10-year historical average and the rates for five-year, three-year and one-year historical average, each as of December 31, 2017:

	Historical Average of One-year Charter Rates (over Various Periods) vs. the 10-year Historical Average (of the One-Year Charter Rate)		
	5-Year Average	3-Year Average	1-Year Average
	(% above/ (below/ or above) the 10-year average)		
Chemicals	3.0%	4.9%	(19.6%)
MR2s	(2.6%)	(0.3%)	(14.2%)
LR1s	(4.1%)	2.2%	(26.8%)
VLCCs	(10.6%)	4.3%	(24.4%)

As disclosed elsewhere, the fleet includes 30 vessels for which the carrying value exceeds the estimated fair value of those same vessels by approximately $154.3 million in the aggregate (the unrealized loss). If testing for impairment using historical rates for five-year and three-year historical average of the one-year charter rate (for similar vessels), in lieu of the 10-year historical average (of the one-year charter rate for similar vessels), the Company estimates that none of its vessels, respectively, would have carrying values in excess of their projected undiscounted future cash flows. If testing for impairment using historical rates for one-year charters historical average (of the one-year charter rate for similar vessels) in lieu of the 10-year historical average (of the one-year charter rate for similar vessels), the Company estimates that 21 of its vessels, would have carrying values in excess of their projected undiscounted future cash flows.

The assessment concluded that step two of the impairment analysis was not required and no impairment of vessels, existed as of December 31, 2017, as the undiscounted projected net operating cash flows exceeded the carrying value.

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

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

There was no impairment loss recognized for the years ended December 31, 2017, 2016 and 2015.

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

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

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

Profit-sharing revenues are calculated at an agreed percentage of the excess of the charterer's average daily income (calculated on a quarterly or half-yearly basis) over an agreed amount and accounted for on an accrual basis based on provisional amounts and for those contracts that provisional accruals cannot be made due to the nature of the profit share elements, these are accounted for on the actual cash settlement. Profit sharing for the years ended December 31, 2017, December 31, 2016 and December 31, 2015 amounted to $0.9 million, $7.6 million and $32.1 million, respectively.

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

Pooling arrangements: For vessels operating in pooling arrangements, the Company earns a portion of total revenues generated by the pool, net of expenses incurred by the pool. The amount allocated to each pool participant vessel, including the Company's vessels, is determined in accordance with an agreed-upon formula, which is determined by the margins awarded to each vessel in the pool based on the vessel's age, design and other performance characteristics. Revenue under pooling arrangements is accounted for on the accrual basis and is recognized when an agreement with the pool exists, price is fixed, service is provided and the collectability is reasonably assured. Revenue for vessels operating in pooling arrangements amounted to $46.6 million, $50.8 million and $43.4 million, for the years ended December 31, 2017, 2016 and 2015, respectively.

The allocation of such net revenue may be subject to future adjustments by the pool however, such changes are not expected to be material.

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

Navios Acquisition considers whether the fair values of its equity method investments have declined below their carrying values whenever adverse events or changes in circumstances indicate that the carrying value may not be recoverable. If we consider any such decline to be other-than-temporary (based on various factors, including historical financial results, economic and industry events resulting in changes in the affiliate's trading performance and the overall health of the affiliate's industry), then we would write down the carrying amount of the investment to its estimated fair value.

As of December 31, 2017 the carrying amount of the investment in Navios Midstream was $113.7 million or $9.02 per unit, which represented our total ownership interest in the Partnership of 59.0%. The estimated market value of this investment was determined with reference to the quoted price of the common units. As of June 30, 2017, the fair value of our investment in Navios Midstream had been below its carrying value for a period over twelve months, due to the decline in the quoted price of the common units of Navios Midstream and was considered as OTTI. During the year ended December 31, 2017, the Company recognized a non-cash OTTI loss of $59.1 million relating to its investment in Navios Midstream and the amount was included in "Equity/ (loss) in net earnings of affiliated companies" in the accompanying consolidated statements of operations.

Recent Accounting Pronouncements

In May 2017, the Financial Accounting Standards Board ("FASB") issued Accounting Standard Update ("ASU") 2017-09, "Compensation — Stock Compensation (Topic 718)". This update provides clarity and reduces both diversity in practice and cost and complexity when applying the guidance in Topic 718 to a change to the terms or conditions of a share-based payment award. The amendments in this update affect any entity that changes the terms or conditions of a share-based payment award and are effective for all entities for annual periods, and interim periods within those annual periods, beginning after December 15, 2017. Early adoption is permitted, including adoption in any interim period, for public business entities for reporting periods for which financial statements have not yet been issued and all other entities for reporting periods for which financial statements have not yet been made available for issuance. The amendments in this update should be applied prospectively to an award modified on or after the adoption date. The adoption of this new accounting standard is not expected to have material impact on the Company's results of operations, financial position or cash flows.

In February 2017, FASB issued ASU 2017-05, "Other Income—Gains and Losses from the Derecognition of Nonfinancial Assets (Subtopic 610-20)". This update clarifies the scope of Subtopic 610-20 "Other Income—Gains and Losses from the Derecognition of Nonfinancial Assets" and provides guidance for partial sales of nonfinancial assets. Subtopic 610-20, which was issued in May 2014 as a part of ASU 2014-09, "Revenue from Contracts with Customers (Topic 606)", provides guidance for recognizing gains and losses from the transfer of nonfinancial assets in contracts with noncustomers. The amendments in ASU 2017-05 are effective at the same time as the amendments in ASU 2014-09. Therefore, for public entities, the amendments are effective for annual reporting periods beginning after December 15, 2017, including interim reporting periods within that reporting period. The adoption of this new standard is not expected to have material impact on the Company's results of operations, financial position or cash flows.

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

In December 2016, FASB issued ASU 2016-20, "Technical Corrections and Improvements to Topic 606, Revenue from Contracts with Customers". The amendments in this ASU affect narrow aspects of the guidance issued in ASU 2014-09, which is not yet effective, and are of a similar nature to the items typically addressed in the Technical Corrections and Improvements project. The effective date and transition requirements for the amendments are the same as the effective date and transition requirements for Topic 606 (and any other Topic amended by Update 2014-09). ASU 2015-14, "Revenue from Contracts with Customers (Topic 606): Deferral of the Effective Date", defers the effective date of Update 2014-09 by one year, as noted below.

In November 2016, FASB issued ASU 2016-18, "Statement of Cash Flows (Topic 230): Restricted Cash". This update addresses the classification and presentation of changes in restricted cash on the statement of cash flows under Topic 230, Statement of Cash Flows. The amendments are effective for public business entities for fiscal years beginning after December 15, 2017, and interim periods within those fiscal years. Retrospective transition method is required. Early adoption is permitted for all entities. The Company currently presents changes in restricted cash and cash equivalents depending on the nature of the cash flow within the consolidated statement of cash flows. The new guidance will not impact financial results, but will result in a change in the presentation of restricted cash and cash equivalents within the statement of cash flows. The Company currently plans to adopt this guidance from January 1, 2018.

In August 2016, FASB issued ASU 2016-15, "Statement of Cash Flows: Classification of Certain Cash Receipts and Cash Payments". This update addresses eight specific cash flow issues with the objective of reducing the existing diversity in practice. The amendments are effective for public business entities for fiscal years beginning after December 15, 2017, and interim periods within those fiscal years. Early adoption is permitted for all entities. This update was adopted as from January 1, 2018 and applied on a retrospective basis. The Company has assessed each of the eight specific presentation issues and the adoption of this ASU does not have a material impact on the Company's consolidated financial statements.

In June 2016, FASB issued ASU 2016-13, "Financial Instruments-Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments." This standard requires entities to measure all expected credit losses of financial assets held at a reporting date based on historical experience, current conditions, and reasonable and supportable forecasts in order to record credit losses in a more timely matter. ASU 2016-13 also amends the accounting for credit losses on available-for-sale debt securities and purchased financial assets with credit deterioration. The standard is effective for interim and annual reporting periods beginning after December 15, 2019, although early adoption is permitted for interim and annual periods beginning after December 15, 2018. The Company is currently assessing the impact that adopting this new accounting guidance will have on its consolidated financial statements.

In February 2016, FASB issued ASU 2016-02, "Leases (Topic 842)". ASU 2016-02 will apply to both capital (or finance) leases and operating leases. According to ASU 2016-02, lessees will be required to recognize assets (right of use) and liabilities (lease liabilities) on the balance sheet for both types of leases, capital (or finance) leases and operating leases, with terms greater than 12 months. ASU 2016 – 02 is effective for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years. Early application is permitted. This guidance requires companies to identify lease and non-lease components of a lease agreement. Lease components relate to the right to use the leased asset and non-lease components relate to payments for goods or services that are transferred separately from the right to use the underlying asset. Total lease consideration is allocated to lease and non-lease components on a relative standalone basis. The recognition of revenues related to lease components will be governed by ASC 842 while revenue related to non-lease components will be subject to ASC 606.

In January 2018, the FASB issued a proposed amendment to ASU 842, Leases, that would provide an entity the optional transition method to initially account for the impact of the adoption with a cumulative adjustment to accumulated deficit on the effective date of the ASU, January 1, 2019 rather than January 1, 2017, which would eliminate the need to restate amounts presented prior to January 1, 2019. In addition, this proposed amendment, lessors can elect, as a practical expedient, not to allocate the total consideration to lease and non-lease components based on their relative standalone selling prices. If adopted, this practical expedient will allow lessors to elect a combined single lease component presentation if (i) the timing and pattern of the revenue recognition of the combined single lease component is the same, and (ii) the related lease component and, the combined single lease component would be classified as an operating lease. ASC 842 provides practical expedients that allow entities to not (i) reassess whether any expired or existing contracts are considered or contain leases; (ii) reassess the lease classification for any expired or existing leases; and (iii) reassess initial direct costs for any existing leases.

On March 28, the FASB tentatively approved the new practical expedient for lessors adopting the new leases standard.

The Company plans to early adopt the requirements of ASU 842, Leases, effective from January 1, 2018 and will elect the use of the practical expedients. Also, the Company plans to elect the transition method for adoption as described above.

The Company is continuing its assessment of this ASU. Based on a preliminary assessment, the Company is expecting that the adoption will not have a material effect on its financial statements since the Company is primarily a lessor and the changes are fairly minor. If the proposed practical expedient mentioned above will be adopted and elected, and therefore good and services embedded in the charter contract that qualify as non-lease components will be combined under a single lease component presentation. However, without the proposed practical expedient, the Company expects that it will continue to recognize the lease revenue component using an approach that is substantially equivalent to existing guidance. The components of the charter hire that are categorized as lease components will generally be a fixed rate per day with revenue recognized straight line over the lease contract. Other goods and services that are categorized as non-lease components will be recognized at either a point in time or over time based on the pattern of transfer of the underlying goods or services to our charterers.

The Company is continuing its assessment of other miscellaneous leases and may identify additional impacts this guidance will have on its consolidated financial statements and disclosures. The Company currently does not have any other miscellaneous leases that are greater than 12 months and the Company is the lessee that would be impacted by the adoption of this standard.

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

In May 2014, FASB issued ASU 2014-09, "Revenue from Contracts with Customers", clarifying the method used to determine the timing and requirements for revenue recognition on the statements of income. Under the new standard, an entity must identify the performance obligations in a contract, the transaction price and allocate the price to specific performance obligations to recognize the revenue when the obligation is completed. The amendments in this update also require disclosure of sufficient information to allow users to understand the nature, amount, timing and uncertainty of revenue and cash flow arising from contracts. In August 2015, the FASB issued ASU 2015-14 which deferred the effective date of ASU 2014-09 for all entities by one year. The standard will be effective for public entities for annual reporting periods beginning after December 15, 2017 and interim periods therein. The Company will adopt the standard as of January 1, 2018 utilizing the modified retrospective approach and is expecting that the adoption will not have an effect on its financial statements since the Company has chartered its vessels since inception in time charter agreements and in this respect revenue is accounted under ASC 840 Leases. The Company also operates certain of its vessels under voyage contracts, contracts for which currently revenue is recognized ratably from when a vessel becomes available for loading to the completion of the discharge of the current cargo, provided an agreed non-cancelable charter between the Company and the charterer is in existence. Upon adoption, the Company will recognize revenue ratably from the vessel's arrival at the loading port, as applicable under the contract, to when the charterer's cargo is discharged as well as defer costs that meet the definition of "costs to fulfill a contract" and relate directly to the contract. The estimated impact of the adoption of this standard is expected to be a minimal change in operating revenues and expenses and net income/ (loss).

Item 6. *Directors, Senior Management and Employees*

A. Directors and Senior Management

Set forth below are the names, ages and positions of Navios Acquisition's directors, executive officers and key employees.

Name	Age	Position
Angeliki Frangou	52	Chairman, Chief Executive Officer and Director
Leonidas Korres	42	Chief Financial Officer
Vasiliki Papaefthymiou	49	Secretary
Anna Kalathakis	47	Director, Senior Vice President — Legal Risk Management
George Galatis	54	Director
Brigitte Noury	71	Director
Ted C. Petrone	62	Director
Nikolaos Veraros, CFA	47	Director
Eleni Warren	68	Director

Angeliki Frangou has been our Chairman and Chief Executive Officer since our inception. Ms. Frangou has also been Chairman and CEO of Navios Maritime Holdings Inc. (NYSE: NM) — our sponsor — since August 2005. In addition, Ms. Frangou has been the Chairman and Chief Executive Officer of Navios Maritime Partners L.P. (NYSE: NMM), an affiliated limited partnership, since August 2007, the Chairman and Chief Executive Officer of Navios Maritime Midstream Partners L.P. (NYSE: NAP), an affiliated limited partnership, since October 2014 and the Chairman and Chief Executive Officer of Navios Maritime Containers Inc (N-OTC: NMCI), an affiliated corporation since April, 2017. Ms. Frangou has been the Chairman of the Board of Directors of Navios South American Logistics Inc. since its inception in December 2007. Previously, Ms. Frangou served as Chairman, Chief Executive Officer and President of International Shipping Enterprises Inc., which acquired Navios Holdings. From 1990 until August 2005, Ms. Frangou was the Chief Executive Officer of Maritime Enterprises Management S.A. and its predecessor company, which specialized in the management of dry cargo vessels. Ms. Frangou is the non-executive Chairman of IRF European Finance Investments Ltd., listed on the SFM of the London Stock Exchange. Ms. Frangou is Member of the Board of the United Kingdom Mutual Steam Ship Assurance Association (Bermuda) Limited, Vice Chairman of China Classification Society Mediterranean Committee, a member of the International General Committee and of the Hellenic and Black Sea Committee of Bureau Veritas, as well as a member of Greek Committee of Nippon Kaiji Kyokai. Since March 2016, Ms. Frangou is a Member of the DNV GL Greek National Committee. Since May 2014, Ms. Frangou has been a Member of the Board of The Hellenic Mutual War Risks Association (Bermuda) Limited. Since February 2015, Ms. Frangou has been a Member of the Board of the Union of Greek Shipowners. Since October 2015, Ms. Frangou has been a Member of the Board of Trustees of Fairleigh Dickinson University. Since July 2013, Ms. Frangou has been a Member of the Board of Visitors of the Columbia University School of Engineering and Applied Science. Ms. Frangou received a bachelor's degree in Mechanical Engineering, *summa cum laude*, from Fairleigh Dickinson University and a master's degree in Mechanical Engineering from Columbia University.

Leonidas Korres has been our Chief Financial Officer since April 2010, and previously our Senior Vice President for Business Development from January 2010. Mr. Korres served as the Special Secretary for Public Private Partnerships in the Ministry of Economy and Finance of the Hellenic Republic from October 2005 until November 2009. Prior to that, from April 2004 to October 2005, Mr. Korres served as Special Financial Advisor to the Minister of Economy and Finance of the Hellenic Republic and as liquidator of the Organizational Committee for the Olympic Games Athens 2004 S.A. From 2001 to 2004, Mr. Korres worked as a senior financial advisor for KPMG Corporate Finance. From October 2007 until January 2010, Mr. Korres was a member of the board of directors of Navios Partners. From May 2003 to December 2006, Mr. Korres was Chairman of the Center for Employment and Entrepreneurship, a non-profit company. From June 2008 until February 2009, Mr. Korres served as a board member and audit committee member of Hellenic Telecommunications Organization S.A. (trading on the Athens and New York Stock Exchanges). From June 2004 until November 2009, Mr. Korres served on the board of Hellenic Olympic Properties S.A., which was responsible for operating the Olympic venues. Mr. Korres earned his bachelor's degree in Economics from the Athens University of Economics and Business and his master's degree in Finance from the University of London.

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

Anna Kalathakis has been a member of our Board of Directors and Senior Vice President — Legal Risk Management since May 2010. Ms. Kalathakis has been Chief Legal Risk Officer since November 2012 and Senior Vice President — Legal Risk Management of Navios Holdings from December 2005 until October 2012. Before joining Navios Holdings, Ms. Kalathakis was the General Manager of the Greek office of A Bilbrough & Co. Ltd. (Managers of the London Steam-Ship Owners' Mutual Insurance Association Limited, the "London P&I Club") and an Associate Director of the London P&I Club where she gained experience in the handling of liability and contractual disputes in both the dry and tanker shipping sectors (including collisions, oil pollution incidents, groundings, etc.). She previously worked for a U.S. maritime law firm in New Orleans, having qualified as a lawyer in Louisiana in 1995, and also served in a similar capacity for a London maritime law firm. She qualified as a solicitor in England and Wales in 1999 and was admitted to the Piraeus Bar in Greece, in 2003. She received a bachelor's degree in International Relations from Georgetown University and holds a master of business administration degree from European University in Brussels and a juris doctor degree from Tulane Law School.

George Galatis has served as a member of our Board of Directors since July 2010. He is currently the Executive Vice President — Product Development at Demo Pharmaceutical Industry having served as a Senior Vice President — Project Development since 1999. Mr. Galatis also served as a technical manager in Pharmaceutical Industry Projects at Telos Consulting Ltd. of London from 1994 to 1999. Previously, Mr. Galatis served as an engineer, technical manager and product manager at various shipping companies in the United States and the U.K. Mr. Galatis is a mechanical engineer and holds a bachelor's degree in Mechanical Engineering and master's degree in robotics from the University of Newcastle upon Tyne. Mr. Galatis is also a member of our Nominating Committee and is an independent director.

Brigitte Noury has been a member of our Board of Directors since May 2010. Ms. Noury served from March 2002 until December 2009 as Director of Corporate & Investment Banking Asset & Recovery Management — Europe for Societe Generale. She also served from June 1989 until February 2002 as Head of Shipping at Societe Generale. In addition, she served as Vice President — Shipping at Banque Indosuez from 1987 to 1989. Before that Ms. Noury served as Financial Controller at Banque Internationale pour l'Afrique Occidentale (later acquired by BNP Paribas). Ms. Noury received a master's degree in Economic Sciences and a diploma in Business Administration from the University of Dijon. Ms. Noury is also a member of our Audit Committee and Nominating Committee and is an independent director.

Ted C. Petrone has been a member of our Board of Directors since our inception and was our President from our inception until December 2014. He has also been a director of Navios Holdings since May 2007, and served as President of Navios Corporation from September 2006 until December 2014. He currently serves as Navios Corporation's Vice Chairman, a position he has held since December 2014. Mr. Petrone has served in the maritime industry for 40 years, 36 of which he has spent with Navios Holdings. After joining Navios Holdings as an assistant vessel operator, Mr. Petrone worked there in various operational and commercial positions. Mr. Petrone was previously responsible for all the aspects of the daily commercial activity, encompassing the trading of tonnage, derivative hedge positions and cargoes. Mr. Petrone graduated from New York Maritime College at Fort Schuyler with a bachelor in science degree in maritime transportation. He has also served aboard U.S. Navy (Military Sealift Command) tankers.

Nikolaos Veraros, CFA, has been a member of our Board of Directors since June 2008. Mr. Veraros has over 18 years of experience in shipping finance and currently serves as a financial consultant to various shipping companies. He has also worked as a senior equity analyst for National Securities, S.A., a subsidiary of National Bank of Greece. Mr. Veraros is a Chartered Financial Analyst (CFA), a Certified Market Maker for Derivatives in the Athens Stock Exchange, and a Certified Analyst from the Hellenic Capital Market Commission. He is currently part time lecturer of shipping finance at King's College of the University of London. Mr. Veraros received his bachelor of science degree in business administration from the Athens University of Economics and Business, from which he graduated as valedictorian, and his master of business administration degree in Finance and Accounting from the William E. Simon Graduate School of Business Administration at the University of Rochester. Mr. Veraros is also the Chairman of our Audit Committee and is an independent director.

Eleni Warren has served as a member of our Board of Directors since June 2017. She is a lawyer by training with more than 35 years of experience in banking and financial services. Mrs. Warren joined V&P Law Firm (the predecessor to the firm now known as PPT Legal) in 1986, where she was partner from 2011 until April 2017. From 1986 Mrs. Warren was in-house legal advisor of Credit Commercial de France S.A., Athens. She was also the head of the Compliance Department of that bank for several years, overseeing compliance with the basic principles and criteria applicable to credit and financial institutions supervised by the Bank of Greece and with the internal rules applied by the Head Office of HSBC France (ex Credit Commercial de France S.A.). From 1981 to 2017, Mrs. Warren was a member of the Athens Bar. She obtained her law degree from the Law School of the University of Athens and also holds a bachelor degree in Political Sciences from Athens Pantion University. Mrs. Warren is an independent director.

B. Compensation

Compensation

Our independent directors are entitled to receive $50,000 in cash per year, from the respective start of their service on our Board of Directors. Ms. Frangou receives a fee of $150,000 per year for acting as a director and as our Chairman of the Board. No other executive officer has received any cash compensation for services rendered.

For the year ended December 31, 2017 the compensation paid, in the aggregate, to our executive officers and directors was $0.4 million.

In December 2017, Navios Acquisition authorized and issued, in the aggregate, 1,774,915 restricted shares of common stock, to its directors and officers. These awards of restricted common stock are based on service conditions only and vest over four years.

In October 2013, Navios Acquisition authorized and issued, in the aggregate, 2,100,000 restricted shares of common stock and options to purchase 1,500,000 shares of common stock, having an exercise price of $3.91 per share, to its directors and/or officers. These awards of restricted common stock and stock options are based on service conditions only and vest over three years.

There were 1,774,915 Shares of restricted common stock that were outstanding and not vested as of December 31, 2017.

In December 2016 and during 2017, the Compensation Committee of Navios Acquisition authorized and approved an aggregate cash payment of $2.8 million subject to fulfillment of certain service conditions that were provided and completed during 2017 and an additional $1.8 million to the directors and/or officers of the Company subject to fulfillment of certain service conditions in 2018. As of December 31, 2017 and 2016 an accrued amount of $1.7 million and $0.8 million is included in accrued legal and professional fees. The total amount of $2.8 million, $4.0 million and $2.8 million was recorded in general and administrative expenses on the statements of income for the years ended December 31, 2017, 2016 and 2015, respectively.

C. Board Practices

Board Classes

Our Board of Directors is divided into three classes with only one class of directors being elected in each year and each class serving a three-year term. The term of office of the first class of directors, currently consisting of George Galatis Brigitte Noury, and Eleni Warren, will expire at our 2018 annual meeting of stockholders. The term of office of the second class of directors, consisting of Ted C. Petrone and Nikolaos Veraros, will expire at our 2019 annual meeting of stockholders. The term of office of the third class of directors, consisting of Angeliki Frangou and Anna Kalathakis, will expire at our 2020 annual meeting of stockholders, as their term was renewed for three years at our 2017 annual meeting.

Director Independence

Our Board of Directors has determined that Messrs. Veraros, Galatis, Ms. Noury and Ms. Warren are "independent directors" as defined in the NYSE listing standards and Rule 10A-3 of the Exchange Act. We will always seek to have a board of directors comprising of a majority of independent directors.

Board committees

Our Board of Directors has an audit committee, a nominating committee and a compensation committee. Our Board of Directors has adopted a charter for the audit committee as well as a code of conduct and ethics that governs the conduct of our directors and officers. From time to time the Board may create special committees to address particular situations or transactions, such as potential conflict of interest transactions that may arise with our affiliated companies. The members' duration and powers of any special committee will be as established by the Board as appropriate for the particular situation or transaction.

Audit committee

Our audit committee consists of Mr. Veraros, Mr. Galatis and Ms. Noury. Each member of our audit committee is financially literate under the current listing standards of the NYSE, and our Board of Directors has determined that Mr. Veraros qualifies as an "audit committee financial expert," as such term is defined by SEC rules.

The audit committee reviews the professional services and independence of our independent registered public accounting firm and our accounts, procedures and internal controls. The audit committee also selects our independent registered public accounting firm, reviews and approves the scope of the annual audit, reviews and evaluates with the independent public accounting firm our annual audit and annual consolidated financial statements, reviews with management the status of internal accounting controls, evaluates problem areas having a potential financial impact on us that may be brought to the committee's attention by management, the independent registered public accounting firm or the board of directors, and evaluates all of our public financial reporting documents.

Any expense reimbursements payable to members of our audit committee are reviewed and approved by our Board of Directors, with the interested director or directors abstaining from such review and approval.

Nominating committee

A nominating committee of the board of directors has been established, which consists of Messrs. Veraros, Galatis, and Ms. Noury, each of whom is an independent director. The nominating committee is responsible for overseeing the selection of persons to be nominated to serve on our Board of Directors. The nominating committee considers persons identified by its members, management, stockholders, investment bankers and others.

Compensation committee

The board of directors has established a compensation committee of two independent directors, Mr. Veraros, who serves as Chairman, and Mr. Galatis. The compensation committee is governed by a written charter, which was approved by the board of directors. The compensation committee is responsible for reviewing and approving the compensation of the Company's executive officers, for establishing, reviewing and evaluating, in consultation with senior management, the long-term strategy of employee compensation and approving any material change to existing compensation plans.

Code of conduct and ethics

We have adopted a code of conduct and ethics applicable to our directors and officers in accordance with applicable federal securities laws and the rules of the NYSE.

Conflicts of Interest

Stockholders and potential investors should be aware of the following potential conflicts of interest:

- None of our officers and directors is required to commit their full time to our affairs and, accordingly, they will have conflicts of interest in allocating management time among various business activities, including those related to Navios Holdings, Navios Partners, Navios Midstream and Navios Containers.
- Each of our directors has, or may come to have other fiduciary obligations. Angeliki Frangou, our Chairman and Chief Executive Officer, is the Chairman and Chief Executive Officer of Navios Holdings, Navios Partners, Navios Midstream and Navios Containers. In addition, Ms. Frangou is the Chairman of the board of directors of IRF European Finance Investments, Ltd. Ted C. Petrone, a member of our Board of Directors, is the vice chairman of Navios Corporation, a subsidiary of Navios Holdings. Mr. Veraros is a senior analyst at Investments & Finance, Ltd., an investment banking firm specializing in the shipping industry. Ms. Kalathakis is Chief Legal Risk Officer of Navios Holdings.
- We entered a Management Agreement, initially set to expire on May 28, 2015, with a subsidiary of Navios Holdings, pursuant to which such subsidiary provides certain commercial and technical ship management services for a fixed daily fee. In May 2014, Navios Acquisition extended the duration of its existing Management Agreement with Navios Holdings, until May 2020 for fixed daily fees.
- Pursuant to an amendment to the Management Agreement dated as of May 19, 2016, Navios Acquisition fixed the fees for commercial and technical ship management services of its fleet for two additional years from May 29, 2016, through May 2018, at a daily fee of: (a) $6,350 per MR2 product tanker and chemical tanker vessel; (b) $7,150 per LR1 product tanker vessel; and (c) $9,500 per VLCC.
- We entered into an Administrative Services Agreement with Navios Holdings, initially set to expire on May 28, 2015, pursuant to which a subsidiary of Navios Holdings provides certain administrative management services to Navios Acquisition which include: bookkeeping, audit and accounting services, legal and insurance services, administrative and clerical services, banking and financial services, advisory services, client and investor relations and other services. Navios Holdings is reimbursed for reasonable costs and expenses incurred in connection with the provision of these services. In May 2014, the duration of its existing Administrative Services Agreement was extended until May 2020 pursuant to its existing terms.
- On September 19, 2016, Navios Acquisition entered into a $70.0 million secured loan facility with Navios Holdings. The loan facility is secured by all of Navios Holdings' interest in Navios Acquisition and 78.5% of Navios Holdings' interest in Navios Logistics, representing a majority of the shares outstanding of Navios Logistics. On November 3, 2017, Navios Holdings prepaid in full the outstanding amount of $55.1 million.

Please see "Item 5.B. Liquidity and Capital Resources and Uses".

We have not adopted a policy that expressly prohibits our directors, officers, security holders or affiliates from having a direct or indirect pecuniary interest in any investment to be acquired or disposed of by us or in any transaction to which we are a party or have an interest. Nor do we have a policy that expressly prohibits any such persons from engaging for their own account in business activities of the types conducted by us. Accordingly, such parties may have an interest in certain transactions in which we are involved, and may also compete with us.

We cannot assure you that any of the above mentioned conflicts will be resolved in our favor.

Navios Holdings has a significant ownership interest in us. As a result of Navios Holdings' significant ownership stake in us and our common management, there are certain potential conflicts of interest, including potential competition as to acquisition targets and, after an acquisition has been consummated, potential competition and business relationships with each other.

All ongoing and future transactions between us and any of our officers and directors or their respective affiliates, including Navios Holdings, will be on terms believed by us to be no less favorable than are available from unaffiliated third parties, and such transactions will require prior approval, in each instance, by a unanimous vote of our disinterested "independent" directors or the members of our board who do not have an interest in the transaction.

Please see “Item 7. Major Stockholders and Related Party Transactions.”

Facilities

We do not own any real estate or other physical property. Our principal executive office is located at 7 Avenue de Grande Bretagne, Office 11B2, Monte Carlo, MC 98000 Monaco.

D. Employees

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

The Manager crews its vessels primarily with Greek, Filipino, Romanian, Russian, Ukrainian and Croatian officers and Filipino seamen. The Manager is responsible for selecting its Greek officers. For other nationalities, officers and seamen are referred to us by local crewing agencies. Navios Acquisition requires that all of its seamen have the qualifications and licenses required to comply with international regulations and shipping conventions.

Navios Holdings also provides on-shore advisory, operational and administrative support to us pursuant to service agreements. Please see “Item 7. Major Stockholders and Related Party Transactions.”

E. Share Ownership

The following table sets forth certain information regarding beneficial ownership, based on 147,086,141 shares of common stock outstanding as of March 31, 2018, of our common stock held by Navios Holdings, each of our officers and directors (who own in excess of 1% of our outstanding shares of common stock) and by all of our directors and officers as a group. The information is not necessarily indicative of beneficial ownership for any other purposes.

Unless otherwise indicated, we believe that all persons named in the table have sole voting and investment power with respect to all shares of common stock beneficially owned by them.

Name and Address of Beneficial Owner(1)	Amount of Beneficial Ownership	Percentage of Common Stock
Navios Maritime Holdings Inc.(2)	65,301,220(2)	44.4%
Angeliki Frangou(3)	6,597,543	4.4%
All of our officers and directors as a group(3)	7,410,716	4.99%

No other director or executive officer owns greater than 1% of our common stock.

(1) Unless otherwise indicated, the business address of each of the individuals is c/o Navios Maritime Holdings Inc., 7 Avenue de Grande Bretagne, Office 11B2, Monte Carlo, MC 98000 Monaco.

(2) Navios Holdings is a U.S. public company controlled by its board of directors, which consists of the following seven members: Angeliki Frangou (our Chairman and Chief Executive Officer), Vasiliki Papaefthymiou, Shunji Sasada, Spyridon Magoulas, John Stratakis, Stathis Loizos and George Malanga. Shares of common stock are beneficially owned through Alpha Merit Corporation, a wholly-owned subsidiary of Navios Holdings.

(3) Includes 1,502,628 shares held by Amadeus Maritime S.A. that may be deemed to be beneficially owned by Ms. Frangou and 1,500,000 options vested but not yet exercised.

Item 7. *Major Stockholders and Related Party Transactions*

A. Major Stockholders

The following table sets forth the beneficial ownership of our common stock by each person we know to beneficially own more than 5% of our common stock based upon 147,086,141 shares of common stock outstanding as of March 31, 2018 and the amounts and percentages as are contained in the public filings of such persons and based on knowledge of the Company. The number of shares of common stock beneficially owned by each person is determined under SEC rules and the information is not necessarily indicative of beneficial ownership for any other purpose. Under SEC rules, a person beneficially owns any units as to which the person has or shares voting or investment power. In addition, a person beneficially owns any shares of common stock that the person or entity has the right to acquire as of April 2, 2018 through the exercise of any right. All of the stockholders, including the stockholders listed in this table, are entitled to one vote per share of common stock held.

Name of Beneficial Owner	Amount of Beneficial Ownership	Percentage of Common Stock
Navios Maritime Holdings Inc.(1)	65,301,220(4)	44.4%
A. Lawrence Carroll Trust(2)	14,325,000	9.7%
Invesco Ltd. (3)	7,527,166	5.1%

(1) The business address of the reporting person is offices at 7 Avenue de Grande Bretagne, Office 11B2, Monte Carlo, MC 98000 Monaco. The foregoing information was derived from a Schedule 13D/A filed with the SEC on November 28, 2017.

(2) The business address of the reporting person is 415 L'Ambiance Drive, #804, Longboat Key, FL 34228. The foregoing information was derived from a schedule 13G/A filed with the SEC on February 2, 2018.

(3) The business address of the reporting person is 1555 Peachtree Street NE, Suite 1800, Atlanta, GA 30309. The foregoing information was derived from a Schedule 13G filed with the SEC on February 14, 2018.

(4) Beneficially owned through Alpha Merit Corporation, a wholly-owned subsidiary of Navios Holdings.

B. Related Party Transactions

Stock options and restricted shares

In October 2013, Navios Acquisition authorized and issued to its directors in the aggregate of 2,100,000 restricted shares of common stock and options to purchase 1,500,000 shares of common stock having an exercise price of $3.91 per share and an expiration term of 10 years. These awards of restricted common stock and stock options are based on service conditions only and vest ratably over a period of three years (33.33% each year). The holders of restricted stock are entitled to dividends paid on the same schedule as paid to the common stockholders of the company. The fair value of restricted stock was determined by reference to the quoted stock price on the date of grant of $3.99 per share (or total fair value of $8.4 million).

The fair value of stock option grants was determined with reference to the option pricing model, and principally adjusted Black-Scholes models, using historical volatility, historical dividend yield, zero forfeiture rate, risk free rate equal to 10-year U.S. treasury bond and the simplified method for determining the expected option term since the Company did not have sufficient historical exercise data upon which to have a reasonable basis to estimate the expected option term. The fair value of stock options was calculated at $0.79 per option (or $1.2 million). Compensation expense is recognized based on a graded expense model over the vesting period of three years from the date of the grant.

The effect of compensation expense arising from the stock based arrangements described above amounted to $0, $0.9 million and $2.4 million for the years ended December 31, 2017, 2016 and 2015, respectively, and was reflected in general and administrative expenses on the statements of income. The recognized compensation expense for the year was presented as an adjustment to reconcile net income to net cash provided by operating activities on the statements of cash flows.

On October 24, 2016, 2015 and 2014, 700,005, 700,001 and 699,994 shares of restricted stock, respectively, were vested.

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

The weighted average contractual life of stock options outstanding as of December 31, 2017 was 5.8 years.

In December 2017, Navios Acquisition authorized and issued in the aggregate 1,774,915 restricted shares of common stock to its directors and officers. These awards of restricted common stock are based on service conditions only and vest over four years, starting in December 2018.

The holders of restricted stock are entitled to dividends paid on the same schedule as paid to the stock holders of the company. The fair value of restricted stock is determined by reference to the quoted stock price on the date of grant of $1.18 per share (or total fair value of $2.1 million).

Compensation expense is recognized based on a graded expense model over the vesting period.

The effect of compensation expense arising from the stock-based arrangements described above amounts to $0.06 million, as of December 31, 2017, and it is reflected in general and administrative expenses on the statement of operations. The recognized compensation expense for the year is presented as adjustment to reconcile net (loss)/ income to net cash provided by operating activities on the statements of cash flows.

The estimated compensation cost relating to service conditions of non-vested restricted stock, not yet recognized was $2.0 million as of December 31, 2017 and is expected to be recognized over the weighted average contractual life of stock options of 4.0 years.

Navios Midstream

In November 2014, Navios Midstream, a Company formed as a subsidiary of the Company, completed an IPO of its units in the United States and is listed on the NYSE.

In connection with the IPO of Navios Midstream, the Company sold all of the outstanding shares of capital stock of four of its vessel-owning subsidiaries (Shinyo Ocean Limited, Shinyo Kannika Limited, Shinyo Kieran Limited and Shinyo Saowalak Limited) in exchange for: (i) all of the net proceeds from the IPO amounting to $110.4 million; (ii) $104.5 million of the $126.0 million borrowings under Navios Midstream's credit facility with Credit Suisse; (iii) 9,342,692 subordinated units and 1,242,692 common units; and (iv) 381,334 general partner units, representing a 2.0% general partner interest in Navios Midstream, and all of the incentive distribution rights in Navios Midstream to the Navios Midstream General Partner.

Following the IPO, the Company concluded that it does not hold a controlling financial interest in Navios Midstream and deconsolidated the vessels sold as of the IPO date. (See Note 8, "Investment in affiliates").

On June 18, 2015, Navios Midstream exercised its option to acquire the shares of the vessel-owning subsidiaries of the Nave Celeste and the C. Dream from Navios Acquisition for an aggregate sale price of $100.0 million. The sale price consisted of $73.0 million cash consideration and the issuance of 1,592,920 Subordinated Series A Units to Navios Acquisition. The gain on sale of vessels which was recognized in the Company's statement of income for the year ended December 31, 2015 amounted to $5.8 million.

Participation in offerings of affiliates

On July 29, 2016, Navios Midstream launched a continuous public offering of its common units for an aggregate offering of up to $25.0 million (Refer also to Note 8 "Investment in affiliates").

On September 30, 2016, December 30, 2016, February 16, 2017 and May 5, 2017 Navios Acquisition entered into securities purchase agreements with Navios Midstream pursuant to which Navios Acquisition made an investment in Navios Midstream by purchasing 5,655, 1,143, 6,446 and 412 general partnership interests, respectively, for an aggregate consideration of $0.2 million in order to maintain its 2.0% partnership interest in Navios Midstream in light of such continuous offering sales program.

The Company determined, under the equity method, that the issuance of common units of Navios Midstream qualified as a sale of shares by the investee. As a result, a net loss of $0.05 million and $0.2 million was recognized in "Equity/ (loss) in net earnings of affiliated companies" for the years ended December 31, 2017 and December 31, 2016, respectively.

The Navios Holdings Credit Facilities

On September 19, 2016, Navios Acquisition entered into a $70.0 million secured loan facility with Navios Holdings. The loan facility is secured by all of Navios Holdings' interest in Navios Acquisition and 78.5% of Navios Holdings' interest in Navios South American Logistics Inc. "Navios Logistics", representing a majority of the shares outstanding of Navios Logistics. The secured loan facility provided for an arrangement fee of $0.7 million, is available for up to five drawings and has a fixed interest rate of 8.75% with a maturity date of November 15, 2018. On November 3, 2017, Navios Holdings prepaid in full the outstanding amount with a payment of $55.1 million. The prepayment amount consisted of the $50.0 million drawn under the facility and $5.1 million of accrued interest. As of December 31, 2017 and December 31, 2016, the outstanding receivable balance of $0 and $50.7 million, respectively, consisted of the drawdown of $50.0 million on September 20, 2016 net of the arrangement fee, upon deduction of the applicable expenses for the origination of the loan facility and the accrued interest of $1.2 million, respectively, included in the consolidated balance sheets under "Due from related parties, long-term". The arrangement fee was deferred and amortized using the effective interest rate method.

Total interest income, including amortization of deferred fees, for the year ended December 31, 2017 and December 31, 2016 amounted to $4.5 million and $1.3 million, respectively.

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

On November 11, 2014, Navios Acquisition entered into a short term credit facility with Navios Holdings pursuant to which Navios Acquisition may borrow up to $200.0 million for general corporate purposes. The loan provided for an arrangement fee of $4.0 million and bore a fixed interest of 600 bps. On November 13, 2014, the Company drew an amount of $169.7 million from the facility. The facility matured and was fully repaid by December 29, 2014.

In 2010, Navios Acquisition entered into a $40.0 million credit facility with Navios Holdings, which matured in December 2015. The facility was available for multiple drawings up to a limit of $40.0 million and had a margin of LIBOR plus 300 basis points. As of its maturity date, December 31, 2015, all amounts drawn had been fully repaid.

The Management Agreement

We have entered into Management Agreement with the Manager, pursuant to which the Manager provides certain commercial and technical ship management services to us. These services will be provided in a commercially reasonable manner in accordance with customary ship management practice and under our direction. The Manager will provide these services to us directly but may subcontract for certain of these services with other entities, including other Navios Holdings subsidiaries.

The commercial and technical management services will include:

- *the commercial and technical management of vessels*: managing day-to-day vessel operations including negotiating charters and other employment contracts for the vessels and monitoring payments thereunder, ensuring regulatory compliance, arranging for the vetting of vessels, procuring and arranging for port entrance and clearance, appointing counsel and negotiating the settlement of all claims in connection with the operation of each vessel, appointing adjusters and surveyors and technical consultants as necessary, and providing technical support;
- *vessel maintenance and crewing*: including the supervision of the maintenance and general efficiency of vessels and ensuring the vessels are in seaworthy and good operating condition, arranging our hire of qualified officers and crew, arranging for all transportation, board and lodging of the crew, negotiating the settlement and payment of all wages; and
- *purchasing and insurance*: purchasing stores, supplies and parts for vessels, arranging insurance for vessels (including marine hull and machinery insurance, protection and indemnity insurance and war risk and oil pollution insurance).

Pursuant to the Management Agreement dated May 28, 2010 as amended on May 4, 2012, a subsidiary of Navios Holdings provided for five years from the closing of the Company's initial vessel acquisition, commercial and technical management services to Navios Acquisition's vessels for a daily fee through May 28, 2014. This daily fee covered all of the vessels' operating expenses, other than certain fees and costs. Dry docking expenses were fixed for the first four years under this agreement for up to $0.3 million per LR1 and MR2 product tanker vessel and were reimbursed at cost for VLCC vessels.

In May 2014, Navios Acquisition extended the duration of its existing Management Agreement with Navios Holdings until May 2020 and fixed the fees for ship management services of its owned fleet for two additional years through May 2016 at same as previous rates for product tanker and chemical tanker vessels, being $6,000 daily rate per MR2 product tanker and chemical tanker vessel and $7,000 daily rate per LR1 product tanker vessel and reduced the rate by 5% to $9,500 daily rate per VLCC vessel. Dry docking expenses under this Management Agreement are reimbursed at cost for all vessels.

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

Total management fees for each of the years ended December 31, 2017, 2016 and 2015 amounted to $95.0 million, $97.9 million and $95.3 million, respectively.

The Management Agreement may be terminated prior to the end of its term by us upon 120-days' notice if there is a change of control of the Manager or by the Manager upon 120-days' notice if there is a change of control of Navios Acquisition. In addition, the Management Agreement may be terminated by us or by the Manager upon 120-days' notice if:

- the other party breaches the agreement;
- a receiver is appointed for all or substantially all of the property of the other party;
- an order is made to wind up the other party;
- a final judgment or order that materially and adversely affects the other party's ability to perform the Management Agreement is obtained or entered and not vacated or discharged; or
- the other party makes a general assignment for the benefit of its creditors, files a petition in bankruptcy or liquidation or commences any reorganization proceedings.

Furthermore, at any time after the first anniversary of the Management Agreement, the Management Agreement may be terminated prior to the end of its initial term by us or by the Manager upon 365-days' notice for any reason other than those described above.

In addition to the fixed daily fees payable under the Management Agreement, the Management Agreement provides that the Manager will be entitled to reasonable supplementary remuneration for extraordinary fees and costs resulting from:

- time spent on insurance and salvage claims;
- time spent vetting and pre-vetting the vessels by any charterers in excess of 10 days per vessel per year;
- the deductible of any insurance claims relating to the vessels or for any claims that are within such deductible range;
- the significant increase in insurance premiums which are due to factors such as "acts of God" outside the control of the Manager;
- repairs, refurbishment or modifications, including those not covered by the guarantee of the shipbuilders or by the insurance covering the vessels, resulting from maritime accidents, collisions, other accidental damage or unforeseen events (except to the extent that such accidents, collisions, damage or events are due to the fraud, gross negligence or willful misconduct of the Manager, its employees or its agents, unless and to the extent otherwise covered by insurance);
- expenses imposed due to any improvement, upgrade or modification to, structural changes with respect to the installation of new equipment aboard any vessel that results from a change in, an introduction of new, or a change in the interpretation of, applicable laws, at the recommendation of the classification society for that vessel or otherwise;
- costs associated with increases in crew employment expenses resulting from an introduction of new, or a change in the interpretation of, applicable laws or resulting from the early termination of the charter of any vessel;
- any taxes, dues or fines imposed on the vessels or the Manager due to the operation of the vessels;
- expenses incurred in connection with the sale or acquisition of a vessel such as inspections and technical assistance; and
- any similar costs, liabilities and expenses that were not reasonably contemplated by us and the Manager as being encompassed by or a component of the fixed daily fees at the time the fixed daily fees were determined.

Under the Management Agreement, neither we nor the Manager will be liable for failure to perform any of our or its obligations, respectively, under the Management Agreement by reason of any cause beyond our or its reasonable control.

In addition, the Manager will have no liability for any loss arising in the course of the performance of the commercial and technical management services under the Management Agreement unless and to the extent that such loss is proved to have resulted solely from the fraud, gross negligence or willful misconduct of the Manager or its employees, in which case (except where such loss has resulted from the Manager's intentional personal act or omission and with knowledge that such loss would probably result) the Manager's liability will be limited to $3.0 million for each incident or series of related incidents.

Further, under our Management Agreement, we have agreed to indemnify the Manager and its employees and agents against all actions that may be brought against them under the Management Agreement including, without limitation, all actions brought under the environmental laws of any jurisdiction, or otherwise relating to pollution or the environment, and against and in respect of all costs and expenses they may suffer or incur due to defending or settling such action; provided, however, that such indemnity excludes any or all losses which may be caused by or due to the fraud, gross negligence or willful misconduct of the Manager or its employees or agents, or any breach of the Management Agreement by the Manager.

The Administrative Services Agreement

On May 28, 2010, Navios Acquisition entered into an administrative services agreement with Navios Holdings, initially set to expire in May 2015 that was later extended until May 2020, pursuant to which Navios Holdings provides certain administrative management services to Navios Acquisition, which include bookkeeping, audit and accounting services, legal and insurance services, administrative and clerical services, banking and financial services, advisory services, client and investor relations and other services.

The Administrative Services Agreement may be terminated prior to the end of its term by us upon 120-days' notice if there is a change of control of Navios Holdings or by Navios Holdings upon 120-days' notice if there is a change of control of us. In addition, the Administrative Services Agreement may be terminated by us or by Navios Holdings upon 120-days' notice if:

- the other party breaches the agreement;
- a receiver is appointed for all or substantially all of the property of the other party;
- an order is made to wind up the other party;
- a final judgment or order that materially and adversely affects the other party's ability to perform the Administrative Services Agreement is obtained or entered and not vacated or discharged; or
- the other party makes a general assignment for the benefit of its creditors, files a petition in bankruptcy or liquidation or commences any reorganization proceedings.

Furthermore, at any time after the first anniversary of the Administrative Services Agreement, the Administrative Services Agreement may be terminated by us or by Navios Holdings upon 365-days' notice for any reason other than those described above.

The administrative services include:

- *bookkeeping, audit and accounting services*: assistance with the maintenance of our corporate books and records, assistance with the preparation of our tax returns and arranging for the provision of audit and accounting services;
- *legal and insurance services*: arranging for the provision of legal, insurance and other professional services and maintaining our existence and good standing in necessary jurisdictions;
- *administrative and clerical services*: providing office space, arranging meetings for our security holders, arranging the provision of IT services, providing all administrative services required for subsequent debt and equity financings and attending to all other administrative matters necessary to ensure the professional management of our business;
- *banking and financial services*: providing cash management including assistance with preparation of budgets, overseeing banking services and bank accounts, arranging for the deposit of funds, negotiating loan and credit terms with lenders and monitoring and maintaining compliance therewith;
- *advisory services*: assistance in complying with United States and other relevant securities laws;
- *client and investor relations*: arranging for the provision of, advisory, clerical and investor relations services to assist and support us in our communications with our security holders; and client and investor relations; and
- integration of any acquired businesses.

We will reimburse Navios Holdings for reasonable costs and expenses incurred in connection with the provision of these services within 15 days after Navios Holdings submits to us an invoice for such costs and expenses, together with any supporting detail that may be reasonably required.

Under the Administrative Services Agreement, we have agreed to indemnify Navios Holdings and its employees against all actions which may be brought against them under the Administrative Services. Agreement including, without limitation, all actions brought under the environmental laws of any jurisdiction, and against and in respect of all costs and expenses they may suffer or incur due to defending or settling such actions; provided, however, that such indemnity excludes any or all losses that may be caused by or due to the fraud, gross negligence or willful misconduct of Navios Holdings or its employees or agents.

For each of the years ended December 31, 2017, 2016 and 2015 the expense arising from administrative services rendered by Navios Holdings amounted to $9.0 million, $9.4 million and $7.6 million, respectively.

Navios Europe I

Navios Holdings, Navios Acquisition and Navios Partners have made available to Navios Europe I revolving loans up to $24.1 million to fund working capital requirements. See Note 8 for the investment in Navios Europe I.

Balance due from Navios Europe I as of December 31, 2017 amounted to $19.4 million (December 31, 2016: $12.3 million) which included the Navios Revolving Loans I of $11.8 million (December 31, 2016: $7.1 million), the non-current amount of $3.2 million (December 31, 2016: $2.2 million) related to the accrued interest income earned under the Navios Term Loans I under the caption “Due from related parties, long-term” and the accrued interest income earned under the Navios Revolving Loans I of $4.5 million (December 31, 2016: $2.9 million) under the caption “Due from related parties, short-term.”

The Navios Revolving Loans I and the Navios Term Loans I earn interest and an annual preferred return, respectively, at 12.7% per annum, on a quarterly compounding basis and are repaid from free cash flow (as defined in the loan agreement) to the fullest extent possible at the end of each quarter. There are no covenant requirements or stated maturity dates. As of December 31, 2017, there was no amount undrawn under the Navios Revolving Loans I.

Navios Europe II

Navios Holdings, Navios Acquisition and Navios Partners have made available to Navios Europe II revolving loans up to $43.5 million to fund working capital requirements. In March 2017, the availability under the Navios Revolving Loans II was increased by $14.0 million. See Note 8 for the investment in Navios Europe II.

Balance due from Navios Europe II as of December 31, 2017 amounted to $31.1 million (December 31, 2016: $16.4 million) which included the Navios Revolving Loans II of $20.7 million (December 31, 2016: $11.6 million), the non-current amount of $3.8 million (December 31, 2016: $2.1 million) related to the accrued interest income earned under the Navios Term Loans II under the caption “Due from related parties, long-term” and the accrued interest income earned under the Navios Revolving Loans II of $6.7 million (December 31, 2016: $2.7 million) under the caption “Due from related parties, short-term.”

The Navios Revolving Loans II and the Navios Term Loans II earn interest and an annual preferred return, respectively, at 18% per annum, on a quarterly compounding basis and are repaid from free cash flow (as defined in the loan agreement) to the fullest extent possible at the end of each quarter. There are no covenant requirements or stated maturity dates. As of December 31, 2017, the amount undrawn under the Navios Revolving Loans II was $15.0 million, of which Navios Acquisition may be required to fund an amount ranging from $0 to $15.0 million.

Registration Rights

Pursuant to a registration rights agreement between us and our initial stockholders entered into in connection with the IPO, the holders of the sponsor units (and the common stock and warrants comprising such units and the common stock issuable upon exercise of such warrants), the sponsor warrants (and the common stock issuable upon exercise of such warrants), the co-investment shares and such other shares of common stock purchased pursuant to the limit orders described above are entitled to three demand registration rights, “piggy-back” registration rights and short-form resale registration rights. We will bear the expenses incurred in connection with any such registration statements other than underwriting discounts or commissions for shares not sold by us. In addition, we have registered the 1,677,759 shares of common stock issued in connection with the VLCC Acquisition. The resale registration statement became effective on January 19, 2011.

In addition, in connection with the private placement of 17,702,491 shares that was completed on February 26, 2013, we have granted registration rights to Navios Holdings and certain members of the management of Navios Acquisition, Navios Holdings and Navios Partners.

In connection with the private placements of 16,438,356 shares and of 12,987,013 shares that were completed on May 21, 2013 and on September 16, 2013, respectively, we have granted registration rights to Navios Holdings.

The Acquisition Omnibus Agreement

We have entered an Acquisition Omnibus Agreement with Navios Holdings and Navios Partners. The following discussion describes certain provisions of the Acquisition Omnibus Agreement.

Noncompetition

Navios Holdings and Navios Partners agree not to acquire, charter-in or own Liquid Shipment Vessels (as hereinafter defined). For purposes of the Acquisition Omnibus Agreement, "Liquid Shipment Vessels" means vessels intended primarily for the sea going shipment of liquid products, including chemical and petroleum-based products, except for container vessels and vessels that will be employed primarily in operations in South America. This restriction will not prevent Navios Holdings or any of its controlled affiliates or Navios Partners (other than us and our subsidiaries) from:

(1) acquiring a Liquid Shipment Vessel(s) from us for fair market value;

(2) acquiring a Liquid Shipment Vessel(s) as part of the acquisition of a controlling interest in a business or package of assets and owning those vessels; provided, however, that:

a. if less than a majority of the value of the total assets or business acquired is attributable to a Liquid Shipment Vessel(s) and related charters, as determined in good faith by the board of directors of Navios Holdings or Navios Partners, as the case may be, Navios Holdings or Navios Partners, as the case may be, must offer to sell a Liquid Shipment Vessel(s) and related charters to us for their fair market value plus any additional tax or other similar costs to Navios Holdings that would be required to transfer a Liquid Shipment Vessel(s) and related charters to us separately from the acquired business; and

b. if a majority or more of the value of the total assets or business acquired is attributable to a Liquid Shipment Vessel(s) and related charters, as determined in good faith by the board of directors of Navios Holdings or Navios Partners, as the case may be, Navios Holdings or Partners, as the case may be, shall notify us in writing, of the proposed acquisition. We shall, not later than the 15th calendar day following receipt of such notice, notify Navios Holdings or Navios Partners, as the case may be, if we wish to acquire such a Liquid Shipment Vessel(s) and related charters forming part of the business or package of assets in cooperation and simultaneously with Navios Holdings or Navios Partners, as the case may be, acquiring a Liquid Shipment Vessel(s) and related charters forming part of that business or package of assets. If we do not notify Navios Holdings of our intent to pursue the acquisition within 15 calendar days, Navios Holdings may proceed with the acquisition as provided in (a) above.

(3) acquiring a non-controlling interest in any company, business or pool of assets;

(4) acquiring or owning a Liquid Shipment Vessel(s) and related charter if we do not fulfill our obligation, under any existing or future written agreement, to purchase such vessel in accordance with the terms of any such agreement;

(5) acquiring or owning a Liquid Shipment Vessel(s) subject to the offers to us described in paragraphs (3) and (4) above pending our determination whether to accept such offers and pending the closing of any offers we accept;

(6) providing ship management services relating to any vessel whatsoever, including to a Liquid Shipment Vessel(s) owned by the controlled affiliates of Navios Holdings; or

(7) acquiring or owning a Liquid Shipment Vessel(s) if we have previously advised Navios Holdings or Navios Partners, as the case may be, that we consent to such acquisition, or if we have been offered the opportunity to purchase such vessel pursuant to the Acquisition Omnibus Agreement and failed to do so.

If Navios Holdings or Navios Partners, as the case may be, or any of their respective controlled affiliates (other than us or our subsidiaries) acquires or owns a Liquid Shipment Vessel(s) pursuant to any of the exceptions described above, it may not subsequently expand that portion of its business other than pursuant to those exceptions.

In addition, under the Acquisition Omnibus Agreement we have agreed, and will cause our subsidiaries to agree, not to acquire, own, operate or charter drybulk carriers ("Drybulk Carriers"). Pursuant to an agreement between them, Navios Holdings and Navios Partners may be entitled to a priority over each other depending on the class and charter length of any Drybulk Carrier. This restriction will not:

(1) prevent us or any of our subsidiaries from acquiring a Drybulk Carrier(s) and any related charters as part of the acquisition of a controlling interest in a business or package of assets and owning and operating or chartering those vessels; provided, however, that:

(a) if less than a majority of the value of the total assets or business acquired is attributable to a Drybulk Carrier(s) and related charter(s), as determined in good faith by us, we must offer to sell such Drybulk Carrier(s) and related charter to Navios Holdings or Navios Partners, as the case may be, for their fair market value plus any additional tax or other similar costs to us that would be required to transfer the Drybulk Carrier(s) and related charter(s) to Navios Holdings or Navios Partners, as the case may be, separately from the acquired business; and

(b) if a majority or more of the value of the total assets or business acquired is attributable to a Drybulk Carrier(s) and related charter(s), as determined in good faith by us, we shall notify Navios Holdings or Navios Partners, as the case may be, in writing of the proposed acquisition. Navios Holdings or Navios Partners, as the case may be, shall, not later than the 15th calendar day following receipt of such notice, notify us if it wishes to acquire the Drybulk Carrier(s) forming part of the business or package of assets in cooperation and simultaneously with us acquiring the Non-Drybulk Carrier assets forming part of that business or package of assets. If Navios Holdings and Navios Partners do not notify us of their intent to pursue the acquisition within 15 calendar days, we may proceed with the acquisition as provided in (a) above.

(2) prevent us or any of our subsidiaries from owning, operating or chartering a Drybulk Carrier(s) subject to the offer to Navios Holdings or Navios Partners described in paragraph (1) above, pending their determination whether to accept such offer and pending the closing of any offer they accept; or

(3) prevent us or any of our subsidiaries from acquiring, operating or chartering a Drybulk Carrier(s) if Navios Holdings and Navios Partners have previously advised us that they consent to such acquisition, operation or charter, or if they have previously been offered the opportunity to purchase such Drybulk Carrier(s) and have declined to do so.

If we or any of our subsidiaries owns, operates and charters Drybulk Carriers pursuant to any of the exceptions described above, neither we nor such subsidiary may subsequently expand that portion of our business other than pursuant to those exceptions.

The Midstream Omnibus Agreement

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

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

Navios Containers Omnibus Agreement

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

Backstop Agreements

On November 18, 2014, Navios Acquisition entered into backstop agreements with Navios Midstream. In accordance with the terms of the backstop agreements, Navios Acquisition has provided backstop commitments for a two-year period as of the redelivery of each of the Nave Celeste, the Shinyo Ocean and the Shinyo Kannika from their original charters, at a net rate of $35,000, $38,400 and $38,025, respectively. Navios Midstream has currently entered into new charter contracts for the above vessels with third parties upon their redelivery in the first quarter of 2017. Those contracts provide for index linked charter rates or pool earnings as the case may be. Backstop commitments will be triggered if the actual rates achieved are below the backstop rates. The Company has recognized a liability of $16.4 million ($0 for the same period in 2016), under “Time charter and voyage expenses” in the consolidated statements of operations for the year ended December 31, 2017, which the Company believes represents a reasonable estimate of the loss for the backstop agreements. In the first quarter of 2018 the Company paid $16.4 million to Navios Midstream. The backstop commitment for Shinyo Kannika terminated following the sale of this vessel in March 2018. Navios Acquisition agreed to extend the backstop commitment of the Shinyo Kannika to the Nave Galactic, following the sale of the latter to Navios Midstream in March 2018.

Navios Midstream General Partner Option Agreement with Navios Holdings

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

Option Vessels

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

Sale of C. Dream and Nave Celeste

On June 18, 2015, Navios Acquisition sold the vessel-owning subsidiaries of the C. Dream and the Nave Celeste to Navios Midstream for a sale price of $100.0 million in total. Out of the $100.0 million purchase price, $73.0 million was paid in cash and the remaining amount was paid through the issuance of 1,592,920 subordinated Series A Units of Navios Midstream. In conjunction with the transaction, Navios Midstream also issued 32,509 general partner units to the General Partner, in order for the General Partner to maintain its 2.0% general partnership interest, for $0.6 million. Please see Note 15: “Transactions with related parties”.

Sale of Nave Galactic

On March 15, 2018, Navios Acquisition agreed to sell to Navios Midstream the Nave Galactic, a 2009 built VLCC vessel of 297,168 dwt, for a total sale price of $44.5 million the delivery of which completed on March 29, 2018. As of March 31, 2018, the estimated loss due to the sale is expected to be approximately $0.3 million.

Rights of First Offer

Under the Acquisition Omnibus Agreement, we and our subsidiaries will grant to Navios Holdings and Navios Partners, as the case may be, a right of first offer on any proposed sale, transfer or other disposition of any of our Drybulk Carriers and related charters owned or acquired by us. Likewise, Navios Holdings and Navios Partners will agree (and will cause its subsidiaries to agree) to grant a similar right of first offer to us for any Liquid Shipment Vessels it might own. These rights of first offer will not apply to a: (a) sale, transfer or other disposition of vessels between any affiliated subsidiaries, or pursuant to the terms of any charter or other agreement with a counterparty; or (b) merger with or into, or sale of substantially all of the assets to, an unaffiliated third party.

Prior to engaging in any negotiation regarding any vessel disposition with respect to a Liquid Shipment Vessel(s) with a non-affiliated third party or any Drybulk Carrier(s) and related charter, we, Navios Holdings, or Navios Partners, as the case may be, will deliver a written notice to the other parties setting forth the material terms and conditions of the proposed transaction. During the 15-day period after the delivery of such notice, we, Navios Holdings or Navios Partners, as the case may be, will negotiate in good faith to reach an agreement on the transaction. If we do not reach an agreement within such 15-day period, we or Navios Holdings or Navios Partners, as the case may be, will be able within the next 180 calendar days to sell, transfer or dispose of the vessel to a third party (or to agree in writing to undertake such transaction with a third party) on terms generally no less favorable to us or Navios Holdings, as the case may be, than those offered pursuant to the written notice.

Upon a change of control of Navios Partners, the noncompetition and the right of first offer provisions of the Acquisition Omnibus Agreement will terminate immediately as to Navios Partners, but shall remain binding on us and Navios Holdings. Upon a change of control of Navios Holdings, the noncompetition and the right of first offer provisions of the Acquisition Omnibus Agreement shall terminate; provided, however, that in no event shall the noncompetition and the rights of first refusal terminate upon a change of control of Navios Holdings prior to the fourth anniversary of the Acquisition Omnibus Agreement. Upon change of control of us, the noncompetition and the right of first offer provisions of the Acquisition Omnibus Agreement will terminate immediately as to all parties of the Acquisition Omnibus Agreement.

C. Interest of Experts and Counsel

Not Applicable.

Item 8. ***Financial Information***

A. Consolidated Statements and Other Financial Information

Consolidated Financial Statements: See Item 18.

Legal Proceedings

The Company is involved in various disputes and arbitration proceedings arising in the ordinary course of business. Provisions have been recognized in the financial statements for all such proceedings where the Company believes that a liability may be probable, and for which the amounts are reasonably estimable, based upon facts known at the date of the financial statements were prepared. In the opinion of the management, the ultimate disposition of these matters individually and in aggregate will not materially affect the Company's financial position, results of operations or liquidity.

Dividend Policy

At the present time, Navios Acquisition intends to retain most of its available earnings generated by operations for the development and growth of the business. The continued declaration and payment of any dividend remains subject to the discretion of the Board of Directors, and will depend on, among other things, Navios Acquisition's cash requirements as measured by market opportunities and conditions. In addition, the terms and provisions of our current secured credit facilities and our indenture limit our ability to pay dividends in excess of certain amounts or if certain covenants are not met. (See also "Long-Term Debt Obligations and Credit Arrangements.")

On February 3, 2017, the Board of Directors declared a quarterly cash dividend in respect of the fourth quarter of 2016 of $0.05 per share of common stock payable on March 14, 2017 to stockholders of record as of March 7, 2017. A dividend in the aggregate amount of $7.9 million was paid on March 14, 2017 out of which $7.5 million was paid to the stockholders of record as of March 7, 2017 and $0.4 million was paid to Navios Holdings, the holder of the 1,000 shares of Series C Preferred Stock.

On May 12, 2017, the Board of Directors declared a quarterly cash dividend in respect of the first quarter of 2017 of $0.05 per share of common stock payable on June 14, 2017 to stockholders of record as of June 7, 2017. A dividend in the aggregate amount of $7,9 million was paid on June 14, 2017 out of which $7.5 million was paid to the stockholders of record as of June 7, 2017 and $0.4 million was paid to Navios Holdings, the holder of the 1,000 shares of Series C Preferred Stock.

On August 9, 2017, the Board of Directors declared a quarterly cash dividend in respect of the second quarter of 2017 of $0.05 per share of common stock payable on September 14, 2017 to stockholders of record as of September 7, 2017. A dividend in the aggregate amount of $7.9 million was paid on September 14, 2017 out of which $7.5 million was paid to the stockholders of record as of September 7, 2017 and $0.4 million was paid to Navios Holdings, the holder of the 1,000 shares of Series C Preferred Stock.

On October 25, 2017, the Board of Directors declared a quarterly cash dividend in respect of the third quarter of 2017 of $0.05 per share of common stock payable on December 12, 2017 to stockholders of record as of December 6, 2017. A dividend in the aggregate amount of $7.9 million was paid on December 12, 2017 out of which $7.5 million was paid to the stockholders of record as of December 6, 2017 and $0.4 million was paid to Navios Holdings, the holder of the 1,000 shares of Series C Preferred Stock.

For the years ended December 31, 2017 and December 31, 2016, Navios Acquisition had no outstanding Series B and Series D Preferred Stock. For the year ended December 31, 2015, Navios Acquisition paid dividend in the aggregate of $0.4 million to the holders of the Series B and Series D Preferred Stock.

On January 26, 2018, the Board of Directors declared a quarterly cash dividend in respect of the fourth quarter of 2017 of $0.02 per share of common stock, which was paid on March 27, 2018 to stockholders of record as of March 22, 2018. The declaration and payment of any further dividends remain subject to the discretion of the Board of Directors and will depend on, among other things, Navios Acquisition's cash requirements as measured by market opportunities and restrictions under its credit agreements and other debt obligations and such other factors as the Board of Directors may deem advisable.

B. Significant Changes

Not Applicable.

Item 9. ***Listing Details***

Our shares of common stock are traded on the NYSE under the symbol "NNA."

The following table sets forth the high and low closing sales prices of Navios Acquisition's common stock on the NYSE.

	Price Range Common Stock	
	High	**Low**
Year Ended:		
December 31, 2017	$2.08	$1.11
December 31, 2016	$2.83	$1.20
December 31, 2015	$4.33	$2.82
December 31, 2014	$4.85	$2.47
December 31, 2013	$4.50	$2.45
Quarter Ended:		
March 31, 2018	$1.15	$0.68
December 31, 2017	$1.38	$1.11
September 30, 2017	$1.49	$1.14
June 30, 2017	$1.74	$1.40
March 31, 2017	$2.08	$1.60
December 31, 2016	$1.80	$1.22
September 30, 2016	$1.62	$1.20
June 30, 2016	$1.97	$1.52
March 31, 2016	$2.83	$1.55
Month Ended:		
April 30, 2018 (through April 3, 2018)	$0.77	$0.75
March 31, 2018	$0.92	$0.75
February 28, 2018	$0.84	$0.68
January 31, 2018	$1.15	$0.78
December 31, 2017	$1.36	$1.11
November 30, 2017	$1.38	$1.25
October 31, 2017	$1.29	$1.22
September 30, 2017	$1.27	$1.21

Item 10. ***Additional Information***

A. Share Capital

Not applicable.

B. Memorandum and Articles of Association

Please refer to the filings on Form 6-K (file number 001-34104) filed with the Securities and Exchange Commission: Exhibit 99.9 of Form 6-K filed on June 4, 2010, Exhibit 3.1 of Form 6-K filed on February 10, 2011, Exhibit 1.1 of Form 6-K filed on September 21, 2010, Exhibit 1.1 of Form 6-K filed on November 9, 2010, and Exhibit 1.1 to Form 6-K filed on April 12, 2011, which the Company hereby incorporates by reference.

C. Material Contracts

The following is a summary of each material contract, other than material contracts entered into in the ordinary course of business, to which we or any of our subsidiaries is a party, for the two years immediately preceding the date of this Annual Report, each of which is included in the list of exhibits in Item 19.

- Indenture, dated November 13, 2013, among Navios Acquisition, Navios Acquisition Finance, the guarantors party thereto and Wells Fargo Bank, National Association, as trustee and collateral trustee.
- Acquisition Agreement, dated April 8, 2010, between Navios Acquisition and Navios Holdings.
- Management Agreement, dated May 28, 2010, between Navios Acquisition and Navios Ship Management Inc. Please read "Item 7. Major Stockholders and Related Party Transactions" for a summary of certain contract terms.
- Amendment to the Management Agreement dated May 4, 2012. Please read "Item 7. Major Stockholders and Related Party Transactions" for a summary of certain contract terms.
- Amendment to the Management Agreement dated May 14, 2014. Please read "Item 7. Major Stockholders and Related Party Transactions" for a summary of certain contract terms.
- Amendment to the Management Agreement dated May 19, 2016. Please read "Item 7. Major Stockholders and Related Party Transactions" for a summary of certain contract terms.
- Administrative Services Agreement, dated May 28, 2010, between Navios Acquisition and Navios Ship Management Inc. Please read "Item 7. Major Stockholders and Related Party Transactions" for a summary of certain contract terms.
- Amendment to the Administrative Services Agreement dated May 14, 2014. Please read "Item 7. Major Stockholders and Related Party Transactions" for a summary of certain contract terms.
- Acquisition Omnibus Agreement dated May 28, 2010 among Navios Acquisition, Navios Holdings and Navios Partners. Please read "Item 7. Major Stockholders and Related Party Transactions" for a summary of certain contract terms.
- Midstream Omnibus Agreement dated November 18, 2014 among Navios Midstream, Navios Holdings and Navios Partners in connection with the Navios Midstream IPO.
- Navios Containers Omnibus Agreement, dated June 8, 2017, between Navios Containers, Navios Holdings and Navios Partners.
- Securities Purchase Agreement, dated July 18, 2010, between Navios Acquisition and Vanship Holdings Limited, entered into in connection with the VLCC Acquisition.
- Credit Agreement, dated April 7, 2010, among certain vessel-owning subsidiaries and Deutsche Schiffsbank AG, Alpha Bank A.E. and Credit Agricole Corporate and Investment Bank. Please read "Item 5. Operating and Financial Review and Prospects" for a summary of certain contract terms.
- Credit Agreement, dated April 8, 2010, among certain vessel-owning subsidiaries and DVB Bank S.E. and Fortis Bank. Please read "Item 5. Operating and Financial Review and Prospects" for a summary of certain contract terms.
- Facility Agreement for $52.2 million term loan facility, dated October 26, 2010, between Navios Acquisition and Eurobank Ergasias S.A. Please read "Item 5. Operating and Financial Review and Prospects" for a summary of certain contract terms.
- Facility Agreement for $52.0 million term loan facility, dated December 6, 2010, between Navios Acquisition and Eurobank Ergasias S.A. Please read "Item 5. Operating and Financial Review and Prospects" for a summary of certain contract terms.
- Facility Agreement for up to $28.1 million term loan facility, dated December 29, 2011, between Navios Acquisition and Norddeutsche Landesbank Girozentrale. Please read "Item 5. Operating and Financial Review and Prospects" for a summary of certain contract terms.
- Facility Agreement for $56.3 million term loan facility, dated December 29, 2011, among Navios Acquisition, DVB Bank SE and Emporiki Bank of Greece S.A. Please read "Item 5. Operating and Financial Review and Prospects" for a summary of certain contract terms.
- Loan Agreement for $40.0 million, dated September 7, 2010, between Navios Acquisition and Navios Holdings (the "Loan Agreement"). Please read "Item 7. Major Stockholders and Related Party Transactions" for a summary of certain contract terms.
- Letter Agreement Nr. 1 to the Loan Agreement, dated as of October 21, 2010, which provided that the loan would be a revolving facility.

- Letter Agreement Nr. 2 to the Loan Agreement, dated November 8, 2011, pursuant to which Navios Holdings agreed to extend the maturity date from April 1, 2012 to December 31, 2014.
- Facility Agreement for $51.0 million term loan facility, dated February 6, 2014, between Navios Acquisition (through Tinos Shipping Corporation and Thera Shipping Corporation, its wholly-owned subsidiaries) and HSH Nordbank AG.
- Loan Agreement between Navios Europe I, Navios Acquisition, Navios Holdings. and Navios Partners, as lenders, Navios Partners Europe Finance Inc., as agent, Navios Acquisition Europe Finance Inc., a wholly owned subsidiary of Navios Acquisition, as arranger and Navios Holdings Europe Finance Inc., as security trustee, dated December 13, 2013 relating to a term facility of up to $10.0 million and a revolving facility of up to $24.1 million entered into for the purpose of partly financing the acquisition cost of ten vessels by the term facility and for providing additional working capital to Navios Europe I pursuant to the Master Agreement, dated December 13, 2013, between Navios Europe I and HSH Nordbank AG.
- Term loan facility agreement of up to $132.4 million, dated July 18, 2014, with Deutsche Bank AG Filiale Deutschlandgeschäft and Skandinaviska Enskilda Banken AB. Please read “Item 5. Operating and Financial Review and Prospects” for a summary of certain contract terms.
- Short term credit facility for up to $200.0 million, dated November 11, 2014, with Navios Holdings for general corporate purposes. Please read “Item 7. Major Stockholders and Related Party Transactions” for a summary of certain contract terms.
- Securities Purchase Agreement, dated February 26, 2013, between Navios Acquisition and Navios Holdings for the purchase by Navios Holdings of 17,544,300 shares of common stock of Navios Acquisition for $2.85 per share in a private placement that was completed on February 26, 2013.
- Form of Co-Investment Share Purchase Agreement, which was entered into by Navios Acquisition and certain members of the management of Navios Acquisition, Navios Holdings and Navios Partners for the purchase of an aggregate of 158,191 shares of common stock of Navios Acquisition for $2.85 per share in a private placement that was completed on February 26, 2013.
- Registration Rights Agreement, dated February 26, 2013, between Navios Acquisition and Navios Holdings and the management investors party thereto. Please read “Item 7. Major Stockholders and Related Party Transactions” for a summary of certain contract terms.
- Securities Purchase Agreement, dated May 21, 2013, between Navios Acquisition and Navios Holdings for the purchase by Navios Holdings of 16,438,356 shares of common stock of Navios Acquisition for $3.65 per share in a private placement that was completed on May 21, 2013.
- Registration Rights Agreement, dated May 21, 2013, between Navios Acquisition and Navios Holdings. Please read “Item 7. Major Stockholders and Related Party Transactions” for a summary of certain contract terms.
- Securities Purchase Agreement, dated September 16, 2013, between Navios Acquisition and Navios Holdings for the purchase by Navios Holdings of 12,897,013 shares of common stock of Navios Acquisition for $3.85 per share in a private placement that was completed on September 16, 2013.
- Registration Rights Agreement, dated September 16, 2013, between Navios Acquisition and Navios Holdings. Please read “Item 7. Major Stockholders and Related Party Transactions” for a summary of certain contract terms.
- First Supplemental Indenture, dated January 8, 2014, among Navios Acquisition, Navios Acquisition Finance, the guarantors party thereto and Wells Fargo Bank, National Association, as trustee and collateral trustee.
- Second Supplemental Indenture, dated February 20, 2014, among Navios Acquisition, Navios Acquisition Finance, the guarantors party thereto and Wells Fargo Bank, National Association, as trustee and collateral trustee.
- Third Supplemental Indenture, dated March 31, 2014, among Navios Acquisition, Navios Acquisition Finance, the guarantors party thereto and Wells Fargo Bank, National Association, as trustee and collateral trustee.
- Fourth Supplemental Indenture dated May 28, 2014, among Navios Acquisition, Navios Acquisition Finance, the guarantors party thereto and Wells Fargo Bank, National Association, as trustee and collateral trustee.
- Fifth Supplemental Indenture dated December 4, 2014, among Navios Acquisition, Navios Acquisition Finance, the guarantors party thereto and Wells Fargo Bank, National Association, as trustee and collateral trustee.

- Backstop Agreement, dated November 18, 2014, with Navios Midstream providing for a backstop commitment relating to Shinyo Ocean and Shinyo Kannika and for three of the seven option vessels. Please read “Item 7. Major Stockholders and Related Party Transactions” for a summary of certain contract terms.
- Navios Midstream General Partner Option Agreement, dated November 18, 2014, between Navios Acquisition and Navios Holdings. Please read “Item 7. Major Stockholders and Related Party Transactions” for a summary of certain contract terms.
- Option Vessels Backstop Agreement, dated as of November 18, 2014, between Navios Midstream and Navios Acquisition. Please read “Item 7. Major Stockholders and Related Party Transactions” for a summary of certain contract terms.
- Amended and Restated Facility Agreement for $125.0 million term loan facility, dated November 4, 2015, between Navios Acquisition (through Limnos Shipping Corporation, Paxos Shipping Corporation, Skyros Shipping Corporation, Thasos Shipping Corporation and Tilos Shipping Corporation, its wholly-owned subsidiaries) and Deutsche Bank AG Filiale Deutschlandgeschäft. Please read “Item 5. Operating and Financial Review and Prospects” for a summary of certain contract terms.
- Sixth Supplemental Indenture, dated November 17, 2015, among Navios Acquisition, Navios Acquisition Finance (US) Inc., the guarantors named therein and Wells Fargo Bank, National Association, as trustee and collateral trustee.
- Facility Agreement for up to $44.0 million term loan facility, dated December 18, 2015, between Navios Acquisition and BNP Paribas, dated December 18, 2015. Please read “Item 5. Operating and Financial Review and Prospects” for a summary of certain contract terms.
- Loan Agreement for a Revolving Loan Facility of up to $50.0 million, dated as of March 9, 2016, by and between Navios Acquisition and Navios Maritime Holdings Inc. Please read “Item 7. Major Stockholders and Related Party Transactions” for a summary of certain contract terms.
- Loan Agreement for up to $70.0 million with Navios Maritime Holdings Inc., dated as of September 19, 2016. Please read “Item 7. Major Stockholders and Related Party Transactions” for a summary of certain contract terms.
- Share Purchase Agreement, dated November 18, 2014, between Navios Maritime Midstream Partners L.P. and Aegean Sea Maritime Holdings Inc. Please read “Item 7. Major Stockholders and Related Party Transactions” for a summary of certain contract terms.
- First Amendment to Share Purchase Agreement, dated October 25, 2016, between Navios Maritime Midstream Partners L.P. and Aegean Sea Maritime Holdings Inc. Please read “Item 7. Major Stockholders and Related Party Transactions” for a summary of certain contract terms.
- Credit Agreement, dated January 31, 2017, among certain vessel-owning subsidiaries and ABN AMRO Bank N.V. Please read “Item 5. Operating and Financial Review and Prospects” for a summary of certain contract terms.
- Loan Agreement for $24.0 million term loan facility, dated June 7, 2017, among Amorgos Shipping Corporation and Andros Shipping Corporation, HSH Nordbank AG, and the Banks and Financial Institutions listed therein (Previously filed as an exhibit to a Report on Form 6-K, filed on August 17, 2017, and hereby incorporated by reference).
- Omnibus Agreement, effective as of June 8, 2017, among Navios Maritime Acquisition Corporation, Navios Maritime Holdings Inc., Navios Maritime Partners L.P., Navios Maritime Midstream Partners L.P., Navios Maritime Containers Inc. and Navios Partners Containers Finance Inc. (Previously filed as an exhibit to a Report on Form 6-K, filed on August 17, 2017, and hereby incorporated by reference).
- $71.5 million new term loan facility
- Bareboat charters and Memoranda of Agreement, by and among Sea 66 Leasing Co. Limited, Sea 67 Leasing Co. Limited, Sea 68 Leasing Co. Limited and Sea 69 Leasing Co. Limited wholly owned subsidiaries of China Merchants Bank Limited, dated March 31, 2018, providing for the sale and leaseback of the NAVE ATRIA, NAVE AQUILA, NAVE BELLATRIX and NAVE ORION respectively (filed as an exhibit to this report).

D. Exchange controls

Under the laws of the of the Marshall Islands, Cayman Islands, Hong Kong and the British Virgin Islands, the countries of incorporation of the Company and its subsidiaries, there are currently no restrictions on the export or import of capital, including foreign exchange controls, or restrictions that affect the remittance of dividends, interest or other payments to non-resident holders of our common stock.

E. Taxation of Holders

MATERIAL INCOME TAX CONSIDERATIONS

Marshall Islands Tax Considerations

We are incorporated in the Marshall Islands. Under current Marshall Islands law, we are not subject to tax on income or capital gains, and no Marshall Islands withholding tax will be imposed upon payments of dividends by us to our stockholders. Under the laws of Marshall Islands, of the companies' incorporation and vessels' registration, the companies are subject to registration and tonnage taxes which have been included in the daily management fee.

Other Jurisdictions

The Marshall Islands, Cayman Islands, British Virgin Islands, and Hong Kong, do not impose a tax on international shipping income. As of January 1, 2014, foreign-flagged vessels that are managed by Greek or foreign ship management companies in Greece are subject to duties towards the Greek state which are calculated on the basis of the relevant vessels' tonnage. The payment of such duties exhausts the tax liability of the foreign ship owning company and the relevant manager against any tax duty, charge or contribution payable on income from the exploitation of the foreign flagged vessel.

Material U.S. Federal Income Tax Consequences

The following discussion addresses the material U.S. federal income tax consequences relating to the purchase, ownership and disposition of shares of our common stock by beneficial owners of such shares. This discussion is based on current provisions of the Code, treasury regulations promulgated under the Code ("Treasury Regulations"), Internal Revenue Service ("IRS") rulings and pronouncements, and judicial decisions now in effect, all of which are subject to change at any time by legislative, judicial or administrative action. Any such changes may be applied retroactively. No rulings from the IRS have been or will be sought with respect to the U.S. federal income tax consequences discussed below. The discussion below is not in any way binding on the IRS or the courts nor does it in any way constitute an assurance that the U.S. federal income tax consequences discussed herein will be accepted by the IRS or the courts.

The U.S. federal income tax consequences to a beneficial owner of shares of our common stock may vary depending upon such beneficial owner's particular situation or status. This discussion is limited to beneficial owners of shares of our common stock who hold such shares as capital assets, and it does not address aspects of U.S. federal income taxation that may be relevant to such beneficial owners that are subject to special treatment under U.S. federal income tax laws, including but not limited to: dealers in securities; banks and other financial institutions; insurance companies; tax-exempt organizations, plans or accounts; persons holding shares of our common stock as part of a "hedge," "straddle" or other risk reduction transaction; persons holding shares of our common stock through partnerships, trusts or other entities; beneficial owners of shares of our common stock that own 2% or more (by vote or value) of our outstanding capital stock; U.S. Holders (as defined below) whose functional currency is not the U.S. dollar; and controlled foreign corporations or passive foreign investment companies, as those terms are defined in the Code. In addition, this discussion does not consider the effects of any applicable foreign, state, local or other tax laws, or estate or gift tax considerations, or the alternative minimum tax.

For purposes of this discussion, a "U.S. Holder" is a beneficial owner of shares of our common stock that is, for U.S. federal income tax purposes: a citizen or resident of the United States; a corporation (or other entity that is classified as a corporation for U.S. federal income tax purposes) created or organized in or under the laws of the United States or any state thereof (including the District of Columbia); an estate the income of which is subject to U.S. federal income tax regardless of its source; or a trust, if a court within the United States can exercise primary supervision over its administration, and one or more "United States persons" (as defined in the Code) have the authority to control all of the substantial decisions of that trust (or the trust was in existence on August 20, 1996, was treated as a domestic trust on August 19, 1996 and validly elected to continue to be treated as a domestic trust).

For purposes of this discussion, a beneficial owner of shares of our common stock (other than a partnership or an entity or arrangement treated as a partnership for U.S. federal income tax purposes) that is not a U.S. Holder is a "Non-U.S. Holder."

If a partnership or other entity or arrangement classified as a partnership for U.S. federal income tax purposes holds shares of our common stock, the tax treatment of its partners generally will depend upon the status of the partner, the activities of the partnership and certain determinations made at the partner level. If you are a partner in a partnership holding shares of our common stock, you should consult your own tax advisor regarding the tax consequences to you of the partnership's ownership of shares of our common stock.

We urge beneficial owners of shares of our common stock to consult their own tax advisers as to the particular tax considerations applicable to them relating to the purchase, ownership and disposition of shares of our common stock, including the applicability of U.S. federal, state and local tax laws and non-U.S. tax laws.

U.S. Federal Income Taxation of Navios Acquisition

Navios Acquisition is a foreign company that is treated as a corporation for U.S. federal income tax purposes and it neither has made, nor intends to make, an election to be treated as other than a corporation for U.S. federal income tax purposes. Consequently, among other things, U.S. Holders will not directly be subject to U.S. federal income tax on their shares of our income, but rather will be subject to U.S. federal income tax on distributions received from us and dispositions of shares of our common stock as described below.

Taxation of Operating Income: In General

Under the Code, income derived from, or in connection with, the use (or hiring or leasing for use) of a vessel, or the performance of services directly related to the use of a vessel, is treated as "Transportation Income." Such Transportation Income can arise, for example, from the use (or hiring or leasing for use) of vessels for use on a time, voyage or bareboat charter basis, from the participation in a pool, partnership, strategic alliance, joint operating agreement, code sharing arrangement or other joint venture it directly or indirectly owns or participates in that generates such income, or from the performance of services directly related to those uses.

Transportation Income that is attributable to transportation that either begins or ends, but that does not both begin and end, in the United States is considered to be 50.0% derived from sources within the United States ("U.S. Source International Transportation Income"). Transportation Income attributable to transportation that both begins and ends in the United States is considered to be 100.0% derived from sources within the United States ("U.S. Source Domestic Transportation Income"). Navios Acquisition is not permitted by law to engage in transportation that produces income which is considered to be 100% from sources within the United States. Transportation Income that is attributable to transportation exclusively between non-U.S. destinations is considered to be 100.0% derived from sources outside the United States. Transportation Income derived from sources outside the United States generally is not subject to U.S. federal income tax.

U.S. Source International Transportation Income generally is subject to a 4.0% U.S. federal income tax without allowance for deduction or, if such U.S. Source International Transportation Income is effectively connected with the conduct of a trade or business in the United States, U.S. federal corporate income tax (presently imposed at a 21.0% rate) as well as a branch profits tax (presently imposed at a 30.0% rate on effectively connected earnings), unless the non-U.S. corporation qualifies for exemption from tax under Section 883 of the Code.

Exemption of Operating Income From U.S. Federal Income Taxation

In general, the exemption from U.S. federal income taxation under Section 883 of the Code provides that if a non-U.S. corporation satisfies the requirements of Section 883 of the Code and the Treasury Regulations thereunder, it will not be subject to the net basis and branch profits taxes or the 4% gross basis tax (each as described below) on its U.S. Source International Transportation income.

Under Section 883 of the Code, we will be exempt from U.S. federal income taxation on our U.S. Source International Transportation income if:

1. we and our vessel-owning subsidiaries are organized in a foreign country ("country of organization") that grants an "equivalent exemption" to corporations organized in the United States; and

2. either:

- more than 50% of the value of our stock is owned, directly or indirectly, for at least half the number of days during the taxable year by (i) individuals who are "residents" of our country of organization or of another foreign country that grants an "equivalent exemption" to corporations organized in the United States, (ii) non-U.S. corporations that meet the "Publicly Traded Test" discussed below and are organized in a foreign country that grants an "equivalent exemption" to corporations organized in the United States or (iii) certain other qualified persons described in the applicable regulations, which we refer to as the "Qualified Shareholder Stock Ownership Test," or
- our stock is "primarily and regularly traded on an established securities market" in our country of organization, in another country that grants an "equivalent exemption" to U.S. corporations, or in the United States, which we refer to as the "Publicly-Traded Test"; and

3. we meet certain substantiation, reporting and other requirements.

Currently, the jurisdiction where we are incorporated, as well as the jurisdictions where our vessel-owning subsidiaries are incorporated, namely, the Republic of the Marshall Islands, the Cayman Islands, Hong Kong and the British Virgin Islands, grant an “equivalent exemption” to U.S. corporations. Therefore, at present, we will be exempt from U.S. federal income taxation with respect to our U.S. Source International Transportation income if we satisfy either the Qualified Shareholder Stock Ownership Test or the Publicly-Traded Test. Our ability to satisfy the Qualified Shareholder Stock Ownership Test and Publicly-Traded Test is discussed below.

The Treasury Regulations provide, in pertinent part, that stock of a foreign corporation will be considered to be “primarily traded” on an established securities market if the number of shares of each class of stock that are traded during any taxable year on all established securities markets in that country exceeds the number of shares in each such class that are traded during that year on established securities markets in any other single country. Our common stock is currently “primarily traded” on the NYSE.

Under the Treasury Regulations, our stock is considered to be “regularly traded” on an established securities market if one or more classes of our stock representing more than 50% of our outstanding shares, by total combined voting power of all classes of stock entitled to vote and total value, is listed on the market during the taxable year, which we refer to as the listing threshold. Since our common stock, which represents more than 50% of our outstanding shares by vote and value, is currently listed on the NYSE, we currently satisfy the listing requirement.

It is further required that with respect to each class of stock relied upon to meet the listing threshold (i) such class of stock is traded on the market, other than de minimis quantities, on at least 60 days during the taxable year or 1/6 of the days in a short taxable year; and (ii) the aggregate number of shares of such class of stock traded on such market during the taxable year is at least 10% of the average number of shares of such class of stock outstanding during such year or as appropriately adjusted in the case of a short taxable year. We currently satisfy the trading frequency and trading volume tests. Even if this were not the case, the regulations provide that the trading frequency and trading volume tests will be deemed satisfied by a class of stock if such class of stock is traded during the taxable year on an established market in the United States and such class of stock is regularly quoted by dealers making a market in such stock, which condition our common stock currently meets.

Notwithstanding the foregoing, the Treasury Regulations provide, in pertinent part, that our common stock will not be considered to be “regularly traded” on an established securities market for any taxable year in which 50% or more of the vote and value of the outstanding shares of our common stock are owned, actually or constructively under specified stock attribution rules, on more than half the days during the taxable year by persons who each own 5% or more of the vote and value of our common stock, which we refer to as the “5% Override Rule.”

For purposes of being able to determine the persons who owns 5% or more of our common stock, or “5% Stockholders,” the Treasury Regulations permit us to rely on Schedule 13G and Schedule 13D filings with the SEC to identify persons who have a 5% or more beneficial interest in our common stock. The Treasury Regulations further provide that an investment company that is registered under the Investment Company Act will not be treated as a 5% Stockholder for such purposes.

If our 5% Stockholders did own more than 50% of our common stock, then we would be subject to the 5% Override Rule unless we were able to establish that among the closely-held group of 5% Stockholders, there are sufficient 5% Stockholders that are qualified stockholders for purposes of Section 883 to preclude non-qualified 5% Stockholders in the closely-held group from owning 50% or more of the total value of each class of our stock for more than half the number of days during the taxable year. In order to establish this, sufficient 5% Stockholders that are qualified stockholders would have to comply with certain documentation and certification requirements designed to substantiate their identity as qualified stockholders. These requirements are onerous and there is no guarantee that we would be able to satisfy them in all cases.

Alpha Merit Corporation (a Marshall Islands corporation) owns approximately 43.0% of our common stock. Navios Holdings (a Marshall Islands corporation) currently owns 100% of Alpha Merit Corporation. For more than half the days during 2017, Navios Holdings directly owned approximately 43.0% of our common stock for U.S. federal income tax purposes. Navios Holdings has represented to us that it presently meets the Publicly Traded Test and has agreed to comply with the documentation and certification requirements described above. Accordingly, we anticipate that we will not be subject to the 5% Override Rule. However, there can be no assurance that Navios Holdings will continue to meet the Publicly Traded Test or continue to be able to comply with the documentation and certification requirements described above. Consequently, there can be no assurance that we will not be subject to the 5% Override Rule in the future. Effective as of January 1, 2018, Alpha Merit Corporation became a disregarded entity of Navios Holdings for U.S. federal income tax purposes, and therefore, Navios Holdings is treated for U.S. federal income tax purposes as directly owning approximately 43.0% of our common stock.

Taxation in Absence of Exemption

To the extent the benefits of Section 883 are unavailable, our U.S. Source International Transportation Income, to the extent not considered to be “effectively connected” with the conduct of a U.S. trade or business, as described below, would be subject to a 4% tax imposed by Section 887 of the Code on a gross basis, without the benefit of deductions.

Since under the sourcing rules described above, no more than 50% of our U.S. Source International Transportation Income would be treated as being derived from U.S. sources, the maximum effective rate of U.S. federal income tax on our U.S. Source International Transportation Income would never exceed 2% of our gross income under the 4% gross basis tax regime.

To the extent the benefits of the Section 883 exemption are unavailable and our U.S. Source International Transportation Income is considered to be "effectively connected" with the conduct of a U.S. trade or business, as described below, any such "effectively connected" U.S. Source International Transportation Income, net of applicable deductions, would be subject to the U.S. federal corporate income tax currently imposed at a 21.0 rate%. In addition, we may be subject to the 30% "branch profits" tax on any earnings and profits effectively connected with the conduct of such trade or business, as determined after allowance for certain adjustments, and on certain interest paid or deemed paid attributable to the conduct of our U.S. trade or business.

Our U.S. Source International Transportation Income would be considered "effectively connected" with the conduct of a U.S. trade or business only if:

- we have, or are considered to have, a fixed place of business in the United States involved in the earning of shipping income; and
- substantially all of our U.S. Source International Transportation Income is attributable to regularly scheduled transportation, such as the operation of a vessel that follows a published schedule with repeated sailings at regular intervals between the same points for voyages that begin or end in the United States.

We do not intend to have, or permit circumstances that would result in having any vessel operating to the United States on a regularly scheduled basis. Based on the foregoing and on the expected mode of our shipping operations and other activities, we believe that none of our U.S. Source International Transportation Income will be "effectively connected" with the conduct of a U.S. trade or business.

United States Taxation of Gain on Sale of Vessels

Regardless of whether we will qualify for exemption under Section 883, we should not be subject to U.S. federal income taxation with respect to gain realized on a sale of a vessel, provided that we did not depreciate the vessel for U.S. federal income tax purposes. If we took depreciation deductions with respect to the vessel for U.S. federal income tax purposes (which would be the case if the vessel had produced effectively connected income), upon the sale of such vessel, a portion of any gain realized on the sale would be sourced to the U.S. in proportion to the depreciation deductions taken in the U.S. compared to the total depreciation of the vessel.

United States Federal Income Taxation of U.S. Holders

Distributions

Subject to the discussion of the rules applicable to a PFIC below, any distributions made by us with respect to our common stock to a U.S. Holder will constitute dividends, which will be taxable as ordinary income, to the extent of our current or accumulated earnings and profits, as determined under U.S. federal income tax principles. Distributions in excess of our current and accumulated earnings and profits will be treated first as a nontaxable return of capital to the extent of the U.S. Holder's tax basis in our common stock on a dollar-for-dollar basis and thereafter as capital gain, which will be either long-term or short-term capital gain depending upon whether the U.S. Holder held the common shares for more than one year. Because Navios Acquisition is not a U.S. corporation, U.S. Holders that are corporations will not be entitled to claim a dividends received deduction with respect to any distributions they receive from us. Dividends paid with respect to Navios Acquisition's common stock will be treated as foreign source income and generally will be "passive category income" for purposes of computing allowable foreign tax credits for U.S. foreign tax credit purposes.

Dividends received by a non-corporate U.S. Holder are taxed at ordinary income tax rates (currently, a maximum 37.0%) unless such dividends constitute "qualified dividend income." "Qualified dividend income" generally includes a dividend paid by a foreign corporation if (i) the stock with respect to which such dividend was paid is readily tradable on an established securities market in the U.S., (ii) the foreign corporation is not a PFIC for the taxable year during which the dividend is paid and the immediately preceding taxable year (which we do not believe we have been for 2017, or will be for subsequent years, as discussed below), (iii) the non-corporate U.S. Holder has owned the stock for more than 60 days during the 121-day period beginning 60 days before the date on which the stock become ex-dividend (and has not entered into certain risk limiting transactions with respect to such stock), and (iv) the non-corporate U.S. Holder is not under an obligation to make related payments with respect to positions in substantially similar or related property. Qualified dividend income is subject to the long-term capital gain tax rate, which is currently a maximum of 20%. In addition, a 3.8% tax may apply to certain investment income. *See* "**Medicare Tax**" below. Because the common stock of Navios Acquisition was traded on the NYSE during 2017, dividends paid during 2017 to U.S. Holders that are U.S. citizens or individual residents should generally be qualified dividend income subject to the long-term capital gains tax rate. However if the NYSE were to delist our shares from trading on its exchange, future dividends may not constitute qualified dividend income. See "Risk Factors" above.

Special rules may apply to any amounts received in respect of our common stock that are treated as “extraordinary dividends.” In general, an extraordinary dividend is a dividend with respect to a share of common stock that is equal to or in excess of 10.0% of a U.S. Holder’s adjusted tax basis (or fair market value upon the U.S. Holder’s election) in such share. In addition, extraordinary dividends include dividends received within a one year period that, in the aggregate, equal or exceed 20.0% of a U.S. Holder’s adjusted tax basis (or fair market value). If we pay an “extraordinary dividend” on our common stock that is treated as “qualified dividend income,” then any loss recognized by an individual U.S. Holder from the sale or exchange of such common stock will be treated as long-term capital loss to the extent of the amount of such dividend.

Sale, Exchange or Other Disposition of Common Stock

Subject to the discussion of PFICs below, a U.S. Holder generally will recognize capital gain or loss upon a sale, exchange or other disposition of a share of our common stock in an amount equal to the difference between the amount realized by the U.S. Holder from such sale, exchange or other disposition and the U.S. Holder’s adjusted tax basis in such stock. The U.S. Holder’s initial tax basis in a share of our common stock generally will be the U.S. Holder’s purchase price for the share and that tax basis will be reduced (but not below zero) by the amount of any distributions on our common stock that are treated as non-taxable returns of capital (as discussed under “— Distributions” above). Such gain or loss will be treated as long-term capital gain or loss if the U.S. Holder’s holding period is greater than one year at the time of the sale, exchange or other disposition. Such capital gain or loss will generally be treated as U.S.-source income or loss, as applicable, for U.S. foreign tax credit purposes.

A corporate U.S. Holder’s capital gains, long-term and short-term, are taxed at ordinary income tax rates. If a corporate U.S. Holder recognizes a loss upon the disposition of our common stock, the corporate U.S. Holder is limited to using the loss to offset other capital gain. If a corporate U.S. Holder has no other capital gain in the tax year of the loss, it may carry the capital loss back three years and forward five years.

As described above, long-term capital gains of non-corporate U.S. Holders are subject to the current favorable maximum tax rate of 20%. In addition, a 3.8% tax may apply to certain investment income. *See* “**Medicare Tax**” below. A non-corporate U.S. Holder may deduct a capital loss resulting from a disposition of our common stock to the extent of capital gains plus up to $3,000 ($1,500 for married individuals filing separate tax returns) and may carry forward capital losses indefinitely.

Passive Foreign Investment Company Status and Significant Tax Consequences

In general, we will be treated as a PFIC with respect to a U.S. Holder if, for any taxable year in which such holder held our common stock, either:

- at least 75% of our gross income for such taxable year consists of passive income (e.g., dividends, interest, capital gains and rents derived other than in the active conduct of a rental business); or
- at least 50% of the average value of the assets held by us during such taxable year produce, or are held for the production of, passive income.

For purposes of determining whether we are a PFIC, we will be treated as earning and owning our proportionate share of the income and assets, respectively, of any subsidiary corporation in which we own at least 25% of the value of the subsidiary’s stock. Income earned, or deemed earned, by us in connection with the performance of services will not constitute passive income. By contrast, rental income will constitute “passive income” unless we are treated as deriving our rental income in the active conduct of a trade or business under applicable rules.

Based on our current and projected methods of operations, and an opinion of counsel, we believe that we were not a PFIC for the 2011 through 2017 taxable years (we were treated as a PFIC for the 2008 through 2010 taxable years), and we do not believe that we will be a PFIC for 2018 and subsequent taxable years. For post-2010 taxable years, our U.S. counsel, Thompson Hine LLP, is of the opinion that (1) the income we receive from the time chartering activities and assets engaged in generating such income should not be treated as passive income or assets, respectively, and (2) so long as our income from time charters exceeds 25.0% of our gross income for each taxable year after our 2010 taxable year and the value of our vessels contracted under time charters exceeds 50.0% of the average value of our assets for each taxable year after our 2010 taxable year, we should not be a PFIC for any taxable year after our 2010 taxable year. This opinion is based on representations and projections provided to our counsel by us regarding our assets, income and charters, and its validity is conditioned on the accuracy of such representations and projections.

Our counsel’s opinion is based principally on their conclusion that, for purposes of determining whether we are a PFIC, the gross income we derive (or are deemed to derive from any subsidiary in which we own at least 25% by value of the subsidiary’s stock) from time chartering activities should constitute services income, rather than rental income. Correspondingly, such income should not constitute passive income, and the assets that we own and operate (or that we are deemed to own and operate through any subsidiary in which we own at least 25% by value of the subsidiary's stock) in connection with the production of such income, in particular, the vessels we own (or we are deemed to own) that are subject to time charters, should not constitute passive assets for purposes of determining whether we are or have been a PFIC. We expect that all of the vessels in our fleet will be engaged in time chartering activities and intend to treat our income from those activities as non-passive income, and the vessels engaged in those activities as non-passive assets, for PFIC purposes.

Our counsel has advised us that there is a significant amount of legal authority consisting of the Code, legislative history, IRS pronouncements and rulings supporting our position that the income from our time chartering activities constitutes services income (rather than rental income). There is, however, no direct legal authority under the PFIC rules addressing whether income from time chartering activities is services income or rental income. Moreover, in a case not interpreting the PFIC rules, Tidewater Inc. v. United States, 565 F.3d 299 (5th Cir. 2009), the Fifth Circuit held that the vessel time charters at issue generated predominantly rental income rather than services income. However, the IRS stated in an Action on Decision (AOD 2010-001) that it disagrees with, and will not acquiesce to, the way that the rental versus services framework was applied to the facts in the Tidewater decision, and in its discussion stated that the time charters at issue in Tidewater would be treated as producing services income for PFIC purposes. The IRS's AOD, however, is an administrative action that cannot be relied upon or otherwise cited as precedent by taxpayers.

The opinion of our counsel is not binding on the IRS or any court. Thus, while we have received an opinion of our counsel in support of our position, there is a possibility that the IRS or a court could disagree with this position and the opinion of our counsel. In addition, although we intend to conduct our affairs in a manner to avoid being classified as a PFIC with respect to any taxable year, we cannot assure you that the nature of our operations will not change in the future.

As discussed more fully below, if we were to be treated as a PFIC for any taxable year in which a U.S. Holder owned our common stock, the U.S. Holder would be subject to different taxation rules depending on whether the U.S. Holder makes an election to treat us as a "Qualified Electing Fund," which we refer to as a "QEF election." (As previously discussed, we were not a PFIC for the 2011 through 2017 taxable years and we do not believe that we will be treated as a PFIC for 2018 and subsequent taxable years.) As an alternative to making a QEF election, the U.S. Holder may be able to make a "mark-to-market" election with respect to our common stock, as discussed below. In addition, if we were treated as a PFIC for any taxable year in which a U.S. Holder owned our common stock, the U.S. Holder generally would be required to file IRS Form 8621 with the U.S. Holder's U.S. federal income tax return for each year to report the U.S. Holder's ownership of such common stock. It should also be noted that, if we were treated as a PFIC for any taxable year in which a U.S. Holder owned our common stock and any of our non-U.S. subsidiaries were also a PFIC, the U.S. Holder would be treated as owning a proportionate amount (by value) of the shares of the lower-tier PFIC for purposes of the application of these rules.

Taxation of U.S. Holders Making a Timely QEF Election

If we were to be treated as a PFIC for any taxable year and a U.S. Holder makes a timely QEF election (any such U.S. Holder, an "Electing Holder"), the Electing Holder must report for U.S. federal income tax purposes its pro rata share of our ordinary earnings and net capital gain, if any, for our taxable year that ends with or within the Electing Holder's taxable year, regardless of whether or not the Electing Holder received any distributions from us in that year. Such income inclusions would not be eligible for the preferential tax rates applicable to "qualified dividend income." The Electing Holder's adjusted tax basis in our common stock will be increased to reflect taxed but undistributed earnings and profits. Distributions to the Electing Holder of our earnings and profits that were previously taxed will result in a corresponding reduction in the Electing Holder's adjusted tax basis in our common stock and will not be taxed again once distributed. The Electing Holder would not, however, be entitled to a deduction for its pro rata share of any losses that we incur with respect to any year. An Electing Holder generally will recognize capital gain or loss on the sale, exchange or other disposition of our common stock.

Even if a U.S. Holder makes a QEF election for one of our taxable years, if we were a PFIC for a prior taxable year during which the U.S. Holder owned our common stock and for which the U.S. Holder did not make a timely QEF election, the U.S. Holder would also be subject to the more adverse rules described below under "Taxation of U.S. Holders Not Making a Timely QEF or Mark-to-Market Election." However, under certain circumstances, a U.S. Holder may be permitted to make a retroactive QEF election with respect to us for any open taxable years in the U.S. Holder's holding period for our common stock in which we are treated as a PFIC. Additionally, to the extent that any of our subsidiaries is a PFIC, a U.S. Holder's QEF election with respect to us would not be effective with respect to the U.S. Holder's deemed ownership of the stock of such subsidiary and a separate QEF election with respect to such subsidiary would be required.

A U.S. Holder makes a QEF election with respect to any year that we are a PFIC by filing IRS Form 8621 with the U.S. Holder's U.S. federal income tax return. If, contrary to our expectations, we were to determine that we are treated as a PFIC for any taxable year, we would notify all U.S. Holders and would provide all necessary information to any U.S. Holder that requests such information in order to make the QEF election described above with respect to us and the relevant subsidiaries. A QEF election would not apply to any taxable year for which we are not a PFIC, but would remain in effect with respect to any subsequent taxable year for which we are a PFIC, unless the IRS consents to the revocation of the election.

Taxation of U.S. Holders Making a "Mark-to-Market" Election

If we were to be treated as a PFIC for any taxable year and, subject to the possibility that our common stock may be delisted by a qualifying exchange, our common stock were treated as "marketable stock," then, as an alternative to making a QEF election, a U.S. Holder would be allowed to make a "mark-to-market" election with respect to our common stock, provided the U.S. Holder completes and files IRS Form 8621 in accordance with the relevant instructions and related Treasury Regulations. If that election is made, the U.S. Holder generally would include as ordinary income in each taxable year the excess, if any, of the fair market value of the U.S. Holder's common stock at the end of the taxable year over the holder's adjusted tax basis in the common stock. The U.S. Holder also would be permitted an ordinary loss in respect of the excess, if any, of the U.S. Holder's adjusted tax basis in the common stock over the fair market value thereof at the end of the taxable year, but only to the extent of the net amount previously included in income as a result of the mark-to-market election. A U.S. Holder's tax basis in the U.S. Holder's common stock would be adjusted to reflect any such income or loss recognized. Gain recognized on the sale, exchange or other disposition of our common stock would be treated as ordinary income, and any loss recognized on the sale, exchange or other disposition of the common stock would be treated as ordinary loss to the extent that such loss does not exceed the net mark-to-market gains previously included in income by the U.S. Holder. A mark-to-market election would not apply to our common stock owned by a U.S. Holder in any taxable year during which we are not a PFIC, but would remain in effect with respect to any subsequent taxable year for which we are a PFIC, unless our common stock is no longer treated as "marketable stock" or the IRS consents to the revocation of the election.

Even if a U.S. Holder makes a "mark-to-market" election for one of our taxable years, if we were a PFIC for a prior taxable year during which the U.S. Holder owned our common stock and for which the U.S. Holder did not make a timely mark-to-market election or a timely QEF election, the U.S. Holder would also be subject to the more adverse rules described below under "*Taxation of U.S. Holders Not Making a Timely QEF or Mark-to-Market Election*."

Additionally, to the extent that any of our subsidiaries is a PFIC, a "mark-to-market" election with respect to our common stock would not apply to the U.S. Holder's deemed ownership of the stock of such subsidiary.

Taxation of U.S. Holders Not Making a Timely QEF or Mark-to-Market Election

If we were to be treated as a PFIC for any taxable year, a U.S. Holder who does not make either a timely QEF election or a timely "mark-to-market" election for that year (i.e., the taxable year in which the U.S. Holder's holding period commences), whom we refer to as a "Non-Electing Holder," would be subject to special rules resulting in increased tax liability with respect to (1) any excess distribution (i.e., the portion of any distributions received by the Non-Electing Holder on our common stock in a taxable year in excess of 125.0% of the average annual distributions received by the Non-Electing Holder in the three preceding taxable years, or, if shorter, the Non-Electing Holder's holding period for the common stock), and (2) any gain realized on the sale, exchange or other disposition of our common stock. Under these special rules:

- the excess distribution and any gain would be allocated ratably over the Non-Electing Holder's aggregate holding period for the common stock;
- the amount allocated to the current taxable year and any year prior to the year we were first treated as a PFIC with respect to the Non-Electing Holder would be taxed as ordinary income; and
- the amount allocated to each of the other taxable years would be subject to tax at the highest rate of tax in effect for the applicable class of taxpayer for that year, and an interest charge for the deemed deferral benefit would be imposed with respect to the resulting tax attributable to each such other taxable year.

Moreover, (i) any dividends received by a non-corporate U.S. Holder in a year in which we are a PFIC (or in which we were a PFIC in the preceding year) will not be treated as "qualified dividend income" and will be subject to tax at rates applicable to ordinary income and (ii) if a Non-Electing Holder who is an individual dies while owning our common stock, such holder's successor generally would not receive a step-up in tax basis with respect to such stock. Additionally, to the extent that any of our subsidiaries is a PFIC, the foregoing consequences would apply to the U.S. Holder's deemed receipt of any excess distribution on, or gain deemed realized on the disposition of, the stock of such subsidiary deemed owned by the U.S. Holder.

If we are treated as a PFIC for any taxable year during the holding period of a U.S. Holder, unless the U.S. Holder makes a timely QEF election, or a timely "mark-to-market" election, for the first taxable year in which the U.S. Holder holds our common stock and in which we are a PFIC, we will continue to be treated as a PFIC for all succeeding years during which the U.S. Holder owns our common stock even if we are not a PFIC for such years. U.S. Holders are encouraged to consult their tax advisers with respect to any available elections that may be applicable in such a situation. In this regard, while it is our position and our U.S. counsel's position that we should not be a PFIC for taxable years 2011 through 2017 and we believe that we will not be a PFIC for subsequent taxable years, there is no assurance that these positions are correct. In addition, U.S. Holders should consult their tax advisers regarding the IRS information reporting and filing obligations that may arise as a result of the ownership of shares in a PFIC.

Controlled Foreign Corporation

Although we believe that Navios Acquisition likely was not a controlled foreign corporation (a “CFC”) as of December 31, 2017, we believe that tax rules recently enacted by the Tax Cuts and Jobs Act may result in Navios Acquisition being treated as a CFC for U.S. federal income tax purposes in the future. Navios Acquisition’s status as a CFC depends in large part on the percentage of our equity held by Navios Holdings (either directly or indirectly through Alpha Merit Corporation), whether one or more U.S. Holders own 10.0% or more (by vote or value) of the equity of Navios Acquisition, and various other factors. Any U.S. Holder of Navios Acquisition or Navios Holdings that owns 10% or more (by vote or value) of the equity of Navios Acquisition or Navios Holdings, as the case may be, should consult its own tax advisor regarding U.S. federal tax consequences that may result from Navios Acquisition being treated as a CFC.

Medicare Tax

A U.S. Holder that is an individual or estate, or a trust that does not fall into a special class of trusts that is exempt from such tax, will generally be subject to a 3.8% tax on the lesser of (i) the U.S. Holder’s “net investment income” for a taxable year and (ii) the excess of the U.S. Holder’s modified adjusted gross income for such taxable year over $200,000 ($250,000 in the case of joint filers). For these purposes, “net investment income” will generally include dividends paid with respect to our common stock and net gain attributable to the disposition of our common stock (in each case, unless such common stock is held in connection with certain trades or businesses), but will be reduced by any deductions properly allocable to such income or net gain.

United States Federal Income Taxation of Non-U.S. Holders

Distributions

A Non-U.S. Holder generally will not be subject to U.S. federal income tax or withholding tax on distributions received with respect to our common stock if the Non-U.S. Holder is not engaged in a U.S. trade or business. If the Non-U.S. Holder is engaged in a U.S. trade or business, our distributions will be subject to U.S. federal income tax to the extent they constitute income effectively connected with the Non-U.S. Holder’s U.S. trade or business (and a corporate Non-U.S. Holder may also be subject to U.S. federal branch profits tax). However, distributions paid to a Non-U.S. Holder who is engaged in a trade or business may be exempt from taxation under an income tax treaty if the income arising from the distribution is not attributable to a U.S. permanent establishment maintained by the Non-U.S. Holder.

Sale, Exchange or other Disposition of Common Stock

In general, a Non-U.S. Holder will not be subject to U.S. federal income tax or withholding tax on any gain resulting from the disposition of our common stock provided the Non-U.S. Holder is not engaged in a U.S. trade or business. A Non-U.S. Holder that is engaged in a U.S. trade or business will be subject to U.S. federal income tax in the event the gain from the disposition of our common stock is effectively connected with the conduct of such U.S. trade or business (provided, in the case of a Non-U.S. Holder entitled to the benefits of an income tax treaty with the United States, such gain also is attributable to a U.S. permanent establishment). However, even if not engaged in a U.S. trade or business, individual Non-U.S. Holders may be subject to tax on gain resulting from the disposition of our common stock if they are present in the United States for 183 days or more during the taxable year of the disposition and meet certain other requirements.

Certain Information Reporting Requirements

Individual U.S. Holders (and to the extent specified in applicable Treasury Regulations, certain individual Non-U.S. Holders and certain U.S. Holders that are entities) that hold “specified foreign financial assets,” including our common stock, whose aggregate value exceeds $75,000 at any time during the taxable year or $50,000 on the last day of the taxable year (or such higher amounts as prescribed by applicable Treasury Regulations) are required to file a report on IRS Form 8938 with information relating to the assets for each such taxable year. Specified foreign financial assets would include, among other things, our common stock, unless such common stock is held in an account maintained by a U.S. “financial institution” (as defined). Substantial penalties apply to any failure to timely file IRS Form 8938, unless the failure is shown to be due to reasonable cause and not due to willful neglect. Additionally, in the event an individual U.S. Holder (and to the extent specified in applicable Treasury Regulations, an individual Non-U.S. Holder or a U.S. entity) that is required to file IRS Form 8938 does not file such form, the statute of limitations on the assessment of U.S. federal income taxes of such holder for the related tax year may not close until three years after the date that the required information is filed. U.S. Holders (including U.S. entities) and Non-U.S. Holders should consult their own tax advisors regarding their reporting obligations.

U.S. Backup Withholding Tax and Related Information Reporting Requirements

In general, dividend payments and payments of proceeds from the disposition of our common stock made to a non-corporate U.S. Holder may be subject to information reporting requirements. Such payments may also be subject to backup withholding tax (currently at a rate of 24%) if you are a non-corporate U.S. Holder and you:

- fail to provide an accurate taxpayer identification number;
- are notified by the IRS that you are subject to backup withholding because you have previously failed to report all interest or dividends required to be shown on your federal income tax returns; or
- fail to comply with applicable certification requirements.

A U.S. Holder generally is required to certify its compliance with the backup withholding rules on IRS Form W-9.

Non-U.S. Holders may be required to establish their exemption from information reporting and backup withholding by certifying their status on an applicable IRS Form W-8.

Backup withholding tax is not an additional tax. Rather, you generally may obtain a credit of any amounts withheld against your liability for U.S. federal income tax (and obtain a refund of any amounts withheld in excess of such liability) by timely filing a U.S. federal income tax return with the IRS.

F. Dividends and paying agents

Not applicable.

G. Statements by experts

Not applicable.

H. Documents on display

We file reports and other information with the SEC. These materials, including this Annual Report and the accompanying exhibits, may be inspected and copied at the public facilities maintained by the SEC at 100 F Street, N.E., Washington, D.C. 20549, or from the SEC's website http://www.sec.gov. You may obtain information on the operation of the public reference room by calling 1 (800) SEC-0330 and you may obtain copies at prescribed rates.

I. Subsidiary information

Not applicable.

Item 11. ***Quantitative and Qualitative Disclosures about Market Risks***

Foreign Exchange Risk

Our functional and reporting currency is the U.S. dollar. We engage in worldwide commerce with a variety of entities. Although our operations may expose us to certain levels of foreign currency risk, our transactions are predominantly U.S. dollar denominated. Transactions in currencies other than U.S. dollar are translated at the exchange rate in effect at the date of each transaction. Differences in exchange rates during the period between the date a transaction denominated in a foreign currency is consummated and the date on which it is either settled or translated, are recognized. Expenses incurred in foreign currencies against which the U.S. Dollar falls in value can increase thereby decreasing our income or vice versa if the U.S. dollar increases in value. For example, during the year ended December 31, 2017, the value of U.S. dollar decreased by approximately 12.3% as compared to the Euro.

Interest Rate Risk

In each of December 31, 2017 and 2016, Navios Acquisition had a total of $1.1 billion, in short term and long-term indebtedness. The debt is U.S. dollar-denominated. Borrowings under our credit facilities bear interest at rates based on a premium over U.S. $ LIBOR except for the interest rate on the Notes which is fixed. Therefore, we are exposed to the risk that our interest expense may increase if interest rates rise. For the year ended December 31, 2017, 2016 and 2015 we paid interest on our outstanding debt at a weighted average interest rate of 6.5%, 6.0% and 6.0%, respectively. A 1% increase in LIBOR would have increased our interest expense for the years ended December 31, 2017, 2016 and 2015 by $4.3 million, $5.1 million and $4.9 million, respectively.

Concentration of Credit Risk

Financial instruments, which potentially subject us to significant concentrations of credit risk, consist principally of trade accounts receivable. We closely monitor our exposure to customers for credit risk. We have policies in place to ensure that we trade with customers with an appropriate credit history. Our major customers during 2015 were: Navig8, Shell and Mansel. For the year ended December 31, 2015, these three customers accounted for 35.2%, 13.6% and 10.8%, respectively, of Navios Acquisition's revenue. Our major customers during 2016 were: Navig8, Shell and Mansel. For the year ended December 31, 2016, these three customers accounted for 33.0%, 20.0% and 14.7%, respectively, of Navios Acquisition's revenue. Our major customers during 2017 were: Navig8, Shell and Mansel. For the year ended December 31, 2017, Navig8, Mansel and Shell accounted for 31.9%, 14.3% and 13.7%, respectively, of Navios Acquisition's revenue.

Cash and Cash Equivalents

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

Inflation

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

Item 12. *Description of Securities Other than Equity Securities*

Not applicable.

PART II

Item 13. *Defaults, Dividend Arrearages and Delinquencies*

None.

Item 14. *Material Modifications to the Rights of Shareholders and Use of Proceeds*

None.

Item 15. *Controls and Procedures*

A. Disclosure Controls and Procedures

The management of Navios Acquisition, with the participation of the Chief Executive Officer and Chief Financial Officer, conducted an evaluation, pursuant to Rule 13a-15 promulgated under the Securities Act of 1934, as amended (the "Exchange Act"), of the effectiveness of our disclosure controls and procedures as of December 31, 2017. Based on this evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the disclosure controls and procedures were effective as of December 31, 2017.

Disclosure controls and procedures means controls and other procedures that are designed to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms and that such information required to be disclosed by us in the reports that we file or submit under the Exchange Act is accumulated and communicated to our management, including our principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosures.

B. Management's annual report on internal control over financial reporting

The management of Navios Acquisition is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rule 13a-15(f) or 15d-15(f) of the Exchange Act. Navios Acquisition's internal control system was designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles in the United States ("GAAP").

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Navios Acquisition's management assessed the effectiveness of Navios Acquisition's internal control over financial reporting as of December 31, 2017. In making this assessment, it used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in Internal Control — Integrated Framework (2013). Based on its assessment, management concluded that, as of December 31, 2017, Navios Acquisition's internal control over financial reporting is effective based on those criteria.

Navios Acquisition's independent registered public accounting firm has issued an attestation report on Navios Acquisition's internal control over financial reporting.

C. Attestation report of the registered public accounting firm

Navios Acquisition's independent registered public accounting firm has issued an audit report on Navios Acquisition's internal control over financial reporting. This report appears on Page F-2 of the consolidated financial statements.

D. Changes in internal control over financial reporting

There have been no changes in internal controls over financial reporting (identified in connection with management's evaluation of such internal controls over financial reporting) that occurred during the year covered by this Annual Report that have materially affected, or are reasonably likely to materially affect, Navios Acquisition's internal controls over financial reporting.

Item 16A. *Audit Committee Financial Expert*

Our audit committee currently consists of three independent directors, Mr. Veraros, Mr. Galatis and Ms. Noury. Each member of our audit committee is financially literate under the current listing standards of the NYSE, and our board of directors has determined that Mr. Veraros qualifies as an "audit committee financial expert," as such term is defined by the SEC. Mr. Veraros is independent under applicable NYSE and SEC standards.

Item 16B. *Code of Ethics*

We have adopted a code of conduct and ethics applicable to our directors and officers in accordance with applicable federal securities laws and the rules of the NYSE. The code is available for review on our website at http://www.navios-acquisition.com.

Item 16C. *Principal Accountant Fees and Services*

Audit Fees

Our principal accountants for the fiscal years 2017 and 2016 were PricewaterhouseCoopers S.A. The audit fees for the audit for each of the years ended December 31, 2017 and 2016 were $0.2 million and $0.3 million, respectively.

Audit-Related Fees

There were no audit-related fees billed in 2017 and 2016.

Tax Fees

There were no tax fees billed in 2017 and 2016.

Other Fees

There were no other fees billed in 2017 and 2016.

Audit Committee

The Audit Committee is responsible for the appointment, replacement, compensation, evaluation and oversight of the work of the independent auditors. As part of this responsibility, the audit committee pre-approves the audit and non-audit services performed by the independent auditors in order to assure that they do not impair the auditors' independence from Navios Acquisition. The Audit Committee has adopted a policy which sets forth the procedures and the conditions pursuant to which services proposed to be performed by the independent auditors may be pre-approved.

The Audit Committee separately pre-approved all engagements and fees paid to our principal accountants in 2017 and 2016.

Item 16D. ***Exemptions from the Listing Standards for Audit Committees***

Not applicable.

Item 16E. ***Purchases of Equity Securities by the Issuer and Affiliated Purchasers***

None.

Item 16F. ***Change in Registrant's Certifying Accountant***

Not applicable.

Item 16G. ***Corporate Governance***

Pursuant to an exception for foreign private issuers, we are not required to comply with the corporate governance practices followed by U.S. companies under the NYSE listing standards. However, we have voluntarily adopted all of the NYSE required practices.

Item 16H. ***Mine Safety Disclosures***

Not applicable.

Item 17. ***Financial Statements***

See Item 18.

Item 18. ***Financial Statements***

The financial information required by this Item is set forth on pages F-1 to F-42 and are filed as part of this annual report.

Separate consolidated financial statements and notes thereto for Navios Midstream for each of the years ended December 31, 2017, 2016 and 2015 are being provided as a result of Navios Midstream meeting a significance test pursuant to Rule 3-09 of Regulation S-X and, accordingly, the financial statements of Navios Midstream for the year ended December 31, 2017 are required to be filed as part of this Annual Report on Form 20-F. See Exhibit 15.3 to this Annual Report on Form 20-F.

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Item 19. ***Exhibits***

Exhibit No.	Description
1.1	Amended and Restated Articles of Incorporation (Previously filed as an exhibit to a Report on Form 6-K filed on June 4, 2010 and hereby incorporated by reference.)
1.2	Articles of Amendment to the Amended and Restated Articles of Incorporation (Previously filed as an exhibit to a Report on Form 6-K filed on February 10, 2011, and hereby incorporated by reference.)
1.3	By-laws (Previously filed as an exhibit to the Navios Acquisition Registration Statement on Form F-1, as amended (File No 333-151707) and hereby incorporated by reference.)
2.1	Specimen Unit Certificate (Previously filed as an exhibit to the Navios Acquisition Registration Statement on Form F-1, as amended (File No 333-151707) and hereby incorporated by reference.)
2.2	Specimen Common Stock Certificate (Previously filed as an exhibit to the Navios Acquisition Registration Statement on Form F-1, as amended (File No 333-151707) and hereby incorporated by reference.)
2.3	Specimen Warrant Certificate (Previously filed as an exhibit to the Navios Acquisition Registration Statement on Form F-1, as amended (File No 333-151707) and hereby incorporated by reference.)
2.4	Form of Amendment to Warrant Agreement between Continental Stock Transfer & Trust Company and Navios Acquisition (Previously filed as an exhibit to a Report on Form 6-K filed on July 29, 2010, and hereby incorporated by reference.)
2.5	Certificate of Designation of the Series A Convertible Preferred Stock, as filed with the Registrar of Companies of the Republic of the Marshall Islands on September 16, 2010 (Previously filed as an exhibit to a Report on Form 6-K filed on September 21, 2010, and hereby incorporated by reference.)
2.6	Certificate of Designation of the Series B Convertible Preferred Stock, as filed with the Registrar of Companies of the Republic of the Marshall Islands on October 29, 2010 (Previously filed as an exhibit to a Report on Form 6-K filed on November 9, 2010, and hereby incorporated by reference.)
2.7	Certificate of Designation of the Series C Convertible Preferred Stock, as filed with the Registrar of Companies of the Republic of the Marshall Islands on March 29, 2011 (Previously filed as an exhibit to a Report on Form 6-K filed on April 12, 2011, and hereby incorporated by reference.)
2.8	Indenture dated November 13, 2013 (Previously filed as an exhibit to a Report on Form 6-K filed on December 9, 2013, and hereby incorporated by reference.)
2.9	Certificate of Designation of the Series D Convertible Preferred Stock, as filed with the Registrar of Companies of the Republic of the Marshall Islands on August 24, 2012 (Previously filed as an exhibit to a Report on Form 6-K filed on November 16, 2012, and hereby incorporated by reference.)
2.10	Form of Indenture (Previously filed as an exhibit to the Navios Acquisition Registration Statement on Form F-3 filed on November 21, 2016, and hereby incorporated by reference).
4.1	Form of Right of First Refusal Agreement among Navios Acquisition, Navios Holdings and Navios Partners (Previously filed as an exhibit to the Navios Acquisition Registration Statement on Form F-1, as amended (File No 333-151707) and hereby incorporated by reference.)
4.2	Repurchase Plan dated April 8, 2010 (Previously filed as an exhibit to a Report on Form 6-K filed on April 12, 2010, and hereby incorporated by reference.)
4.3	Amended Co-Investment Shares Subscription Agreement dated April 8, 2010 (Previously filed as an exhibit to a Report on Form 6-K filed on April 12, 2010, and hereby incorporated by reference.)
4.4	Acquisition Agreement, dated April 8, 2010 between Navios Acquisition and Navios Holdings (Previously filed as an exhibit to a Report on Form 6-K filed on June 4, 2010, and hereby incorporated by reference.)
4.5	Management Agreement dated May 28, 2010 between Navios Acquisition and Navios Ship Management Inc. (Previously filed as an exhibit to a Report on Form 6-K filed on June 4, 2010, and hereby incorporated by reference.)
4.6	Administrative Services Agreement dated May 28, 2010 between Navios Acquisition and Navios Ship Management Inc. (Previously filed as an exhibit to a Report on Form 6-K filed on June 4, 2010, and hereby incorporated by reference.)
4.7	Acquisition Omnibus Agreement dated May 28, 2010 among Navios Acquisition, Navios Holdings and Navios Partners (Previously filed as an exhibit to a Report on Form 6-K filed on June 4, 2010, and hereby incorporated by reference.)

4.8	Midstream Omnibus Agreement dated November 18, 2014 among Navios Midstream, Navios Holdings and Navios Partners (Previously filed as an exhibit to a Registration Statement on Form S-1 for Navios Maritime Midstream Partners LP filed on October 27, 2014, and hereby incorporated by reference.)
4.9	Navios Containers Agreement dated June 8, 2017 among Navios Containers, Navios Acquisition, Navios Midstream, Navios Holdings and Navios Partners (Previously filed as an exhibit to a Report on Form 6-K filed on August 1, 2017, and hereby incorporated by reference.)
4.10	Securities Purchase Agreement dated July 18, 2010 between Navios Acquisition and Vanship Holdings Limited (Previously filed as an exhibit to a Report on Form 6-K filed on July 26, 2010, and hereby incorporated by reference.)
4.11	Credit Agreement, dated April 7, 2010, among certain vessel-owning subsidiaries and Deutsche Schiffsbank AG, Alpha Bank A.E. and Credit Agricole Corporate and Investment Bank (Previously filed as an exhibit to a Report on Form 6-K filed on June 4, 2010, and hereby incorporated by reference.)
4.12	Credit Agreement, dated April 8, 2010, among certain vessel-owning subsidiaries and DVB Bank SE and Fortis Bank (Previously filed as an exhibit to a Report on Form 6-K filed on June 4, 2010, and hereby incorporated by reference.)
4.13	Facility Agreement for $52.2 million term loan facility, dated October 26, 2010 (Previously filed as an exhibit to a Report on Form 6-K filed on November 9, 2010, and hereby incorporated by reference.)
4.14	Facility Agreement for $52.0 million term loan facility, dated December 6, 2010 (Previously filed as an exhibit to a Report on Form 6-K filed on January 12, 2012, and hereby incorporated by reference.)
4.15	Registration Rights Agreement dated May 26, 2011 (Previously filed as an exhibit to a Report on Form 6-K filed on May 27, 2011, and hereby incorporated by reference.)
4.16	Loan Agreement for $40.0 million with Navios Maritime Holdings Inc., dated September 7, 2010 (Previously filed as an exhibit to a Report on Form 6-K filed on May 27, 2011, and hereby incorporated by reference.)
4.17	Letter Agreement Nr. 1 to Loan Agreement, dated as of October 21, 2010 (Previously filed as an exhibit to a Report on Form 6-K filed on May 27, 2011, and hereby incorporated by reference.)
4.18	Letter Agreement Nr. 2 to Loan Agreement, dated November 8, 2011 (Previously filed as an exhibit to a Report on Form 6-K filed on November 15, 2011, and hereby incorporated by reference.)
4.19	Facility Agreement for up to $28.1 million term loan facility, dated December 29, 2011 (Previously filed as an exhibit to a Report on Form 6-K filed on February 22, 2012, and hereby incorporated by reference.)
4.20	Facility Agreement for $56.3 million term loan facility, dated December 29, 2011 (Previously filed as an exhibit to a Report on Form 6-K filed on February 22, 2012, and hereby incorporated by reference.)
4.21	Facility Agreement for $51.0 million term loan facility, dated February 6, 2014 (Previously filed as an exhibit to a Report on Form 6-K filed on February 13, 2014, and hereby incorporated by reference.)
4.22	Loan Agreement between Navios Europe Inc., Navios Acquisition, Navios Maritime Holdings Inc. and Navios Maritime Partners L.P., as lenders, Navios Partners Europe Finance Inc., as agent, Navios Acquisition Europe Finance Inc., a wholly owned subsidiary of Navios Acquisition, as arranger and Navios Holdings Europe Finance Inc., as security trustee, dated December 13, 2013 (Previously filed as an exhibit to a Report on Form 6-K filed on February 13, 2014, and hereby incorporated by reference.)
4.23	Amendment to the Management Agreement dated May 4, 2012 (Previously filed as an exhibit to a Report on Form 6-K filed on May 15, 2012, and hereby incorporated by reference.)
4.24	Term Loan Facility Agreement for $132.4 million loan facility, dated July 18, 2014 (Previously filed as an exhibit to a Report on Form 6-K filed on August 12, 2014, and hereby incorporated by reference.)
4.25	Short Term Credit Facility for up to $200.0 million, dated November 11, 2014, with Navios Maritime Holdings Inc. (Previously filed as an exhibit to a Report on Form 20-F filed on March 30, 2015, and hereby incorporated by reference.)
4.26	Securities Purchase Agreement, dated February 26, 2013, between Navios Maritime Acquisition Corporation and Navios Maritime Holdings Inc. (Previously filed as an exhibit to a Report on Form 6-K filed on March 4, 2013, and hereby incorporated by reference.)
4.27	Form of Co-Investment Share Purchase Agreement (Previously filed as an exhibit to a Report on Form 6-K filed on March 4, 2013, and hereby incorporated by reference.)
4.28	Registration Rights Agreement, dated February 26, 2013, between Navios Maritime Acquisition Corporation and Navios Maritime Holdings Inc. and the management investors party thereto (Previously filed as an exhibit to a Report on Form 6-K filed on March 4, 2013, and hereby incorporated by reference.)
4.29	Securities Purchase Agreement, dated May 21, 2013, between Navios Maritime Acquisition Corporation and Navios Maritime Holdings Inc. (Previously filed as an exhibit to a Report on Form 6-K filed on May 30, 2013, and hereby incorporated by reference.)

4.30	Registration Rights Agreement, dated May 21, 2013, between Navios Maritime Acquisition Corporation and Navios Maritime Holdings Inc. (Previously filed as an exhibit to a Report on Form 6-K filed on May 30, 2013, and hereby incorporated by reference.)
4.31	Securities Purchase Agreement, dated September 16, 2013, between Navios Maritime Acquisition Corporation and Navios Maritime Holdings Inc. (Previously filed as an exhibit to a Report on Form 6-K filed on September 18, 2013, and hereby incorporated by reference.)
4.32	Registration Rights Agreement, dated September 16, 2013, between Navios Maritime Acquisition Corporation and Navios Maritime Holdings Inc. (Previously filed as an exhibit to a Report on Form 6-K filed on September 18, 2013, and hereby incorporated by reference.)
4.33	First Supplemental Indenture dated January 8, 2014 (Previously filed as an exhibit to a Report on Form 6-K filed on April 3, 2014, and hereby incorporated by reference.)
4.34	Second Supplemental Indenture dated February 20, 2014 (Previously filed as an exhibit to a Report on Form 6-K filed on April 3, 2014, and hereby incorporated by reference.)
4.35	Third Supplemental Indenture dated March 31, 2014 (Previously filed as an exhibit to a Report on Form 6-K filed on April 3, 2014, and hereby incorporated by reference.)
4.36	Fourth Supplemental Indenture dated May 28, 2014 (Previously filed as an exhibit to a Report on Form 6-K filed on August 12, 2014, and hereby incorporated by reference.)
4.37	Fifth Supplemental Indenture dated December 4, 2014 (Previously filed as an exhibit to a Report on Form 20-F filed on March 30, 2015, and hereby incorporated by reference.)
4.38	Backstop Agreement, dated November 18, 2014, with Navios Maritime Midstream Partners LP (Previously filed as an exhibit to a Report on Form 20-F for Navios Maritime Midstream Partners LP filed on March 17, 2015, and hereby incorporated by reference.)
4.39	Navios Midstream General Partner Option Agreement, dated November 18, 2014, with Navios Maritime Holdings Inc. (Previously filed as an exhibit to a Report on Form 20-F for Navios Maritime Midstream Partners LP filed on March 17, 2015, and hereby incorporated by reference.)
4.40	General Partner Option Agreement, dated as of November 18, 2014, with Navios Maritime Holdings Inc. (Previously filed as an exhibit to a Report on Form 20-F for Navios Maritime Midstream Partners LP filed on March 17, 2015, and hereby incorporated by reference.)
4.41	Amendment to the Management Agreement dated May 14, 2014 (Previously filed as an exhibit to a Report on Form 6-K filed on May 22, 2014, and hereby incorporated by reference.)
4.42	Amendment to the Administrative Services Agreement dated May 14, 2014 (Previously filed as an exhibit to a Report on Form 6-K filed on May 22, 2014, and hereby incorporated by reference.)
4.43	Amended and Restated Facility Agreement for $125.0 million term loan facility, dated November 4, 2015 (Previously filed as an exhibit to a Report on Form 6-K filed on November 13, 2015, and hereby incorporated by reference.)
4.44	Sixth Supplemental Indenture, dated November 17, 2015 (Previously filed as an exhibit to a Report on Form 6-K filed on January 6, 2016, and hereby incorporated by reference.)
4.45	Facility Agreement for up to $44.0 million term loan facility, dated December 18, 2015 (Previously filed as an exhibit to a Report on Form 6-K filed on January 6, 2016, and hereby incorporated by reference.)
4.46	Loan Agreement for up to $70.0 million with Navios Maritime Holdings Inc., dated as of September 19, 2016 (Previously filed as an exhibit to a Report on Form 6-K filed on September 21, 2016, and hereby incorporated by reference.)
4.47	Share Purchase Agreement, dated November 18, 2014, between Navios Maritime Midstream Partners L.P. and Aegean Sea Maritime Holdings Inc. (Previously filed as an exhibit to a Registration Statement on Form F-1 filed on October 27, 2014, and hereby incorporated by reference).
4.48	First Amendment to Share Purchase Agreement, dated October 25, 2016, between Navios Maritime Midstream Partners L.P. and Aegean Sea Maritime Holdings Inc. (Previously filed as an exhibit to a Report on Form 6-K filed on November 21, 2016, and hereby incorporated by reference).
4.49	Facility Agreement for $26.7 million term loan facility, dated January 31, 2017, among certain vessel-owning subsidiaries and ABN AMRO Bank N.V. (Previously filed as an exhibit to a Report on Form 20-F, filed on April 5, 2017, and hereby incorporated by reference).
4.50	Loan Agreement for $24.0 million term loan facility, dated June 7, 2017, among Amorgos Shipping Corporation and Andros Shipping Corporation, HSH Nordbank AG, and the Banks and Financial Institutions listed therein (Previously filed as an exhibit to a Report on Form 6-K, filed on August 17, 2017, and hereby incorporated by reference).

4.51	Omnibus Agreement, effective as of June 8, 2017, among Navios Maritime Acquisition Corporation, Navios Maritime Holdings Inc., Navios Maritime Partners L.P., Navios Maritime Midstream Partners L.P., Navios Maritime Containers Inc. and Navios Partners Containers Finance Inc. (Previously filed as an exhibit to a Report on Form 6-K, filed on August 17, 2017, and hereby incorporated by reference).
4.52	Bareboat charters and Memoranda of Agreement, by and among Sea 66 Leasing Co. Limited, Sea 67 Leasing Co. Limited, Sea 68 Leasing Co. Limited and Sea 69 Leasing Co. Limited wholly owned subsidiaries of China Merchants Bank Limited, dated March 31, 2018, providing for the sale and leaseback of the NAVE ATRIA, NAVE AQUILA, NAVE BELLATRIX and NAVE ORION respectively.*
8.1	List of subsidiaries.*
12.1	Certification by principal executive officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.*
12.2	Certification by principal financial officer pursuant to section 302 of the Sarbanes-Oxley Act of 2002.*
13.1	Certification by principal executive officer and principal financial officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.+
15.1	Consent of PricewaterhouseCoopers S.A.*
15.2	Consent of Ernst & Young (Hellas) Certified Auditors Accountants S.A.*
15.3	Financial statements of Navios Maritime Midstream Partners L.P. for the fiscal years ended December 31, 2017, 2016 and 2015.*
101	The following materials from the Company's Annual Report on Form 20-F for the fiscal year ended December 31, 2017, formatted in eXtensible Business Reporting Language (XBRL): (i) Consolidated Balance Sheets at December 31, 2017 and 2016; (ii) Consolidated Statements of Operations for each of the years ended December 31, 2017, 2016 and 2015; (iii) Consolidated Statements of Cash Flows for each of the years ended December 31, 2017, 2016 and 2015; (iv) Consolidated Statements of Changes in Equity for each of the years ended December 31, 2017, 2016 and 2015; and (v) the Notes to the Consolidated Financial Statements as blocks of text.

* Filed herewith.
\+ Furnished herewith.

Signatures

Navios Maritime Acquisition Corporation hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this Annual Report on its behalf.

Navios Maritime Acquisition Corporation

/s/ Angeliki Frangou
By: Angeliki Frangou
Its: Chairman and Chief Executive Officer

Date: April 5, 2018

NAVIOS MARITIME ACQUISITION CORPORATION

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Stockholders and Board of Directors of
Navios Maritime Acquisition Corporation:

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated balance sheets of Navios Maritime Acquisition Corporation and its subsidiaries (the "Company") as of December 31, 2017 and 2016, and the related consolidated statements of operations, changes in equity, and cash flows for each of the three years in the period ended December 31, 2017, including the related notes (collectively referred to as the consolidated financial statements"). We also have audited the Company's internal control over financial reporting as of December 31, 2017, based on criteria established in Internal Control—Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2017 and 2016, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2017 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2017, based on criteria established in Internal Control — Integrated Framework (2013) issued by the COSO.

Basis for Opinions

The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in "Management's Annual Report on Internal Control over Financial Reporting" appearing under Item 15(b) of the Company's 2017 Annual Report on Form 20-F. Our responsibility is to express opinions on the Company's consolidated financial statements and on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ PricewaterhouseCoopers S.A.

Athens, Greece
April 5, 2018

We have served as the Company's auditor since 2010.

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

	Notes	December 31, 2017	December 31, 2016
ASSETS			
Current assets			
Cash and cash equivalents	3	$ 81,151	$ 49,292
Restricted cash	3	5,307	7,366
Accounts receivable, net	4	12,810	20,933
Due from related parties, short term	15	13,931	25,047
Prepaid expenses and other current assets		6,534	4,644
Total current assets		**119,733**	**107,282**
Vessels, net	5	1,250,043	1,306,923
Goodwill	7	1,579	1,579
Other long-term assets		900	900
Deferred dry dock and special survey costs, net		20,871	10,172
Investment in affiliates	8,15	125,062	196,695
Due from related parties, long-term	8,15	54,593	80,068
Total non-current assets		**1,453,048**	**1,596,337**
Total assets		**$ 1,572,781**	**$ 1,703,619**
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current liabilities			
Accounts payable	9	$ 3,862	$ 4,855
Accrued expenses	11	12,211	11,047
Due to related parties, short-term	8,15	17,107	—
Deferred revenue		5,028	8,519
Current portion of long-term debt, net of deferred finance costs	12	36,410	55,000
Total current liabilities		**74,618**	**79,421**
Long-term debt, net of current portion, premium and net of deferred finance costs	12	1,028,959	1,040,938
Deferred gain on sale of assets	5,15	6,729	7,829
Total non-current liabilities		**1,035,688**	**1,048,767**
Total liabilities		**$ 1,110,306**	**$ 1,128,188**
Commitments and contingencies	16	—	—
Puttable common stock 0 and 250,000 shares issued and outstanding with $0 and $2,500 redemption amount as of December 31, 2017 and December 31, 2016, respectively	17	—	**2,500**
Stockholders' equity			
Preferred stock, $0.0001 par value; 10,000,000 shares authorized; 1,000 series C shares issued and outstanding as of December 31, 2017 and December 31, 2016	17	—	—
Common stock, $0.0001 par value; 250,000,000 shares authorized; 152,107,905 and 150,582,990 issued and outstanding as of December 31, 2017 and December 31, 2016, respectively	17	15	15
Additional paid-in capital	17	518,071	541,720
(Accumulated deficit)/ Retained earnings		(55,611)	31,196
Total stockholders' equity		**462,475**	**572,931**
Total liabilities and stockholders' equity		**$ 1,572,781**	**$ 1,703,619**

See notes to consolidated financial statements.

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

	Notes	Year ended December 31, 2017	Year ended December 31, 2016	Year ended December 31, 2015
Revenue	18	$ 227,288	$ 290,245	$ 313,396
Time charter and voyage expenses	15	(21,919)	(4,980)	(4,492)
Direct vessel expenses	15	(4,198)	(3,567)	(1,532)
Management fees (entirely through related party transactions)	15	(94,973)	(97,866)	(95,336)
General and administrative expenses	15,17	(13,969)	(17,057)	(15,532)
Depreciation and amortization	5,6	(56,880)	(57,617)	(57,623)
Interest income	8,15	10,042	4,767	1,683
Interest expenses and finance cost	12	(76,438)	(75,987)	(73,561)
Gain on sale of vessels	5,15	—	11,749	5,771
Equity/ (loss) in net earnings of affiliated companies	8	(46,657)	15,499	18,436
Other income		82	377	41
Other expense		(1,277)	(2,685)	(1,514)
Net (loss)/ income		**$ (78,899)**	**$ 62,878**	**$ 89,737**
Dividend on preferred shares Series B		—	—	(78)
Dividend on preferred shares Series D		—	—	(281)
Dividend on restricted shares		(89)	(105)	(245)
Undistributed loss/ (income) attributable to Series C participating preferred shares		3,835	(3,058)	(4,337)
Net (loss)/ income attributable to common stockholders, basic	**19**	**$ (75,153)**	**$ 59,715**	**$ 84,796**
Plus:				
Dividend on preferred shares Series B		—	—	78
Dividend on preferred shares Series D		—	—	281
Dividend on restricted shares		—	105	245
Net (loss)/ income attributable to common stockholders, diluted	**19**	**(75,153)**	**59,820**	**$ 85,400**
Net (loss)/ income per share, basic	19	$ (0.50)	$ 0.40	$ 0.57
Weighted average number of shares, basic		150,412,031	149,932,713	150,025,086
Net (loss)/ income per share, diluted	19	$ (0.50)	$ 0.40	$ 0.56
Weighted average number of shares, diluted		150,412,031	150,736,156	153,300,395

See notes to consolidated financial statements.

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

	Notes	Year ended December 31, 2017	Year ended December 31, 2016	Year ended December 31, 2015
Operating Activities				
Net (loss)/ income		$ (78,899)	$ 62,878	$ 89,737
Adjustments to reconcile net (loss)/ income to net cash provided by operating activities:				
Depreciation and amortization	5,6	56,880	57,617	57,623
Amortization and write-off of deferred finance costs and bond premium	12	3,784	3,656	3,495
Gain on debt repayment		—	(350)	—
Amortization of dry dock and special survey costs		4,198	2,837	1,532
Stock based compensation	17	57	864	2,362
Gain on sale of vessels	5	—	(11,749)	(5,771)
Equity/ (loss) in earnings of affiliates, net of dividends received	8	56,923	(1,438)	(3,821)
Changes in operating assets and liabilities:				
(Increase)/ decrease in prepaid expenses and other current assets		(2,390)	(479)	5,067
Decrease/ (increase) in accounts receivable		8,123	(6,731)	4,367
Decrease/ (increase) in due from related parties short-term		11,116	(7,210)	—
(Increase)/ decrease in restricted cash		(26)	224	(41)
Decrease/ (increase) in other long term assets		—	1,020	(1,230)
(Decrease)/ increase in accounts payable		(993)	2,102	1,246
Increase/ (decrease) in accrued expenses		1,164	1,245	(293)
Payments for dry dock and special survey costs		(14,897)	(3,828)	(6,598)
Increase/ (decrease) in due to related parties		17,107	—	(17,763)
Increase in due from related parties long-term		(12,730)	(7,638)	(16,476)
(Decrease)/ increase in deferred revenue		(3,475)	(75)	6,200
Net cash provided by operating activities		**$ 45,942**	**$ 92,945**	**$ 119,636**
Investing Activities				
Loan repayment from affiliated companies	15	55,132	—	—
Acquisition of vessels	5	—	—	(163,791)
Net cash proceeds from sale of vessels	5,8	—	89,988	71,224
Investment in affiliates		(84)	(89)	(7,201)
Loans receivable from affiliates		(13,706)	(4,275)	(7,327)
Loan receivable from affiliate, net of issuance fee and costs	15	—	(49,342)	—
Dividends received from affiliates		11,036	7,223	2,585
Net cash provided by/ (used in) investing activities		**$ 52,378**	**$ 43,505**	**$ (104,510)**
Financing Activities				
Loan proceeds, net of deferred finance costs	12	49,764	—	192,930
Loan repayments	12	(84,196)	(105,531)	(140,861)
Dividend paid	10	(31,614)	(31,682)	(40,084)
Decrease/ (increase) in restricted cash		2,085	(750)	(130)
Payment to related party	15	—	—	(11,265)
Redemption of Convertible shares and puttable common stock	17	(2,500)	(4,000)	(5,500)
Acquisition of treasury stock	17	—	—	(9,904)
Net cash used in financing activities		**$ (66,461)**	**$ (141,963)**	**$ (14,814)**
Net increase/ (decrease) in cash and cash equivalents		31,859	(5,513)	312
Cash and cash equivalents, beginning of year		49,292	54,805	54,493
Cash and cash equivalents, end of year		**$ 81,151**	**$ 49,292**	**$ 54,805**
Supplemental disclosures of cash flow information				
Cash interest paid, net of capitalized interest		$ 71,966	$ 72,478	$ 70,130
Non-cash investing activities				
Capitalized financing costs		$ —	$ —	$ 19
Investment in affiliates received upon sale of vessels		$ —	$ —	$ 27,111
Accrued interest on loan to affiliates		$ 2,643	$ 3,498	$ 1,357
Deferred gain on sale of assets		$ —	$ 8,823	$ 8,971
Non-cash financing activities				
Acquisition of vessels		$ —	$ —	$ (914)
Due to related party		$ —	$ —	$ (914)
Stock based compensation		$ 57	$ 864	$ 2,362

See notes to consolidated financial statements.

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

		Preferred Stock		Common Stock				
	Notes	Number of Preferred Shares	Amount	Number of Common Shares	Amount	Additional Paid-in Capital	(Accumulated Deficit)/ Retained Earnings	Total Stockholders' Equity
Balance, December 31, 2014 (Revised)		**4,540**	**$ —**	**151,664,942**	**$ 15**	**$557,125**	**$ (66,347)**	**$ 490,793**
Conversion of preferred stock into puttable common stock	17	—	—	800,000	—	—	—	—
Redemption of puttable common stock	17	—	—	(150,000)	—	—	—	—
Conversion of preferred stock into common stock	17	(540)	—	172,800	—	—	—	—
Acquisition of treasury stock	17	—	—	(2,704,752)	—	(9,904)	—	(9,904)
Stock based compensation	17	—	—	—	—	2,362	—	2,362
Dividend paid/ declared	10	—	—	—	—	(8,727)	(23,390)	(32,117)
Net income		—	—	—	—	—	89,737	89,737
Balance, December 31, 2015		**4,000**	**$ —**	**149,782,990**	**$ 15**	**$540,856**	**$ —**	**$ 540,871**
Redemption of puttable common stock	17	—	—	(400,000)	—	—	—	—
Conversion of Series A preferred stock into common stock	17	(3,000)	—	1,200,000	—	—	—	—
Stock based compensation	17	—	—	—	—	864	—	864
Dividend paid/ declared	10	—	—	—	—	—	(31,682)	(31,682)
Net income		—	—	—	—	—	62,878	62,878
Balance, December 31, 2016		**1,000**	**$ —**	**150,582,990**	**$ 15**	**$541,720**	**$ 31,196**	**$ 572,931**
Redemption of puttable common stock	17	—	—	(250,000)	—	—	—	—
Stock based compensation	17	—	—	1,774,915	—	57	—	57
Dividend paid/ declared	10	—	—	—	—	(23,706)	(7,908)	(31,614)
Net (loss)		—	—	—	—	—	(78,899)	(78,899)
Balance, December 31, 2017		**1,000**	$ —	**152,107,905**	**$ 15**	**$518,071**	**$ (55,611)**	**$ 462,475**

See notes to consolidated financial statements.

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NOTE 1: DESCRIPTION OF ORGANIZATION AND BUSINESS OPERATIONS

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

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

In November 2014, Navios Maritime Midstream Partners L.P. ("Navios Midstream"), a company formed as a subsidiary of Navios Acquisition, completed an IPO of its units in the United States and is listed on the NYSE under the symbol "NAP". (Refer to Note 8, "Investment in affiliates"). Navios Midstream is a publicly traded master limited partnership which owns, operates and acquires crude oil tankers, refined petroleum product tankers, chemical tankers and liquefied petroleum gas tankers under long-term employment contracts.

On November 16, 2017, in accordance with the terms of the Navios Midstream Partnership Agreement all of the issued and outstanding 9,342,692 subordinated units of Navios Midstream converted into common units on a one-for-one basis. Following their conversion into common units, these units will have the same distribution rights as all other common units.

As of December 31, 2017, Navios Acquisition owned a 59.0% limited partner interest in Navios Midstream, which included a 2.0% general partner interest.

As of December 31, 2017, Navios Holdings had 42.9% of the voting power and 46.2% of the economic interest in Navios Acquisition.

As of December 31, 2017, Navios Acquisition had outstanding: 152,107,905 shares of common stock and 1,000 shares of Series C Convertible Preferred Stock held by Navios Holdings.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of presentation: The accompanying consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP).

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

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

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

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

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

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

As of December 31, 2017, the entities included in these consolidated financial statements were:

Navios Maritime Acquisition Corporation and Subsidiaries:	Nature	Country of Incorporation	2017	2016	2015
Company Name					
Aegean Sea Maritime Holdings Inc.	Sub-Holding Company	Marshall Is.	1/1 - 12/31	1/1 - 12/31	1/1 - 12/31
Amorgos Shipping Corporation	Vessel-Owning Company	Marshall Is.	1/1 - 12/31	1/1 - 12/31	1/1 - 12/31
Andros Shipping Corporation	Vessel-Owning Company	Marshall Is.	1/1 - 12/31	1/1 - 12/31	1/1 - 12/31
Antikithira Shipping Corporation	Vessel-Owning Company	Marshall Is.	1/1 - 12/31	1/1 - 12/31	1/1 - 12/31
Antiparos Shipping Corporation	Vessel-Owning Company	Marshall Is.	1/1 - 12/31	1/1 - 12/31	1/1 - 12/31
Amindra Navigation Co.	Sub-Holding Company	Marshall Is.	1/1 - 12/31	1/1 - 12/31	1/1 - 12/31
Crete Shipping Corporation	Vessel-Owning Company	Marshall Is.	1/1 - 12/31	1/1 - 12/31	1/1 - 12/31
Folegandros Shipping Corporation	Vessel-Owning Company	Marshall Is.	1/1 - 12/31	1/1 - 12/31	1/1 - 12/31
Ikaria Shipping Corporation	Vessel-Owning Company	Marshall Is.	1/1 - 12/31	1/1 - 12/31	1/1 - 12/31
Ios Shipping Corporation	Vessel-Owning Company	Cayman Is.	1/1 - 12/31	1/1 - 12/31	1/1 - 12/31
Kithira Shipping Corporation	Vessel-Owning Company	Marshall Is.	1/1 - 12/31	1/1 - 12/31	1/1 - 12/31
Kos Shipping Corporation	Vessel-Owning Company	Marshall Is.	1/1 - 12/31	1/1 - 12/31	1/1 - 12/31
Mytilene Shipping Corporation	Vessel-Owning Company	Marshall Is.	1/1 - 12/31	1/1 - 12/31	1/1 - 12/31
Navios Maritime Acquisition Corporation	Holding Company	Marshall Is.	1/1 - 12/31	1/1 - 12/31	1/1 - 12/31
Navios Acquisition Finance (U.S.) Inc.	Co-Issuer	Delaware	1/1 - 12/31	1/1 - 12/31	1/1 - 12/31
Rhodes Shipping Corporation	Vessel-Owning Company	Marshall Is.	1/1 - 12/31	1/1 - 12/31	1/1 - 12/31
Serifos Shipping Corporation	Vessel-Owning Company	Marshall Is.	1/1 - 12/31	1/1 - 12/31	1/1 - 12/31
Shinyo Dream Limited	Vessel-Owning Company(3)	Hong Kong	—	—	1/1 - 6/17
Shinyo Loyalty Limited	Former Vessel-Owning Company(1)	Hong Kong	1/1 - 12/31	1/1 - 12/31	1/1 - 12/31
Shinyo Navigator Limited	Former Vessel-Owning Company(2)	Hong Kong	1/1 - 12/31	1/1 - 12/31	1/1 - 12/31
Sifnos Shipping Corporation	Vessel-Owning Company	Marshall Is.	1/1 - 12/31	1/1 - 12/31	1/1 - 12/31
Skiathos Shipping Corporation	Vessel-Owning Company	Marshall Is.	1/1 - 12/31	1/1 - 12/31	1/1 - 12/31

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Skopelos Shipping Corporation	Vessel-Owning Company	Cayman Is.	1/1 - 12/31	1/1 - 12/31	1/1 - 12/31
Syros Shipping Corporation	Vessel-Owning Company	Marshall Is.	1/1 - 12/31	1/1 - 12/31	1/1 - 12/31
Thera Shipping Corporation	Vessel-Owning Company	Marshall Is.	1/1 - 12/31	1/1 - 12/31	1/1 - 12/31
Tinos Shipping Corporation	Vessel-Owning Company	Marshall Is.	1/1 - 12/31	1/1 - 12/31	1/1 - 12/31
Oinousses Shipping Corporation	Vessel-Owning Company	Marshall Is.	1/1 - 12/31	1/1 - 12/31	1/1 - 12/31
Psara Shipping Corporation	Vessel-Owning Company	Marshall Is.	1/1 - 12/31	1/1 - 12/31	1/1 - 12/31
Antipsara Shipping Corporation	Vessel-Owning Company	Marshall Is.	1/1 - 12/31	1/1 - 12/31	1/1 - 12/31
Samothrace Shipping Corporation	Vessel-Owning Company	Marshall Is.	1/1 - 12/31	1/1 - 12/31	1/1 - 12/31
Thasos Shipping Corporation	Vessel-Owning Company	Marshall Is.	1/1 - 12/31	1/1 - 12/31	1/1 - 12/31
Limnos Shipping Corporation	Vessel-Owning Company	Marshall Is.	1/1 - 12/31	1/1 - 12/31	1/1 - 12/31
Skyros Shipping Corporation	Vessel-Owning Company	Marshall Is.	1/1 - 12/31	1/1 - 12/31	1/1 - 12/31
Alonnisos Shipping Corporation	Former Vessel-Owning Company(4)	Marshall Is.	1/1 - 12/31	1/1 - 12/31	1/1 - 12/31
Makronisos Shipping Corporation	Former Vessel-Owning Company(4)	Marshall Is.	1/1 - 12/31	1/1 - 12/31	1/1 - 12/31
Iraklia Shipping Corporation	Vessel-Owning Company	Marshall Is.	1/1 - 12/31	1/1 - 12/31	1/1 - 12/31
Paxos Shipping Corporation	Former Vessel-Owning Company(5)	Marshall Is.	1/1 - 12/31	1/1 - 12/31	1/1 - 12/31
Antipaxos Shipping Corporation	Vessel-Owning Company	Marshall Is.	1/1 - 12/31	1/1 - 12/31	1/1 - 12/31
Donoussa Shipping Corporation	Former Vessel-Owning Company(6)	Marshall Is.	1/1 - 12/31	1/1 - 12/31	1/1 - 12/31
Schinousa Shipping Corporation	Former Vessel-Owning Company(7)	Marshall Is.	1/1 - 12/31	1/1 - 12/31	1/1 - 12/31
Navios Acquisition Europe Finance Inc	Sub-Holding Company	Marshall Is.	1/1 - 12/31	1/1 - 12/31	1/1 - 12/31
Sikinos Shipping Corporation	Vessel-Owning Company(3)	Marshall Is.	—	—	1/1 - 6/17
Kerkyra Shipping Corporation	Vessel-Owning Company(8)	Marshall Is.	1/1 - 12/31	1/1 - 12/31	1/1 - 12/31
Lefkada Shipping Corporation	Vessel-Owning Company	Marshall Is.	1/1 - 12/31	1/1 - 12/31	1/1 - 12/31
Zakynthos Shipping Corporation	Vessel-Owning Company	Marshall Is.	1/1 - 12/31	1/1 - 12/31	1/1 - 12/31
Leros Shipping Corporation	Vessel-Owning Company	Marshall Is.	1/1 - 12/31	1/1 - 12/31	1/1 - 12/31
Kimolos Shipping Corporation	Vessel-Owning Company	Marshall Is.	1/1 - 12/31	1/1 - 12/31	1/1 - 12/31
Samos Shipping Corporation	Vessel-Owning Company	Marshall Is.	1/1 - 12/31	1/1 - 12/31	1/1 - 12/31
Tilos Shipping Corporation	Vessel-Owning Company	Marshall Is.	1/1 - 12/31	1/1 - 12/31	10/9 - 12/31
Delos Shipping Corporation	Vessel-Owning Company	Marshall Is.	1/1 - 12/31	1/1 - 12/31	10/9 - 12/31
Navios Maritime Midstream Partners GP LLC	Holding Company	Marshall Is.	1/1 - 12/31	1/1 - 12/31	1/1 - 12/31

(1) Former vessel-owner of the Shinyo Splendor which was sold to an unaffiliated third party on May 6, 2014.
(2) Former vessel-owner of the Shinyo Navigator which was sold to an unaffiliated third party on December 6, 2013.
(3) Navios Midstream acquired all of the outstanding shares of capital stock of the vessel-owning subsidiary.
(4) Each company had the rights over a shipbuilding contract of an MR2 product tanker vessel. In February 2015, these shipbuilding contracts were terminated, with no exposure to Navios Acquisition, due to the shipyard's inability to issue a refund guarantee.
(5) Former vessel-owner of the Nave Lucida which was sold to an unaffiliated third party on January 27, 2016.
(6) Former vessel-owner of the Nave Universe which was sold to an unaffiliated third party on October 4, 2016.
(7) Former vessel-owner of the Nave Constellation which was sold to an unaffiliated third party on November 15, 2016.
(8) The vessel Nave Galactic was sold to Navios Midstream on March 29, 2018 (see Note 22).

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

(f) Cash and Cash equivalents: Cash and cash equivalents consist of cash on hand, deposits held on call with banks, and other short-term liquid investments with original maturities of three months or less.

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(g) Restricted Cash: As of December 31, 2017 and 2016, restricted cash consisted of $5,307 and $7,366, respectively, which related to amounts held in retention account in order to service debt and interest payments, as required by certain of Navios Acquisition's credit facilities.

(h) Accounts Receivable, net: The amount shown as accounts receivable, net at each balance sheet date includes receivables from charterers for hire, freight and demurrage billings, net of a provision for doubtful accounts. At each balance sheet date, all potentially uncollectible accounts are assessed individually for purposes of determining the appropriate provision for doubtful accounts.

(i) Other long term assets: As of December 31, 2017 and 2016, the amounts shown as other long term assets reflected the advances of $900 and $900, respectively, to certain unrelated counterparties for working capital purposes as per charters entered with them.

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

Depreciation is computed using the straight line method over the useful life of the vessels, after considering the estimated residual value. Management estimates the residual values of our tanker vessels based on a scrap value cost of steel times the weight of the ship noted in lightweight ton (LWT). Residual values are periodically reviewed and revised to recognize changes in conditions, new regulations or other reasons. Revisions of residual values affect the depreciable amount of the vessels and affects depreciation expense in the period of the revision and future periods. The management after considering current market trends for scrap rates and 10-year average historical scrap rates of the residual values of the Company's vessels, estimates scrap value at a rate of $360 per LWT.

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

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

(l) Deposits for vessels acquisitions: This represents amounts paid by the Company in accordance with the terms of the purchase agreements for the construction of long-lived fixed assets. Interest costs incurred during the construction (until the asset is substantially complete and ready for its intended use) are capitalized. Capitalized interest amounted to $0, $0 and $104 as of December 31, 2017, 2016 and 2015, respectively.

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

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

During the fourth quarter of fiscal 2017, management concluded that, market rates decreased during the year and events occurred and circumstances had changed, over previous years, which indicated the potential impairment of Navios Acquisition's long-lived assets may exist. These indicators included continued volatility in the charter market and the related impact of the tanker sector has on management's expectation for future revenues. As a result, an impairment assessment of long-lived assets or identified asset groups was performed.

The Company determined undiscounted projected net operating cash flows for each vessel and compared it to the vessel's carrying value together with the carrying value of the related intangible. The significant factors and assumptions used in the undiscounted projected net operating cash flow analysis included: determining the projected net operating cash flows by considering the charter revenues from existing time charters for the fixed fleet days (Company's remaining charter agreement rates) and an estimated daily time charter equivalent for the unfixed days (based on the 10-year average historical one year time charter rates) over the remaining economic life of each vessel, net of brokerage and address commissions, excluding days of scheduled off-hires, management fees fixed until May 2018 and thereafter assuming an annual increase of 3.0% and utilization rate of 99.6% based on the fleet historical performance.

The assessment concluded that step two of the impairment analysis was not required and no impairment of vessels, existed as of December 31, 2017, as the undiscounted projected net operating cash flows exceeded the carrying value.

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

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

There was no impairment loss was recognized for the years ended December 31, 2017, 2016 and 2015, respectively.

(n) Deferred Finance Costs: Deferred finance costs include fees, commissions and legal expenses associated with obtaining loan facilities and are presented as a deduction from the corresponding liability, consistent with debt discount. These costs are amortized over the life of the related debt using the effective interest rate method, and are included in interest expense. Amortization of deferred finance costs for each of the years ended December 31, 2017, 2016 and 2015 was $3,905, $3,501 and $3,183, respectively.

(o) Goodwill: Goodwill acquired in a business combination is not to be amortized. Goodwill is tested for impairment at the reporting unit level at least annually and written down with a charge to the statements of operations if the carrying amount exceeds the estimated implied fair value.

The Company evaluates impairment of goodwill using a two-step process. First, the aggregate fair value of the reporting unit is compared to its carrying amount, including goodwill. The Company determines the fair value of the reporting unit based on a combination of discounted cash flow analysis and an industry market multiple.

If the fair value exceeds the carrying amount, no impairment exists. If the carrying amount of the reporting unit exceeds the fair value, then the Company must perform the second step in order to determine the implied fair value of the reporting unit's goodwill and compare it with its carrying amount. The implied fair value of goodwill is determined by allocating the fair value of the reporting unit to all the assets and liabilities of that unit, as if the unit had been acquired in a business combination and the fair value of the unit was the purchase price. If the carrying amount of the goodwill exceeds the implied fair value, then goodwill impairment is recognized by writing the goodwill down to its implied fair value.

Navios Acquisition has one reporting unit. No impairment loss was recognized for any of the periods presented.

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(p) Intangibles other than goodwill: Navios Acquisition's intangible assets and liabilities consisted of favorable lease terms and unfavorable lease terms. When intangible assets or liabilities associated with the acquisition of a vessel are identified, they are recorded at fair value. Fair value is determined by reference to market data and the discounted amount of expected future cash flows. Where charter rates are higher than market charter rates, an asset is recorded, being the difference between the acquired charter rate and the market charter rate for an equivalent vessel. Where charter rates are less than market charter rates, a liability is recorded, being the difference between the assumed charter rate and the market charter rate for an equivalent vessel. The determination of the fair value of acquired assets and assumed liabilities requires us to make significant assumptions and estimates of many variables including market charter rates, expected future charter rates, the level of utilization of its vessels and its weighted average cost of capital. The use of different assumptions could result in a material change in the fair value of these items, which could have a material impact on Navios Acquisition's financial position and results of operations.

The amortizable value of favorable and unfavorable leases is amortized over the remaining life of the lease term and the amortization expense is included in the statements of operations in the depreciation and amortization line item. The amortizable value of favorable leases would be considered impaired if their fair market values could not be recovered from the future undiscounted cash flows associated with the asset. If a vessel purchase option is exercised the portion of this asset will be capitalized as part of the cost of the vessel and will be depreciated over the remaining useful life of the vessel. As of December 31, 2017 and 2016, Navios Acquisition did not have any intangible assets or liabilities.

Management, after considering various indicators performed impairment tests on asset groups which included intangible assets and liabilities as described in paragraph (m) above. As of December 31, 2017 and 2016, there was no impairment of intangible assets.

(q) Preferred shares Series D: Navios Acquisition issued shares of its authorized Series D Preferred Stock (nominal and fair value $12,000) to a shipyard, in partial settlement of the purchase price of its newbuild vessels. The preferred stock contains a 6% per annum dividend payable quarterly, starting one year after delivery of the vessel. The Series D Preferred Stock mandatorily converted into shares of common stock 30 months after issuance at a price per share of common stock equal to $10.00. The holder of the preferred stock had the right to convert the shares of preferred stock into common stock prior to the scheduled maturity dates at a price of $7.00 per share of common stock. The preferred stock did not have any voting rights. Navios Acquisition was obligated to redeem the Series D Preferred Stock (or converted common shares) at holder's option exercisable beginning on 18 months after issuance, at par payable at up to 12 equal quarterly installments.

The fair value of the series D Preferred Stock, was determined using a combination of Black Scholes model and discounted projected cash flows for the conversion option and put, respectively. The model used took into account the credit spread of Navios Acquisition, the volatility of its stock, as well as the price of its stock at the issuance date. The convertible preferred stock was classified as temporary equity (i.e., apart from permanent equity) as a result of the redemption feature upon exercise of the put option granted to the holder of the preferred stock.

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

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

As of June 30, 2017, the Company considered the decline in fair value of its investment in Navios Midstream as "other-than- temporary" and therefore, recognized a non-cash loss of $59,104 based on its quoted unit price of $9.36, as of June 30, 2017. The respective loss was included in "Equity/ (loss) in net earnings of affiliated companies" in the accompanying consolidated statement of Operations.

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(s) Deferred Dry dock and Special Survey Costs: Navios Acquisition's vessels are subject to regularly scheduled drydocking and special surveys which are carried out every 30 or 60 months to coincide with the renewal of the related certificates issued by the classification societies, unless a further extension is obtained in rare cases and under certain conditions. The costs of drydocking and special surveys is deferred and amortized over the above periods or to the next drydocking or special survey date if such has been determined. Unamortized drydocking or special survey costs of vessels sold are written off to income in the year the vessel is sold.

Costs capitalized as part of the drydocking or special survey consist principally of the actual costs incurred at the yard, spare parts, paints, lubricants and services incurred solely during the drydocking or special survey period. For each of the years ended December 31, 2017, 2016 and 2015, the amortization expense was $4,198, $2,837 and $1,532, respectively. Accumulated amortization as of December 31, 2017 and 2016 amounted to $8,360 and $4,995, respectively.

(t) Foreign currency translation: Navios Acquisition's functional and reporting currency is the U.S. dollar. Navios Acquisition engages in worldwide commerce with a variety of entities. Although, its operations may expose it to certain levels of foreign currency risk, its transactions are predominantly U.S. dollar denominated. Additionally, Navios Acquisition's wholly owned vessel subsidiaries transacted a nominal amount of their operations in Euros; however, all of the subsidiaries' primary cash flows are U.S. dollar-denominated. Transactions in currencies other than the functional currency are translated at the exchange rate in effect at the date of each transaction. Differences in exchange rates during the period between the date a transaction denominated in a foreign currency is consummated and the date on which it is either settled or translated, are recognized in the statements of operations.

(u) Provisions: Navios Acquisition, in the ordinary course of its business, is subject to various claims, suits and complaints. Management, in consultation with internal and external advisors, will provide for a contingent loss in the financial statements if the contingency had been incurred at the date of the financial statements and the amount of the loss was probable and can be reasonably estimated. If Navios Acquisition has determined that the reasonable estimate of the loss is a range and there is no best estimate within the range, Navios Acquisition will provide the lower amount of the range. Navios Acquisition, through the Management Agreement with the Manager, participates in Protection and Indemnity (P&I) insurance coverage plans provided by mutual insurance societies known as P&I clubs. Services such as the ones described above are provided by the Manager under the Management Agreement dated May 28, 2010, as recently amended in May 2016, and are included as part of the daily fee of $6.35 for each MR2 product tanker and chemical tanker vessel, $7.15 per LR1 product tanker vessel and $9.5 per VLCC vessel. (See Note 15).

(v) Segment Reporting: Navios Acquisition reports financial information and evaluates its operations by charter revenues and not by the length of ship employment for its customers or vessel type. Navios Acquisition does not use discrete financial information to evaluate operating results for each type of charter. Management does not identify expenses, profitability or other financial information by charter type. As a result, management reviews operating results solely by revenue per day and operating results of the fleet and thus Navios Acquisition has determined that it operates under one reportable segment.

(w) Revenue and Expense Recognition:

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

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

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

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Profit-sharing revenues are calculated at an agreed percentage of the excess of the charterer's average daily income (calculated on a quarterly or half-yearly basis) over an agreed amount and accounted for on an accrual basis based on provisional amounts and for those contracts that provisional accruals cannot be made due to the nature of the profit share elements, these are accounted for on the actual cash settlement. Profit sharing for the years ended December 31, 2017, December 31, 2016 and December 31, 2015 amounted to $918, $7,603 and $32,060, respectively.

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

Pooling arrangements: For vessels operating in pooling arrangements, the Company earns a portion of total revenues generated by the pool, net of expenses incurred by the pool. The amount allocated to each pool participant vessel, including the Company's vessels, is determined in accordance with an agreed-upon formula, which is determined by the margins awarded to each vessel in the pool based on the vessel's age, design and other performance characteristics. Revenue under pooling arrangements is accounted for on the accrual basis and is recognized when an agreement with the pool exists, price is fixed, service is provided and the collectability is reasonably assured. Revenue for vessels operating in pooling arrangements amounted to $46,626, $50,832 and $43,406, for the years ended December 31, 2017, 2016 and 2015, respectively.

The allocation of such net revenue may be subject to future adjustments by the pool however, such changes are not expected to be material.

Time Charter and Voyage Expenses: Time charter and voyage expenses comprise all expenses related to each particular voyage, including time charter hire paid and bunkers, port charges, canal tolls, cargo handling, agency fees, brokerage commissions and the reasonable estimate of the loss for backstop agreements. Time charter expenses are expensed over the period of the time charter and voyage expenses are recognized as incurred.

Direct Vessel Expense: Direct vessel expenses comprise of the amortization of drydock and special survey costs of certain vessels of Navios Acquisition's fleet.

Management fees: Pursuant to the Management Agreement dated May 28, 2010 and as previously amended in May 2012 and May 2014, the Manager provided commercial and technical management services to Navios Acquisition's vessels for a fixed daily fee of: (a) $6.0 per MR2 product tanker and chemical tanker vessel; (b) $7.0 per LR1 product tanker vessel; and (c) $9.5 per VLCC, through May 2016.

Pursuant to an amendment to the Management Agreement dated as of May 19, 2016, Navios Acquisition fixed the fees for commercial and technical ship management services of its fleet for two additional years from May 29, 2016, through May 2018, at a daily fee of: (a) $6.35 per MR2 product tanker and chemical tanker vessel; (b) $7.15 per LR1 product tanker vessel; and (c) $9.5 per VLCC.

Dry docking expenses are reimbursed by Navios Acquisition at cost.

General and administrative expenses: On May 28, 2010, Navios Acquisition entered into an Administrative Services Agreement with Navios Holdings, pursuant to which Navios Holdings provides certain administrative management services to Navios Acquisition which include: bookkeeping, audit and accounting services, legal and insurance services, administrative and clerical services, banking and financial services, advisory services, client and investor relations and other services. Navios Holdings is reimbursed for reasonable costs and expenses incurred in connection with the provision of these services. In May 2014, Navios Acquisition extended the duration of its existing Administrative Services Agreement with Navios Holdings, until May 2020.

Deferred Revenue: Deferred revenue primarily relates to cash received from charterers prior to it being earned. These amounts are recognized as revenue over the voyage or charter period.

Prepaid Expense and Other Current Assets: Prepaid expenses relate primarily to cash paid in advance for expenses associated with voyages. These amounts are recognized as expense over the voyage or charter period.

(x) Financial Instruments: Financial instruments carried on the balance sheet include trade receivables and payables, other receivables and other liabilities and long-term debt. The particular recognition methods applicable to each class of financial instrument are disclosed in the applicable significant policy description of each item, or included below as applicable.

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Financial risk management: Navios Acquisition's activities expose it to a variety of financial risks including fluctuations in future freight rates, time charter hire rates, and fuel prices, credit and interest rate risk. Risk management is carried out under policies approved by executive management. Guidelines are established for overall risk management, as well as specific areas of operations.

Credit risk: Navios Acquisition closely monitors its exposure to customers and counterparties for credit risk. Navios Acquisition has entered into the Management Agreement with the Manager, pursuant to which the Manager agreed to provide commercial and technical management services to Navios Acquisition. When negotiating on behalf of Navios Acquisition various employment contracts, the Manager has policies in place to ensure that it trades with customers and counterparties with an appropriate credit history. For the year ended December 31, 2017, Navios Acquisition's customers representing 10% or more of total revenue were Navig8 Group of Companies ("Navig8"), Mansel LTD ("Mansel") and Shell Tankers Singapore Private LTD ("Shell"), which accounted for 31.9%, 14.3% and 13.7%, respectively. For the year ended December 31, 2016, Navios Acquisition's customers representing 10% or more of total revenue were Navig8, Shell and Mansel, which accounted for 33.0%, 20.0% and 14.7%, respectively. For the year ended December 31, 2015, Navios Acquisition's customers representing 10% or more of total revenue were Navig8, Shell and Mansel, which accounted for 35.2%, 13.6% and 10.8%, respectively.

No other customers accounted for 10% or more of total revenue for any of the years presented.

Foreign exchange risk: Foreign currency transactions are translated into the measurement currency rates prevailing at the dates of transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognized in the consolidated statements of operations.

(y) Earnings per Share: Basic earnings per share is computed by dividing net income attributable to Navios Acquisition's common stockholders by the weighted average number of common shares outstanding during the periods presented. Diluted earnings per share reflect the potential dilution that would occur if securities or other contracts to issue common stock were exercised. Dilution has been computed by the treasury stock method whereby all of the Company's dilutive securities (the warrants and preferred shares and the stock options) are assumed to be exercised and the proceeds used to repurchase shares of common stock at the weighted average market price of the Company's common stock during the relevant periods. Convertible shares are included in the diluted earnings per share, based on the weighted average number of convertible shares assumed to be outstanding during the period. The incremental shares (the difference between the number of shares assumed issued and the number of shares assumed purchased) shall be included in the denominator of the diluted earnings per share computation. Restricted stock and restricted stock units (vested and unvested) are included in the calculation of the diluted earnings per share, based on the weighted average number of restricted stock and restricted stock units assumed to be outstanding during the period.

Net (loss)/ income for the years ended December 31, 2017, 2016 and 2015 was adjusted for the purposes of earnings per share calculation, for the dividends on the Series B Preferred Shares, the Series D Preferred Shares, the restricted common stock and for the undistributed income that is attributable to the Series C Convertible Preferred Stock.

(z) Dividends: Dividends are recorded in the Company's financial statements in the period in which they are declared.

(za) Stock based Compensation: In October 2013, Navios Acquisition authorized the issuance of shares of restricted common stock and stock options for its directors. These awards of restricted common stock and stock options are based on service conditions only and vest over three years.

The fair value of stock option grants is determined with reference to option pricing model, and principally adjusted Black-Scholes models. The fair value of restricted stock is determined by reference to the quoted stock price on the date of grant. Compensation expense is recognized based on a graded expense model over the vesting period.

The effect of compensation expense arising from the restricted shares and stock options described above amounted to $0, $864 and $2,362 as of December 31, 2017, 2016 and 2015, respectively, and it is reflected in general and administrative expenses on the statements of operations.

There were no shares of restricted stock or stock options exercised, forfeited or expired during the year ended December 31, 2017.

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On October 24, 2016, 2015 and 2014, 700,005, 700,001 and 699,994 shares of restricted stock that had been granted in October 2013, respectively, were vested. Accordingly, there were no unvested restricted shares outstanding as of December 31, 2017 and as of December 31, 2016.

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

The weighted average contractual life of stock options outstanding as of December 31, 2017 was 5.8 years.

In December 2017, Navios Acquisition authorized and issued in the aggregate 1,774,915 restricted shares of common stock to its directors and officers. These awards of restricted common stock are based on service conditions only and vest over four years.

The holders of restricted stock are entitled to dividends paid on the same schedule as paid to the stock holders of the company. The fair value of restricted stock is determined by reference to the quoted stock price on the date of grant of $1.18 per share (or total fair value of $2,094).

Compensation expense is recognized based on a graded expense model over the vesting period.

The effect of compensation expense arising from the stock-based arrangements described above amounts to $57, as of December 31, 2017, and it is reflected in general and administrative expenses on the statement of operations. The recognized compensation expense for the year is presented as adjustment to reconcile net (loss)/ income to net cash provided by operating activities on the statements of cash flows.

There were no shares of restricted stock or stock options exercised, forfeited or expired during the year ended December 31, 2017.

Restricted Stock outstanding and not vested amounted to 1,774,915 shares as of December 31, 2017.

The estimated compensation cost relating to service conditions of non-vested restricted stock, not yet recognized was $2,038 as of December 31, 2017 and is expected to be recognized over the weighted average period of 4.0 years.

NOTE 3: CASH AND CASH EQUIVALENTS AND RESTRICTED CASH

Cash and cash equivalents consisted of the following:

	December 31, 2017	December 31, 2016
Cash on hand and at banks	$ 60,088	$ 39,286
Short-term deposits	21,063	10,006
Total cash and cash equivalents	**$ 81,151**	**$ 49,292**

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

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

In restricted cash there was an amount of $5,307 for 2017 and $7,366 for 2016 held in retention accounts in order to service debt and interest payments, as required by certain of Navios Acquisition's credit facilities.

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NOTE 4: ACCOUNTS RECEIVABLE, NET

Accounts receivable consisted of the following:

	December 31, 2017	December 31, 2016
Accounts receivable	$ 12,810	$ 20,933
Less: Provision for doubtful accounts	—	—
Accounts receivable, net	**$ 12,810**	**$ 20,933**

Financial instruments that potentially subject Navios Acquisition to concentrations of credit risk are accounts receivable. Navios Acquisition does not believe its exposure to credit risk is likely to have a material adverse effect on its financial position, results of operations or cash flows.

NOTE 5: VESSELS, NET

Vessels	Cost	Accumulated Depreciation	Net Book Value
Balance at December 31, 2015	**$1,590,332**	**$ (148,697)**	**$1,441,635**
Additions	—	(57,617)	(57,617)
Disposals (including vessels held for sale)	(85,319)	8,224	(77,095)
Balance at December 31, 2016	**$1,505,013**	**$ (198,090)**	**$1,306,923**
Additions	—	(56,880)	(56,880)
Balance at December 31, 2017	**$1,505,013**	**$ (254,970)**	**$1,250,043**

Acquisition of vessels

2015

On January 8, 2015, Navios Acquisition took delivery of the Nave Sextans, a newbuilding, 49,999 dwt, MR2 product tanker, from an unaffiliated third party for a total cost of $33,373. Cash paid was $17,750 and $15,623 was transferred from vessel deposits.

On February 11, 2015, Navios Acquisition took delivery of the Nave Velocity, a newbuilding, 49,999 dwt, MR2 product tanker, from an unaffiliated third party for a total cost of $39,233. Cash paid was $12,591 and $26,642 was transferred from vessel deposits.

On November 6, 2015, Navios Acquisition took delivery of the Nave Spherical, a 2009-built, 297,188 dwt VLCC, from an unaffiliated third party for a total cost of $69,198.

On December 2, 2015, Navios Acquisition took delivery of the Nave Photon, a 2008-built, 297,395 dwt VLCC from an unaffiliated third party for a total cost of $65,196.

Disposal of vessels

2016

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

On October 4, 2016, Navios Acquisition sold the Nave Universe to an unaffiliated third party for net cash proceeds of $35,768 and prepaid $16,372 being the respective tranche of the HSH Nordbank AG facility that was drawn to finance its acquisition. As of June 30, 2016, the vessel was classified as held for sale as the relevant criteria for the classification were met. The gain on sale of the vessel was $4,847.

On November 15, 2016, Navios Acquisition sold the Nave Constellation to an unaffiliated third party for net cash proceeds of $35,771 and prepaid $16,372 being the respective tranche of the HSH Nordbank AG facility that was drawn to finance its acquisition. As of June 30, 2016, the vessel was classified as held for sale as the relevant criteria for the classification were met. The gain on sale of the vessel was $4,620.

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2015

On June 18, 2015, Navios Midstream exercised its option to acquire the shares of the vessel-owning subsidiaries of the Nave Celeste, a 2003-built of 298,717 dwt VLCC, and the C. Dream, a 2000 built VLCC of 298,570 dwt, from Navios Acquisition for an aggregate sale price of $100,000. The sale price consisted of $73,000 cash consideration and the issuance of 1,592,920 Subordinated Series A Units to Navios Acquisition. Refer to Note 15. The gain on sale of vessels amounted to $5,771 and was calculated as follows:

Proceeds received:		
Net Cash proceeds received from sale of assets	$ 71,224	
Subordinated Series A Units	27,111	
		98,335
Carrying Value of assets sold:		
Vessels and deferred dry dock and special survey costs, net	(84,184)	
Favorable & unfavorable leases	37	
Working capital	554	**(83,593)**
		14,742
Deferred gain on sale of assets		**8,971**
Gain on sale of vessels		**$ 5,771**

This gain is included in “Gain on sale of vessels” in the consolidated statements of operations. Navios Midstream was deconsolidated from the date of its IPO. Refer to Note 8, “Investment in affiliates”.

For the years ended December 31, 2017, 2016 and 2015, capitalized interest amounted to $0, $0 and $104, respectively.

NOTE 6: INTANGIBLE ASSETS OTHER THAN GOODWILL

As of December 31, 2017 and 2016, Navios Acquisition did not have any intangible assets or liabilities.

Amortization (expense) /income of favorable and unfavorable lease terms for the years ended December 31, 2017, 2016 and 2015 is presented in the following table:

	December 31, 2017	December 31, 2016	December 31, 2015
Unfavorable lease terms	$ —	$ —	$ 317
Favorable lease terms charter-out	—	—	(776)
Total	**$ —**	**$ —**	**$ (459)**

NOTE 7: GOODWILL

Goodwill as of December 31, 2017 and December 31, 2016 amounted to:

Balance at January 1, 2016	$1,579
Balance at December 31, 2016	$1,579
Balance at December 31, 2017	**$1,579**

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NOTE 8: INVESTMENT IN AFFILIATES

Navios Europe I

On October 9, 2013, Navios Holdings, Navios Acquisition and Navios Maritime Partners L.P. ("Navios Partners") established Navios Europe I and had economic interests of 47.5%, 47.5% and 5.0%, respectively. On December 18, 2013, Navios Europe I acquired ten vessels for aggregate consideration consisting of (i) cash which was funded with the proceeds of senior loan facility (the "Senior Loan I") and loans aggregating $10,000 from Navios Holdings, Navios Acquisition and Navios Partners (collectively, the "Navios Term Loans I") and (ii) the assumption of a junior participating loan facility (the "Junior Loan I"). In addition to the Navios Term Loans I, Navios Holdings, Navios Acquisition and Navios Partners will also make available to Navios Europe I revolving loans up to $24,100 to fund working capital requirements (collectively, the "Navios Revolving Loans I"). Effective November 2014 and as of December 31, 2017, Navios Holdings, Navios Acquisition and Navios Partners had a voting interest of 50%, 50% and 0%, respectively.

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

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

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

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

As of December 31, 2017 and December 31, 2016, the estimated maximum potential loss by Navios Acquisition in Navios Europe I would have been $24,147 and $18,268, respectively, which represented the Company's carrying value of its investment of $4,750 (December 31, 2016: $5,967) the Company's portion of the carrying balance of the Navios Revolving Loans I including accrued interest on the Navios Term Loans I of $14,944 (December 31, 2016: $9,356), which is included under "Due from related parties, long- term" and the accrued interest income on the Navios Revolving Loans I in the amount of $4,453 (December 31, 2016: $2,945) which is included under "Due from related parties, short-term". Refer to Note 15 for the terms of the Navios Revolving Loans I.

Loss of $274, and income of $1,302 and $1,294 was recognized in "Equity/ (loss) in net earnings of affiliated companies" for the years ended December 31, 2017, 2016 and 2015, respectively.

Accounting for basis difference

The initial investment in Navios Europe I recorded under the equity method of $4,750, at the inception included the Company's share of the basis difference between the fair value and the underlying book value of the assets of Navios Europe I, which amounted to $6,763. This difference is amortized through "Equity/ (loss) in net earnings of affiliated companies" over the remaining life of Navios Europe I. As of December 31, 2017 and December 31, 2016, the unamortized difference between the carrying amount of the investment in Navios Europe I and the amount of the Company's underlying equity in net assets of Navios Europe I was $4,034, and $4,710, respectively.

Navios Europe II

On February 18, 2015, Navios Holdings, Navios Acquisition and Navios Partners established Navios Europe II Inc. and had in such entity economic interests of 47.5%, 47.5% and 5.0%, respectively, and voting interests of 50.0%, 50.0 and 0%, respectively. From June 8, 2015 through December 31, 2015, Navios Europe II acquired fourteen vessels for: (i) cash consideration of $145,550 (which was funded with the proceeds of $131,550 of senior loan facilities (the "Senior Loans II") and loans aggregating $14,000 from Navios Holdings, Navios Acquisition and Navios Partners (collectively, the "Navios Term Loans II") and (ii) the assumption of a junior participating loan facility (the "Junior Loan II") with a face amount of $182,150 and fair value of $99,147. In addition to the Navios Term Loans II, Navios Holdings, Navios Acquisition and Navios Partners will also make available to Navios Europe II revolving loans up to $57,500 to fund working capital requirements (collectively, the "Navios Revolving Loans II").

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

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

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

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

As of December 31, 2017, the estimated maximum potential loss by Navios Acquisition in Navios Europe II would have been $37,741 (December 31, 2016: $22,287), which represented the Company's carrying value of the investment of $6,650 (December 31, 2016: $5,894), the Company's balance of the Navios Revolving Loans II including accrued interest on the Navios Term Loans II of $24,412 (December 31, 2016: $13,652), which is included under "Due from related parties, long-term", and the accrued interest income on the Navios Revolving Loans II in the amount of $6,679 (December 31, 2016: $2,741), which is included under "Due from related parties, short-term". Refer to Note 15 for the terms of the Navios Revolving Loans II.

Income recognized in "Equity/ (loss) in net earnings of affiliated companies" for the year ended December 31, 2017 was $2,456. Loss of $22 in total and a total income of $1,317 were recognized in "Equity/ (loss) in net earnings of affiliated companies" for the years ended December 31, 2016 and 2015, respectively.

Accounting for basis difference

The initial investment in Navios Europe II recorded under the equity method of $6,650, at the inception included the Company's share of the basis difference between the fair value and the underlying book value of the assets of Navios Europe II, which amounted to $9,419. This difference is amortized through "Equity/ (loss) in net earnings of affiliated companies" over the remaining life of Navios Europe II. As of December 31, 2017, and December 31, 2016 the unamortized difference between the carrying amount of the investment in Navios Europe II and the amount of the Company's underlying equity in net assets of Navios Europe II was $7,011 and $7,953, respectively.

Navios Midstream

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

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

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

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

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

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

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

The Company determined, under the equity method, that the issuance of common units of Navios Midstream qualified as a sale of shares by the investee. As a result, a net loss of $54 and $246 was recognized in "Equity/ (loss) in net earnings of affiliated companies" for the years ended December 31, 2017 and December 31, 2016, respectively.

On November 16, 2017, in accordance with the terms of the Navios Midstream Partnership Agreement all of the 9,342,692 subordinated units of Navios Midstream converted into common units on a one-for-one basis. Following their conversion into common units, these units will have the same distribution rights as all other common units.

As of December 31, 2017, the Company owned a 2.0% general partner interest in Navios Midstream through the Navios Midstream General Partner and a 57.0% limited partnership interest through the ownership of common units (49.5%) and subordinated series A units (7.5%), based on all of the outstanding common, subordinated and general partner units.

For the year ended December 31, 2017, 2016 and 2015, total equity method income from Navios Midstream recognized in "Equity/ (loss) in net earnings of affiliated companies" was $10,265, $14,219 and $15,825, respectively. Dividends received during the year ended December 31, 2017, 2016 and 2015 were $21,301, $21,283 and $17,202, respectively.

As of December 31, 2017 and December 31, 2016, the carrying amount of the investment in Navios Midstream was $113,662 and $184,834, respectively. As of June 30, 2017 the fair value of our investment in Navios Midstream has been below its carrying value for a period over twelve months, due to the decline in the quoted price of the common units of Navios Midstream. During the year ended December 31, 2017, the Company recognized a non-cash OTTI loss of $59,104 relating to its investment in Navios Acquisition and the amount was included in "Equity/ (loss) in net earnings of affiliated companies".

As of December 31, 2017 the market value of the investment in Navios Midstream was $120,007.

Accounting for basis difference

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

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

As of December 31, 2017 and December 31, 2016, the unamortized difference between the carrying amount of the investment in Navios Midstream and the amount of the Company's underlying equity in net assets of Navios Midstream was $37,158 and $21,221, respectively. As a result of the other-than-temporary-impairment loss recorded as at June 30, 2017, the Company has recomputed a negative difference which is amortized through "Equity/ (loss) in net earnings of affiliated companies" over the remaining life of Navios Midstream's tangible and intangible assets.

Summarized financial information of the affiliated companies is presented below:

	December 31, 2017			December 31, 2016		
Balance Sheet	**Navios Midstream**	**Navios Europe I**	**Navios Europe II**	**Navios Midstream**	**Navios Europe I**	**Navios Europe II**
Cash and cash equivalents, including restricted cash	$ 37,086	$ 19,185	$ 16,882	$ 52,791	$ 10,785	$ 16,916
Current assets	$ 62,551	$ 22,417	$ 28,403	$ 61,087	$ 15,980	$ 19,487
Non-current assets	$393,996	$145,940	$195,784	$414,694	$169,925	$232,363
Current liabilities	$ 4,977	$ 21,284	$ 25,805	$ 6,143	$ 18,490	$ 24,126
Long-term debt including current portion, net of deferred finance costs and discount	$196,514	$ 75,472	$109,223	$197,176	$ 86,060	$119,234
Non-current liabilities	$195,839	$125,283	$164,276	$196,515	$155,387	$184,530

	Year Ended December 31, 2017			Year Ended December 31, 2016			Year Ended December 31, 2015		
Income Statement	**Navios Midstream**	**Navios Europe I**	**Navios Europe II**	**Navios Midstream**	**Navios Europe I**	**Navios Europe II**	**Navios Midstream**	**Navios Europe I**	**Navios Europe II**
Revenue	$ 83,052	$ 37,468	$ 38,633	$ 91,834	$40,589	$ 30,893	$ 83,362	$41,437	$20,767
Net income/ (loss) before non-cash change in fair value of Junior Loan	$ 14,631	$(20,778)	$(40,921)	$ 24,890	$ (2,174)	$(25,062)	$ 27,072	$ (1,347)	$ 1,673
Net income/ (loss)	$ 14,631	$ 9,762	$ (9,086)	$ 24,890	$16,137	$(34,059)	$ 27,072	$ (1,118)	$77,252

NOTE 9: ACCOUNTS PAYABLE

Accounts payable as of December 31, 2017 and 2016 consisted of the following:

	December 31, 2017	December 31, 2016
Creditors	$ 1,503	$ 1,625
Brokers	2,005	2,031
Professional and legal fees	354	1,199
Total accounts payable	**$ 3,862**	**$ 4,855**

NOTE 10: DIVIDENDS PAYABLE

On October 31, 2014, the Board of Directors declared a quarterly cash dividend in respect of the third quarter of 2014 of $0.05 per share of common stock payable on January 6, 2015 to stockholders of record as of December 17, 2014. A dividend in the aggregate amount of $7,967 was paid on January 6, 2015 out of which $7,583 was paid to the stockholders of record as of December 17, 2014 and $384 was paid to Navios Holdings, the holder of the 1,000 shares of the Series C Preferred Stock.

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On February 6, 2015, the Board of Directors declared a quarterly cash dividend in respect of the fourth quarter of 2014 of $0.05 per share of common stock payable on April 2, 2015 to stockholders of record as of March 18, 2015. A dividend in the aggregate amount of $7,977 was paid on April 2, 2015 out of which $7,593 was paid to the stockholders of record as of March 18, 2015 and $384 was paid to Navios Holdings, the holder of the 1,000 shares of the Series C Preferred Stock.

On May 11, 2015, the Board of Directors declared a quarterly cash dividend in respect of the first quarter of 2015 of $0.05 per share of common stock payable on July 2, 2015 to stockholders of record as of June 18, 2015. A dividend in the aggregate amount of $7,986 was paid on July 2, 2015 out of which $7,602 was paid to the stockholders of record as of June 18, 2015 and $384 was paid to Navios Holdings, the holder of the 1,000 shares of the Series C Preferred Stock.

On August 13, 2015, the Board of Directors declared a quarterly cash dividend for the second quarter of 2015 of $0.05 per share of common stock payable on September 24, 2015 to stockholders of record as of September 18, 2015. A dividend in the aggregate amount of $7,922 was paid on September 24, 2015 out of which $7,538 was paid to the stockholders of record as of September 18, 2015 and $384 was paid to Navios Holdings, the holder of the 1,000 shares of the Series C Preferred Stock.

On November 6, 2015, the Board of Directors declared a quarterly cash dividend for the third quarter of 2015 of $0.05 per share of common stock payable on December 23, 2015 to stockholders of record as of December 17, 2015. A dividend in the aggregate amount of $7,873 was paid on December 23, 2015 out of which $7,489 was paid to the stockholders of record as of December 17, 2015 and $384 was paid to Navios Holdings, the holder of the 1,000 shares of the Series C Preferred Stock.

On February 4, 2016, the Board of Directors declared a quarterly cash dividend in respect of the fourth quarter of 2015 of $0.05 per share of common stock payable on March 23, 2016 to stockholders of record as of March 17, 2016. A dividend in the aggregate amount of $7,928 was paid on March 23, 2016 out of which $7,544 was paid to the stockholders of record as of March 17, 2016 and $384 was paid to Navios Holdings, the holder of the 1,000 shares of Series C Preferred Stock.

On May 11, 2016, the Board of Directors declared a quarterly cash dividend in respect of the first quarter of 2016 of $0.05 per share of common stock payable on June 22, 2016 to stockholders of record as of June 17, 2016. A dividend in the aggregate amount of $7,923 was paid on June 22, 2016 out of which $7,539 was paid to the stockholders of record as of June 17, 2016 and $384 was paid to Navios Holdings, the holder of the 1,000 shares of Series C Preferred Stock.

On August 10, 2016, the Board of Directors declared a quarterly cash dividend in respect of the second quarter of 2016 of $0.05 per share of common stock payable on September 21, 2016 to stockholders of record as of September 14, 2016. A dividend in the aggregate amount of $7,918 was paid on September 21, 2016 out of which $7,534 was paid to the stockholders of record as of September 14, 2016 and $384 was paid to Navios Holdings, the holder of the 1,000 shares of Series C Preferred Stock.

On November 4, 2016, the Board of Directors declared a quarterly cash dividend in respect of the third quarter of 2016 of $0.05 per share of common stock payable on December 21, 2016 to stockholders of record as of December 14, 2016. A dividend in the aggregate amount of $7,913 was paid on December 21, 2016 out of which $7,529 was paid to the stockholders of record as of December 14, 2016 and $384 was paid to Navios Holdings, the holder of the 1,000 shares of Series C Preferred Stock.

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

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

On August 9, 2017, the Board of Directors declared a quarterly cash dividend in respect of the second quarter of 2017 of $0.05 per share of common stock payable on September 14, 2017 to stockholders of record as of September 7, 2017. A dividend in the aggregate amount of $7,902 was paid on September 14, 2017 out of which $7,518 was paid to the stockholders of record as of September 7, 2017 and $384 was paid to Navios Holdings, the holder of the 1,000 shares of Series C Preferred Stock.

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On October 25, 2017, the Board of Directors declared a quarterly cash dividend in respect of the third quarter of 2017 of $0.05 per share of common stock payable on December 12, 2017 to stockholders of record as of December 6, 2017. A dividend in the aggregate amount of $7,900 was paid on December 12, 2017 out of which $7,516 was paid to the stockholders of record as of December 6, 2017 and $384 was paid to Navios Holdings, the holder of the 1,000 shares of Series C Preferred Stock.

For the years ended December 31, 2017 and December 31, 2016, Navios Acquisition had no outstanding Series B and Series D Preferred Stock. For the year ended December 31, 2015, Navios Acquisition paid dividend in the aggregate of $359 to the holders of the Series B and Series D Preferred Stock.

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

NOTE 11: ACCRUED EXPENSES

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

	December 31, 2017	December 31, 2016
Accrued voyage expenses	$ 1,437	$ 1,369
Accrued loan interest	8,910	8,800
Accrued legal and professional fees	1,864	878
Total accrued expenses	**$ 12,211**	**$ 11,047**

In December 2016 and during 2017, the Compensation Committee of Navios Acquisition authorized and approved an aggregate cash payment of $2,805 subject to fulfillment of certain service conditions that were provided and completed during 2017 and an additional $1,805 to the directors and/or officers of the Company subject to fulfillment of certain service conditions in 2018. As of December 31, 2017 and 2016 an accrued amount of $1,675 and $750 is included in accrued legal and professional fees. The total amount of $2,805, $4,010 and $2,750 was recorded in general and administrative expenses on the statements of income for the years ended December 31, 2017, 2016 and 2015, respectively.

NOTE 12: BORROWINGS

	December 31, 2017	December 31, 2016
Commerzbank AG, Alpha Bank AE, Credit Agricole Corporate and Investment Bank	$ 71,500	$ 94,250
BNP Paribas S.A. and DVB Bank S.E.	56,250	60,750
Eurobank Ergasias S.A. $52,200	35,569	38,297
Eurobank Ergasias S.A. $52,000	33,654	36,102
Norddeutsche Landesbank Girozentrale	23,828	25,391
DVB Bank S.E. and Credit Agricole Corporate and Investment Bank	45,703	48,828
Ship Mortgage Notes $670,000	670,000	670,000
Deutsche Bank AG Filiale Deutschlandgeschäft and Skandinaviska Enskilda Banken AB	82,327	97,615
BNP Paribas $44,000	36,000	40,000
HSH $24,000	22,856	—
	1,077,687	**1,111,233**
Less: Deferred finance costs, net	(13,470)	(16,685)
Add: bond premium	1,152	1,390
Total borrowings	**$ 1,065,369**	**$ 1,095,938**
Less: current portion, net of deferred finance costs	(36,410)	(55,000)
Total long-term borrowings, net of current portion, bond premium and deferred finance costs	**$ 1,028,959**	**$ 1,040,938**

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Long-Term Debt Obligations and Credit Arrangements

Ship Mortgage Notes:

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

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

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

The 2021 Co-Issuers currently have the option to redeem the 2021 Notes in whole or in part, at a fixed price of 106.094% of the principal amount, which price declines ratably until it reaches par in 2019, plus accrued and unpaid interest, if any.

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

The 2021 Notes contain covenants which, among other things, limit the incurrence of additional indebtedness, issuance of certain preferred stock, the payment of dividends, redemption or repurchase of capital stock or making restricted payments and investments, creation of certain liens, transfer or sale of assets, entering in transactions with affiliates, merging or consolidating or selling all or substantially all of the 2021 Co-Issuers' properties and assets and creation or designation of restricted subsidiaries. The 2021 Co-Issuers were in compliance with the covenants as of December 31, 2017.

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

Guarantees

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

Credit Facilities

Commerzbank AG, Alpha Bank A.E., and Credit Agricole Corporate and Investment Bank: Navios Acquisition assumed a loan agreement dated April 7, 2010, with Commerzbank AG, Alpha Bank A.E. and Credit Agricole Corporate and Investment Bank of up to $150,000 (divided in six equal tranches of $25,000 each) to partially finance the construction of two chemical tankers and four product tankers. Each tranche of the facility is repayable in 12 equal semi-annual installments of $750 each with a final balloon payment of $16,000 to be repaid on the last repayment date. The repayment of each tranche started six months after the delivery date of the respective vessel which that tranche financed. It bears interest at a rate of LIBOR plus 250 bps. The loan also requires compliance with certain financial covenants. On October 27, 2016, Navios Acquisition reduced the facility by $16,000 through payment of $15,650 in cash being the balloon instalment for one of the six tranches, achieving a nominal benefit amount of $350. On January 27, 2017, Navios Acquisition repaid $16,000 being the balloon instalment for another of the remaining five tranches. As of December 31, 2017, an amount of $71,500 was outstanding.

BNP Paribas S.A. Bank and DVB Bank S.E.: Navios Acquisition assumed a loan agreement dated April 8, 2010, of up to $75,000 (divided in three equal tranches of $25,000 each) to partially finance the purchase price of three product tankers. Each of the tranches is repayable in 12 equal semi-annual installments of $750 each with a final balloon payment of $16,000 to be repaid on the last repayment date. The repayment date of each tranche started six months after the delivery date of the respective vessel which that tranche finances. It bears interest at a rate of LIBOR plus 250 bps. The loan also requires compliance with certain financial covenants. As of December 31, 2017, an amount of $56,250 was outstanding.

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Eurobank Ergasias S.A.: On October 26, 2010, Navios Acquisition entered into a loan agreement with Eurobank Ergasias S.A. of up to $52,200, of which $51,600 has been drawn (divided into two tranches of $26,100 and $25,500, respectively) to partially finance the acquisition costs of two LR1 product tanker vessels. Each tranche of the facility is repayable in 32 quarterly installments of $345 and $337, respectively, with a final balloon payment of $15,060 and $14,716, respectively, to be repaid on the last repayment date. The repayment of each tranche started three months after the delivery date of the respective vessel. The loan bears interest at a rate of LIBOR plus (i) 250 bps for the period prior to the delivery date in respect of the vessel being financed, and (ii) thereafter 275 bps. The loan also requires compliance with certain financial covenants. The amount of $35,569 was outstanding as of December 31, 2017, under this facility.

Eurobank Ergasias S.A.: On December 6, 2010, Navios Acquisition entered into a loan agreement with Eurobank Ergasias S.A. of up to $52,000 out of which $46,200 has been drawn (divided into two tranches of $23,100 each) to partially finance the acquisition costs of two LR1 product tanker vessels. Each tranche of the facility is repayable in 32 equal quarterly installments of $306 each with a final balloon payment of $13,308, to be repaid on the last repayment date. The repayment of each tranche started three months after the delivery date of the respective vessel. It bears interest at a rate of LIBOR plus 300 bps. The loan also requires compliance with certain financial covenants. The amount of $33,654 was outstanding as of December 31, 2017, under this facility.

Norddeutsche Landesbank Girozentrale: On December 29, 2011, Navios Acquisition entered into a loan agreement with Norddeutsche Landesbank Girozentrale of up to $28,125 to partially finance the purchase price of one MR2 product tanker vessel. The facility is repayable in 32 quarterly installments of $391 each with a final balloon payment of $15,625 to be repaid on the last repayment date. The repayment started three months after the delivery of the vessel and bears interest at a rate of LIBOR plus: (a) up to but not including the drawdown date of, 175 bps per annum; (b) thereafter until, but not including, the tenth repayment date, 250 bps per annum; and (c) thereafter 300 bps per annum. The loan also requires compliance with certain financial covenants. During the first quarter of 2015, the facility was fully drawn and as of December 31, 2017, an amount of $23,828 was outstanding under this loan agreement.

DVB Bank S.E. and Credit Agricole Corporate and Investment Bank: On December 29, 2011, Navios Acquisition entered into a loan agreement with DVB Bank SE and Credit Agricole Corporate and Investment Bank of up to $56,250 (divided into two tranches of $28,125 each) to partially finance the purchase price of two MR2 product tanker vessels. Each tranche of the facility is repayable in 32 quarterly installments of $391 each with a final balloon payment of $15,625 to be repaid on the last repayment date. The repayment started three months after the delivery of the respective vessel and bears interest at a rate of LIBOR plus: (a) up to but not including the drawdown date of, 175 bps per annum; (b) thereafter until, but not including, the tenth repayment date, 250 bps per annum; and (c) thereafter 300 bps per annum. The loan also requires compliance with certain financial covenants. As of December 31, 2017, an amount of $45,703 was outstanding.

ABN AMRO Bank N.V.: In February 2017, the Company drew $26,650 under this credit facility with ABN AMRO Bank N.V., which was secured with its two chemical tankers, following the full repayment of the previous financing arrangements. The facility was repayable in four equal consecutive quarterly installments of $650 each, with a final balloon payment of the balance to be repaid on the last repayment date. The maturity date of the loan was in February 2018. The loan bore interest at LIBOR plus 400 bps per annum. In June, 2017, the Company prepaid the outstanding balance of $26,000 and an amount of $697 was written-off from the deferred finance costs. As of December 31, 2017, there was no outstanding amount under this facility and the loan matured in February 2018.

Deutsche Bank AG Filiale Deutschlandgeschäft and Skandinaviska Enskilda Banken AB: In November 2015, Navios Acquisition, entered into a term loan facility of up to $125,000 (divided into five tranches) with Deutsche Bank AG Filiale Deutschlandgeschäft and Skandinaviska Enskilda Banken AB for the: (i) financing of the purchase price of the Nave Spherical; and (ii) the refinancing of the existing facility with Deutsche Bank AG Filiale Deutschlandgescäft and Skandinaviska Enskilda Banken AB, dated July 18, 2014. Four of the five tranches of the facility are repayable in 20 quarterly installments of between approximately $435 and $1,896, each with a final balloon repayment to be made on the last repayment date. The fifth tranche is repayable in 16 quarterly installments of between approximately $709 and $803, each. The maturity date of the loan is in the fourth quarter of 2020. The credit facility bears interest at LIBOR plus 295 bps per annum.

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On January 27, 2016, Navios Acquisition sold the Nave Lucida to an unaffiliated third party for net cash proceeds of $18,449. Navios Acquisition prepaid $12,097 being the respective tranche of the Deutsche Bank AG Filiale Deutschlandgeschäft and Skandinaviska Enskilda Banken AB facility that was drawn to finance the Nave Lucida. Following the prepayment in January 2016, an amount of $214 was written-off from the deferred financing cost. As of December 31, 2017, an amount of $82,327 was outstanding under this facility.

On March 23, 2018, Navios Acquisition prepaid $26,770, being the respective tranche of the facility that was drawn to finance the Nave Equinox and the Nave Pyxis.

HSH Nordbank: In June 2017, Navios Acquisition entered into a loan facility for an amount of $24,000 to refinance the credit facility with ABN AMRO Bank N.V. of its two chemical tankers. The facility is repayable in 17 equal consecutive quarterly installments of $572 each, with a final balloon payment of the balance to be repaid on the last repayment date. The facility matures in September 2021 and bears interest at LIBOR plus 300 bps per annum. As of December 31, 2017, the outstanding balance was $22,856.

BNP Paribas S.A. Bank: On December 18, 2015, Navios Acquisition, through certain of its wholly owned subsidiaries, entered into a term loan facility agreement of up to $44,000 with BNP Paribas, as agent and the lenders named therein, for the partial post-delivery financing of a LR1 product tanker and a MR2 product tanker. The facility is repayable in 12 equal consecutive semi-annual installments in the amount of $2,000 in aggregate, with a final balloon payment of $20,000 to be repaid on the last repayment date. The maturity date of the loan is in December 2021. The loan bears interest at LIBOR plus 230 bps per annum. As of December 31, 2017, an amount of $36,000 was outstanding under this facility.

HSH Nordbank AG: On August 20, 2013, Navios Acquisition entered into a loan agreement with HSH Nordbank AG of up to $40,300 (divided in two tranches of $20,150 each), to partially finance the acquisition of two chemical tanker vessels. Each tranche of the facility was repayable in 28 quarterly installments of $315 with a final balloon payment of $11,334 to be paid on the last repayment date. The facility bore interest at a rate of LIBOR plus 320 bps. The loan also required compliance with certain financial covenants. On October 4, 2016, Navios Acquisition sold the Nave Universe to an unaffiliated third party for net cash proceeds of $35,768. Navios Acquisition prepaid $16,372 being the respective tranche of the HSH Nordbank AG facility that was drawn to finance the acquisition of the Nave Universe. On November 15, 2016, Navios Acquisition sold the Nave Constellation to an unaffiliated third party for net cash proceeds of $35,771. Navios Acquisition prepaid $16,372 being the respective tranche of the HSH Nordbank AG facility that was drawn to finance the acquisition of the Nave Constellation. Following these prepayments in 2016, an amount of $240 was written-off from the deferred financing cost. As of each December 31, 2017 and 2016, no amount was outstanding.

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

As of December 31, 2017, the Company was in compliance with its covenants.

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

The maturity table below reflects the principal payments of all notes and credit facilities outstanding as of December 31, 2017 for the next five years and thereafter and is based on the repayment schedule of the respective loan facilities (as described above) and the outstanding amount due under the 2021 Notes.

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	December 31, 2017
Long-Term Debt Obligations:	
Year	
December 31, 2018	37,712
December 31, 2019	100,751
December 31, 2020	119,410
December 31, 2021	720,637
December 31, 2022	56,740
December 31, 2023 and thereafter	42,437
Total	**$ 1,077,687**

Sale and Leaseback Agreement

On March 31, 2018, Navios Acquisition entered into a sale and leaseback agreement in order to refinance $71,500 outstanding on the existing facility on four product tankers. Navios Acquisition has a purchase obligation at the end of the lease term and under ASC 842-40, the transaction is expected to be accounted for as a failed sale and leaseback transaction and result in a finance lease. As a result of the refinancing, as of December 31, 2017, an amount of $32,771 was reclassified from "Current portion of long-term debt, net of deferred finance cost" to "Long term debt, net of current portion, premium and net of deferred finance cost". The facility will be repayable in 24 equal consecutive quarterly installments of $1,490 each, with a final balloon payment of $35,750 to be repaid on the last repayment date. The facility matures in March 2024 and bears interest at LIBOR plus 305 bps per annum.

The agreement includes, among other things, compliance with loan to value ratios and certain financial covenants: (i) minimum liquidity higher of $1,000 per vessel; (ii) net worth higher from $125,000; and (iii) total liabilities divided by total assets, adjusted for market values to be lower than 80%. It is an event of default under the credit facilities if such covenants are not complied with, including the loan to value ratios for which the Company may provide sufficient additional security to prevent such an event.

NOTE 13: FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair Value of Financial Instruments

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

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

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

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

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

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

	December 31, 2017		December 31, 2016	
	Book Value	Fair Value	Book Value	Fair Value
Cash and cash equivalents	$ 81,151	$ 81,151	$ 49,292	$ 49,292
Restricted cash	$ 5,307	$ 5,307	$ 7,366	$ 7,366
Ship mortgage notes and premium	$ 661,463	$572,214	$ 659,684	$571,597
Other long-term debt, net of deferred finance costs	$ 403,906	$407,687	$ 436,254	$441,233
Due from related parties, long-term	$ 54,593	$ 54,593	$ 80,068	$ 80,646

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

	Fair Value Measurements as of December 31, 2017			
	Total	Quoted Prices in Active Markets for Identical Assets (Level I)	Significant Other Observable Inputs (Level II)	Significant Unobservable Inputs (Level III)
Investment in affiliates	$120,007	$ 120,007	$ —	$ —

The Company recorded a non-cash OTTI loss of $59,104 on its investment in Navios Midstream during the year ended December 31, 2017. (Refer to Note 8, "Investment in affiliates").

As of December 31, 2017 the carrying amount of the investment in Navios Midstream was $113,662.

Fair Value Measurements

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

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

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

Level III: Inputs that are unobservable. The Company did not use any Level III inputs as of December 31, 2017.

	Fair Value Measurements at December 31, 2017 Using			
	Total	Level I	Level II	Level III
Cash and cash equivalents	$ 81,151	$ 81,151	$ —	$ —
Restricted cash	$ 5,307	$ 5,307	$ —	$ —
Ship mortgage notes and premium	$ 572,214	$ 572,214	$ —	$ —
Other long-term debt(1)	$ 407,687	$ —	$ 407,687	$ —
Due from related parties, long-term(2)	$ 54,593	$ —	$ 54,593	$ —

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

(1) The fair value of the Company's other long-term debt is estimated based on currently available debt with similar contract terms, interest rate and remaining maturities as well as taking into account the Company's creditworthiness.

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

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NOTE 14: LEASES

Chartered-out:

The future minimum contractual lease income (charter-out rates is presented net of commissions) is as follows:

	Amount
2018	$75,535
2019	10,837
2020	—
2021	—
2022	—
Thereafter	—
Total minimum lease revenue, net of commissions	**$86,372**

Revenues from time charters are not generally received when a vessel is off-hire, including time required for scheduled maintenance of the vessel.

NOTE 15: TRANSACTIONS WITH RELATED PARTIES

The Navios Holdings Credit Facilities: On September 19, 2016, Navios Acquisition entered into a $70,000 secured loan facility with Navios Holdings. The loan facility is secured by all of Navios Holdings' interest in Navios Acquisition and 78.5% of Navios Holdings' interest in Navios South American Logistics Inc. "Navios Logistics", representing a majority of the shares outstanding of Navios Logistics. The secured loan facility provided for an arrangement fee of $700, is available for up to five drawings and has a fixed interest rate of 8.75% with a maturity date of November 15, 2018. On November 3, 2017, Navios Holdings prepaid in full the outstanding amount with a payment of $55,132. The prepayment amount consisted of the $50,000 drawn under the facility and $5,132 of accrued interest. As of December 31, 2017 and December 31, 2016, the outstanding receivable balance of $0 and $50,661, respectively, consisted of the drawdown of $50,000 on September 20, 2016 net of the arrangement fee, upon deduction of the applicable expenses for the origination of the loan facility and the accrued interest of $1,240, respectively, included in the consolidated balance sheets under "Due from related parties, long-term". The arrangement fee was deferred and amortized using the effective interest rate method. Total interest income, including amortization of deferred fees, for the year ended December 31, 2017 and December 31, 2016 amounted to $4,471 and $1,319, respectively.

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

On November 11, 2014, Navios Acquisition entered into a short term credit facility with Navios Holdings pursuant to which Navios Acquisition may borrow up to $200,000 for general corporate purposes. The loan provided for an arrangement fee of $4,000 and bore a fixed interest of 600 bps. On November 13, 2014, the Company drew an amount of $169,650 from the facility. The facility matured and was fully repaid by December 29, 2014.

In 2010, Navios Acquisition entered into a $40,000 credit facility with Navios Holdings, which matured in December 2015. The facility was available for multiple drawings up to a limit of $40,000 and had a margin of LIBOR plus 300 basis points. As of its maturity date, December 31, 2015, all amounts drawn had been fully repaid.

Management fees: Pursuant to the Management Agreement dated May 28, 2010 and as amended in May 2012 and May 2014, the Manager provided commercial and technical management services to Navios Acquisition's vessels for a fixed daily fee of: (a) $6.0 per MR2 product tanker and chemical tanker vessel; (b) $7.0 per LR1 product tanker vessel; and (c) $9.5 per VLCC, through May 2016.

Pursuant to an amendment to the Management Agreement dated as of May 19, 2016, Navios Acquisition fixed the fees for commercial and technical ship management services of its fleet for two additional years from May 29, 2016, through May 2018, at a daily fee of: (a) $6.35 per MR2 product tanker and chemical tanker vessel; (b) $7.15 per LR1 product tanker vessel; and (c) $9.5 per VLCC.

Dry docking expenses are reimbursed by Navios Acquisition at cost.

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Total management fees for each of the years ended December 31, 2017, 2016 and 2015 amounted to $94,973, $97,866 and $95,336, respectively.

Included in direct vessel expenses is an amount of $730 for the year ended December 31, 2016, that was incurred for specialized work performed in connection with certain vessels of our fleet.

General and administrative expenses: On May 28, 2010, Navios Acquisition entered into an Administrative Services Agreement with Navios Holdings, pursuant to which Navios Holdings provides certain administrative management services to Navios Acquisition which include: bookkeeping, audit and accounting services, legal and insurance services, administrative and clerical services, banking and financial services, advisory services, client and investor relations and other services. Navios Holdings is reimbursed for reasonable costs and expenses incurred in connection with the provision of these services. In May 2014, Navios Acquisition extended the duration of its existing Administrative Services Agreement with Navios Holdings, until May 2020.

For each of the years ended December 31, 2017, 2016 and 2015 the expense arising from administrative services rendered by Navios Holdings amounted to $9,000, $9,427 and $7,608, respectively.

Balance due from related parties (excluding Navios Europe I, Navios Europe II and Navios Holdings Credit Facility): Balance due from related parties as of December 31, 2017 and December 31, 2016 was $18,036 and $25,760, respectively, and included the short-term and long-term amounts due from Navios Holdings and Navios Midstream. The balances mainly consisted of administrative expenses and special survey and dry docking expenses for certain vessels of our fleet, as well as management fees, in accordance with the Management Agreement.

Balance due to related parties, short-term: Amounts due to related parties, short-term as of December 31, 2017 and December 31, 2016 was $17,107 and $0, respectively, and mainly consisted of backstop commitments and other payables to Navios Midstream. In the first quarter of 2018, Navios Acquisition paid to Navios Midstream the amount of $16,391 concerning the backstop commitment.

Omnibus Agreements

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

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

Under the Midstream Omnibus Agreement, Navios Midstream and its subsidiaries will grant to Navios Acquisition a right of first offer on any proposed sale, transfer or other disposition of any of its VLCCs or any crude oil tankers, refined petroleum product tankers, LPG tankers or chemical tankers and related charters owned or acquired by Navios Midstream. Likewise, Navios Acquisition will agree (and will cause its subsidiaries to agree) to grant a similar right of first offer to Navios Midstream for any of the VLCCs,

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crude oil tankers, refined petroleum product tankers, LPG tankers or chemical tankers under charter for five or more years it might own. These rights of first offer will not apply to a: (a) sale, transfer or other disposition of vessels between any affiliated subsidiaries, or pursuant to the terms of any charter or other agreement with a charter party, or (b) merger with or into, or sale of substantially all of the assets to, an unaffiliated third-party.

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

Backstop Agreement: On November 18, 2014, Navios Acquisition entered into backstop agreements with Navios Midstream. In accordance with the terms of the backstop agreements, Navios Acquisition has provided backstop commitments for a two-year period as of the redelivery of each of the Nave Celeste, the Shinyo Ocean and the Shinyo Kannika from their original charters, at a net rate of $35, $38.4 and $38, respectively. Navios Midstream has currently entered into new charter contracts for the above vessels with third parties upon their redelivery in the first quarter of 2017. Those contracts provide for index linked charter rates or pool earnings, as the case may be. Backstop commitments will be triggered if the actual rates achieved are below the backstop rates. The Company has recognized a liability of $16,391 ($0 for the same period in 2016), under "Time charter and voyage expenses" in the consolidated statements of operations for the year ended December 31, 2017, which the Company believes represents a reasonable estimate of the loss for the backstop agreements. In 2018 the Company paid to Navios Midstream the amount of $11,489. The backstop commitment for Shinyo Kannika terminated following the sale of this vessel in March 2018. Navios Acquisition agreed to extend the backstop commitment of the Shinyo Kannika to the Nave Galactic, following the sale of the latter to Navios Midstream in March 2018.

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

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

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

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

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

In connection with the public offerings of common units by Navios Midstream, a pro rata portion of the deferred gain is released to income upon dilution of the Company’s ownership interest in Navios Midstream. As of December 31, 2017 and 2016, the unamortized deferred gain for all vessels and rights sold totaled $7,708 and $8,823, respectively, of which an amount of $979 and $994, respectively, was included in “Deferred revenue”. For the years ended December 31, 2017, 2016 and 2015 Navios Acquisition recognized $1,116, $159 and $11 of the deferred gain, respectively, in “Equity/ (loss) in net earnings of affiliated companies”.

Participation in offerings of affiliates: On July 29, 2016, Navios Midstream launched a continuous offering sales program of its common units for an aggregate offering of up to $25,000. (Refer also to Note 8 “Investment in affiliates”).

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

The Company determined, under the equity method, that the issuance of common units of Navios Midstream qualified as a sale of shares by the investee. As a result, a net loss of $54 and $246 was recognized in “Equity/ (loss) in net earnings of affiliated companies” for the years ended December 31, 2017 and December 31, 2016, respectively.

Balance due from Navios Europe I: Navios Holdings, Navios Acquisition and Navios Partners have made available to Navios Europe I revolving loans up to $24,100 to fund working capital requirements. See Note 8 for the Investment in Navios Europe I.

Balance due from Navios Europe I as of December 31, 2017 amounted to $19,397 (December 31, 2016: $12,301) which included the Navios Revolving Loans I of $11,770 (December 31, 2016: $7,125), the non-current amount of $3,174 (December 31, 2016: $2,231) related to the accrued interest income earned under the Navios Term Loans I under the caption “Due from related parties, long-term” and the accrued interest income earned under the Navios Revolving Loans I of $4,453 (December 31, 2016: $2,945) under the caption “Due from related parties, short-term.”

The Navios Revolving Loans I and the Navios Term Loans I earn interest and an annual preferred return, respectively, at 12.7% per annum, on a quarterly compounding basis and are repaid from free cash flow (as defined in the loan agreement) to the fullest extent possible at the end of each quarter. There are no covenant requirements or stated maturity dates. As of December 31, 2017, there was no amount undrawn under the Navios Revolving Loans I.

Balance due from Navios Europe II: Navios Holdings, Navios Acquisition and Navios Partners have made available to Navios Europe II revolving loans up to $43,500 to fund working capital requirements. In March 2017, the availability under the Navios Revolving Loans II was increased by $14,000. See Note 8 for the Investment in Navios Europe II.

Balance due from Navios Europe II as of December 31, 2017 amounted to $31,091 (December 31, 2016: $16,393) which included the Navios Revolving Loans II of $20,662 (December 31, 2016: $11,602), the non-current amount of $3,750 (December 31, 2016: $2,050) related to the accrued interest income earned under the Navios Term Loans II under the caption “Due from related parties, long-term” and the accrued interest income earned under the Navios Revolving Loans II of $6,679 (December 31, 2016: $2,741) under the caption “Due from related parties, short-term.”

The Navios Revolving Loans II and the Navios Term Loans II earn interest and an annual preferred return, respectively, at 18% per annum, on a quarterly compounding basis and are repaid from free cash flow (as defined in the loan agreement) to the fullest extent possible at the end of each quarter. There are no covenant requirements or stated maturity dates. As of December 31, 2017, the amount undrawn under the Navios Revolving Loans II was $15,003, of which Navios Acquisition may be required to fund an amount ranging from $0 to $15,003.

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NOTE 16: COMMITMENTS AND CONTINGENCIES

On November 18, 2014, Navios Acquisition entered into backstop agreements with Navios Midstream. In accordance with the terms of the backstop agreements, Navios Acquisition has provided backstop commitments for a two-year period as of the redelivery of each of the Nave Celeste, the Shinyo Ocean and the Shinyo Kannika from their original charters, at a net rate of $35, $38.4 and $38, respectively. Navios Midstream has currently entered into new charter contracts for the above vessels with third parties upon their redelivery in first quarter of 2017. Those contracts provide for index linked charter rates or pool earnings as the case may be. Backstop commitments will be triggered if the actual rates achieved are below the backstop rates. The backstop commitment for Shinyo Kannika terminated following the sale of this vessel in March 2018. Navios Acquisition agreed to extend the backstop commitment of the Shinyo Kannika to the Nave Galactic, following the sale of the latter to Navios Midstream in March 2018.

The Company is involved in various disputes and arbitration proceedings arising in the ordinary course of business. Provisions have been recognized in the financial statements for all such proceedings where the Company believes that a liability may be probable, and for which the amounts are reasonably estimable, based upon facts known at the date of the financial statements were prepared. In the opinion of the management, the ultimate disposition of these matters individually and in aggregate will not materially affect the Company’s financial position, results of operations or liquidity.

NOTE 17: PREFERRED AND COMMON STOCK

Preferred Stock

Series A Convertible Preferred Stock

On September 17, 2010, Navios Acquisition issued 3,000 shares of the Company’s authorized Series A Convertible Preferred Stock to an independent third party as a consideration for certain consulting and advisory fees related to the VLCC acquisition. The preferred stock has no voting rights, is only convertible into shares of common stock and does not participate in dividends until such time as the shares are converted into common stock. On January 6, 2016, Navios Acquisition redeemed, through the holder’s put option, 100,000 shares of puttable common stock and paid cash of $1,000 to the holder upon redemption. The Series A shares of preferred stock were fully converted into 1,200,000 common stock that was issued on March 11, 2016.

Series B Convertible Preferred Stock

On October 29, 2010, Navios Acquisition issued 540 shares of the Company’s authorized Series B Convertible Preferred Stock to the seller of the two LR1 product tankers. The preferred stock contained a 2% per annum dividend payable quarterly starting on January 1, 2011 and upon declaration by the Company’s Board commenced payment on March 31, 2011. The preferred stock did not have any voting rights. On June 30, 2015, 162 shares of Series B Convertible Preferred Stock (being 30% of the 540 shares originally issued), with nominal value of $10 per share, were mandatorily converted into 64,800 shares of common stock at a conversion ratio of 1:25. On October 27, 2015, the remaining 378 shares of Series B Convertible Preferred Stock (being 70% of the 540 shares originally issued), with nominal value of $10 per share, were converted into 108,000 shares of common stock at a conversion ratio of 1:35.

Series C Convertible Preferred Stock

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

The Company was authorized to issue up to 10,000,000 shares of $0.0001 par value preferred stock in total with such designations, voting and other rights and preferences as may be determined from time to time by the Board of Directors.

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

Series D Convertible Preferred Stock

On each of August 31, 2012, October 31, 2012, February 13, 2013 and April 24, 2013, Navios Acquisition issued 300 shares of its authorized Series D Convertible Preferred Stock (nominal and fair value $3,000) to a shipyard, in partial settlement of the purchase price of each of the newbuilding LR1 product tankers, Nave Cassiopeia, Nave Cetus, Nave Atropos and Nave Rigel. The preferred stock includes a 6% per annum dividend payable quarterly, starting one year after delivery of each vessel. The Series D Convertible Preferred Stock mandatorily converted into shares of common stock 30 months after issuance at a price per share of common stock equal to $10.00. During 2015, Navios Acquisition redeemed, at certain dates through the holder's put option, 400 shares of the Series D Convertible Preferred Stock and paid cash of $4,000 in total to the holder upon redemption. As a result of the redemptions, no shares of series D Convertible Preferred Stock are outstanding.

In addition at certain dates in 2015, 800 shares of Series D Convertible Preferred Stock were mandatorily converted into 800,000 shares of common stock. In conjunction with these conversions, the 800,000 shares of common stock were reclassified to puttable common stock within temporary equity, as a result of an embedded put option of the holder for up to 30 months after the conversion date.

As of each of December 31, 2017 and December 31, 2016, no shares of Series D Convertible Preferred Stock were outstanding

Common Stock and puttable common stock

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

	Puttable Common Stock	
	Number of common shares	Amount
Balance at December 31, 2015	**650,000**	**$ 6,500**
Redemption of 400,000 shares of the puttable common stock	(400,000)	(4,000)
Balance at December 31, 2016	**250,000**	**$ 2,500**
Redemption of 250,000 shares of the puttable common stock	(250,000)	(2,500)
Balance at December 31, 2017	—	—

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

On March 2, 2015, 200 shares of the Series D Convertible Preferred Stock were mandatorily converted into 200,000 shares of puttable common stock and on April 24, 2015, 25,000 shares of such puttable common stock were redeemed for $250.

On April 30, 2015, 200 shares of the Series D Convertible Preferred Stock were mandatorily converted into 200,000 shares of puttable common stock.

On June 30, 2015, 162 shares of Series B Convertible Preferred Stock were converted into 64,800 shares of common stock.

On July 15, 2015, Navios Acquisition redeemed, through the holder's put option, 50,000 shares of the puttable common stock and paid $500 to the holder upon redemption.

On August 13, 2015, 200 shares of the Series D Convertible Preferred Stock were mandatorily converted into 200,000 shares of puttable common stock.

On October 2, 2015, Navios Acquisition redeemed, through the holder's put option, 75,000 shares of the puttable common stock and paid $750 to the holder upon redemption.

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On October 26, 2015, 200 shares of the Series D Convertible Preferred Stock were converted into 200,000 shares of puttable common stock.

On October 27, 2015, 378 shares of Series B Convertible Preferred Stock were mandatorily converted into 108,000 shares of common stock.

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

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

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

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

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

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

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

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

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

On October 2, 2017, Navios Acquisition redeemed, through the holder's put option, 25,000 shares of puttable common stock and paid cash of $250 to the holder upon redemption. After this redemption there are no shares of puttable common stock outstanding.

In December 2017, Navios Acquisition authorized and issued in the aggregate 1,774,915 restricted shares of common stock to its directors and officers. These awards of restricted common stock are based on service conditions only and vest over four years.

As of December 31, 2017, the Company was authorized to issue 250,000,000 shares of $0.0001 par value common stock of which 152,107,905 were issued and outstanding.

Stock based compensation

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

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

The effect of compensation expense arising from the stock based arrangements described above amounted to $0, $864 and $2,362 for the years ended December 31, 2017, 2016 and 2015, respectively, and was reflected in general and administrative expenses on the statements of operations. The recognized compensation expense for the year was presented as an adjustment to reconcile net (loss)/ income to net cash provided by operating activities on the statements of cash flows.

With respect to the October 2013 grants, there were no restricted stock or stock options exercised, forfeited or expired during the year ended December 31, 2017.

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

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

The weighted average contractual life of stock options outstanding as of December 31, 2017 was 5.8 years.

In December 2017, Navios Acquisition authorized and issued in the aggregate 1,774,915 restricted shares of common stock to its directors and officers. These awards of restricted common stock are based on service conditions only and vest over four years.

The holders of restricted stock are entitled to dividends paid on the same schedule as paid to the stock holders of the company. The fair value of restricted stock is determined by reference to the quoted stock price on the date of grant of $1.18 per share (or total fair value of $2,094).

Compensation expense is recognized based on a graded expense model over the vesting period.

The effect of compensation expense arising from the stock-based arrangements described above amounts to $57, as of December 31, 2017, and it is reflected in general and administrative expenses on the statement of operations. The recognized compensation expense for the year is presented as adjustment to reconcile net (loss)/ income to net cash provided by operating activities on the statements of cash flows.

There were no restricted stock or stock options exercised, forfeited or expired during the year ended December 31, 2017.

Restricted Shares outstanding and not vested amounted to 1,774,915 shares as of December 31, 2017.

The estimated compensation cost relating to service conditions of non-vested restricted stock, not yet recognized was $2,038 as of December 31, 2017 and is expected to be recognized over the weighted average contractual life of stock options of 4.0 years.

NOTE 18: SEGMENT INFORMATION

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

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

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Revenue by Geographic Region

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

	Year Ended December 31, 2017	Year Ended December 31, 2016	Year Ended December 31, 2015
Asia	$ 140,177	$ 179,256	$ 208,690
Europe	34,653	40,237	40,147
United States	52,458	70,752	64,559
Total Revenue	**$ 227,288**	**$ 290,245**	**$ 313,396**

NOTE 19: EARNINGS/ (LOSS) PER COMMON SHARE

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

Net (loss)/ income for the years ended December 31, 2017, 2016 and 2015 was adjusted for the purposes of earnings/(loss) per share calculation, for the dividends on Series B Preferred Shares, Series D preferred shares, restricted shares and for the undistributed loss/ (income) that is attributable to Series C preferred stock.

	Year ended December 31, 2017	Year ended December 31, 2016	Year ended December 31, 2015
Numerator:			
Net (loss)/ income	$ (78,899)	$ 62,878	$ 89,737
Less:			
Dividend declared on preferred shares Series B	—	—	(78)
Dividend declared on preferred shares Series D	—	—	(281)
Dividend declared on restricted shares	(89)	(105)	(245)
Undistributed loss/ (income) attributable to Series C participating preferred shares	3,835	(3,058)	(4,337)
Net (loss)/ income attributable to common stockholders, basic	$ (75,153)	$ 59,715	$ 84,796
Plus:			
Dividend declared on preferred shares Series B	—	—	78
Dividend declared on preferred shares Series D	—	—	281
Dividend declared on restricted shares	—	105	245
Net (loss)/ income attributable to common stockholders, diluted	$ (75,153)	$ 59,820	$ 85,400
Denominator:			
Denominator for basic net (loss)/ income per share — weighted average shares	150,412,031	149,932,713	150,025,086
Series A preferred stock	—	232,787	1,200,000
Series B preferred stock	—	—	156,893
Series D preferred stock	—	—	647,758
Restricted shares	—	570,656	1,270,658
Denominator for diluted net (loss)/ income per share — adjusted weighted average shares	150,412,031	150,736,156	153,300,395
Net (loss)/ income per share, basic	$ (0.50)	$ 0.40	$ 0.57
Net (loss)/ income per share, diluted	$ (0.50)	$ 0.40	$ 0.56

Potential common shares of 9,267,640, for the year ended December 31, 2017 (which includes Series C Preferred Stock, stock options and restricted shares), 9,176,000, for the years ended December 31, 2016 (which includes Series C Preferred Stock and stock options) and December 31, 2015 (which includes Series S Preferred Stock and stock options) have an anti-dilutive effect (i.e., those that increase earnings per share or decrease loss per share) and are therefore excluded from the calculation of diluted earnings per share.

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NOTE 20: INCOME TAXES

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

In accordance with the currently applicable Greek law, foreign flagged vessels that are managed by Greek or foreign ship management companies having established an office in Greece are subject to duties towards the Greek state which are calculated on the basis of the relevant vessels' tonnage. The payment of said duties exhausts the tax liability of the foreign ship owning company and the relevant manager against any tax, duty, charge or contribution payable on income from the exploitation of the foreign flagged vessel. In case that tonnage tax and/or similar taxes/duties are paid to the vessel's flag state, these are deducted from the amount of the duty to be paid in Greece. The amount included in Navios Acquisition's statements of operations for each of the years ended December 31, 2017 and 2016, related to the Greek Tonnage tax was $616 and $612, respectively.

Pursuant to Section 883 of the Internal Revenue Code of the United States (the "Code"), U.S. source income from the international operation of ships is generally exempt from U.S. income tax if the company operating the ships meets certain incorporation and ownership requirements. Among other things, in order to qualify for this exemption, the company operating the ships must be incorporated in a country, which grants an equivalent exemption from income taxes to U.S. corporations. All the Navios Acquisition's ship-operating subsidiaries satisfy these initial criteria. In addition, these companies must meet an ownership test. Subject to proposed regulations becoming finalized in their current form, the management of Navios Acquisition believes by virtue of a special rule applicable to situations where the ship operating companies are beneficially owned by a publicly traded company like Navios Acquisition, the second criterion can also be satisfied based on the trading volume and ownership of the Company's shares, but no assurance can be given that this will remain so in the future.

NOTE 21: RECENT ACCOUNTING PRONOUNCEMENTS

In May 2017, the Financial Accounting Standards Board ("FASB") issued Accounting Standard Update ("ASU") 2017-09, "Compensation — Stock Compensation (Topic 718)". This update provides clarity and reduces both diversity in practice and cost and complexity when applying the guidance in Topic 718 to a change to the terms or conditions of a share-based payment award. The amendments in this update affect any entity that changes the terms or conditions of a share-based payment award and are effective for all entities for annual periods, and interim periods within those annual periods, beginning after December 15, 2017. Early adoption is permitted, including adoption in any interim period, for public business entities for reporting periods for which financial statements have not yet been issued and all other entities for reporting periods for which financial statements have not yet been made available for issuance. The amendments in this update should be applied prospectively to an award modified on or after the adoption date. The adoption of this new accounting standard is not expected to have material impact on the Company's results of operations, financial position or cash flows.

In February 2017, FASB issued ASU 2017-05, "Other Income—Gains and Losses from the Derecognition of Nonfinancial Assets (Subtopic 610-20)". This update clarifies the scope of Subtopic 610-20 "Other Income—Gains and Losses from the Derecognition of Nonfinancial Assets" and provides guidance for partial sales of nonfinancial assets. Subtopic 610-20, which was issued in May 2014 as a part of ASU 2014-09, "Revenue from Contracts with Customers (Topic 606)", provides guidance for recognizing gains and losses from the transfer of nonfinancial assets in contracts with noncustomers. The amendments in ASU 2017-05 are effective at the same time as the amendments in ASU 2014-09. Therefore, for public entities, the amendments are effective for annual reporting periods beginning after December 15, 2017, including interim reporting periods within that reporting period. The adoption of this new standard is not expected to have material impact on the Company's results of operations, financial position or cash flows.

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

In December 2016, FASB issued ASU 2016-20, "Technical Corrections and Improvements to Topic 606, Revenue from Contracts with Customers". The amendments in this ASU affect narrow aspects of the guidance issued in ASU 2014-09, which is not yet effective, and are of a similar nature to the items typically addressed in the Technical Corrections and Improvements project. The effective date and transition requirements for the amendments are the same as the effective date and transition requirements for Topic 606 (and any other Topic amended by Update 2014-09). ASU 2015-14, "Revenue from Contracts with Customers (Topic 606): Deferral of the Effective Date", defers the effective date of Update 2014-09 by one year, as noted below.

In November 2016, FASB issued ASU 2016-18, "Statement of Cash Flows (Topic 230): Restricted Cash". This update addresses the classification and presentation of changes in restricted cash on the statement of cash flows under Topic 230, Statement of Cash Flows. The amendments are effective for public business entities for fiscal years beginning after December 15, 2017, and interim periods within those fiscal years. Retrospective transition method is required. Early adoption is permitted for all entities. The Company currently presents changes in restricted cash and cash equivalents depending on the nature of the cash flow within the consolidated statement of cash flows. The new guidance will not impact financial results, but will result in a change in the presentation of restricted cash and cash equivalents within the statement of cash flows. The Company currently plans to adopt this guidance from January 1, 2018.

In August 2016, FASB issued ASU 2016-15, "Statement of Cash Flows: Classification of Certain Cash Receipts and Cash Payments". This update addresses eight specific cash flow issues with the objective of reducing the existing diversity in practice. The amendments are effective for public business entities for fiscal years beginning after December 15, 2017, and interim periods within those fiscal years. Early adoption is permitted for all entities. This update was adopted as from January 1, 2018 and applied on a retrospective basis. The Company has assessed each of the eight specific presentation issues and the adoption of this ASU does not have a material impact on the Company's consolidated financial statements.

In June 2016, FASB issued ASU 2016-13, "Financial Instruments-Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments." This standard requires entities to measure all expected credit losses of financial assets held at a reporting date based on historical experience, current conditions, and reasonable and supportable forecasts in order to record credit losses in a more timely matter. ASU 2016-13 also amends the accounting for credit losses on available-for-sale debt securities and purchased financial assets with credit deterioration. The standard is effective for interim and annual reporting periods beginning after December 15, 2019, although early adoption is permitted for interim and annual periods beginning after December 15, 2018. The Company is currently assessing the impact that adopting this new accounting guidance will have on its consolidated financial statements.

In February 2016, FASB issued ASU 2016-02, "Leases (Topic 842)". ASU 2016-02 will apply to both capital (or finance) leases and operating leases. According to ASU 2016-02, lessees will be required to recognize assets (right of use) and liabilities (lease liabilities) on the balance sheet for both types of leases, capital (or finance) leases and operating leases, with terms greater than 12 months. ASU 2016 – 02 is effective for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years. Early application is permitted. This guidance requires companies to identify lease and non-lease components of a lease agreement. Lease components relate to the right to use the leased asset and non-lease components relate to payments for goods or services that are transferred separately from the right to use the underlying asset. Total lease consideration is allocated to lease and non-lease components on a relative standalone basis. The recognition of revenues related to lease components will be governed by ASC 842 while revenue related to non-lease components will be subject to ASC 606.

In January 2018, the FASB issued a proposed amendment to ASU 842, Leases, that would provide an entity the optional transition method to initially account for the impact of the adoption with a cumulative adjustment to accumulated deficit on the effective date of the ASU, January 1, 2019 rather than January 1, 2017, which would eliminate the need to restate amounts presented prior to January 1, 2019. In addition, this proposed amendment, lessors can elect, as a practical expedient, not to allocate the total consideration to lease and non-lease components based on their relative standalone selling prices. If adopted, this practical expedient will allow lessors to elect a combined single lease component presentation if (i) the timing and pattern of the revenue recognition of the combined single lease component is the same, and (ii) the related lease component and, the combined single lease component would be classified as an operating lease. ASC 842 provides practical expedients that allow entities to not (i) reassess whether any expired or existing contracts are considered or contain leases; (ii) reassess the lease classification for any expired or existing leases; and (iii) reassess initial direct costs for any existing leases.

On March 28, the FASB tentatively approved the new practical expedient for lessors adopting the new leases standard.

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The Company plans to early adopt the requirements of ASU 842, Leases, effective from January 1, 2018 and will elect the use of the practical expedients. Also, the Company plans to elect the transition method for adoption as described above.

The Company is continuing its assessment of this ASU. Based on a preliminary assessment, the Company is expecting that the adoption will not have a material effect on its financial statements since the Company is primarily a lessor and the changes are fairly minor. If the proposed practical expedient mentioned above will be adopted and elected, and therefore good and services embedded in the charter contract that qualify as non-lease components will be combined under a single lease component presentation. However, without the proposed practical expedient, the Company expects that it will continue to recognize the lease revenue component using an approach that is substantially equivalent to existing guidance. The components of the charter hire that are categorized as lease components will generally be a fixed rate per day with revenue recognized straight line over the lease contract. Other goods and services that are categorized as non-lease components will be recognized at either a point in time or over time based on the pattern of transfer of the underlying goods or services to our charterers.

The Company is continuing its assessment of other miscellaneous leases and may identify additional impacts this guidance will have on its consolidated financial statements and disclosures. The Company currently does not have any other miscellaneous leases that are greater than 12 months and the Company is the lessee that would be impacted by the adoption of this standard.

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

In May 2014, FASB issued ASU 2014-09, "Revenue from Contracts with Customers", clarifying the method used to determine the timing and requirements for revenue recognition on the statements of income. Under the new standard, an entity must identify the performance obligations in a contract, the transaction price and allocate the price to specific performance obligations to recognize the revenue when the obligation is completed. The amendments in this update also require disclosure of sufficient information to allow users to understand the nature, amount, timing and uncertainty of revenue and cash flow arising from contracts. In August 2015, the FASB issued ASU 2015-14 which deferred the effective date of ASU 2014-09 for all entities by one year. The standard will be effective for public entities for annual reporting periods beginning after December 15, 2017 and interim periods therein. The Company will adopt the standard as of January 1, 2018 utilizing the modified retrospective approach and is expecting that the adoption will not have an effect on its financial statements since the Company has chartered its vessels since inception in time charter agreements and in this respect revenue is accounted under ASC 840 Leases. The Company also operates certain of its vessels under voyage contracts, contracts for which currently revenue is recognized ratably from when a vessel becomes available for loading to the completion of the discharge of the current cargo, provided an agreed non-cancelable charter between the Company and the charterer is in existence. Upon adoption, the Company will recognize revenue ratably from the vessel's arrival at the loading port, as applicable under the contract, to when the charterer's cargo is discharged as well as defer costs that meet the definition of "costs to fulfill a contract" and relate directly to the contract. The estimated impact of the adoption of this standard is expected to be a minimal change in operating revenues and expenses and net income/ (loss).

NOTE 22: SUBSEQUENT EVENTS

On January 26, 2018, the Board of Directors declared a quarterly cash dividend in respect of the fourth quarter of 2017 of $0.02 per share of common stock which was paid on March 27, 2018 to stockholders of record as of March 22, 2018. The declaration and payment of any further dividends remain subject to the discretion of the Board of Directors and will depend on, among other things, Navios Acquisition's cash requirements as measured by market opportunities and restrictions under its credit agreements and other debt obligations and such other factors as the Board of Directors may deem advisable.

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In February 2018, the Board of Directors of Navios Acquisition authorized a stock repurchase program for up to $25,000 of Navios Acquisition's common stock, for two years. Stock repurchases will be made from time to time for cash in open market transactions at prevailing market prices or in privately negotiated transactions. The timing and amount of repurchases under the program will be determined by management based upon market conditions and other factors. Repurchases may be made pursuant to a program adopted under Rule 10b5-1 under the Securities Exchange Act of 1934, as amended. The program does not require any minimum repurchase or any specific number or amount of shares of common stock and may be suspended or reinstated at any time in Navios Acquisition's discretion and without notice. The Board of Directors will review the program periodically. Repurchases will be subject to restrictions under Navios Acquisition's credit facilities and indenture. As of March 31, 2018, the Company has repurchased 5,166,544 shares of common stock, for a total cost of approximately $4,242, out of which 5,021,764 shares of common stock have been cancelled.

On March 15, 2018, Navios Acquisition agreed to sell to Navios Midstream the Nave Galactic, a 2009 built VLCC vessel of 297,168 dwt, for a total sale price of $44,500 the delivery of which completed on March 29, 2018. As of March 31, 2018, the estimated loss due to the sale is expected to be approximately $340. In March 2018, Navios Acquisition agreed to extend the charter rate backstop of the Shinyo Kannika to the Nave Galactic.

1. Shipbroker **N/A**	**BIMCO STANDARD BAREBOAT CHARTER CODE NAME: "BARECON 2001"** PART I 2. Place and date 31 March 2018
3. Owners/Place of business (Cl. 1) **Sea 66 Leasing Co. Limited / Room 1803-1804, 18/F Bank of America Tower, 12 Harcourt Road, Central, Hong Kong**	4. Bareboat Charterers/Place of business (Cl. 1) **Antiparos Shipping Corporation / Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, MH96960, Marshall Islands**
5. Vessel's name, call sign and flag (Cl. 1 and 3) **NAVE ATRIA / 3FFV5 / Panama or any other Flag State**	
6. Type of Vessel **MR Tanker**	7. GT/NT **30,052 / 13,255**
8. When/Where built **2012, Dae Sun Shipping & Engineering Co., Ltd., Korea**	9. Total DWT (abt.) in metric tons on summer freeboard **49,992**
10. Classification Society (Cl. 3) **Nippon Kaiji Kyokai or any other Classification Society**	11. Date of last special survey by the Vessel's classification society **09/11/17**
12. Further particulars of Vessel (also indicate minimum number of months' validity of class certificates agreed acc. to Cl. 3) **IMO No.: 9459060** **Length: 174.00 metres** **Breadth: 32.20 metres** **Depth: 19.10 metres**	
13. Port or Place of delivery (Cl. 3) **The place of delivery specified under Clause 5(a) of the MOA**	14. Time for delivery (Cl. 4) **See Clause 34** 15. Cancelling date (Cl. 5) **See Clause 33**
16. Port or Place of redelivery (Cl. 15) **At a safe, ice free port where the Vessel would be afloat at all times**	17. No. of months' validity of trading and class certificates upon redelivery (Cl. 15) **See Clause 40**
18. Running days' notice if other than stated in Cl. 4 **N/A**	19. Frequency of dry-docking (Cl. 10(g)) **In accordance with Classification Society or Flag State requirements**
20. Trading limits (Cl. 6) **Worldwide within Institute Warranty Limits**	
21. Charter period (Cl. 2) **See Clause 32**	22. Charter hire (Cl. 11) **See Clause 36**
23. New class and other safety requirements (state percentage of Vessel's insurance value acc. to Box 29)(Cl. 10(a)(ii)) **N/A**	
24. Rate of interest payable acc. to Cl. 11 (f) and, if applicable, acc. to PART IV **See Clause 36.11 - neither Clause 11(f) nor Part IV applies**	25. Currency and method of payment (Cl. 11) **Dollars/bank transfer**

26. Place of payment; also state beneficiary and bank account (Cl. 11) **Beneficiary: Antiparos Shipping Corporation** **Account No.: 1200048491** **Beneficiary bank: HSH Nordbank AG** **SWIFT Code: HSHNDEHH**	27. ~~Bank~~ Corporate guarantee/~~bond~~ (sum and place) (Cl. 24) (optional) **See Clause 24**
28. Mortgage(s), if any (state whether 12(a) or (b) applies; if 12(b) applies state date of Financial Instrument and name of Mortgagee(s)/Place of business) (Cl. 12) **See Clause 35**	29. Insurance (hull and machinery and war risks) (state value acc. to Cl. 13(f) or, if applicable, acc. to Cl. 14(k)) (also state if Cl. 14 applies) **See Clause 38 – CLAUSE 14 DOES NOT APPLY**
30. Additional insurance cover, if any, for Owners' account limited to (Cl. 13(b) or, if applicable, Cl. 14(g)) **See Clause 38**	31. Additional insurance cover, if any, for Charterers' account limited to (Cl. 13(b) or, if applicable, Cl. 14(g)) **See Clause 38**
32. Latent defects (only to be filled in if period other than stated in Cl. 3) **N/A**	33. Brokerage commission and to whom payable (Cl. 27) **N/A**
34. Grace period (state number of clear ~~banking days~~Business Days) (Cl. 28) **See Clause 44**	35. Dispute Resolution (state 30(a), 30(b) or 30(c); if 30(c) agreed Place of Arbitration must be stated (Cl. 30) **See Clause 30(a)**
36. War cancellation (indicate countries agreed) (Cl. 26(f)) **N/A**	
37. Newbuilding Vessel (indicate with "yes" or "no" whether PART III applies) (optional) **No, Part III does not apply**	38. Name and place of Builders (only to be filled in if PART III applies) **N/A**
39. Vessel's Yard Building No. (only to be filled in if PART III applies) **N/A**	40. Date of Building Contract (only to be filled in if PART III applies) **N/A**
41. Liquidated damages and costs shall accrue to (state party acc. to Cl. 1) a) **N/A** b) **N/A** c) **N/A**	
42. Hire/Purchase agreement (indicate with "yes" or "no" whether PART IV applies) (optional) **No, Part IV does not apply**	43. Bareboat Charter Registry (indicate with "yes" or "no" whether PART V applies) (optional) **No, Part V does not apply**
44. Flag and Country of the Bareboat Charter Registry (only to be filled in if PART V applies) **N/A**	45. Country of the Underlying Registry (only to be filled in if PART V applies) **N/A**
46. Number of additional clauses covering special provisions, if agreed **Clause 32 to Clause 59**	

PREAMBLE - It is mutually agreed that this Contract shall be performed subject to the conditions contained in this Charter which shall include PART I and PART II. In the event of a conflict of conditions, the provisions of PART I shall prevail over those of PART II to the extent of such conflict but no further. It is further mutually agreed that PART III and/or PART IV and/or PART V shall only apply and only form part of this Charter if expressly agreed and stated in Boxes 37, 42 and 43. If PART III and/or PART IV and/or PART V apply, it is further agreed that in the event of a conflict of conditions, the provisions of PART I and PART II shall prevail over those of PART III and/or PART IV and/or PART V to the extent of such conflict but no further.

Signature (Owners) **For and on behalf of the Owners** **Name:** **Title:**	Signature (Charterers) **For and on behalf of the Charterers** **Name:** **Title:**

PART II
"BARECON 2001" Standard Bareboat Charter

1. Definitions **See also Clause 59**
In this Charter, the following terms shall have the meanings hereby assigned to them:
"The Owners" shall mean the party identified in Box 3;
"The Charterers" shall mean the party identified in Box 4;
~~*"The Vessel"* shall mean the vessel named in Box 5 and with particulars as stated in Boxes 6 to 12.~~
~~*"Financial Instrument"* means the mortgage, deed of covenant or other such financial security instrument as annexed to this Charter and stated in Box 28.~~

2. Charter Period
In consideration of the hire detailed in Box 22, the Owners have agreed to let and the Charterers have agreed to hire the Vessel for the period stated in Box 21 ~~("The Charter Period")~~. **See also Clause 32 and Clause 36.**

3. Delivery
(not applicable when Part III applies, as indicated in Box 37)
~~(a) The Owners shall before and at the time of delivery exercise due diligence to make the Vessel seaworthy And in every respect ready in hull, machinery and equipment for service under this Charter.~~
The Vessel shall be delivered by the Owners and taken over by the Charterers at the port or place indicated in Box 13 ~~in such ready safe berth as the Charterers may direct~~.
(b) The Vessel ~~shall be~~is properly documented on delivery in accordance with the laws of the ~~f~~Flag State indicated in Box 5 and the requirements of the ~~c~~Classification ~~s~~Society stated in Box 10. ~~The Vessel upon delivery shall have her survey cycles up to date and trading and class certificates valid for at least the number of months agreed in Box 12.~~
(c) The delivery of the Vessel by the Owners and the taking over of the Vessel by the Charterers shall constitute a full performance by the Owners of all the Owners' obligations under this Clause 3, and thereafter the Charterers shall not be entitled to make or assert any claim against the Owners on account of any conditions, representations or warranties expressed or implied with respect to the Vessel ~~but the Owners shall be liable for the cost of but not the time for repairs or renewals occasioned by latent defects in the Vessel, her machinery or appurtenances, existing at the time of delivery under this Charter, provided such defects have manifested themselves within twelve (12) months after delivery unless otherwise provided in Box 32~~.

4. Time for Delivery **See Clauses 32 and 34**
~~*(not applicable when Part III applies, as indicated in Box 37)*~~
~~The Vessel shall not be delivered before the date indicated in Box 14 without the Charterers' consent and the Owners shall exercise due diligence to deliver the Vessel not later than the date indicated in Box 15.~~
~~Unless otherwise agreed in Box 18, the Owners shall give the Charterers not less than thirty (30) running days' preliminary and not less than fourteen (14) running days' definite notice of the date on which the Vessel is expected to be ready for delivery.~~
~~The Owners shall keep the Charterers closely advised of possible changes in the Vessel's position.~~

5. Cancelling **See Clause 33**
~~*(not applicable when Part III applies, as indicated in Box 37)*~~
~~(a) Should the Vessel not be delivered latest by the cancelling date indicated in Box 15, the Charterers shall have the option of cancelling this Charter by giving the Owners notice of cancellation within thirty-six (36) running hours after the cancelling date stated in Box 15, failing which this Charter shall remain in full force and effect.~~
~~(b) If it appears that the Vessel will be delayed beyond the cancelling date, the Owners may, as soon as they are in a position to state with reasonable certainty the day on which the Vessel should be ready, give notice thereof to the Charterers asking whether they will exercise their option of cancelling, and the option must then be declared within one hundred and sixty-eight (168) running hours of the receipt by the Charterers of such notice or within thirty-six (36) running hours after the cancelling date, whichever is the earlier. If the Charterers do not then exercise their option of cancelling, the seventh day after the readiness date stated in the Owners' notice shall be substituted for the cancelling date indicated in Box 15 for the purpose of this Clause 5.~~
~~(c) Cancellation under this Clause 5 shall be without prejudice to any claim the Charterers may otherwise have on the Owners under this Charter.~~

6. Trading Restrictions **See also Clauses 46.1(m) and 46.1(n)**
The Vessel shall be employed in lawful trades for the carriage of suitable lawful merchandise within the trading limits indicated in Box 20.
The Charterers undertake not to employ the Vessel or suffer the Vessel to be employed otherwise than in conformity with the terms of the contracts of insurance (including any warranties expressed or implied therein) without first obtaining the consent of the insurers to such employment and complying with such requirements as to extra premium or otherwise as the insurers may prescribe.
The Charterers also undertake not to employ the Vessel or suffer her employment in any trade or business which is forbidden by the law of any country to which the Vessel may sail or is otherwise illicit or in carrying illicit or prohibited goods or in any manner whatsoever which may render her liable to condemnation, destruction, seizure or confiscation.
Notwithstanding any other provisions contained in this Charter it is agreed that nuclear fuels or radioactive products or waste are specifically excluded from the cargo permitted to be loaded or carried under this Charter. This exclusion does not apply to radio-isotopes used or intended to be used for any industrial, commercial, agricultural, medical or scientific purposes provided the Owners' prior approval has been obtained to loading thereof.

7. Surveys on ~~Delivery and~~ Redelivery
~~*(not applicable when Part III applies, as indicated in Box 37)*~~
The Owners ~~and Charterers~~ shall ~~each~~ appoint surveyors for the purpose of determining and agreeing in writing the condition of the Vessel at the time of ~~delivery and~~ redelivery **pursuant to Clause 40.3 (with the relevant costs paid by the Charterers)**.~~hereunder. The Owners shall bear all expenses of the On-hire Survey including loss of time, if any, and the Charterers shall bear all expenses of the Off-hire Survey including loss of time, if any, at the daily equivalent to the rate of hire or pro rata thereof.~~

8. Inspection
The Owners shall have the right ~~at any time~~ **either (i) once every calendar year provided no Potential Termination Event or Termination Event has occurred (after giving reasonable notice to the Charterers and provided that the Owners do not unduly interfere with or cause delay to the commercial operation of the Vessel) or (ii) at any time following the occurrence of a Potential Termination Event or Termination Event and for as long as it is continuing** (after giving ~~reasonable~~ notice to the Charterers), to inspect or survey the Vessel or instruct a duly authorised surveyor to carry out such survey on their behalf:-
(a) to ascertain the condition of the Vessel and satisfy themselves that the Vessel is being properly repaired and maintained. The costs and fees for such inspection or survey shall be paid by the **Charterers, subject to the above conditions as may be applicable from lines 125**

to 128.~~Owners unless the Vessel is found to require repairs or maintenance in order to achieve the condition so provided~~;

(b) in dry-dock if the Charterers have not dry-docked Her in accordance with Clause 10(g). The costs and fees for such inspection or survey shall be paid by the Charterers**, subject to the above conditions as may be applicable from lines 125 to 128**; and

(c) for any other commercial reason they consider necessary ~~(provided it does not unduly interfere with the commercial operation of the Vessel)~~. The costs and fees for such inspection and survey shall be paid by the ~~Owners~~**Charterers, subject to the above conditions as may be applicable from lines 125 to 128**.

All time used in respect of inspection, survey or repairs shall be for the Charterers' account and form part of the Charter Period.

The Charterers shall also permit the Owners to inspect the Vessel's log books whenever requested and shall whenever required by the Owners furnish them with full information regarding any casualties or other accidents or damage to the Vessel.

The Charterers shall provide such necessary assistance to the Owners, their representatives or agents in respect of any inspection hereunder.

9. Inventories, Oil and Stores **See Clause 34.7**

~~A complete inventory of the Vessel's entire equipment, outfit including spare parts, appliances and of all consumable stores on board the Vessel shall be made by the Charterers in conjunction with the Owners on delivery and again on redelivery of the Vessel. The Charterers and the Owners, respectively, shall at the time of delivery and redelivery take over and pay for all bunkers, lubricating oil, unbroached provisions, paints, ropes and other consumable stores (excluding spare parts) in the said Vessel at the then current market prices at the ports of delivery and redelivery, respectively. The Charterers shall ensure that all spare parts listed in the inventory and used during the Charter Period are replaced at their expense prior to redelivery of the Vessel.~~

10. Maintenance and Operation

(a)(i) Maintenance and Repairs - During the Charter Period the Vessel shall be in the full possession and at the absolute disposal for all purposes of the Charterers and under their complete control in every respect. The Charterers shall maintain the Vessel, her machinery, boilers, appurtenances and spare parts in a good state of repair, in efficient operating condition and in accordance with good commercial maintenance practice and, ~~except as provided for in Clause 14(l),~~ if applicable, at their own expense they shall at all times keep the Vessel's ~~Class~~ **classification** fully up to date with the Classification Society indicated in Box 10 and maintain all other necessary certificates in force at all times.

(ii) New Class and Other Safety Requirements - In the event of any improvement, structural changes or new equipment becoming necessary for the continued operation of the Vessel by reason of new class requirements or by compulsory legislation ~~costing (excluding the Charterers' loss of time) more than the percentage stated in Box 23, or if Box 23 is left blank, 5 per cent. of the Vessel's insurance value as stated in Box 29, then the extent, if any, to which the rate of hire shall be varied and the ratio in which the cost of compliance shall be shared between the parties concerned in order to achieve a reasonable distribution thereof as between the Owners and the Charterers having regard, inter alia, to the length of the period remaining under this Charter shall, in the absence of agreement, be referred to the dispute resolution method agreed in Clause 30.~~**, the Charterers shall ensure that the same are complied with and the time and costs of compliance shall be for the Charterers' account.**

(iii) Financial Security - The Charterers shall maintain financial security or responsibility in respect of third party liabilities as required by any government, including federal, state or municipal or other division or authority thereof, to enable the Vessel, without penalty or charge, lawfully to enter, remain at, or leave any port, place, territorial or contiguous waters of any country, state or municipality in performance of this Charter without any delay. This obligation shall apply whether or not such requirements have been lawfully imposed by such government or division or authority thereof.

The Charterers shall make and maintain all arrangements by bond or otherwise as may be necessary to satisfy such requirements at the Charterers' sole expense and the Charterers shall indemnify the Owners against all consequences whatsoever (including loss of time) for any failure or inability to do so.

(b) Operation of the Vessel - The Charterers shall at their own expense and by their own procurement man, victual, navigate, operate, supply, fuel and, whenever required, repair the Vessel during the Charter Period and they shall pay all charges and expenses of every kind and nature whatsoever incidental to their use and operation of the Vessel under this Charter, including annual ~~flag~~ **Flag** State fees and any foreign general municipality and/or state taxes. The Master, officers and crew of the Vessel shall be the servants of the Charterers for all purposes whatsoever, even if for any reason appointed by the Owners.

Charterers shall comply with the regulations regarding officers and crew in force in the country of the Vessel's flag or any other applicable law.

(c) The Charterers shall keep the Owners and the mortgagee(s) advised of the intended employment **(other than in respect of sub time charters which are less than 12 months in duration (after including any optional extension periods)**, planned dry-docking **(other than the periodical dry-docking referred to under paragraph (g) below)** and major repairs ~~of the Vessel~~, as reasonably required.

(d) Flag and Name of Vessel – During the Charter Period, the Charterers shall have the liberty to paint the Vessel in their own colours, install and display their funnel insignia and fly their own house flag **(with all fees, costs and expenses arising in relation thereto for the Charterers account)**. The Charterers shall also have the liberty~~, with the Owners' consent, which shall not be unreasonably withheld~~, to change the flag **of the Vessel to that of another Flag State (with all fees, costs and expenses arising in relation thereto for the Charterers' account)** and/or **with the Owners' consent,** the name of the Vessel **(with all fees, costs and expenses arising in relation thereto for the Charterers' account)** during the Charter Period. **Any** ~~P~~painting and re-painting, instalment and re-instalment, registration **(including maintenance and renewal thereof)** and re-registration~~, if required by the Owners,~~ shall be at the Charterers' expense and time. **If the Flag State requires the Owners to establish a physical presence or office in the jurisdiction of such Flag State, all fees, costs and expenses payable by the Owners to establish and maintain such physical presence or office shall be for the account of the Charterers.**

(e) Changes to the Vessel – Subject to Clause 10(a)(ii) **and Clause 10(b)**, the Charterers shall make no structural changes in the

Vessel ~~or changes~~ **which materially adversely affect the Vessel's classification or value** in the machinery, boilers, appurtenances ~~or spare parts thereof~~ without in each instance first securing the Owners' approval thereof. If the Owners so agree, the Charterers shall, if the Owners so require, restore the Vessel to its former condition ~~before the termination of this Charter~~.

(f) Use of the Vessel's Outfit, Equipment and Appliances - The Charterers shall have the use of all outfit, equipment, and appliances on board the Vessel at the time of delivery, provided the same or their substantial equivalent shall be returned to the Owners on redelivery **(without prejudice to Clauses 40.6 and 40.7 and if redelivery is required pursuant to this Charter)** in the same good order and condition as when received, ordinary wear and tear excepted. The Charterers shall from time to time during the Charter Period replace such items of equipment as shall be so damaged or worn as to be unfit for use. The Charterers are to procure that all repairs to or replacement of any damaged, worn or lost parts or equipment be effected in such manner (both as regards workmanship and quality of materials) as not to diminish the value of the Vessel. **Title of any equipment so replaced shall vest in and remain with the Owners.** The Charterers have the right to fit additional equipment at their expense and risk **(provided that no permanent structural damage is caused to the Vessel by reason of such installation) and**~~but~~ the Charterers shall**, at their expense,** remove such equipment **and make good any damage caused by the fitting or removal of such additional equipment before the Vessel is redelivered to the Owners pursuant to Clause 40.3 and without prejudice to Clauses 40.6 and 40.7,**~~at the end of the period~~ if requested by the Owners. Any equipment including radio equipment on hire on the Vessel at time of delivery shall be kept and maintained by the Charterers and the Charterers shall assume the obligations and liabilities of the Owners under any lease contracts in connection therewith and shall reimburse the Owners for all expenses incurred in connection therewith, also for any new equipment required in order to comply with radio regulations.

(g) Periodical Dry-Docking - The Charterers shall dry-dock the Vessel and clean and paint her underwater parts whenever the same may be necessary, but not less than once during the period stated in Box 19 or, if Box 19 has been left blank, every sixty (60) calendar months after delivery or such other period as may be required by the Classification Society or ~~f~~**F**lag State.

11. Hire See Clause 36

~~(a) The Charterers shall pay hire due to the Owners punctually in accordance with the terms of this Charter in respect of which time shall be of the essence.~~

~~(b) The Charterers shall pay to the Owners for the hire of the Vessel a lump sum in the amount indicated in Box 22 which shall be payable not later than every thirty (30) running days in advance, the first lump sum being payable on the date and hour of the Vessel's delivery to the Charterers. Hire shall be paid continuously throughout the Charter Period.~~

~~(c) Payment of hire shall be made in cash without discount in the currency and in the manner indicated in Box 25 and at the place mentioned in Box 26.~~

~~(d) Final payment of hire, if for a period of less than thirty (30) running days, shall be calculated proportionally according to the number of days and hours remaining before redelivery and advance payment to be effected accordingly.~~

~~(e) Should the Vessel be lost or missing, hire shall cease from the date and time when she was lost or last heard of. The date upon which the Vessel is to be treated as lost or missing shall be ten (10) days after the Vessel was last reported or when the Vessel is posted as missing by Lloyd's, whichever occurs first. Any hire paid in advance to be adjusted accordingly.~~

~~(f) Any delay in payment of hire shall entitle the Owners to interest at the rate per annum as agreed in Box 24. If Box 24 has not been filled in, the three months Interbank offered rate in London (LIBOR or its successor) for the currency stated in Box 25, as quoted by the British Bankers' Association (BBA) on the date when the hire fell due, increased by 2 per cent., shall apply.~~

~~(g) Payment of interest due under sub-clause 11(f) shall be made within seven (7) running days of the date of the Owners' invoice specifying the amount payable or, in the absence of an invoice, at the time of the next hire payment date.~~

12. Mortgage See Clause 35

~~*(only to apply if Box 28 has been appropriately filled in)*~~

~~*) (a) The Owners warrant that they have not effected any mortgage(s) of the Vessel and that they shall not effect any mortgage(s) without the prior consent of the Charterers, which shall not be unreasonably withheld.~~

~~*) (b) The Vessel chartered under this Charter is financed by a mortgage according to the Financial Instrument. The Charterers undertake to comply, and provide such information and documents to enable the Owners to comply, with all such instructions or directions in regard to the employment, insurances, operation, repairs and maintenance of the Vessel as laid down in the Financial Instrument or as may be directed from time to time during the currency of the Charter by the mortgagee(s) in conformity with the Financial Instrument. The Charterers confirm that, for this purpose, they have acquainted themselves with all relevant terms, conditions and provisions of the Financial Instrument and agree to acknowledge this in writing in any form that may be required by the mortgagee(s). The Owners warrant that they have not effected any mortgage(s) other than stated in Box 28 and that they shall not agree to any amendment of the mortgage(s) referred to in Box 28 or effect any other mortgage(s) without the prior consent of the Charterers, which shall not be unreasonably withheld.~~

~~*) *(Optional, Clauses 12(a) and 12(b) are alternatives; indicate alternative agreed in Box 28).*~~

13. Insurance and Repairs See also Clause 38

(a) **Subject and without prejudice to Clause 38,** ~~D~~**d**uring the Charter Period the Vessel shall be kept insured by the Charterers at their expense against hull and machinery, **marine and** war **(including blocking and trapping)** and Protection and Indemnity risks **and freight, demurrage and defence risks** (and any risks against which it is compulsory to insure for the operation of the Vessel, including **but not limited to** maintaining financial security in accordance with sub-clause 10(a)(iii)) ~~in such form as the Owners shall in writing approve, which approval shall not be un-reasonably withheld~~. **During the Charter Period, the Charterers shall procure (at Charterers' expense) that there are in place Innocent Owners' interest insurance, Owner's additional perils (pollution) insurance and if applicable Mortgagees' interest insurance and Mortgagees' additional perils (pollution) insurance.** Such insurances **as specified in this Clause 13** shall be arranged by the Charterers to protect the interests of both the Owners and the Charterers and the ~~mortgagee~~**Mortgagee**(s) (if any)~~,~~. ~~and~~ The Charterers shall be at liberty to protect under such insurances the interests of any managers they may appoint. Insurance policies shall cover the Owners and the Charterers **and the Mortgagees (if any)** according to

their respective interests.
Subject to the provisions of the Financial Instruments (if any)~~, if~~ and the agreed loss payable clauses, ~~any,~~ and the approval of the Owners and the insurers, the Charterers shall effect all insured repairs and shall undertake settlement and reimbursement from the insurers of all costs in connection with such repairs as well as insured charges, expenses and liabilities to the extent of coverage under the insurances herein provided for.
The Charterers also to remain responsible for and to effect repairs and settlement of costs and expenses incurred thereby in respect of all other repairs not covered by the insurances and/or not exceeding any possible franchise(s) or deductibles provided for in the insurances.
All time used for repairs under the provisions of sub-clause 13(a) ~~and for repairs of latent defects according to Clause 3(c) above~~, including any deviation, shall be for the Charterers' account.

(b) ~~If the conditions of the above insurances permit additional insurance to be placed by the parties, such cover shall be limited to the amount for each party set out in Box 30 and Box 31, respectively.~~ The ~~Owners or the~~ Charterers ~~as the case may be~~ shall immediately furnish the ~~other party~~Owners with particulars of any additional insurance effected, including copies of any cover notes or policies and the written consent of the insurers of any such required insurance in any case where the consent of such insurers is necessary.

(c) The Charterers shall upon the request of the Owners, provide information and promptly execute such documents as may be required to enable the Owners to comply with the insurance provisions of ~~the~~ each Financial Instrument (if any).

(d) Subject to the provisions of the Financial Instruments, if any, and Clause 38 and Clause 40, should the Vessel become ~~an actual, constructive, compromised or agreed~~ ~~a~~ ~~t~~Total ~~l~~Loss ~~under the insurances required under sub-clause 13(a)~~, all insurance payments for such loss shall be paid to the Owners (or if applicable, their financiers) in accordance with the agreed loss payable clauses ~~who shall distribute the moneys between the Owners and the Charterers according to their respective interests~~. The Charterers undertake to notify the Owners and the ~~mortgagee~~Mortgagee(s), if any, of any occurrences in consequence of which the Vessel is likely to become a T~~t~~otal L~~l~~oss ~~as defined in this Clause~~.

(e) The Owners shall upon the request of the Charterers and subject to the Owners' approval of such request, promptly execute such documents as may be required to enable the Charterers to abandon the Vessel to insurers and claim a constructive total loss.

(f) For the purpose of insurance coverage against hull and machinery and war risks under the provisions of sub-clause 13(a), the value of the Vessel is the sum indicated in ~~Box 29~~Clause 38.

14. Insurance, Repairs and Classification – intentionally omitted

~~*(Optional, only to apply if expressly agreed and stated in Box 29, in which event Clause 13 shall be considered deleted).*~~

~~**(a)** During the Charter Period the Vessel shall be kept insured by the Owners at their expense against hull and machinery and war risks under the form of policy or policies attached hereto. The Owners and/or insurers shall not have any right of recovery or subrogation against the Charterers on account of loss of or any damage to the Vessel or her machinery or appurtenances covered by such insurance, or on account of payments made to discharge claims against or liabilities of the Vessel or the Owners covered by such insurance. Insurance policies shall cover the Owners and the Charterers according to their respective interests.~~

~~**(b)** During the Charter Period the Vessel shall be kept insured by the Charterers at their expense against Protection and Indemnity risks (and any risks against which it is compulsory to insure for the operation of the Vessel, including maintaining financial security in accordance with sub-clause 10(a)(iii)) in such form as the Owners shall in writing approve which approval shall not be unreasonably withheld.~~

~~**(c)** In the event that any act or negligence of the Charterers shall vitiate any of the insurance herein provided, the Charterers shall pay to the Owners all losses and indemnify the Owners against all claims and demands which would otherwise have been covered by such insurance.~~

~~**(d)** The Charterers shall, subject to the approval of the Owners or Owners' Underwriters, effect all insured repairs, and the Charterers shall undertake settlement of all miscellaneous expenses in connection with such repairs as well as all insured charges, expenses and liabilities, to the extent of coverage under the insurances provided for under the provisions of sub-clause 14(a). The Charterers to be secured reimbursement through the Owners' Underwriters for such expenditures upon presentation of accounts.~~

~~**(e)** The Charterers to remain responsible for and to effect repairs and settlement of costs and expenses incurred thereby in respect of all other repairs not covered by the insurances and/or not exceeding any possible franchise(s) or deductibles provided for in the insurances.~~

~~**(f)** All time used for repairs under the provisions of sub-clauses 14(d) and 14(e) and for repairs of latent defects according to Clause 3 above, including any deviation, shall be for the Charterers' account and shall form part of the Charter Period.~~
~~The Owners shall not be responsible for any expenses as are incident to the use and operation of the Vessel for such time as may be required to make such repairs.~~

~~**(g)** If the conditions of the above insurances permit additional insurance to be placed by the parties such cover shall be limited to the amount for each party set out in Box 30 and Box 31, respectively. The Owners or the Charterers as the case may be shall immediately furnish the other party with particulars of any additional insurance effected, including copies of any cover notes or policies and the written consent of the insurers of any such required insurance in any case where the consent of such insurers is necessary.~~

~~**(h)** Should the Vessel become an actual, constructive, compromised or agreed total loss under the insurances required under sub-clause 14(a), all insurance payments for such loss shall be paid to the Owners, who shall distribute the moneys between themselves and the Charterers according to their respective interests.~~

~~**(i)** If the Vessel becomes an actual, constructive, compromised or agreed total loss under the insurances arranged by the Owners in accordance with sub-clause 14(a), this Charter shall terminate as of the date of such loss.~~

~~**(j)** The Charterers shall upon the request of the Owners, promptly execute such documents as may be required to enable the Owners to abandon the Vessel to the insurers and claim a constructive total loss.~~

~~**(k)** For the purpose of insurance coverage against hull and machinery and war risks under the provisions of sub-clause 14(a), the value of the Vessel is the sum indicated in Box 29.~~

~~**(l)** Notwithstanding anything contained in sub-clause 10(a), it is agreed that under the provisions of Clause 14, if applicable, the Owners shall keep the Vessel's Class fully up to date with the Classification Society~~

~~indicated in Box 10 and maintain all other necessary certificates in force at all times.~~

15. Redelivery See Clause 40

~~At the expiration of the Charter Period the Vessel shall be redelivered by the Charterers to the Owners at a safe and ice-free port or place as indicated in Box 16, in such ready safe berth as the Owners may direct. The Charterers shall give the Owners not less than thirty (30) running days' preliminary notice of expected date, range of ports of redelivery or port or place of redelivery and not less than fourteen (14) running days' definite notice of expected date and port or place of redelivery. Any changes thereafter in the Vessel's position shall be notified immediately to the Owners.~~

~~The Charterers warrant that they will not permit the Vessel to commence a voyage (including any preceding ballast voyage) which cannot reasonably be expected to be completed in time to allow redelivery of the Vessel within the Charter Period. Notwithstanding the above, should the Charterers fail to redeliver the Vessel within The Charter Period, the Charterers shall pay the daily equivalent to the rate of hire stated in Box 22 plus 10 per cent. or to the market rate, whichever is the higher, for the number of days by which the Charter Period is exceeded. All other terms, conditions and provisions of this Charter shall continue to apply.~~

~~Subject to the provisions of Clause 10, the Vessel shall be redelivered to the Owners in the same or as good structure, state, condition and class as that in which she was delivered, fair wear and tear not affecting class excepted.~~

~~The Vessel upon redelivery shall have her survey cycles up to date and trading and class certificates valid for at least the number of months agreed in Box 17.~~

16. Non-Lien

Other than Permitted Security Interests, ~~T~~the Charterers will not suffer, nor permit to be continued, any lien or encumbrance incurred by them or their agents, which might have priority over the title and interest of the Owners in the Vessel. The Charterers further agree to fasten to the Vessel in a conspicuous place and to keep so fastened during the Charter Period a notice reading as follows:

"This Vessel is the property of (name of Owners). It is under charter to (name of Charterers) and by the terms of the Charter Party neither the Charterers nor the Master have any right, power or authority to create, incur or permit to be imposed on the Vessel any lien whatsoever."

or a notice in such form as required by any Mortgagee(s).

17. Indemnity See Clauses 37.3, 38.5, 38.15, 38.16, 40.5, 41.2 and 50

~~(a) The Charterers shall indemnify the Owners against any loss, damage or expense incurred by the Owners arising out of or in relation to the operation of the Vessel by the Charterers, and against any lien of whatsoever nature arising out of an event occurring during the Charter Period. If the Vessel be arrested or otherwise detained by reason of claims or liens arising out of her operation hereunder by the Charterers, the Charterers shall at their own expense take all reasonable steps to secure that within a reasonable time the Vessel is released, including the provision of bail.~~

~~Without prejudice to the generality of the foregoing, the Charterers agree to indemnify the Owners against all consequences or liabilities arising from the Master, officers or agents signing Bills of Lading or other documents.~~

~~(b) If the Vessel be arrested or otherwise detained by reason of a claim or claims against the Owners, the Owners shall at their own expense take all reasonable steps to secure that within a reasonable time the Vessel is released, including the provision of bail.~~

~~In such circumstances the Owners shall indemnify the Charterers against any loss, damage or expense incurred by the Charterers (including hire paid under this Charter) as a direct consequence of such arrest or detention.~~

18. Lien

The Owners to have a lien upon all cargoes, sub-hires and sub-freights belonging or due to the Charterers or any sub-charterers and any Bill of Lading freight for all claims under this Charter~~, and the Charterers to have a lien on the Vessel for all moneys paid in advance and not earned.~~

19. Salvage

All salvage and towage performed by the Vessel shall be for the Charterers' benefit and the cost of repairing damage occasioned thereby shall be borne by the Charterers.

20. Wreck Removal

In the event of the Vessel becoming a wreck or obstruction to navigation the Charterers shall indemnify the Owners against any sums whatsoever which the Owners shall become liable to pay and shall pay in consequence of the Vessel becoming a wreck or obstruction to navigation.

21. General Average

The Owners shall not contribute to General Average.

22. Assignment~~, Sub-Charter and Sale~~

(a) The Charterers shall not assign this Charter ~~nor sub-charter the Vessel on a bareboat basis~~ except with the prior consent in writing of the Owners~~, which shall not be unreasonably withheld,~~ and subject to such terms and conditions as the Owners shall approve.

~~(b) The Owners shall not sell the Vessel during the currency of this Charter except with the prior written consent of the Charterers, which shall not be unreasonably withheld, and subject to the buyer accepting an assignment of this Charter.~~

23. Contracts of Carriage

*) (a) The Charterers are to procure that all documents issued during the Charter Period evidencing the terms and conditions agreed in respect of carriage of goods shall contain a paramount clause incorporating any legislation relating to carrier's liability for cargo compulsorily applicable in the trade; if no such legislation exists, the documents shall incorporate the Hague-Visby Rules. The documents shall also contain the New Jason Clause and the Both-to-Blame Collision Clause.

~~*) (b) The Charterers are to procure that all passenger tickets issued during the Charter Period for the carriage of passengers and their luggage under this Charter shall contain a paramount clause incorporating any legislation relating to carrier's liability for passengers and their luggage compulsorily applicable in the trade; if no such legislation exists, the passenger tickets shall incorporate the Athens Convention Relating to the Carriage of Passengers and their Luggage by Sea, 1974, and any protocol thereto.~~

~~*) *Delete as applicable.*~~

24. ~~Bank~~ Corporate Guarantee

~~*(Optional, only to apply if Box 27 filled in)*~~

The Charterers undertake to furnish~~,~~ **on or about the date of this Charter** ~~before delivery of the Vessel, a first class bank~~ **a corporate** guarantee **from the Guarantor** ~~or bond in the sum and at the place as indicated in Box 27~~ as guarantee, **and on or about the date of this Charter the other Security Documents (as the case may be) as security, in each case** for full performance of their obligations under this

Charter.

25. Requisition/Acquisition

(a) **Subject to the provisions of the Financial Instruments (if any) and the General Assignment,** ~~I~~in the event of the Requisition for Hire of the Vessel by any governmental or other competent authority (hereinafter referred to as "Requisition for Hire") irrespective of the date during the Charter Period when "Requisition for Hire" may occur and irrespective of the length thereof and whether or not it be for an indefinite or a limited period of time, and irrespective of whether it may or will remain in force for the remainder of the Charter Period, this Charter shall not be deemed thereby or thereupon to be frustrated or otherwise terminated and the Charterers shall continue to pay the stipulated hire in the manner provided by this Charter until the time when the Charter would have terminated pursuant to any of the provisions hereof always provided however that **if all hire has been paid by the Charterers hereunder then** in the event of "Requisition for Hire" any Requisition Hire or compensation **is** received or receivable by the Owners**, the same** shall be payable to the Charterers during the remainder of the Charter Period or the period of the "Requisition for Hire" whichever be the shorter.

~~(b) In the event of the Owners being deprived of their ownership in the Vessel by any Compulsory Acquisition of the Vessel or requisition for title by any governmental or other competent authority (hereinafter referred to as "Compulsory Acquisition"), then, irrespective of the date during the Charter Period when "Compulsory Acquisition" may occur, this Charter shall be deemed terminated as of the date of such "Compulsory Acquisition". In such event Charter Hire to be considered as earned and to be paid up to the date and time of such "Compulsory Acquisition".~~

26. War

(a) **Subject to the provisions of the Financial Instruments (if any),** ~~F~~for the purpose of this Clause, the words "War Risks" shall include any war (whether actual or threatened), act of war, civil war, hostilities, revolution, rebellion, civil commotion, warlike operations, the laying of mines (whether actual or reported), acts of piracy, acts of terrorists, acts of hostility or malicious damage, blockades (whether imposed against all vessels or imposed selectively against vessels of certain flags or ownership, or against certain cargoes or crews or otherwise howsoever), by any person, body, terrorist or political group, or the Government of any state whatsoever, which may be dangerous or are likely to be or to become dangerous to the Vessel, her cargo, crew or other persons on board the Vessel.

(b) **Without first obtaining the consent of the insurers to such employment and complying with the terms of Clause 38 and such other requirements as to extra insurance premiums or any other requirements as may be prescribed by the insurers, t**~~T~~he Vessel~~, unless the written consent of the Owners be first obtained,~~ shall not continue to or go through any port, place, area or zone (whether of land or sea), or any waterway or canal, where it reasonably appears that the Vessel, her cargo, crew or other persons on board the Vessel, in the reasonable judgement of the Owners, may be, or are likely to be, exposed to War Risks. Should the Vessel be within any such place as aforesaid, which only becomes dangerous, or is likely to be or to become dangerous, after her entry into it, the Owners shall have the right to require the Vessel to leave such area.

(c) The Vessel shall not load contraband cargo, or to pass through any blockade, whether such blockade be imposed on all vessels, or is imposed selectively in any way whatsoever against vessels of certain flags or ownership, or against certain cargoes or crews or otherwise howsoever, or to proceed to an area where she shall be subject, or is likely to be subject to a belligerent's right of search and/or confiscation.

~~(d) If the insurers of the war risks insurance, when Clause 14 is applicable, should require payment of premiums and/or calls because, pursuant to the Charterers' orders, the Vessel is within, or is due to enter and remain within, any area or areas which are specified by such insurers as being subject to additional premiums because of War Risks, then such premiums and/or calls shall be reimbursed by the Charterers to the Owners at the same time as the next payment of hire is due.~~

(e) The Charterers shall have the liberty:

(i) to comply with all orders, directions, recommendations or advice as to departure, arrival, routes, sailing in convoy, ports of call, stoppages, destinations, discharge of cargo, delivery, or in any other way whatsoever, which are given by the Government of the Nation under whose flag the Vessel sails, or any other Government, body or group whatsoever acting with the power to compel compliance with their orders or directions;

(ii) to comply with the orders, directions or recommendations of any war risks underwriters who have the authority to give the same under the terms of the war risks insurance;

(iii) to comply with the terms of any resolution of the Security Council of the United Nations, any directives of the European Community, the effective orders of any other Supranational body which has the right to issue and give the same, and with national laws aimed at enforcing the same to which the Owners are subject, and to obey the orders and directions of those who are charged with their enforcement.

(f) In the event of outbreak of war ~~(whether there be a declaration of war or not) (i) between any two or more of the following countries: the United States of America; Russia; the United Kingdom; France; and the People's Republic of China, (ii) between any two or more of the countries stated in Box 36, both the Owners and the Charterers shall have the right to cancel this Charter, whereupon the Charterers shall redeliver the Vessel to the Owners in accordance with Clause 15, if the Vessel has cargo on board after discharge thereof at destination, or if debarred under this Clause from reaching or entering it at a near, open and safe port as directed by the Owners, or if the Vessel has no cargo on board, at the port at which the Vessel then is or if at sea at a near, open and safe port as directed by the Owners. In all cases~~ hire shall continue to be paid in accordance with Clause 11 and except as aforesaid all other provisions of this Charter shall apply until ~~redelivery~~**the end of the Charter Period**.

27. Commission – intentionally omitted

~~The Owners to pay a commission at the rate indicated in Box 33 to the Brokers named in Box 33 on any hire paid under the Charter. If no rate is indicated in Box 33, the commission to be paid by the Owners shall cover the actual expenses of the Brokers and a reasonable fee for their work.~~

~~If the full hire is not paid owing to breach of the Charter by either of the parties the party liable therefor shall indemnify the Brokers against their loss of commission. Should the parties agree to cancel the Charter, the Owners shall indemnify the Brokers against any loss of commission but in such case the commission shall not exceed the brokerage on one year's hire.~~

28. Termination See Clauses 40 and 44

~~(a) Charterers' Default~~

~~The Owners shall be entitled to withdraw the Vessel from the service of the Charterers and terminate the Charter with immediate effect by written notice to the Charterers if:~~

~~(i) the Charterers fail to pay hire in accordance with Clause 11. However, where there is a failure to make punctual payment of hire due to oversight, negligence, errors or omissions on the part of the Charterers or their bankers, the Owners shall give the Charterers written notice of the number of clear banking days stated in Box 34 (as recognised at the agreed place of payment) in which to rectify the failure, and when so rectified within such number of days following the Owners' notice, the payment shall stand as regular and punctual. Failure by the Charterers to pay hire within the number of days stated in Box 34 of their receiving the Owners' notice as provided herein, shall entitle the Owners to withdraw the Vessel from the service of the Charterers and terminate the Charter without further notice;~~

~~(ii) the Charterers fail to comply with the requirements of:~~
~~(1) Clause 6 (Trading Restrictions)~~
~~(2) Clause 13(a) (Insurance and Repairs)~~
~~provided that the Owners shall have the option, by written notice to the Charterers, to give the Charterers a specified number of days grace within which to rectify the failure without prejudice to the Owners' right to withdraw and terminate under this Clause if the Charterers fail to comply with such notice;~~

~~(iii) the Charterers fail to rectify any failure to comply with the requirements of sub-clause 10(a)(i) (Maintenance and Repairs) as soon as practically possible after the Owners have requested them in writing so to do and in any event so that the Vessel's insurance cover is not prejudiced.~~

~~(b) Owners' Default~~
~~If the Owners shall by any act or omission be in breach of their obligations under this Charter to the extent that the Charterers are deprived of the use of the Vessel and such breach continues for a period of fourteen (14) running days after written notice thereof has been given by the Charterers to the Owners, the Charterers shall be entitled to terminate this Charter with immediate effect by written notice to the Owners.~~

~~(c) Loss of Vessel~~
~~This Charter shall be deemed to be terminated if the Vessel becomes a total loss or is declared as a constructive or compromised or arranged total loss. For the purpose of this sub-clause, the Vessel shall not be deemed to be lost unless she has either become an actual total loss or agreement has been reached with her underwriters in respect of her constructive, compromised or arranged total loss or if such agreement with her underwriters is not reached it is adjudged by a competent tribunal that a constructive loss of the Vessel has occurred.~~

~~(d) Either party shall be entitled to terminate this Charter with immediate effect by written notice to the other party in the event of an order being made or resolution passed for the winding up, dissolution, liquidation or bankruptcy of the other party (otherwise than for the purpose of reconstruction or amalgamation) or if a receiver is appointed, or if it suspends payment, ceases to carry on business or makes any special arrangement or composition with its creditors.~~

~~(e) The termination of this Charter shall be without prejudice to all rights accrued due between the parties prior to the date of termination and to any claim that either party might have.~~

29. Repossession

In the event ~~of~~ the **Owners have made a request for redelivery of the Vessel** ~~termination of this Charter~~ in accordance with the applicable provisions of Clause ~~28~~Clause 40.3, the Owners shall **in addition** have the right to repossess the Vessel from the Charterers at her current or next port of call, or at a port or place convenient to them without hindrance or interference by the Charterers, courts or local authorities. Pending physical repossession of the Vessel in accordance with this Clause 29 **and/or Clause 40**, the Charterers shall hold the Vessel as gratuitous bailee only to the Owners **and the Charterers shall procure that the master and crew follow the orders and directions of the Owners**. ~~The Owners shall arrange for an authorised representative to board the Vessel as soon as reasonably practicable following the termination of the Charter. The Vessel shall be deemed to be repossessed by the Owners from the Charterers upon the boarding of the Vessel by the Owners' representative.~~ All arrangements and expenses relating to the settling of wages, disembarkation and repatriation of the Charterers' Master, officers and crew shall be the sole responsibility of the Charterers.

30. Dispute Resolution

*) **(a)** This ~~Contract~~ **Charter and any non-contractual obligations arising out of or in connection with it** shall be governed by and construed in accordance with English law and any dispute arising out of or in connection with this ~~Contract~~ Charter shall be referred to arbitration in London in accordance with the Arbitration Act 1996 or any statutory modification or re-enactment thereof save to the extent necessary to give effect to the provisions of this Clause.

The arbitration shall be conducted in accordance with the London Maritime Arbitrators Association (LMAA) Terms current at the time when the arbitration proceedings are commenced.

The reference shall be to three arbitrators. A party wishing to refer a dispute to arbitration shall appoint its arbitrator and send notice of such appointment in writing to the other party requiring the other party to appoint its own arbitrator within 14 calendar days of that notice and stating that it will appoint its arbitrator as sole arbitrator unless the other party appoints its own arbitrator and gives notice that it has done so within the 14 days specified. If the other party does not appoint its own arbitrator and give notice that it has done so within the 14 days specified, the party referring a dispute to arbitration may, without the requirement of any further prior notice to the other party, appoint its arbitrator as sole arbitrator and shall advise the other party accordingly. The award of a sole arbitrator shall be binding on both parties as if he had been appointed by agreement.

Nothing herein shall prevent the parties agreeing in writing to vary these provisions to provide for the appointment of a sole arbitrator.

In cases where neither the claim nor any counterclaim exceeds the sum of US$50,000 (or such other sum as the parties may agree) the arbitration shall be conducted in accordance with the LMAA Small Claims Procedure current at the time when the arbitration proceedings are commenced. **The language or any arbitration proceedings shall be English.**

~~*) (b) This Contract shall be governed by and construed in accordance with Title 9 of the United States Code and the Maritime Law of the United States and any dispute arising out of or in connection with this Contract shall be referred to three persons at New York, one to be appointed by each of the parties hereto, and the third by the two so chosen; their decision or that of any two of them shall be final, and for the purposes of enforcing any award, judgement may be entered on an award by any court of competent jurisdiction. The proceedings~~

~~shall be conducted in accordance with the rules of the Society of Maritime Arbitrators, Inc.~~
~~In cases where neither the claim nor any counterclaim exceeds the sum of US$50,000 (or such other sum as the parties may agree) the arbitration shall be conducted in accordance with the Shortened Arbitration Procedure of the Society of Maritime Arbitrators, Inc. current at the time when the arbitration proceedings are commenced.~~

~~*) **(c)** This Contract shall be governed by and construed in accordance with the laws of the place mutually agreed by the parties and any dispute arising out of or in connection with this Contract shall be referred to arbitration at a mutually agreed place, subject to the procedures applicable there.~~

~~**(d)** Notwithstanding (a), (b) or (c) above, the parties may agree at any time to refer to mediation any difference and/or dispute arising out of or in connection with this Contract.~~
~~In the case of a dispute in respect of which arbitration has been commenced under (a), (b) or (c) above, the following shall apply:-~~

~~**(i)** Either party may at any time and from time to time elect to refer the dispute or part of the dispute to mediation by service on the other party of a written notice (the "Mediation Notice") calling on the other party to agree to mediation.~~

~~**(ii)** The other party shall thereupon within 14 calendar days of receipt of the Mediation Notice confirm that they agree to mediation, in which case the parties shall thereafter agree a mediator within a further 14 calendar days, failing which on the application of either party a mediator will be appointed promptly by the Arbitration Tribunal ("the Tribunal") or such person as the Tribunal may designate for that purpose. The mediation shall be conducted in such place and in accordance with such procedure and on such terms as the parties may agree or, in the event of disagreement, as may be set by the mediator.~~

~~**(iii)** If the other party does not agree to mediate, that fact may be brought to the attention of the Tribunal and may be taken into account by the Tribunal when allocating the costs of the arbitration as between the parties.~~

~~**(iv)** The mediation shall not affect the right of either party to seek such relief or take such steps as it considers necessary to protect its interest.~~

~~**(v)** Either party may advise the Tribunal that they have agreed to mediation. The arbitration procedure shall continue during the conduct of the mediation but the Tribunal may take the mediation timetable into account when setting the timetable for steps in the arbitration.~~

~~**(vi)** Unless otherwise agreed or specified in the mediation terms, each party shall bear its own costs incurred in the mediation and the parties shall share equally the mediator's costs and expenses.~~

~~**(vii)** The mediation process shall be without prejudice and confidential and no information or documents disclosed during it shall be revealed to the Tribunal except to the extent that they are disclosable under the law and procedure governing the arbitration.~~

~~*(Note: The parties should be aware that the mediation process may not necessarily interrupt time limits.)*~~

~~**(e)** If Box 35 in Part I is not appropriately filled in, sub-clause 30(a) of this Clause shall apply. Sub-clause 30(d) shall apply in all cases.~~

~~*) *Sub-clauses 30(a), 30(b) and 30(c) are alternatives; indicate alternative agreed in Box 35.*~~

31. Notices **See Clause 43**

~~**(a)** Any notice to be given by either party to the other party shall be in writing and may be sent by fax, telex, registered or recorded mail or by personal service.~~

~~**(b)** The address of the Parties for service of such communication shall be as stated in Boxes 3 and 4 respectively.~~

OPTIONAL PART

PART III
PROVISIONS TO APPLY FOR NEWBUILDING VESSELS ONLY

(Optional, only to apply if expressly agreed and stated in Box 37)

~~**1. Specifications and Building Contract**~~

~~**(a)** The Vessel shall be constructed in accordance with the Building Contract (hereafter called "the Building Contract") as annexed to this Charter, made between the Builders and the Owners and in accordance with the specifications and plans annexed thereto, such Building Contract, specifications and plans having been counter-signed as approved by the Charterers.~~

~~**(b)** No change shall be made in the Building Contract or in the specifications or plans of the Vessel as approved by the Charterers as aforesaid, without the Charterers' consent.~~

~~**(c)** The Charterers shall have the right to send their representative to the Builders' Yard to inspect the Vessel during the course of her construction to satisfy themselves that construction is in accordance with such approved specifications and plans as referred to under sub-clause (a) of this Clause.~~

~~**(d)** The Vessel shall be built in accordance with the Building Contract and shall be of the description set out therein. Subject to the provisions of sub-clause 2(c)(ii) hereunder, the Charterers shall be bound to accept the Vessel from the Owners, completed and constructed in accordance with the Building Contract, on the date of delivery by the Builders. The Charterers undertake that having accepted the Vessel they will not thereafter raise any claims against the Owners in respect of the Vessel's performance or specification or defects, if any. Nevertheless, in respect of any repairs, replacements or defects which appear within the first 12 months from delivery by the Builders, the Owners shall endeavour to compel the Builders to repair, replace or remedy any defects or to recover from the Builders any expenditure incurred in carrying out such repairs, replacements or remedies. However, the Owners' liability to the Charterers shall be limited to the extent the Owners have a valid claim against the Builders under the guarantee clause of the Building Contract (a copy whereof has been supplied to the Charterers). The Charterers shall be bound to accept such sums as the Owners are reasonably able to recover under this Clause and shall make no further claim on the Owners for the difference between the amount(s) so recovered and the actual expenditure on repairs, replacement or remedying defects or for any loss of time incurred. Any liquidated damages for physical defects or deficiencies shall accrue to the account of the party stated in Box 41(a) or if not filled in shall be shared equally between the parties. The costs of pursuing a claim or claims against the Builders under this Clause (including any liability to the Builders) shall be borne by the party stated in Box 41(b) or if not filled in shall be shared equally between the parties.~~

~~**2. Time and Place of Delivery**~~

~~**(a)** Subject to the Vessel having completed her acceptance trials including trials of cargo equipment in accordance with the Building Contract and specifications to the satisfaction of the Charterers, the Owners shall give and the Charterers shall take delivery of the Vessel afloat when ready for delivery and properly documented at the Builders' Yard or some other safe and readily accessible dock, wharf or place as may be agreed between the parties hereto and the Builders. Under the Building Contract the Builders have estimated that the Vessel will be ready for delivery to the Owners as therein provided but the delivery date for the purpose of this Charter shall be the date when the Vessel is in fact ready for delivery by the Builders after completion of trials whether that be before or after as indicated in the Building Contract. The Charterers shall not be entitled to refuse acceptance of delivery of the Vessel and upon and after such acceptance, subject to Clause 1(d), the Charterers shall not be entitled to make any claim against the Owners in respect of any conditions, representations or warranties, whether express or implied, as to the seaworthiness of the Vessel or in respect of delay in delivery.~~

~~**(b)** If for any reason other than a default by the Owners under the Building Contract, the Builders become entitled under that Contract not to deliver the Vessel to the Owners, the Owners shall upon giving to the Charterers written notice of Builders becoming so entitled, be excused from giving delivery of the Vessel to the Charterers and upon receipt of such notice by the Charterers this Charter shall cease to have effect.~~

~~**(c)** If for any reason the Owners become entitled under the Building Contract to reject the Vessel the Owners shall, before exercising such right of rejection, consult the Charterers and thereupon~~

~~**(i)** if the Charterers do not wish to take delivery of the Vessel they shall inform the Owners within seven (7) running days by notice in writing and upon receipt by the Owners of such notice this Charter shall cease to have effect; or~~

~~**(ii)** if the Charterers wish to take delivery of the Vessel they may by notice in writing within seven (7) running days require the Owners to negotiate with the Builders as to the terms on which delivery should be taken and/or refrain from exercising their right to rejection and upon receipt of such notice the Owners shall commence such negotiations and/or take delivery of the Vessel from the Builders and deliver her to the Charterers;~~

~~**(iii)** in no circumstances shall the Charterers be entitled to reject the Vessel unless the Owners are able to reject the Vessel from the Builders;~~

~~**(iv)** if this Charter terminates under sub-clause (b) or (c) of this Clause, the Owners shall thereafter not be liable to the Charterers for any claim under or arising out of this Charter or its termination.~~

~~**(d)** Any liquidated damages for delay in delivery under the Building Contract and any costs incurred in pursuing a claim therefor shall accrue to the account of the party stated in Box 41(c) or if not filled in shall be shared equally between the parties.~~

~~**3. Guarantee Works**~~

~~If not otherwise agreed, the Owners authorise the Charterers to arrange for the guarantee works to be performed in accordance with the building contract terms, and hire to continue during the period of guarantee works. The Charterers have to advise the Owners about the performance to the extent the Owners may request.~~

~~**4. Name of Vessel**~~

~~The name of the Vessel shall be mutually agreed between the Owners and the Charterers and the Vessel shall be painted in the colours, display the funnel insignia and fly the house flag as required by the Charterers.~~

~~**5. Survey on Redelivery**~~

~~The Owners and the Charterers shall appoint surveyors for the purpose of determining and agreeing in writing the condition of the Vessel at the time of re-delivery. Without prejudice to Clause 15 (Part II), the Charterers shall bear all survey expenses and all other costs, if any, including the cost of docking and undocking, if required, as well as all repair costs incurred. The Charterers shall also bear all loss of time spent in connection with any docking and undocking as well as repairs, which shall be paid at the rate of hire per day or pro rata.~~

"BARECON 2001" Standard Bareboat Charter

OPTIONAL PART

PART IV
HIRE/PURCHASE AGREEMENT

(Optional, only to apply if expressly agreed and stated in Box 42)

~~On expiration of this Charter and provided the Charterers have fulfilled their obligations according to Part I and II as well as Part III, if applicable, it is agreed, that on payment of the final payment of hire as per Clause 11 the Charterers have purchased the Vessel with everything belonging to her and the Vessel is fully paid for.~~

~~In the following paragraphs the Owners are referred to as the Sellers and the Charterers as the Buyers.~~

~~The Vessel shall be delivered by the Sellers and taken over by the Buyers on expiration of the Charter.~~

~~The Sellers guarantee that the Vessel, at the time of delivery, is free from all encumbrances and maritime liens or any debts whatsoever other than those arising from anything done or not done by the Buyers or any existing mortgage agreed not to be paid off by the time of delivery. Should any claims, which have been incurred prior to the time of delivery be made against the Vessel, the Sellers hereby undertake to indemnify the Buyers against all consequences of such claims to the extent it can be proved that the Sellers are responsible for such claims. Any taxes, notarial, consular and other charges and expenses connected with the purchase and registration under Buyers' flag, shall be for Buyers' account. Any taxes, consular and other charges and expenses connected with closing of the Sellers' register, shall be for Sellers' account.~~

~~In exchange for payment of the last month's hire instalment the Sellers shall furnish the Buyers with a Bill of Sale duly attested and legalized, together with a certificate setting out the registered encumbrances, if any. On delivery of the Vessel the Sellers shall provide for deletion of the Vessel from the Ship's Register and deliver a certificate of deletion to the Buyers.~~
~~The Sellers shall, at the time of delivery, hand to the Buyers all classification certificates (for hull, engines, anchors, chains, etc.), as well as all plans which may be in Sellers' possession.~~

~~The Wireless Installation and Nautical Instruments, unless on hire, shall be included in the sale without any extra payment.~~

~~The Vessel with everything belonging to her shall be at Sellers' risk and expense until she is delivered to the Buyers, subject to the conditions of this Contract and the Vessel with everything belonging to her shall be delivered and taken over as she is at the time of delivery, after which the Sellers shall have no responsibility for possible faults or deficiencies of any description.~~

~~The Buyers undertake to pay for the repatriation of the Master, officers and other personnel if appointed by the Sellers to the port where the Vessel entered the Bareboat Charter as per Clause 3 (Part II) or to pay the equivalent cost for their journey to any other place.~~

OPTIONAL PART

PART V
PROVISIONS TO APPLY FOR VESSELS REGISTERED IN A BAREBOAT CHARTER REGISTRY

(Optional, only to apply if expressly agreed and stated in Box 43)

~~**1. Definitions**~~

~~For the purpose of this PART V, the following terms shall have the meanings hereby assigned to them:~~

~~"The Bareboat Charter Registry" shall mean the registry of the State whose flag the Vessel will fly and in which the Charterers are registered as the bareboat charterers during the period of the Bareboat Charter.~~

~~"The Underlying Registry" shall mean the registry of the state in which the Owners of the Vessel are registered as Owners and to which jurisdiction and control of the Vessel will revert upon termination of the Bareboat Charter Registration.~~

~~**2. Mortgage**~~

~~The Vessel chartered under this Charter is financed by a mortgage and the provisions of Clause 12(b) (Part II) shall apply.~~

~~**3. Termination of Charter by Default**~~

~~If the Vessel chartered under this Charter is registered in a Bareboat Charter Registry as stated in Box 44, and if the Owners shall default in the payment of any amounts due under the mortgage(s) specified in Box 28, the Charterers shall, if so required by the mortgagee, direct the Owners to re-register the Vessel in the Underlying Registry as shown in Box 45.~~

~~In the event of the Vessel being deleted from the Bareboat Charter Registry as stated in Box 44, due to a default by the Owners in the payment of any amounts due under the mortgage(s), the Charterers shall have the right to terminate this Charter forthwith and without prejudice to any other claim they may have against the Owners under this Charter.~~

26. Place of payment; also state beneficiary and bank account (Cl. 11)

Beneficiary: Antiparos Shipping Corporation
Account No.: 1200048491
Beneficiary bank: HSH Nordbank AG
SWIFT Code: HSHNDEHH

27. ~~Bank~~ Corporate guarantee/bond (sum and place) (Cl. 24) (optional)

See Clause 24

28. Mortgage(s), if any (state whether 12(a) or (b) applies; if 12(b) applies state date of Financial Instrument and name of Mortgagee(s)/Place of business) (Cl. 12)

See Clause 35

29. Insurance (hull and machinery and war risks) (state value acc. to Cl. 13(f) or, if applicable, acc. to Cl. 14(k)) (also state if Cl. 14 applies)

See Clause 38 – CLAUSE 14 DOES NOT APPLY

30. Additional insurance cover, if any, for Owners' account limited to (Cl. 13(b) or, if applicable, Cl. 14(g))

See Clause 38

31. Additional insurance cover, if any, for Charterers' account limited to (Cl. 13(b) or, if applicable, Cl. 14(g))

See Clause 38

32. Latent defects (only to be filled in if period other than stated in Cl. 3)

N/A

33. Brokerage commission and to whom payable (Cl. 27)

N/A

34. Grace period (state number of clear ~~banking days~~/Business Days) (Cl. 28)

See Clause 44

35. Dispute Resolution (state 30(a), 30(b) or 30(c); if 30(c) agreed Place of Arbitration must be stated (Cl. 30)

See Clause 30(a)

36. War cancellation (indicate countries agreed) (Cl. 26(f))

N/A

37. Newbuilding Vessel (indicate with "yes" or "no" whether PART III applies) (optional)

No, Part III does not apply

38. Name and place of Builders (only to be filled in if PART III applies)

N/A

39. Vessel's Yard Building No. (only to be filled in if PART III applies)

N/A

40. Date of Building Contract (only to be filled in if PART III applies)

N/A

41. Liquidated damages and costs shall accrue to (state party acc. to Cl. 1)

a) **N/A**
b) **N/A**
c) **N/A**

42. Hire/Purchase agreement (indicate with "yes" or "no" whether PART IV applies) (optional)

No, Part IV does not apply

43. Bareboat Charter Registry (indicate with "yes" or "no" whether PART V applies) (optional)

No, Part V does not apply

44. Flag and Country of the Bareboat Charter Registry (only to be filled in if PART V applies)

N/A

45. Country of the Underlying Registry (only to be filled in if PART V applies)

N/A

46. Number of additional clauses covering special provisions, if agreed

Clause 32 to Clause 59

PREAMBLE - It is mutually agreed that this Contract shall be performed subject to the conditions contained in this Charter which shall include PART I and PART II. In the event of a conflict of conditions, the provisions of PART I shall prevail over those of PART II to the extent of such conflict but no further. It is further mutually agreed that PART III and/or PART IV and/or PART V shall only apply and only form part of this Charter if expressly agreed and stated in Boxes 37, 42 and 43. If PART III and/or PART IV and/or PART V apply, it is further agreed that in the event of a conflict of conditions, the provisions of PART I and PART II shall prevail over those of PART III and/or PART IV and/or PART V to the extent of such conflict but no further.

Signature (Owners)	Signature (Charterers)
For and on behalf of the Owners	**For and on behalf of the Charterers**
Name: [illegible] wangwei	**Name:**
Title:	**Title:**

26. Place of payment; also state beneficiary and bank account (Cl. 11) **Beneficiary: Antiparos Shipping Corporation** **Account No.: 1200048491** **Beneficiary bank: HSH Nordbank AG** **SWIFT Code: HSHNDEHH**	27. ~~Bank~~ Corporate guarantee~~/bond~~ (sum and place) (Cl. 24) (optional) **See Clause 24**
28. Mortgage(s), if any (state whether 12(a) or (b) applies; if 12(b) applies state date of Financial Instrument and name of Mortgagee(s)/Place of business) (Cl. 12) **See Clause 35**	29. Insurance (hull and machinery and war risks) (state value acc. to Cl. 13(f) or, if applicable, acc. to Cl. 14(k)) (also state if Cl. 14 applies) **See Clause 38 – CLAUSE 14 DOES NOT APPLY**
30. Additional insurance cover, if any, for Owners' account limited to (Cl. 13(b) or, if applicable, Cl. 14(g)) **See Clause 38**	31. Additional insurance cover, if any, for Charterers' account limited to (Cl. 13(b) or, if applicable, Cl. 14(g)) **See Clause 38**
32. Latent defects (only to be filled in if period other than stated in Cl. 3) **N/A**	33. Brokerage commission and to whom payable (Cl. 27) **N/A**
34. Grace period (state number of clear ~~banking days~~Business Days) (Cl. 28) **See Clause 44**	35. Dispute Resolution (state 30(a), 30(b) or 30(c); if 30(c) agreed Place of Arbitration must be stated (Cl. 30) **See Clause 30(a)**
36. War cancellation (indicate countries agreed) (Cl. 26(f)) **N/A**	
37. Newbuilding Vessel (indicate with "yes" or "no" whether PART III applies) (optional) **No, Part III does not apply**	38. Name and place of Builders (only to be filled in if PART III applies) **N/A**
39. Vessel's Yard Building No. (only to be filled in if PART III applies) **N/A**	40. Date of Building Contract (only to be filled in if PART III applies) **N/A**
41. Liquidated damages and costs shall accrue to (state party acc. to Cl. 1) a) **N/A** b) **N/A** c) **N/A**	
42. Hire/Purchase agreement (indicate with "yes" or "no" whether PART IV applies) (optional) **No, Part IV does not apply**	43. Bareboat Charter Registry (indicate with "yes" or "no" whether PART V applies) (optional) **No, Part V does not apply**
44. Flag and Country of the Bareboat Charter Registry (only to be filled in if PART V applies) **N/A**	45. Country of the Underlying Registry (only to be filled in if PART V applies) **N/A**
46. Number of additional clauses covering special provisions, if agreed **Clause 32 to Clause 59**	

PREAMBLE - It is mutually agreed that this Contract shall be performed subject to the conditions contained in this Charter which shall include PART I and PART II. In the event of a conflict of conditions, the provisions of PART I shall prevail over those of PART II to the extent of such conflict but no further. It is further mutually agreed that PART III and/or PART IV and/or PART V shall only apply and only form part of this Charter if expressly agreed and stated in Boxes 37, 42 and 43. If PART III and/or PART IV and/or PART V apply, it is further agreed that in the event of a conflict of conditions, the provisions of PART I and PART II shall prevail over those of PART III and/or PART IV and/or PART V to the extent of such conflict but no further.

Signature (Owners) **For and on behalf of the Owners** **Name:** **Title:**	Signature (Charterers) **For and on behalf of the Charterers** **Name:** ALEXANDROS LAIOS **Title:** Attorney-in-fact

ADDITIONAL CLAUSES TO BARECON 2001 DATED 31 MARCH 2018

CLAUSE 32 – CHARTER PERIOD

32.1 For the avoidance of doubt, notwithstanding the fact that the Charter Period shall commence on the Commencement Date, this Charter shall be:

(a) in full force and effect; and

(b) valid, binding and enforceable against the parties hereto,

(c) with effect from the date of this Charter until the end of the Charter Period (subject to the terms of this Charter).

32.2 The Charter Period shall, subject to the terms of this Charter, continue for a period of seventy two (72) months from the Commencement Date.

CLAUSE 33 – CANCELLATION

33.1 If:

(a) a Termination Event occurs prior to the delivery of the Vessel by the Charterers as sellers to Owners as buyers under the MOA;

(b) it becomes unlawful for the Owners (as buyers) to perform or comply with any or all of their obligations under the MOA or any of the obligations of the Owners under the MOA are not or cease to be legal, valid, binding and enforceable; and/or

(c) the MOA expires, is cancelled, terminated, rescinded or suspended or otherwise ceases to remain in full force and effect for any reason,

then this Charter shall immediately terminate and be cancelled (provided that any provision hereof expressed to survive such termination or cancellation shall so do in accordance with its terms) without the need for either of the Owners or the Charterers to take any action whatsoever.

CLAUSE 34 – DELIVERY OF VESSEL

34.1

(a) This Charter is part of a transaction involving the sale, purchase and charter back of the Vessel and constitutes one of the Leasing Documents.

(b) The obligation of the Owners to charter the Vessel to the Charterers hereunder is subject to and conditional upon:

(i) the delivery of the Vessel by the Charterers as sellers to the Owners as buyers in accordance with the terms of the MOA with such Delivery occurring on or before the Cancelling Date(and, for the purposes of this Charter, the Vessel shall be deemed delivered to the Charterers simultaneously with delivery of the Vessel to the Owners pursuant to the MOA);

(ii) no Potential Termination Event or Termination Event having occurred and being continuing as at the Commencement Date;

(iii) the representations and warranties contained in Clause 45 being true and correct on the date of this Charter and each day thereafter until and including the last day of the Charter Period;

(iv) the Owners having received from the Charterers:

(A) on or prior to Delivery, the documents or evidence set out in Part A of Schedule II in form and substance satisfactory to them; and

(B) after Delivery, the documents or evidence set out in Part B of Schedule II in form and substance satisfactory to them within the time periods set out thereunder;

and if any of the documents listed in sub-paragraph (iv) above are not in the English language then they shall be accompanied by a certified English translation.

34.2 The conditions precedent or conditions subsequent specified in Clause (b)(iv) are inserted for the sole benefit of the Owners and may be waived or deferred in whole or in part and with or without conditions by the Owners.

34.3 On delivery to and acceptance by the Owners of the Vessel under the MOA from the Charterers as sellers and subject to the provisions of this Clause 34, the Vessel shall be deemed to have been delivered to, and accepted without reservation by, the Charterers under this Charter and the Charterers shall become and be entitled to the possession and use of the Vessel on and subject to the terms and conditions of this Charter.

34.4 On Delivery, as evidence of the commencement of the Charter Period the Charterers shall sign and deliver to the Owners the Acceptance Certificate. Without prejudice to this Clause 34.4, the Charterers shall be deemed to have accepted the Vessel under this Charter and the commencement of the Charter Period having started, on Delivery even if for whatever reason, the Acceptance Certificate is not signed and/or the Charterers do not take actual possession of the Vessel at that time.

34.5 Save where any of the events set out under Clause 44.1(f) (iv), (v), (vi) and (viii) below applies in relation to the Owners (and in the absence of a Termination Event or Potential Termination Event having occurred at the same time), the Charterers shall not be entitled for any reason whatsoever to refuse to accept delivery of the Vessel under this Charter once the Vessel has been delivered to and accepted by the Owners under the MOA from the Charterers as sellers, and the Owners shall not be liable for any losses, costs or expenses whatsoever or howsoever arising including, without limitation, any loss of profit or any loss or otherwise:

(a) resulting directly or indirectly from any defect or alleged defect in the Vessel or any failure of the Vessel; or

(b) arising from any delay in the commencement of the Charter Period or any failure of the Charter Period to commence.

34.6 The Owners will not and shall not be obliged to deliver the Vessel to the Charterers with any bunkers and unused lubricating oils and greases (whether in storage tanks and unopened drums or otherwise) except such items (including bunkers, lubricating oils, unbroached provisions, paints, ropes and other consumable stores) as are on the Vessel on Delivery.

34.7 The Charterers shall, following the Owners' delivery of items on board the Vessel on Delivery pursuant to Clause 34.6, keep all such items on board the Vessel for the Charterers' own use.

CLAUSE 35 – QUIET ENJOYMENT

35.1 Provided that no Potential Termination Event or Termination Event has occurred pursuant to the terms of this Charter, the Owners hereby agree not to disturb or interfere (or instruct or authorise another party to disturb or interfere) with the Charterers' lawful use, possession and quiet enjoyment of the Vessel during the Charter Period.

35.2 The Owners shall use best endeavors to procure that their financier(s) enter into a Quiet Enjoyment Agreement with the Charterers on such terms as may be mutually agreed between the Owners, the Owners' financier(s) and the Charterers.

35.3 Subject to Clause 35.1 above, the Charterers acknowledge that, at any time during the Charter Period:

(a) the Owners are entitled to enter into certain funding arrangements with their financier(s), (the "**Mortgagee**"), in order to finance in part or in full of the Purchase Price (such financing amount not to exceed the Outstanding Principal Balance at the relevant time), which funding arrangements may be secured, *inter alia*, by the relevant Financial Instruments;

(b) the Owners may do any of the following as security for the funding arrangements referred to in paragraph (a) above:

(i) execute a ship mortgage over the Vessel or any other Financial Instrument in favour of a Mortgagee;

(ii) assign their rights and interests to, in or in connection with this Charter and any other Leasing Document in favour of that Mortgagee;

(iii) assign their rights and interests to, in or in connection with the Insurances, the Earnings and the Requisition Compensation of the Vessel in favour of that Mortgagee; and

(iv) enter into any other document or arrangement which is necessary to give effect to such financing arrangements; and

(c) the Charterers undertake to comply, and provide such information and documents reasonably required to enable the Owners to comply, with all such instructions or directions in regard to the employment, insurances, operation, repairs and maintenance of the Vessel as laid down in any Financial Instrument or as may be directed from to time during the currency of this Charter by the Mortgagee in conformity with any Financial Instrument. The Charterers further agree and acknowledge all relevant terms, conditions and provisions of each Financial Instrument (if any) and agree to acknowledge this in writing in any form that may be reasonably required by the Mortgagee.

CLAUSE 36 – CHARTERHIRE

36.1 In consideration of the Owners agreeing to charter the Vessel to the Charterers under this Charter at the request of the Charterers, the Charterers hereby irrevocably and unconditionally agree to pay to the Owners, the Charterhire, the Advance Charterhire and the Purchase Obligation Price or, as the case may be, the Purchase Option Price.

36.2 The Charterers shall pay the Advance Charterhire to the Owners on the Commencement Date which amount shall be deemed paid on such date by it being set off against an equivalent portion of the Purchase Price payable by the Owners as buyers to the Charterers as sellers under the MOA on the Commencement Date pursuant to the terms thereof and which, for the avoidance of any doubt, shall be unsecured and non-refundable under all circumstances and no interest shall accrue on the Advance Charterhire.

36.3 Subject to the terms of this Clause 36, the Charterers shall pay the Charterhire quarterly in arrears in twenty four (24) consecutive instalments to the Owners under this Charter with the first instalment of the Charterhire payable on the date falling three months after the Commencement Date and the final instalment of the Charterhire payable on the last day of the Charter Period.

36.4 The Vessel shall not at any time be deemed off-hire and the Charterers' obligation to pay all Charterhire, Advance Charterhire and other amounts payable under the Leasing Documents shall be absolute and unconditional under any and all circumstances and shall not be affected by any circumstances of any nature whatsoever including but not limited to:

(a) any set-off (except in the case of the Advance Charterhire which shall be set off in accordance with Clause 36.2), counterclaim, recoupment, defence, claim or other right which the Charterers may at any time have against the Owners or any other person for any reason whatsoever including, without limitation, any act, omission or breach on the part of the Owners under this Charter or any other agreement at any time existing between the Owners and the Charterers;

(b) any change, extension, indulgence or other act or omission in respect of any indebtedness or obligation of the Charterers, or any sale, exchange, release or surrender of, or other dealing in, any security for any such indebtedness or obligation;

(c) any title defect or encumbrance or any dispossession of the Vessel by title paramount or otherwise;

(d) any defect in the seaworthiness, condition, value, design, merchantability, operation or fitness for use of the Vessel or the ineligibility of the Vessel for any particular trade;

(e) the Total Loss or any damage to or forfeiture or court marshall's or other sale of the Vessel;

(f) any libel, attachment, levy, detention, sequestration or taking into custody of the Vessel or any restriction or prevention of or interference with or interruption or cessation in, the use or possession thereof by the Charterers;

(g) any insolvency, bankruptcy, reorganization, arrangement, readjustment, dissolution, liquidation or similar proceedings by or against the Charterers;

(h) any invalidity, unenforceability, lack of due authorization or other defects, or any failure or delay in performing or complying with any of the terms and provisions of this Charter or the other Leasing Documents by any party to this Charter or any other person;

(i) any enforcement or attempted enforcement by the Owners of their rights under this Charter or any of the Leasing Documents executed or to be executed pursuant to this Charter; or

(j) any loss of use of the Vessel due to deficiency or default or strike of officers or crew, fire, breakdown, damage, accident, defective cargo or any other cause which would or might but for this provision have the effect of terminating or in any way affecting any obligation of the Charterers under this Charter.

36.5 Time of payment of the Charterhire, the Advance Charterhire and other payments by the Charterers shall be of the essence of this Charter and the other Leasing Documents.

36.6 All payments of the Charterhire, the Advance Charterhire and any other amounts payable under the Leasing Documents shall be made in Dollars and shall be received by the Owners in same day available funds and by not later than 6:00pm (Shanghai time) on the due date thereof.

36.7 All Charterhire and any moneys payable hereunder shall be payable by the Charterers to the Owners to such account as the Owners may notify the Charterers in writing.

36.8 Payment of the Charterhire and the Advance Charterhire shall be at the Charterers' risk until receipt by the Owners.

36.9 All stamp duty, value added tax, withholding or other taxes (not including taxes levied on the income of the Owners) and import and export duties and all other similar types of charges which may be levied or assessed on or in connection with:

(a) the operation of this Charter in respect of the hire and all other payments to be made pursuant to this Charter and the remittance thereof to the Owners; and

(b) the import, export, purchase, delivery and re-delivery of the Vessel,

shall be borne by the Charterers. The Charterers shall pay, if applicable, value added tax and other similar tax levied on any Charterhire and Advance Charterhire and other payments payable under this Charter by addition to, and at the time of payment of, such amounts.

36.10 If the Charterers fail to make any payment due under this Charter on the due date, they shall pay interest on such late payment at the default rate of 2 per cent. (2 %) per annum (for the avoidance of doubt, such default interest rate applies in addition to the applicable Interest Rate if no payment default were to occur) from the date on which such payment became due until the date of payment thereof.

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

36.12 Any payment which is due to be made on a day which is not a Business Day, shall be made on the preceding Business Day in the same calendar month.

CLAUSE 37 – POSSESSION OF VESSEL

37.1 The Charterers shall not, without the prior written consent of the Owners, assign, mortgage or pledge the Vessel or any interest therein and shall not permit the creation of any Security Interest thereon other than the Permitted Security Interests.

37.2 The Charterers shall promptly notify any party including any Approved Subcharterer (as the Owners may request), in writing that the Vessel is the property of the Owners and the Charterers shall provide the Owners with a copy of such written notification and reasonably satisfactory evidence that such party has received such written notification.

37.3 Other than in the circumstances specified in Clause 37.4, if the Vessel is arrested, seized, impounded, forfeited, detained or taken out of their possession or control (whether or not pursuant to any distress, execution or other legal process but other than due to piracy events which are insured against pursuant to Clause 38), the Charterers shall procure the immediate release of the Vessel (whether by providing bail or procuring the provision of security or otherwise do such lawful things as the circumstances may require) and shall (if it will or is likely to exceed 30 days) immediately notify the Owners of such event and shall indemnify the Owners against all losses, documented costs or documented charges incurred by the Owners by reason thereof in re-taking possession or otherwise in re-acquiring the Vessel. Without prejudice to the generality of the foregoing, the Charterers agree to indemnify the Owners against all consequences or liabilities arising from the master, officers or agents signing bills of lading or other documents.

37.4 If the Vessel is arrested or otherwise detained solely because of the Owners' direct actions or omissions and for reasons which are not in any part a consequence of a Relevant Person's (or its affiliate's) contributory negligence and/or wilful misconduct, the Owners shall at their own expense take all reasonable steps to procure that within a reasonable time the Vessel is released, including the provision of bail.

37.5 The Charterers shall pay and discharge or cause any Approved Subcharterer to pay and discharge all obligations and liabilities whatsoever which have given or may give rise to liens on or claims enforceable against the Vessel and take all steps to prevent (and in connection with procuring any Approved Subcharterer in doing the above, take all reasonable steps to procure any Approved Subcharterer to prevent) an arrest (threatened or otherwise) of the Vessel.

Clause 38 – INSURANCE

38.1 The Charterers shall procure that insurances are effected in form and substance satisfactory to the Owners:

(a) in Dollars;

(b) in the case of fire and usual hull and machinery, marine risks and war risks (including blocking and trapping), on an agreed value basis in an amount of 120% of the higher from time to time of: (i) the aggregate of the then Outstanding Principal Balance and (ii) the lower of the Certified Book Value and Market Value;

(c) in the case of oil pollution liability risks for the Vessel, for an aggregate amount equal to the highest level of cover from time to time available under protection and indemnity club entry and in the international marine insurance market and for an amount of not less than $1,000,000,000; and

(d) in relation to protection and indemnity risks in respect of the full tonnage of the Vessel;

(e) through approved brokers and with first class international insurers and/or underwriters reasonably acceptable to the Owners (including having a Standard & Poor's rating of BBB+ or above, a Moody's rating of A or above or an AM Best rating of A- or above) or, in the case of war risks and protection and indemnity risks, in a war risks and protection and indemnity risks associations reasonably acceptable to the Owners (including being a member of the International Group of Protection and Indemnity Clubs); and

(f) on no less favourable terms which the Charterers may be under an obligation (if any) to maintain under the terms of any Approved Bareboat Subcharter.

38.2 In addition to the terms set out in Clause 13(a), the Charterers shall procure that the obligatory insurances shall:

(a) subject always to paragraph (ii), name the Charterers, the Approved Manager and the Owners (if so required by the Owners) as the only named assureds unless the interest of every other named assured or co-assured is limited:

(ii) in respect of any obligatory insurances for hull and machinery and war risks;

(1) to any provable out-of-pocket expenses that they have incurred and which form part of any recoverable claim on underwriters; and

(2) to any third party liability claims where cover for such claims is provided by the policy (and then only in respect of discharge of any claims made against them); and

(iii) in respect of any obligatory insurances for protection and indemnity risks, to any recoveries they are entitled to make by way of reimbursement following discharge of any third party liability claims made specifically against them,

and every other named assured or co-assured has undertaken in writing to the Owners or their financiers reasonably that any deductible shall be apportioned between the Charterers and every other named assured or co-assured in proportion to the gross claims made by or paid to each of them and that they shall do all things necessary and provide all documents, evidence and information to enable the Owners and their financiers (if any) in accordance with the terms of the loss payable clause, to collect or recover any moneys which at any time become payable in respect of the obligatory insurances;

(b) whenever a financier of the Owners requires:

(i) in respect of fire and other usual marine risks and war risks, name (or be amended to name) the same as additional named assured for their rights and interests, warranted no operational interest and with full waiver of rights of subrogation against such financiers, but without such financiers thereby being liable to pay (but having the right to pay) premiums, calls or other assessments in respect of such insurance;

(ii) in relation to protection and indemnity risks, name (or be amended to name) the same as additional insured or co-assured for their rights and interests to the extent permissible under the relevant protection and indemnity club rules; and

(iii) name the Owners' financiers (as applicable) and the Owners (as applicable) as the first ranking loss payee and the second ranking loss payee respectively (and in the absence of any financiers, the Owners as first ranking loss payee) in accordance with the terms of the relevant loss payable clauses approved by the Owners' financiers and the Owners (such approval not to be unreasonably withheld) with such directions for payment in accordance with the terms of such relevant loss payable clause, as the Owners and their financiers (if any) may specify;

(c) provide that all payments by or on behalf of the insurers under the obligatory insurances to the Owners and/or their financiers (as applicable) shall be made without set-off, counterclaim or deductions or condition whatsoever;

(d) provide that such obligatory insurances shall be primary without right of contribution from other insurances which may be carried by the Owners or their financiers (if any);

(e) provide that the Owners and/or their financiers (if any) may make proof of loss if the Charterers fail to do so; and

(f) provide that if any obligatory insurance is cancelled, or if any substantial change is made in the coverage which adversely affects the interest of the Owners, or if any obligatory insurance is allowed to lapse for non-payment of premium, such cancellation, change or lapse shall not be effective with respect to the Owners and/or their financiers (if any) for fourteen (14) days (or seven (7) days in the case of war risks), or such other period as may be agreed by the Owners and/or their financiers (if any), after receipt by the Owners and/or their financiers (if any) of prior written notice from the insurers of such cancellation, change or lapse.

38.3 The Charterers shall:

(a) at least fourteen (14) days prior to Delivery (or such shorter period agreed by the parties), notify in writing the Owners (copied to their financiers (if any)) of the terms and conditions of all Insurances;

(b) at least fourteen (14) days before the expiry of any obligatory insurance notify the Owners (copied to their financiers (if any)) of the brokers (or other insurers) and any protection and indemnity or war risks association through or with whom the Charterers propose to renew that obligatory insurance and of the proposed terms of renewal and obtain the Owners' approval (such approval not to be unreasonably withheld and who shall have regard to the requirements as to insurance cover required under the provisions of this Clause 38);

(c) at least seven (7) days before the expiry of any obligatory insurance, procure that such obligatory insurance is renewed or to be renewed on its expiry date in accordance with the provisions of this Charter;

(d) procure that the approved brokers and/or the war risks and protection and indemnity associations with which such a renewal is effected shall promptly after the renewal or the effective date of the new insurance and protection and indemnity cover notify the Owners (copied to their financiers (if any)) in writing of the terms and conditions of the renewal; and

(e) as soon as practicable after the expiry of any obligatory insurance, deliver to the Owners a letter of undertaking as required by this Charter in respect of such Insurances for the Vessel as renewed pursuant to this Clause 38.3 together with copies of the relevant policies or cover notes or entry certificates duly endorsed with the interest of the Owners and/or their financiers (if any).

38.4 The Charterers shall ensure that all insurance companies and/or underwriters, and/or (if any) insurance brokers provide the Owners with all copies of policies, cover notes and certificates of entry (originals where so requested by the Owners following the occurrence of a Termination Event or Potential Termination Event) relating to the obligatory insurances which they are to effect or renew and of a letter or letters or undertaking in a form required by the Owners (which the Charterers shall procure the relevant insurance companies, underwriters and/or insurance brokers to provide upon renewal or receipt of the insurance companies, underwriters and/of insurance brokers of an executed notice of assignment). Such letter or letters of undertaking shall include undertakings by the insurance companies and/or underwriters that:

(a) they will have endorsed on each policy, immediately upon issue, a loss payable clause and a notice of assignment complying with the provisions of this Charter and the Financial Instruments;

(b) they will hold the benefit of such policies and such insurances, to the order of the Owners and/or their financiers (if any) and/or such other party in accordance with the said loss payable clause;

(c) they will advise the Owners and their financiers (if any) promptly of any material change to the terms of the obligatory insurances of which they are aware;

(d) (i) they will indicate in the letters of undertaking that they will immediately notify the Owners and their financiers (if any) when any cancellation, charge or lapse of the relevant obligatory insurance occur and (ii) following a written application from the Owners and/or their financiers (if any) not later than one (1) month before the expiry of the obligatory insurances they will notify the Owners and their financiers (if any) not less than fourteen (14) days before the expiry of the obligatory insurances, in the event of their not having received notice of renewal instructions from the Charterers and, in the event of their receiving instructions to renew, they will promptly notify the Owners and their financiers (if any) of the terms of the instructions; and

(e) if any of the obligatory insurances form part of any fleet cover, the Charterers shall use best endeavours to procure that the insurance broker(s), or leading insurer, as the case may be, undertakes to the Owners and their financiers (if any) that such insurance broker or insurer will not set off against any sum recoverable in respect of a claim relating to the Vessel under

such obligatory insurances any premiums due in respect of any other vessel under any fleet cover of which the Vessel forms a part or any premium due for other insurances, they waive any lien on the policies, or any sums received under them, which they might have in respect of such premiums, and they will not cancel such obligatory insurances by reason of non-payment of such premiums or other amounts, and will arrange for a separate policy to be issued in respect of the Vessel forthwith upon being so requested by the Owners and/or their financiers (if any) and where practicable.

38.5 The Charterers shall ensure that any protection and indemnity and/or war risks associations in which the Vessel is entered provides the Owners with:

(a) a copy of the certificate of entry for the Vessel as soon as such certificate of entry is issued;

(b) a letter or letters of undertaking in such form as may be required by the Owners or in such association's standard form (following the relevant association's receipt of an executed notice of assignment upon the effecting or renewal of insurances); and

(c) a copy of each certificate of financial responsibility for pollution by oil or other Environmentally Sensitive Material issued by the relevant certifying authority in relation to the Vessel.

38.6 The Charterers shall ensure that all policies relating to obligatory insurances are deposited with the approved brokers through which the insurances are effected or renewed.

38.7 The Charterers shall procure that all premiums or other sums payable in respect of the obligatory insurances are punctually paid and produce all relevant receipts when so required by the Owners.

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

38.9 The Charterers shall neither do nor omit to do (nor permit to be done or not to be done) any act or thing which would or might render any obligatory insurance invalid, void, voidable or unenforceable or render any sum payable under an obligatory insurance repayable in whole or in part; and, in particular:

(a) the Charterers shall procure that all necessary action is taken and all requirements are complied with which may from time to time be applicable to the obligatory insurances, and (without limiting the obligations contained in this Clause) ensure that the obligatory insurances are not made subject to any exclusions or qualifications to which the Owners have not given their prior approval (unless such exclusions or qualifications are made in accordance with the rules of a protection and indemnity association which is a member of the International Group of protection and indemnity associations), such approval not to be unreasonably withheld;

(b) the Charterers shall not make or permit any changes relating to the classification or classification society or manager or operator of the Vessel unless such changes have first been approved by the underwriters of the obligatory insurances or the Owners (such approval not to be unreasonably withheld by the Owners' but always subject to the Owners receiving credit approval on such changes);

(c) as may be applicable, the Charterers shall procure that all quarterly or other voyage declarations which may be required by the protection and indemnity risks association in which the Vessel is entered to maintain cover for trading to the United States of America and Exclusive Economic Zone (as defined in the United States Oil Pollution Act 1990 or any other applicable legislation) are made and the Charterers shall promptly provide the Owners with copies of such declarations and a copy of the certificate of financial responsibility; and

(d) the Charterers shall not employ the Vessel, nor allow it to be employed, otherwise than in conformity with the terms and conditions of the obligatory insurances, without first obtaining the consent of the insurers and complying with any requirements (as to extra premium or otherwise) which the insurers specify.

38.10 The Charterers shall not make or agree to any material alteration to the terms of any obligatory insurance (relating to the identity of the beneficiaries under such insurances or scope of cover) nor waive any right relating to any obligatory insurance without the prior written consent of the Owners (such consent to only be required where such amendment or waiver adversely affects or potentially adversely affects the Owners' interests under the Leasing Documents and which is not to be unreasonably withheld or delayed).

In this Clause 38.10 "material" alterations shall include, without limitation, reduction to the insured amount, limitation on the scope of the cover and any other amendment which would cause a breach under the terms of this Charter, any other Leasing Document or any Approved Bareboat Subcharter.

38.11 The Charterers shall not settle, compromise or abandon any claim under any obligatory insurance for a Total Loss or for a Major Casualty, and shall do all things necessary and provide all documents, evidence and information to enable the Owners to collect or recover any moneys which at any time become payable in respect of the obligatory insurances.

38.12 The Charterers shall provide the Owners, promptly upon the Owners' written request, copies of:

(a) all communications between the Charterers and:

- (i) the approved brokers; and
- (ii) the approved protection and indemnity and/or war risks associations; and
- (iii) the approved international insurers and/or underwriters, which relate directly or indirectly to:
  - (A) the Charterers' obligations relating to the obligatory insurances including, without limitation, all requisite declarations and payments of additional premiums or calls; and
  - (B) any credit arrangements made between the Charterers and any of the persons referred to in paragraphs (i) or (ii) relating wholly or partly to the effecting or maintenance of the obligatory insurances; and

any communication with all parties involved in case of a claim under any of the Vessel's insurances.

38.13 The Charterers shall promptly provide the Owners (or any persons which they may designate) with any information which the Owners reasonably request for the purpose of:

(a) obtaining or preparing any report from an independent marine insurance broker as to the adequacy of the obligatory insurances effected or proposed to be effected; and/or

(b) effecting, maintaining or renewing any such insurances as are referred to in Clause 13(a) or dealing with or considering any matters relating to any such insurances.

38.14 If one or more of the obligatory insurances are not effected and maintained with first class international insurers or are effected with an insurance or captive subsidiary of the Owners or the Charterers, then the Charterers shall procure, at their own expense, that the relevant insurers maintain in full force and effect facultative reinsurances with reinsurers and

through brokers, in each case, of recognised standing and acceptable in all respects to the Owners. Any reinsurance policy shall include, if and when permitted by law, a cut-through clause in a form acceptable to the Owners. The Charterers shall procure that underwriters of the primary insurances assign each reinsurance to the relevant financiers in full, if required.

38.15 The Charterers shall upon demand fully indemnify the Owners in respect of all premiums and other expenses which are reasonably incurred by (i) the Owners in connection with or with a view to effecting, maintaining or renewing an innocent owners' interest insurance, mortgagee's interest insurance and a lessor's/mortgagee's additional perils (pollution) insurance that is taken out in respect of the Vessel and/or (ii) the financier(s) of the Owners (if any) in connection with or with a view to effecting, maintaining or renewing a mortgagee's interest insurance and a mortgagee's additional perils (pollution) insurance that is taken out in respect of the Vessel, in each case, with the Charterers' insurance brokers as approved by the Owners (in their sole discretion) and provided that the Charterers shall provide the Owners, as soon as these are dispatched, with copies of all communications between the Charterers and such insurance brokers. In each case, the amount of the cover under the insurances referred to this Clause 38.15 shall be equal to at least 120% of the higher from time to time of (i) the Outstanding Principal Balance; (ii) the lower of the Certified Book Value and the Market Value.

38.16 The Charterers shall be solely responsible for and indemnify the Owners in respect of all loss or damage to the Vessel (insofar as the Owners shall not be reimbursed by the proceeds of any insurance in respect thereof) however caused occurring at any time or times before physical possession thereof is retaken by the Owners, reasonable wear and tear to the Vessel only excepted.

38.17 The Charterers shall:

(a) reimburse the Owners any expenses incurred by the Owners in obtaining the reports described in Clause 38.13 (provided that such reimbursement obligation does not arise for the second or subsequent report obtained for any given 12-month period); and

(b) procure that there is delivered to the brokers, insurers, underwriters, associations described in Clause 38.1(e) such information in relation to the Insurances as they may require.

38.18 The Charterers shall keep the Vessel insured at their expense against such other risks which the Owners consider reasonable for a prudent shipowner or operator to insure against at the relevant time (as notified by the Owners) and which are, at that time, generally insured against by owners or operators of vessels similar to the Vessel.

38.19 The Charterers shall, in the event that the Approved Manager makes a claim under any obligatory insurances taken out in connection with this Clause 38 but is unable to or otherwise fails to pay in full any deductible in connection with such claim (in an amount as apportioned between the Charterers and every other assured in proportion to the gross claims made by or paid to each of them), pay such shortfall in deductible payable on behalf of the Approved Manager.

CLAUSE 39 – WARRANTIES RELATING TO VESSEL

39.1 It is expressly agreed and acknowledged that the Owners are not the manufacturer or original supplier of the Vessel which has been purchased by the Owners from the Charterers as sellers pursuant to the MOA for the purpose of then chartering the Vessel to the Charterers hereunder and that no condition, term, warranty or representation of any kind is or has been given to the Charterers by or on behalf of the Owners in respect of the Vessel (or any part thereof).

39.2 All conditions, terms or warranties express or implied by the law relating to the specifications, quality, description, merchantability or fitness for any purpose of the Vessel (or any part thereof) or otherwise are hereby expressly excluded.

39.3 The Charterers agree and acknowledge that the Owners shall not be liable for any claim, loss, damage, expense or other liability of any kind or nature caused directly or indirectly by the Vessel or by any inadequacy thereof or the use or performance thereof or any repairs thereto or servicing thereof and the Charterers shall not by reason thereof be released from any liability to pay any Charterhire or the Advance Charterhire or other payment due under this Charter or the other Leasing Documents.

CLAUSE 40 – TERMINATION, REDELIVERY AND TOTAL LOSS

40.1 If the Termination Purchase Price becomes payable in accordance with Clause 44.3, the same shall be payable in consideration of the purchase and transfer of the legal and beneficial title of the Vessel pursuant to Clause 40.4 and it is hereby agreed by the parties hereto that payment of the Termination Purchase Price shall not be construed as a penalty but shall represent an agreed estimate of the loss and damage suffered by the Owners in buying the Vessel and entering into this Charter upon the terms and conditions contained herein, in each case, at the request of the Charterers and shall therefore be paid as compensation to the Owners for early termination and acquisition of the Vessel by the Charterers.

40.2 Upon receipt of the Termination Purchase Price by the Owners pursuant to Clause 40.1 in full, this Charter shall terminate.

40.3

(a) If the Charterers fail to make any payment of the Termination Purchase Price on the due date,

(i) Clauses 36.10 and 36.11 shall apply;

(ii) the Charterers' right to possess and operate the Vessel shall immediately cease and (without in any way affecting the Charterers' obligation to pay the Termination Purchase Price) the Charterers shall, upon the Owners' request (at Owners' sole discretion), be obliged to immediately (and at the Charterers' own cost) redeliver the Vessel to the Owners at such ready and nearest safe port as the Owners may require; further and for the avoidance of doubt, the Owners shall be entitled (at Owners' sole discretion) to operate the Vessel as they may require and may create whatsoever interests thereon, including without limitation charterparties or any other form of employment contracts ("**Post-enforcement Interests**"); and

(iii) the Owners shall be entitled (at Owners' sole discretion) to sell the Vessel on terms they deem fit (an "**Owners' Sale**").

(b) Prior to effecting an Owners' Sale, the Owners shall notify the Charterers in writing and the Charterers may within seven (7) Business Days thereafter submit to the Owners evidence (to the satisfaction of the Owners, acting reasonably) of a purchaser offering by way of a firm offer (subject to customary closing conditions and Owners' investigation on know-your-client issues) (a "**Charterers' Offer**") an amount at least equal to the higher of (i) the purchase price contemplated by the Owners' Sale and (ii) the then current amount of the Termination Purchase Price, in either case following which the Owners will use reasonable endeavours to enter into a memorandum of agreement (in a form acceptable to the Owners and the relevant counterparty buyer) pursuant to such Charterers' Offer.

(c) Without prejudice to the other provisions of this Clause 40.3, the Charterers may at any time following the occurrence of any event set out in Clause 44.2 or 44.3 (as the case may be) submit to the Owners evidence (to the satisfaction of the Owners, acting reasonably) of a Charterers' Offer in an amount at least equal to the then current amount of the Termination Purchase Price, in which case the Owners will use reasonable endeavours to enter into a memorandum of agreement (in a form acceptable to the Owners and the relevant counterparty buyer) pursuant to such Charterers' Offer.

(d) The proceeds of any sale of the Vessel pursuant to Clause 40.3(a)(iii) or (b) or (c) shall be applied:

(i) first, towards the Owners' documented costs incurred in relation to such sale;

(ii) second, towards payment of the outstanding Termination Purchase Price and other sums then due and payable to the Owners under the Leasing Documents; and

(iii) third, any remaining balance to be paid to the Charterers subject to all actual and/or contingent liabilities incurred under any of the Leasing Documents being fully discharged; provided also in the case of an Owners' Sale that if such proceeds are not in an amount sufficient to discharge in full the aggregate amounts due to the Owners under (i) and (ii), the Charterers shall continue to be liable for the shortfall.

40.4 Concurrently with the Owners receiving irrevocable payment of the Termination Purchase Price in full pursuant to the terms of this Charter, the Owners shall (save in the event of Total Loss or where ownership has already been or agreed to be transferred pursuant to Clause 40.3) transfer the legal and beneficial ownership of the Vessel on an "as is where is" basis (and, for the avoidance of doubt but without prejudice to Clause 49.1(b), subject to any Post-enforcement Interests), and otherwise in accordance with the terms and conditions set out at Clause 49.1(a) and (b)), to the purchaser under the Charterers' Offer and shall (at the cost of the Charterers or the purchaser under the Charterers' Offer) execute a bill of sale and a protocol of delivery and acceptance evidencing the same and any other document strictly necessary to transfer the title of the Vessel to the purchaser under the Charterers' Offer (and to the extent required for such purposes, the Vessel shall be deemed first to have been redelivered to the Owners).

40.5 The Charterers hereby undertake to indemnify the Owners against any claims incurred in relation to the Vessel as a result of the Charterers' action or performance prior to such transfer of ownership. Any taxes, notarial, consular and other costs, charges and expenses connected with closing of the Owners' register shall be for the Charterers' account.

40.6 If the Charterers are required to redeliver the Vessel to the Owners pursuant to Clause 40.3, the Charterers shall ensure that the Vessel shall, at the time of redelivery to the Owners (at Charterers' cost and expense):

(a) be in compliance with its Insurances;

(b) be in an equivalent classification as she was as at the Commencement Date without any outstanding recommendation or condition, and with valid, unextended certificates for not less than three (3) months and free of average damage affecting the Vessel's classification and in the same or as good structure, state, condition and classification as that in which she was deemed on the Commencement Date, fair wear and tear not affecting the Vessel's classification excepted;

(c) have passed her 5-year and if applicable, 10-year special surveys, and subsequent second intermediate surveys and drydock at the Charterers' time and expense without any condition or outstanding issue and to the satisfaction of the Classification Society and with all the Vessel's classification, trading, national and international certificates that the Vessel had when she was delivered under this Charter and the log book and whatsoever necessary relating to the operation of the Vessel, valid and un-extended without conditions or recommendation falling due;

(d) have her survey cycles up to date and trading and classification certificate valid for at least six (6) months;

(e) be redelivered to the Owners together with all spare parts and spare equipment as were on board at the time of Delivery and to the extent not already expended in the operation of the Vessel, and any such spare parts and spare equipment on board at the time of re-delivery shall be taken over by the Owners free of charge;

(f) be free of any Security Interest (save for the Security Interests granted pursuant to the Financial Instruments) and the Charterer shall use their best endeavours to procure that the Vessel is free of any cargo;

(g) be redelivered to the Owners together with all material information generated during the Charter Period in respect of the use, possession, operation, navigation, utilization of lubricating oil and the physical condition of the Vessel, whether or not such information is contained in the Charterers' equipment, computer or property;

(h) be free of any charter (unless the Owners wish to retain the continuance of any then existing charter;

(i) be free of officers and crew (unless otherwise agreed by the Owners); and

(j) shall have had her underwater parts treated with ample anti-fouling to last for the ensuing period up to the next scheduled dry docking of the Vessel.

40.7 The Owners shall, at the time of the redelivery of the Vessel, take over all bunkers, lubricating oil, unbroached provisions, paints, ropes and other consumable stores in the Vessel at no cost to the Owners.

40.8 If the Vessel, for any reason, becomes a Total Loss after Delivery, the Charterers shall pay the Termination Purchase Price to the Owners on the earlier of:

(a) the date falling one hundred and twenty (120) days after such Total Loss has occurred; and

(b) the date of receipt by the Owners and/or their financiers (if any), in accordance with the terms of the relevant loss payable clause, of the proceeds of insurance relating to such Total Loss,

provided that it is hereby agreed that any insurance proceeds in respect of the Vessel received by the Owners and/or their financiers (if any) shall be applied in or towards discharging the Charterers' obligation to pay the Termination Purchase Price and any interest accrued thereon (and such application shall be deemed satisfaction of the Charterers' obligation to pay the Termination Purchase Price to the extent so satisfied) and in the event that the insurance proceeds received from the insurers exceed the Termination Purchase Price due (and any interest accrued thereon), the excess shall be firstly paid towards satisfying any amounts outstanding and owing by the Charterers or any of their Affiliates under any Other Charter and thereafter paid to the Charterers by way of rebate of hire.

For the avoidance of doubt, in the event that the Vessel becomes a Total Loss:

(A) payment of the Charterhire and all other sums payable under the Leasing Documents during such period shall continue to be made by the Charterers in accordance with the terms thereof unless and until the Owners receive in full the Termination Purchase Price;

(B) should insurance proceeds be received by the Owners from the insurers, the Charterers' obligations to pay the Termination Purchase Price shall be accordingly reduced by an amount corresponding to such insurance proceeds but in the event that such insurance proceeds are less than the amount of the Termination Purchase Price together with any interest accrued thereon, the Charterers remain obliged to pay to the Owners the balance so that the full amount of the Termination Purchase Price due together with any interest accrued thereon is received by the Owners; and

(C) the obligation of the Charterers to pay the Termination Purchase Price shall remain unaffected and exist regardless of whether any of the insurers have agreed or refused to meet or have disputed in good faith, the claim for Total Loss.

40.9 The Owners shall have no obligation to supply to the Charterers with a replacement vessel following the occurrence of a Total Loss.

CLAUSE 41 – FEES AND EXPENSES

41.1 In consideration of the Owners entering into this Charter, the Charterers shall pay to the Owners or their nominee a non-refundable arrangement fee at such time and in such amount to be set out in a fee letter.

41.2 Without prejudice to any other rights of the Owners under this Agreement, the Charterers shall promptly pay to the Owners on written demand on a full indemnity basis:

(a) all documented costs, charges and expenses incurred by the Owners in collecting any Charterhire or Advance Charterhire or other payments not paid on the due date under this Charter, in remedying any other failure of the Charterers to observe the terms and conditions of this Charter and in enforcing the Owners' rights under any Leasing Document; and

(b) all documented costs and expenses (including, but not limited to, legal costs) incurred by the Owners in the negotiation and execution of all documentation in relation to this Charter and the other Leasing Documents including, but not limited to, all documented costs incurred by the Owners and all documented legal costs, expenses and other disbursements incurred by the Owners' legal counsels in connection with the same.

CLAUSE 42 – NO WAIVER OF RIGHTS

42.1 No neglect, delay, act, omission or indulgence on the part of either party in enforcing the terms and conditions of this Charter shall prejudice the strict rights of that party or be construed as a waiver thereof nor shall any single or partial exercise of any right of either party preclude any other or further exercise thereof.

42.2 No right or remedy conferred upon either party by this Charter shall be exclusive of any other right or remedy provided for herein or by law and all such rights and remedies shall be cumulative.

CLAUSE 43 – NOTICES

43.1 Any notice, certificate, demand or other communication to be served, given made or sent under or in relation to this Charter shall be in English and in writing and (without prejudice to any other valid method or giving making or sending the same) shall be deemed sufficiently given or made or sent if sent by registered post, fax or by email to the following respective addresses:

(A) to the Owners: **c/o CMB FINANCIAL LEASING CO., LTD.**
Attention: Wang Wei
Email: wangwei17@cmbchina.com
Tel: +8621 6106 1735
Fax: +8621 6105 9911*1735

(B) to the Charterers: **c/o NAVIOS TANKERS MANAGEMENT INC.**
Attention: Vassiliki Papaefthymiou
Email: vpapaefthymiou@Navios.com
Tel: +30 210 41 72 050
Fax: +30 210 41 72 070

or, if a party hereto changes its address or fax number, to such other address or fax number as that party may notify to the other.

CLAUSE 44 – TERMINATION EVENTS

44.1 The Owners and the Charterers hereby agree that any of the following events shall constitute a Termination Event:

(a) any of the Charterers or the Guarantor fails to make any payment on its due date under this Charter or any other Leasing Document to which they are a party or the Guarantor fails to make any payment on its due date under the Leasing Documents to which it is a party and in each case, such non-payment fails to be rectified within seven (7) Business Days of the relevant due date; or

(b) the Charterers breach or omit to observe or perform any of their undertakings in Clause 46.1 (n), (o), (p), (q), (r) or (v) or the Guarantor breaches or omits to observe or perform its financial covenants contained in clause 11.20 of the Guarantee; or the Charterers fail to obtain and/or maintain the Insurances required under Clause 38 in accordance with the provisions thereof or any insurer in respect of such Insurances cancels the Insurances or disclaims liability with respect thereto; or

(c) the Charterers and/or the Guarantor commits any other breach of, or omits to observe or perform, any of their other obligations or undertakings in this Charter or any Leasing Document (other than a breach referred to in paragraph (a) or (b) above) unless such breach or omission is, in the reasonable opinion of the Owners, remediable and the Charterers remedy and/or the Guarantor remedies such breach or omission to the satisfaction of the Owners within fourteen (14) Business Days of notice thereof from the Owners (except that in the case of Clause 46.1(k), the relevant period shall be ten (10) Business Days of notice thereof from the Owners); or

(d) any representation or warranty made by the Charterers or the Guarantor or the Approved Manager in or pursuant to any Leasing Document proves to be untrue or misleading in a material way when made; or

(e) any of the following occurs in relation to any Financial Indebtedness of a Relevant Person:

(i) any Financial Indebtedness of a Relevant Person is not paid when due or, if so payable, on demand after any applicable grace period has expired; or

(ii) any Financial Indebtedness of a Relevant Person becomes due and payable, or capable of being declared due and payable, prior to its stated maturity date as a consequence of any event of default and not as a consequence of the exercise of any voluntary right of prepayment; or

(iii) a lease, hire purchase agreement or charter creating any Financial Indebtedness of a Relevant Person is terminated by the lessor or owner as a consequence of any termination event or event of default (howsoever defined); or

(iv) any overdraft, loan, note issuance, acceptance credit, letter of credit, guarantee, foreign exchange or other facility, or any swap or other derivative contract or transaction, relating to any Financial Indebtedness of a Relevant Person ceases to be available or becomes capable of being terminated or declared due and payable or cash cover is required or becomes capable of being required, as a result of any termination event or event of default (howsoever defined),

provided that no Termination Event will occur under this Clause 44.1(e) in respect of a Relevant Person or a subsidiary of the Guarantor if the aggregate amount of Financial Indebtedness or commitment for Financial Indebtedness falling within paragraphs (i) to (iv) above is less than (A) in the case of a Relevant Person (other than the Guarantor), $1,000,000 (or its equivalent in any other currency) in aggregate and (B) in the case of the Guarantor, less than $5,000,000 (or its equivalent in any other currency) in aggregate, and in each of (A) and (B) above, not including any Financial Indebtedness arising directly from a claim which is frivolous or vexatious and is discharged, stayed or dismissed within 14 days of commencement.

(f) any of the following occurs in relation to a Relevant Person:

(i) a Relevant Person becomes, in the reasonable opinion of the Owners, unable to pay their debts as they fall due; or

(ii) any assets of a Relevant Person, or any assets of the Guarantor exceeding the value of $10,000,000 (or its equivalent in any other currency) in aggregate, or the Vessel are subject to any form of execution, attachment, arrest, sequestration or distress which is not discharged within thirty (30) days (or such longer period agreed by the Owners); or

(iii) any administrative or other receiver is appointed over all or a substantial part of the assets of a Relevant Person unless as part of a solvent reorganisation which has been approved by the Owners; or

(iv) a Relevant Person makes any formal declaration of bankruptcy or any formal statement to the effect that they are insolvent or likely to become insolvent, or a winding up or administration order is made in relation to a Relevant Person, or the members or directors of a Relevant Person pass a resolution to the effect that they should be wound up, placed in administration or cease to carry on business; or

(v) a petition is presented in any Relevant Jurisdiction for the winding up or administration, or the appointment of a provisional liquidator, of a Relevant Person unless the petition is being contested in good faith and on substantial grounds and is dismissed or withdrawn within thirty (30) days of the presentation of the petition; or

(vi) a Relevant Person petitions a court, or presents any proposal for, any form of judicial or non-judicial suspension or deferral of payments, reorganisation of their debt (or certain of their debt) or arrangement with all or a substantial proportion (by number or value) of their creditors or of any class of them or any such suspension or deferral of payments, reorganisation or arrangement is effected by court order, contract or otherwise; or

(vii) any meeting of the members or directors of a Relevant Person is summoned for the purpose of proposing to authorise or take any action of a type described in paragraphs (iii) to (vi); or

(viii) in a country other than England and Wales, any event occurs or any procedure is commenced which, in the reasonable opinion of the Owners, is similar to any of the foregoing referred to in (ii) to (vii) above inclusive; or

(ix) any expropriation, attachment, sequestration, distress or execution (or any analogous process in any jurisdiction) affects any asset or assets of a Relevant Person; or

(g) a Relevant Person suspends or ceases carrying on its business; or

(h) any consent, approval, authorisation, license or permit necessary to enable the Charterers, any Approved Subcharterer or any Approved Manager to operate or charter the Vessel to enable them to comply with any provision of any Leasing Document, as the case may be, to ensure that the obligations of the Charterers, Approved Subcharterer or Approved Manager (as the case may be) are legal, valid, binding or enforceable is not granted, expires without being renewed, is revoked or becomes liable to revocation or any condition of such a consent, approval, authorisation, license or permit is not fulfilled; or

(i) any event or circumstance occurs which has or is likely to have a Material Adverse Effect; or

(j) this Charter or any Leasing Document or any Security Interest created by a Leasing Document is cancelled, terminated, rescinded or suspended or otherwise ceases to remain in full force and effect for any reason or no longer constitutes valid, binding and enforceable obligations of any party to that document for any reason whatsoever; or

(k) a Relevant Person or Approved Manager rescinds or purports to rescind or repudiates or purports to repudiate a Leasing Document; or

(l) it is or has become:

(i) unlawful or prohibited, whether as a result of the introduction of a new law, an amendment to an existing law or a change in the manner in which an existing law is or will be interpreted or applied; or

(ii) contrary to, or inconsistent with, any regulation,

for any Relevant Person or Approved Manager to maintain or give effect to any of its obligations under this Charter or any of the other Leasing Documents to which it is a party in the manner it is contemplated under such Leasing Document or any of the obligations of such Relevant Person or Approved Manager under any Leasing Document to which it is a party are not or cease to be legal, valid, binding and enforceable; or

(m) the Security Interest constituted by any Security Document is in any way imperilled or in jeopardy; or

(n) the Vessel is not delivered latest by the Cancelling Date; or

(o) there is a merger, amalgamation, demerger or corporation reconstructions of a Relevant Person (other than where, in the case of the Guarantor, the Guarantor remains the surviving legal entity following the occurrence of such event) or a change of control or legal or beneficial ownership of the Charterers from that set out in Clause 45.1(a) and (b) without disclosure to the Owners and the Owners' prior written consent;

(p) there is a change in control of the Guarantor from that set out in Clause 45.1(c) without disclosure to the Owners and the Owners' prior written consent;

(q) the Guarantor is de-listed from the New York Stock Exchange or has its shares trading at the New York Stock Exchange suspended for any reason;

(r) any Termination Event (as defined in any Other Charter) occurs under such Other Charter; or

(s) the occurrence of any of the following events;

(i) an event of default or termination event howsoever called under the terms of any Approved Bareboat Subcharter entitling the Charterers to terminate such Approved Bareboat Subcharter; or

(t) an event of default or termination event howsoever called under the terms of any Approved Bareboat Subcharter entitling the Approved Subcharterer of such Approved Bareboat Subcharter to terminate such Approved Bareboat Subcharter which has not been unconditionally waived by such Approved Bareboat Subcharterer.

44.2 Subject to Clause 44.3 below, upon the occurrence of a Termination Event which is continuing (other than pursuant to: (i) Clause (f), in which case the Owner's entitlement to issue the notice of termination to the Charterers under Clause 44.3 shall immediately arise), the Owners shall notify the Charterers of occurrence of the same (the "**Termination Event Notice**") whereupon the Charterers may, within three (3) Business Days of the date of the Termination Event Notice, provide to the Owners a written notice advising the Owners of their intention to pay the Charterer Termination Purchase Price to the Owners and terminate this Charter in accordance with the procedures set out in Clause 40.

44.3 If the Charterers do not notify the Owners of their intention to terminate this Charter pursuant to Clause 44.2 within three (3) Business Days of the date of the Termination Event Notice, or a Termination Event is continuing pursuant to Clause (f), then the Owners shall be entitled, provided the Termination Event is continuing, by notice to the Charterers to terminate this Charter at any time, and the Charterers shall be required to pay to the Owners the Termination Purchase Price in accordance with the procedures set out in Clause 40.

44.4 For the avoidance of doubt, notwithstanding any action taken by the Owners following a Termination Event, the Charterers shall remain liable for the outstanding obligations on their part to be performed under this Charter.

44.5 Without limiting the generality of the foregoing or any other rights of the Owners, upon the occurrence of a Termination Event which is continuing, the Owners shall have the sole and exclusive right and power to (i) settle, compromise, compound, adjust or defend any actions, suits or proceedings relating to or pertaining to the Vessel and this Charter, (ii) make proof of loss, appear in and prosecute any action arising from any policy or policies of insurance maintained pursuant to this Charter, and settle, adjust or compromise any claims for loss, damage or destruction under, or take any other action in respect of, any such policy or policies and (iii) change or appoint a new manager for the Vessel other than the Approved Manager and the appointment of the Approved Manager may be terminated immediately without any recourse to the Owners.

CLAUSE 45 – REPRESENTATIONS AND WARRANTIES

45.1 The Charterers represent and warrant to the Owners as of the date of this Charter, and on the first day of each Term as follows:

(a) the Charterers are wholly legally owned by the Shareholder and the Shareholder is wholly legally owned by the Guarantor;

(b) the Charterers are wholly beneficially owned by the Guarantor;

(c) Mrs Angeliki Frangou either directly or indirectly (through entities owned and controlled by her or trusts or foundations of which she is the beneficiary) and/or Navios Maritime Holdings Inc. is the ultimate beneficial owner of, or has ultimate control of the voting rights attaching to, 30 per cent. of all the issued shares in the Guarantor;

(d) each of the Relevant Persons and Approved Manager is duly incorporated and validly existing under the laws of its jurisdiction of its incorporation;

(e) each of the Relevant Persons and the Approved Manager has the corporate capacity, and has taken all corporate actions and obtained all consents, approvals, authorisations, licenses or permits necessary for it:

(i) to execute each of the Leasing Documents to which it is a party; and

(ii) to comply with and perform its obligations under each of the Leasing Documents to which it is a party;

(f) all the consents, approvals, authorisations, licenses or permits referred to in Clause 45.1(e) remain in force and nothing has occurred which makes any of them liable to revocation;

(g) each of the Leasing Documents to which a Relevant Person or Approved Manager is a party constitutes such Relevant Person's or Approved Manager's legal, valid and binding obligations enforceable against such party in accordance with its respective terms and any relevant insolvency laws affecting creditors' rights generally;

(h) no third party has any Security Interest, other than the Permitted Security Interests, or any other interest, right or claim over, in or in relation to the Vessel, this Charter or any moneys payable hereunder and/or any of the other Leasing Documents;

(i) all payments which a Relevant Person is liable to make under any Leasing Document to which such Relevant Person is a party may be made by such party without deduction or withholding for or on account of any tax payable under the laws of the jurisdiction of incorporation;

(j) no legal or administrative action involving a Relevant Person or Approved Manager has been commenced or taken which is likely to have a Material Adverse Effect;

(k) each of the Relevant Persons and Approved Manager has paid all taxes applicable to, or imposed on or in relation to it, its business or if applicable, the Vessel, except for those being contested in good faith with adequate reserves;

(l) the choice of governing law as stated in each Leasing Document to which a Relevant Person or Approved Manager is a party and the agreement by such party to refer disputes to the relevant courts or tribunals as stated in such Leasing Document are valid and binding against such Relevant Person or Approved Manager;

(m) no Relevant Person or Approved Manager nor any of their assets are entitled to immunity on the grounds of sovereignty or otherwise from any legal action or proceeding (which shall include, without limitation, suit, attachment prior to judgment, execution or other enforcement);

(n) the obligations of each Relevant Person or Approved Manager under each Leasing Document to which it is a party, are the direct, general and unconditional obligations of such Relevant Person and, rank at least *pari passu* with all other present and future unsecured and unsubordinated creditors of such Relevant Person save for any obligation which is mandatorily preferred by law and not by virtue of any contract;

(o) no Relevant Person or Approved Manager is a US Tax Obligor, and no Relevant Person has established a place of business in the United Kingdom or the United States of America;

(p) no Relevant Person, Approved Manager nor any of their respective directors, officers, employees or agents is a Restricted Person and to the best of the Charterers' knowledge and belief (after due and careful enquiry), no Approved Subcharterer nor any of its directors, officers, employees or agents is a Restricted Person;

(q) each Relevant Person and Approved Manager and their respective directors, officers, employees and agents, and to the best of the Charterers' knowledge and belief (after due and careful enquiry), the Approved Subcharterer and its directors, officers, employees and agents, is in compliance with all Sanctions laws, and none of them have been or are currently being investigated on compliance with Sanctions, they have not received notice or are aware of any claim, action, suit or proceeding against any of them with respect to Sanctions and they have not taken any action to evade the application of Sanctions;

(r) each Relevant Person and Approved Manager, and to the best of the Charterers' knowledge and belief (after due and careful enquiry) the Approved Subcharterer, is not in breach of Anti-Money Laundering Laws, Anti-Terrorism Financing Laws and/or Business Ethics Laws and each of the Relevant Persons and Approved Manager has instituted and maintained systems, controls, policies and procedures designed to:

  (i) prevent and detect incidences of bribery and corruption, money laundering and terrorism financing; and

  (ii) promote and achieve compliance with Anti-Money Laundering Laws, Anti-Terrorism Financing Laws and Business Ethics Laws.

(s) none of the Relevant Persons and the Approved Manager or any of their assets, in each case, has any right to immunity from set off, legal proceedings, attachment prior to judgment or other attachment or execution of judgment on the grounds of sovereign immunity or otherwise;

(t) none of the Relevant Persons and the Approved Manager is insolvent or in liquidation or administration or subject to any other formal or informal insolvency procedure, and no receiver, administrative receiver, administrator, liquidator, trustee or analogous officer has been appointed in respect of the Relevant Persons or the Approved Manager or all or material part of their assets;

(u) that in respect of any Approved Subcharter:

  (i) the copy of such Approved Subcharter provided to the Owners (if required to be provided under the terms of this Charter) is a true and complete copy;

  (ii) in the case of an Approved Bareboat Subcharter being a bareboat charter, the relevant Approved Subcharterer is fully aware of the transactions contemplated under this Charter;

(v) no Termination Event or Potential Termination Event is continuing or might reasonably be expected to result from the entry into and performance of this Charter or any other Leasing Document;

(w) as at the date of this Charter, the Charterers have not entered into any other investments, any sale or leaseback agreements, any off-balance sheet transaction or incur any other liability or obligation (including without limitation, any Financial Indebtedness of any obligations under a guarantee) except:

  (i) liabilities and obligations under the Leasing Documents to which it is or, as the case may be, will be a party and under the relevant Indenture Guarantee; or

(ii) liabilities or obligations reasonably incurred in the normal course of its business of trading, operating and chartering, maintaining and repairing the Vessel; and

(x) any factual information provided by the Charterers (or on their behalf) to the Owners was true and accurate in all material respects as at the date it was provided or as the date at which such information was stated; and

(y) the entry by each Relevant Person into any Leasing Document does not in any way cause any breach, and is in all respects permitted, under the terms of the Indenture or any other document which is entered into under or in connection with the Indenture (including, without limitation, any Indenture Guarantee).

CLAUSE 46 – CHARTERERS' UNDERTAKINGS

46.1 The Charterers undertake that they shall comply or procure compliance with the following undertakings commencing from the date of this Charter and up to the last day of the Charter Period:

(a) there shall be sent to the Owners:

(i) as soon as possible, but in no event later than 90 days after the end of each financial half-year, the consolidated semi-annual accounts of the Guarantor certified as to their correctness by an officer of the Guarantor;

(ii) as soon as possible, but in no event later than 180 days after the end of each financial year of the Guarantor, the audited consolidated annual financial reports of the Guarantor;

(b) they will provide to the Owners, promptly at the Owners' request, copies of all notices and minutes relating to any of their extraordinary shareholders' meeting which are despatched to the Charterers' or the Guarantor's respective shareholders or any class of them, save that publicly disclosed notices and minutes not concerning the Vessel or these Leasing Documents need not be provided to the Owners under this clause;

(c) they will provide to the Owners, promptly at the Owners' requests, copies of all notices and and notices of meetings which are despatched to the Charterers' or Guarantors' other creditors (if any);

(d) they will provide or will procure that each Relevant Person and Approved Manager provides the Owners with details of any legal, arbitral or administrative action involving such Relevant Person or Approved Manager or the Vessel as soon as such action is instituted or it becomes apparent to such Relevant Person or Approved Manager that it is likely to be instituted and is likely to have a material adverse effect on the ability of a Relevant Person or Approved Manager to perform their obligations under each Leasing Document to which it is a party (and in the case of such Relevant Person being the Guarantor, where the claim under such legal, arbitral or administrative action exceeds the sum of US$5,000,000);

(e) they will, and will procure that each other Relevant Person and Approved Manager obtains and promptly renews or procure the obtainment or renewal of and provide copies of, from time to time, any necessary consents, approvals, authorisations, licenses or permits of any regulatory body or authority for the transactions contemplated under each Leasing Document to which it is a party (including without limitation to sell, charter and operate the Vessel);

(f) they will not, and will procure that each other Relevant Person and Approved Manager will not, create, assume or permit to exist any Security Interest of any kind upon any Leasing Document to which such Relevant Person or Approved Manager is a party, and if applicable, the Vessel, in each case other than the Permitted Security Interests;

(g) they will at their own cost, and will procure that each other Relevant Person and Approved Manager will:

(i) do all that such Relevant Person or Approved Manager reasonably can to ensure that any Leasing Document to which such Relevant Person or Approved Manager is a party validly creates the obligations and the Security Interests which such Relevant Person purports to create; and

(ii) without limiting the generality of paragraph (i), promptly register, file, record or enrol any Leasing Document to which such Relevant Person or Approved Manager is a party with any court or authority in all Relevant Jurisdictions, pay any stamp duty, registration or similar tax in all Relevant Jurisdictions in respect of any Leasing Document to which such Relevant Person or Approved Manager is a party, give any notice or take any other step which, is or has become necessary or desirable for any such Leasing Document to be valid, enforceable or admissible in evidence or to ensure or protect the priority of any Security Interest which such Relevant Person or Approved Manager creates;

(h) they will, and will procure that each other Relevant Person, notify the Owners immediately of the occurrence of:

(i) any damage and/or alteration caused to the Vessel by any reason whatsoever which results, or may be expected to result, in repairs on the Vessel which exceed $1,000,000;

(ii) any material safety incidents taking place on board the Vessel;

(iii) any Termination Event;

(iv) any default by either the Approved Bareboat Subcharterer or Charterers of the terms of any Approved Bareboat Subcharter;

(v) an event of default or termination event howsoever called under the terms of any Approved Bareboat Subcharter entitling either the Charterers to terminate such Approved Bareboat Subcharter; or

(vi) an event of default or termination event howsoever called under the terms of any Approved Bareboat Subcharter entitling the relevant Approved Subcharterer to terminate such Approved Bareboat Subcharter which has not been unconditionally waived by such Approved Bareboat Subcharterer,

and will keep the Owners fully up-to-date with all developments and the Charterers will, if so requested by the Owners, provide any such certificate signed by its director, confirming that there exists no Potential Termination Event or Termination Event;

(i) they will, and will procure that each other Relevant Person and Approved Manager will, as soon as practicable after receiving the request, provide the Owners with any additional financial or other information relating:

(i) to themselves and/or the Vessel (including, but not limited to the condition and location of the Vessel); or

(ii) to any other matter relevant to, or to any provision of any Leasing Document to which it is a party,

which may be reasonably requested by the Owners (or their financiers (if any)) at any time;

(j) without prejudice to Clause 46.1(n), comply, or procure compliance, and will procure that each other Relevant Person, Approved Subcharterer and Approved Manager will comply or procure compliance, with all laws or regulations relating to the Vessel and its ownership, employment, operation, management and registration, including the ISM Code, the ISPS Code, all Environmental Laws and the laws of the Vessel's registry;

(k) the Vessel shall be classed with the Classification Society and shall be free of all overdue recommendations and requirements;

(l) they will ensure and procure that:

(i) the Market Value of the Vessel shall be ascertained from time to time in the following circumstances:

(aa) upon the occurrence of a Potential Termination Event or a Termination Event which is continuing, at any time at the request of the Owners; and

(bb) in the absence of occurrence of a Potential Termination Event or Termination Event:

(i) no more than once every calendar year, with such report to be dated no more than 30 calendar days prior to every anniversary of the Commencement Date occurring within the Charter Period or on such other date as the Owners may request; and

(ii) at any time at the request of the Owners if the Owners have determined (in their sole discretion) that the Market Value of the Vessel falls below an amount equal to 110% of the Outstanding Principal Balance from time to time.

(ii) the Charterers shall pay the amount of the fees and expenses incurred by the Owners in connection with any matter arising out of this paragraph (l);

(m) they will notify the Owners immediately of:

(i) any Environmental Claim which is made against the Charterers, Approved Subcharterer or Manager in connection with the Vessel or any Environmental Incident;

(ii) any arrest or detention of the Vessel (that will or is likely to exceed 45 days), any exercise or purported exercise of any lien on that Vessel or its Earnings or any requisition of that Vessel for hire; and

(iii) any casualty or occurrence as a result of which the Vessel has become or is, by the passing of time or otherwise, likely to become, a Major Casualty;

(n) they shall comply, shall procure that each other Relevant Person and Approved Manager comply, and shall use all reasonable endeavours to procure that the Approved Subcharterer comply, with all laws and regulations in respect of Sanctions, and in particular, they shall effect and maintain a sanctions compliance policy to ensure compliance with all such laws and regulations implemented from time to time;

(o) the Vessel shall not be employed, operated or managed in any manner which (i) is contrary to any Sanctions and in particular, the Vessel shall not be used by or to benefit any party which is a target of Sanctions and/or is a Restricted Person or trade to any area or country where trading the Vessel to such area or country would constitute or reasonably be expected to constitute a breach of any Sanctions or published boycotts imposed by any of the United Nations, the European Union, the United States of America, the United Kingdom

or the People's Republic of China, (ii) would result or reasonably be expected to result in any Relevant Person, Approved Subcharterer, Approved Manager or the Owners becoming a Restricted Person or (iii) would trigger the operation of any sanctions limitation or exclusion clause in any insurance documentation;

(p) they shall, shall procure that each other Relevant Person and Approved Manager shall, and shall use all reasonable endeavours to procure that the Approved Subcharterer shall, promptly notify the Owners of any non-compliance, by any Relevant Person, Approved Subcharterer or Approved Manager or their respective officers, directors, employees, consultants, agents or intermediaries, with all laws and regulations relating to Sanctions, Anti-Money Laundering Laws, Anti-Terrorism Financing Laws and/or Business Ethics Laws (including but not limited to notifying the Owners in writing immediately upon being aware that any Relevant Person, Approved Subcharterer, Approved Manager or its shareholders, directors, officers or employees is a Restricted Person or has otherwise become a target of Sanctions) as well as provide all information (once available) in relation to its business and operations which may be relevant for the purposes of ascertaining whether any of the aforesaid parties are in compliance with such laws;

(q) they shall, shall procure that each other Relevant Person and Approved Manager shall, and shall use all reasonable endeavours to procure that the Approved Subcharterer shall, (in each case above, including procuring or as the case may be, using all reasonable endeavours to procure the respective officers, directors, employees, consultants, agents and/or intermediaries of the relevant entity to do the same) shall:

   (i) comply with all Anti-Money Laundering Laws, Anti-Terrorism Financing Laws and Business Ethics Laws;

   (ii) maintain systems, controls, policies and procedures designed to promote and achieve ongoing compliance with Anti-Money Laundering Laws, Anti-Terrorism Financing Laws and Business Ethics Laws; and

   (iii) in respect of the Charterers, not use, or permit or authorize any person to directly or indirectly use, the Financing Amount for any purpose that would breach any Anti-Money Laundering Laws, Anti-Terrorism Financing Laws or Business Ethics Laws;

(r) in respect of the Charterers, not lend, invest, contribute or otherwise make available the Financing Amount to or for any other person in a manner which would result in a violation of Anti-Money Laundering Laws, Anti-Terrorism Financing Laws or Business Ethics Laws;

(s) they shall not appoint or permit to be appointed any manager of the Vessel unless it is the Approved Manager appointed on terms acceptable to the Owners and their financiers (if any) and such Approved Manager has (prior to accepting its appointment) entered into a Manager's Undertaking;

(t) they shall ensure that all Earnings and any other amounts received by them in connection with the Vessel are paid into the Earnings Account;

(u) if at any time during the Charter Period, the Market Value of the Vessel falls below an amount equal to 110% of the Outstanding Principal Balance, the Charterers shall, upon request, promptly and in any event not later than the date falling 30 days after the Owners notify them of such circumstance to prepay such part of the Charterhire Principal Balance and such prepayment should be applied towards payment and satisfaction of Charterhire A (or part thereof) payable in inverse chronological order payable or, as the case may be, in the event of the Charterers' exercise of the Purchase Option under Clause 47, the Purchase Option Price (or part thereof) without prejudice to the terms of Clause 47.4.

(v) if at any time during the Charter Period, the most recent audited consolidated annual financial reports of the Guarantor provided under Clause 46.1(a)(ii) shows a Net Income Loss for two consecutive financial years of the Guarantor (for the avoidance of doubt, the financial year of the Guarantor ending on 31 December 2018 shall constitute the first such financial year of the Guarantor for the purposes of the determination under this Clause in the period from the commencement of the Charter to such date that the audited consolidated annual financial reports of the Guarantor for the financial year ending on 31 December 2018 are provided to the Owners under Clause 46.1(a)(ii)), the Charterers shall, upon request, promptly and in any event not later than the date falling 30 days of the filing of the most recent audited consolidated annual financial report of the Guarantor, prepay such part of the Charterhire Principal Balance equivalent to one instalment of Charterhire A and such prepayment should be applied towards payment and satisfaction of Charterhire A (or part thereof) payable in inverse chronological order payable, or as the case may be, in the event of the Charterers' exercise of the Purchase Option under Clause 47, the Purchase Option Price (or part thereof) without prejudice to the terms of Clause 47.4).

For the avoidance of doubt:

(i) the Owners shall not be liable for any claim by the Charterers for interest alleged to be accrued on any amount prepaid under this Clause 46.1(v); and

(ii) if a prepayment is made in accordance with this Clause 46.1(v) in respect of any two consecutive financial years during the Charter Period where a Net Income Loss has occurred, neither of such financial years shall be taken into account for any subsequent test to be applied in accordance with this Clause 46.1(v);

(w) upon request, they will provide or they will procure to be provided to the Owners the report(s) of the survey(s) conducted pursuant to Clause 7 of this Charter in form and substance satisfactory to the Owners;

(x) they shall not permit the sub-chartering of the Vessel (other than pursuant to the Subcharter) save for an Approved Subcharter provided that:

(i) in the case of a request from the Charterers for the Owners' written consent to the terms of an Approved Subcharter being a time charter exceeding or capable of exceeding twelve (12) months (taking into account any optional extension periods), the Owners shall respond to such request within one Business Day or any other longer period agreed between the Owners and the Charterers;

(ii) as a condition precedent to the execution of any Approved Subcharter being a bareboat charter or a time charter of a period exceeding or capable of exceeding twelve (12) months (taking into account any optional extension periods), the Charterers assign all their rights and interests under such Approved Subcharter and uses reasonable endeavours to procure such Approved Subcharter to give a written acknowledgment of such assignment and provide such documents as the Owners may reasonably require regarding the due execution of such Approved Subcharter;

(y) in respect of an Approved Subcharter (other than a Short Term Time Subcharter) which contains an option to extend the charter period, they shall notify the Owners as soon as they become aware that the relevant Approved Subcharterer does not intend to, or has not by the date falling 20 days prior to the date on which such Approved Subcharter will expire, exercise the relevant option to extend the time charter period of the Subcharter in accordance with the terms thereunder;

(z) in respect of an Approved Subcharter other than a Short Term Time Subcharter, save with the prior written consent of the Owners, they shall not, and shall procure that the relevant Approved Subcharterer shall not, agree or enter into any transaction, arrangement, document or do or omit to do anything which will have the effect of varying, amending, supplementing or waiving any material term of any such Approved Subcharter.

In this Clause 46.1(z), "**material term**" means, without limitation, terms regarding payment of hire (unless such amendment contemplates increase of hire rate), duration of charter period, off-hire and termination events;

(aa) they shall not make or pay any dividend or other distribution (in cash or in kind) in respect of its share capital following the occurrence of a Potential Termination Event or Termination Event or which would result in a Potential Termination Event or Termination Event;

(bb) the Vessel shall be registered under the Flag State at all times; and

(cc) they shall not enter into any other investments, any sale or leaseback agreements, any off-balance sheet transaction or incur any other liability or obligation (including without limitation, any Financial Indebtedness of any obligations under a guarantee) except:

(i) liabilities and obligations under the Leasing Documents to which it is or, as the case may be, will be a party and under the relevant Indenture Guarantee; or

(ii) liabilities or obligations reasonably incurred in the normal course of its business of trading, operating and chartering, maintaining and repairing the Vessel.

CLAUSE 47 PURCHASE OPTION

47.1 The Charterers shall have the option to purchase the Vessel on any date (the "**Purchase Option Date**") specified in such notice (the "**Purchase Option Notice**") at the Purchase Option Price on any of the following instances:

(a) on the occurrence of any of the events set out under Clause 44.1(f) (iv), (v), (vi) and (viii) in respect of the Owners;

(b) where the Owners cease to be under the control of the China Merchants Group; or

(c) on and from the second anniversary of the Commencement Date (subject always to giving the Owners not less than forty five (45) Business Days' prior written notice),

provided that in the case of paragraph (c) above, the Purchase Option Date shall fall on a Payment Date.

47.2 A Purchase Option Notice shall be signed by a duly authorised officer or attorney of the Charterers and, once delivered to the Owners, is irrevocable and the Charterers shall be bound to pay to the Owners the Purchase Option Price on the Purchase Option Date.

47.3 Only one Purchase Option Notice may be served throughout the duration of the Charter Period (unless otherwise agreed by the Owners in their absolute discretion).

47.4 Upon the Owners' receipt in full of the Purchase Option Price, the Owners shall (except in the case of Total Loss) transfer the legal and beneficial ownership of the Vessel on an "as is where is" basis (and otherwise in accordance with the terms and conditions set out at Clause 49.1(b)) to the Charterers or their nominees and shall execute a bill of sale and a protocol of delivery and acceptance evidencing the same and any other document strictly necessary to transfer the title of the Vessel to the Charterers (and to the extent required for such purposes the Vessel shall be deemed first to have been redelivered to the Owners).

CLAUSE 48 – PURCHASE OBLIGATION

48.1 Subject to other provisions of this Charter, in consideration of the Owners entering into this Charter, the Charterers shall:

(a) on the last day of the Charter Period; or

(b) in the event it becomes unlawful in any applicable jurisdiction for the Owners to perform any of their obligations as contemplated by the Leasing Documents,

be obliged to purchase from the Owners all of the Owners' beneficial and legal right, title and interest in the Vessel and all belonging to her and the Owners and the Charterers shall perform their obligations referred to in Clause 49 and the Charterer shall pay the Purchase Obligation Price on the Purchase Obligation Date unless this Charter is terminated before the natural expiration of this Charter or the Owners and the Charterers agree otherwise.

CLAUSE 49 – SALE OF THE VESSEL BY PURCHASE OPTION OR PURCHASE OBLIGATION

49.1 Completion of the exercise of the Purchase Option (by the Charterers) or the Purchase Obligation (by the Owners) shall respectively take place on the Purchase Option Date or the Purchase Obligation Date (as the case may be), whereupon the Owners will sell to the Charterers (or their nominee), and the Charterers (or their nominee) will purchase from the Owners, all the legal and beneficial interest and title in the Vessel, for the Purchase Option Price or the Purchase Obligation Price (as the case may be) on an "as is where is" basis and on the following terms and conditions:

(a) the Charterers expressly agree and acknowledge that no condition, warranty or representation of any kind is or has been given by or on behalf of the Owners in respect of the Vessel or any part thereof, and accordingly the Charterers confirm that they have not, in entering into this Charter, relied on any condition, warranty or representation by the Owners or any person on the Owners' behalf, express or implied, whether arising by law or otherwise in relation to the Vessel or any part thereof, including, without limitation, warranties or representations as to the description, suitability, quality, merchantability, fitness for any purpose, value, state, condition, appearance, safety, durability, design or operation of any kind or nature of the Vessel or any part thereof, and the benefit of any such condition, warranty or representation by the Owners is hereby irrevocably and unconditionally waived by the Charterers to the extent permissible under applicable law, the Charterers hereby also waive any rights which they may have in tort in respect of any of the matters referred to under this Clause and irrevocably agree that the Owners shall have no greater liability in tort in respect of any such matter than they would have in contract after taking account of all of the foregoing exclusions. No third party making any representation or warranty relating to the Vessel or any part thereof is the agent of the Owners nor has any such third party authority to bind the Owners thereby. Notwithstanding anything contained above, nothing contained herein is intended to obviate, remove or waive any rights or warranties or other claims relating thereto which the Charterers (or their nominee) or the Owners may have against the manufacturer or supplier of the Vessel or any third party;

(b) the Vessel shall be free from any registered mortgages, liens, encumbrances or debts incurred by the Owners and any other claims whatsoever (save for those mortgages, liens, encumbrances or debts arising out of or in connection with the Charter or the Leasing Documents);

(c) the Purchase Option Price or the Purchase Obligation Price (as the case may be) shall be paid by (or on behalf of) the Charterers to the Owners on respectively the Purchase Option Date or the Purchase Obligation Date, together with unpaid amounts of Charterhire and other moneys owing by or accrued or due from the Charterers under this Charter on or prior to the Purchase Option Date or Purchase Obligation Date (as the case may be) which remain unpaid; and

(d) upon the Purchase Obligation Price and all other moneys payable under this Charter being fully and irrevocably paid to the Owners on, and in accordance with, the terms set forth in this Charter, (except in the case of Total Loss) the Owners agree (at the cost of the Charterers) to enter into (i) a bill of sale and (ii) a protocol of delivery and acceptance (and to the extent required for such purposes the Vessel shall be deemed first to have been redelivered to the Owners).

CLAUSE 50 INDEMNITIES

50.1 The Charterers shall pay such amounts to the Owners, on the Owners' demand, in respect of all documented claims, expenses, liabilities, losses, fees (including, but not limited to, any vessel registration and tonnage fees) suffered or incurred by or imposed on the Owners arising from this Charter and any Leasing Document or in connection with delivery, possession, performance, control, registration, repair, survey, insurance, maintenance, manufacture, purchase, ownership and operation of the Vessel by the Owners and the costs related to the prevention or release of liens or detention of or requisition, use, operation or redelivery, sale or disposal of the Vessel or any part of it, enforcement of the Owners' rights under any Leasing Document, and whether prior to, during or after termination of the leasing of this Charter and whether or not the Vessel is in the possession or the control of the Charterers or otherwise. Without prejudice to its generality, this Clause covers any documented claims, expenses, liabilities and losses which arise, or are asserted, under or in connection with any law relating to safety at sea, the ISM Code, the ISPS Code, the MARPOL Protocol, any Environmental Law, any Sanctions, Anti-Money Laundering Laws, Anti-Terrorism Financing Laws or Business Ethics Laws .

50.2 Without prejudice to the above Clause 50.1, if any sum (a **"Sum"**) due from a Relevant Person under the Leasing Documents, or any order, judgment or award given or made in relation to a Sum, has to be converted from the currency (the **"First Currency")** in which that Sum is payable into another currency (the **"Second Currency")** for the purpose of:

(a) making or filing a claim or proof against that Relevant Person; or

(b) obtaining or enforcing an order, judgment or award in relation to any litigation or arbitration proceedings,

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

50.3 The obligations of the Charterers under Clause 50 and in respect of any Security Interest created pursuant to the Security Documents will not be affected or discharged by an act, omission, matter or thing which would reduce, release or prejudice any of its obligations under Clause 50 or in respect of any Security Interest created pursuant to the Security Documents (without limitation and whether or not known to it or any Relevant Person or Approved Manager) including:

(a) any time, waiver or consent granted to, or composition with, any Relevant Person or Approved Manager other person;

(b) the release of any other Relevant Person or Approved Manager or any other person under the terms of any composition or arrangement with any creditor of the Guarantor or any of its affiliates;

(c) the taking, variation, compromise, exchange, renewal or release of, or refusal or neglect to perfect or delay in perfecting, or refusal or neglect to take up or enforce, or delay in taking or enforcing any rights against, or security over assets of, any Relevant Person or Approved Manager or other person or any non-presentation or non-observance of any formality or other requirement in respect of any instrument or any failure to realise the full value of any security;

(d) any incapacity or lack of power, authority or legal personality of or dissolution or change in the members or status of a Relevant Person or Approved Manager or any other person;

(e) any amendment, novation, supplement, extension, restatement (however fundamental and whether or not more onerous) or replacement of any Leasing Document or any other document or security;

(f) any unenforceability, illegality or invalidity of any obligation of any person under any Security Document or any other document or security; or

(g) any insolvency or similar proceedings.

50.4 Notwithstanding anything to the contrary under the Leasing Documents (but subject and without prejudice to Clause 33) and without prejudice to any right to damages or other claim which the Charterers may have at any time against the Owners under this Charter, the indemnities provided by the Charterers in favour of the Owners shall continue in full force and effect notwithstanding any breach of the terms of this Charter or such Leasing Document or termination or cancellation of this Charter or such Leasing Document pursuant to the terms hereof or thereof or termination of this Charter or such Leasing Document by the Owners.

50.5 In consideration of the Charterers requesting the Other Owners to charter the Other Vessels to the Other Charterers under the Other Charters, the Charterers hereby irrevocably and unconditionally undertake to pay immediately on demand from the Other Owners (or of them, as the case may be) such amounts in respect of all claims, expenses, liabilities, losses, fees of every kind and nature and all other moneys due, owing and/or payable to the Other Owners under or in connection with the Other Charters, and to indemnify and hold the Other Owners harmless against all such moneys, costs, fees and expenses.

50.6 All rights which the Charterers have at any time (whether in respect of this Charter or any other transaction) against the Other Charterers or the Guarantor or any of them shall be fully subordinated to the rights of the Owners under the Leasing Documents and until the end of this Charter and unless the Owners otherwise direct, the Charterers shall not exercise any rights which it may have (whether in respect of this Charter or any other transaction) by reason of performance by it of its obligations under the Leasing Documents or by reason of any amount becoming payable, or liability arising, under this Clause:

(a) to be indemnified by the Other Charterers or the Guarantor or any of them;

(b) to claim any contribution from any third party providing security for, or any other guarantor of, the Other Charterers' or the Guarantor's obligations under the Leasing Documents;

(c) to take any benefit (in whole or in part and whether by way of subrogation or otherwise) of any rights of the Other Charterers or the Guarantor or any of them under the Leasing Documents or of any other guarantee or security taken pursuant to, or in connection with, the Leasing Documents by any of the aforesaid parties;

(d) to bring legal or other proceedings for an order requiring any of the Other Charterers or the Guarantor or any of them to make any payment, or perform any obligation, in respect of any Leasing Document;

(e) to exercise any right of set-off against any of the Other Charterers or the Guarantor or any of them; and/or

(f) to claim or prove as a creditor of any of the Other Charterers or the Guarantor or any of them,

and if the Charterers receives any benefit, payment or distribution in relation to such rights it shall hold that benefit, payment or distribution to the extent necessary to enable all amounts which may be or become payable to the Owners or the Other Owners by the Other Charterers or the Guarantor or any of them under or in connection with the Leasing

Documents to be repaid in full on trust for the Owners or the Other Owners and shall promptly pay or transfer the same to the Owners or the Other Owners as may be directed by the Owners.

50.7 The Charterers hereby irrevocably agree to indemnify and hold harmless the Owners against any claim, expense, liability or loss reasonably incurred by the Owners in liquidating or employing deposits from their financiers or third parties to fund the acquisition of the Vessel pursuant to the MOA.

50.8 Notwithstanding anything to the contrary herein (but subject and without prejudice to Clause 33 (*Cancellation*)) and without prejudice to any right to damages or other claim which the Charterers may have at any time against the Owners under this Charter, the indemnities provided by the Charterers in favour of the Owners shall continue in full force and effect notwithstanding any breach of the terms of this Charter or termination of this Charter pursuant to the terms hereof or termination of this Charter by the Owners.

CLAUSE 51 – NO SET-OFF OR TAX DEDUCTION

51.1 All Charterhire, Advance Charterhire or payment of the Purchase Obligation Price or the Purchase Option Price and any other payment made from the Charterers to enable the Owners to pay all amounts under a Leasing Document shall be paid punctually:

(a) without any form of set-off (except in the case of the Advance Charterhire which shall be set off in accordance with Clause 36.2), cross-claim or condition and in the case of Charterhire or Advance Charterhire, without previous demand unless otherwise agreed with the Owners; and

(b) free and clear of any tax deduction or withholding unless required by law.

51.2 Without prejudice to Clause 51.1, if the Owners are required by law to make a tax deduction from any payment:

(a) the Owners shall notify the Charterers as soon as they become aware of the requirement; and

(b) the amount due in respect of the payment shall be increased by the amount necessary to ensure that the Owners receive and retain (free from any liability relating to the tax deduction) a net amount which, after the tax deduction, is equal to the full amount which they would otherwise have received.

51.3 In this Clause "**tax deduction**" means any deduction or withholding for or on account of any present or future tax, other than a FATCA Deduction.

CLAUSE 52 – INCREASED COSTS

52.1 This Clause 52 applies if the Owners notify the Charterers that they consider that as a result of:

(a) the introduction or alteration after the date of this Charter of a law or an alteration after the date of this Charter in the manner in which a law is interpreted or applied (disregarding any effect which relates to the application to payments under this Charter of a tax on the Owners' overall net income); or

(b) complying with any regulation (including any which relates to capital adequacy or liquidity controls or which affects the manner in which the Owners allocates capital resources to their obligations under this Charter) which is introduced, or altered, or the interpretation or application of which is altered, after the date of this Charter, the Owners (or a parent company of them) has incurred or will incur an "**increased cost**".

52.2 In this Clause 52, "**increased cost**" means, in relation to the Owners:

(a) an additional or increased cost incurred as a result of, or in connection with, the Owners having entered into, or being a party to, this Charter, of funding the acquisition of the Vessel pursuant to the MOA or performing their obligations under this Charter;

(b) a reduction in the amount of any payment to the Owners under this Charter or in the effective return which such a payment represents to the Owners on their capital;

(c) an additional or increased cost of funding the acquisition of the Vessel pursuant to the MOA; or

(d) a liability to make a payment, or a return foregone, which is calculated by reference to any amounts received or receivable by the Owners under this Charter,

(e) and for the purposes of this Clause 52.2 the Owners may in good faith allocate or spread costs and/or losses among their assets and liabilities (or any class of their assets and liabilities) on such basis as they consider appropriate.

52.3 Subject to the terms of Clause 52.1, the Charterers shall pay to the Owners, on the Owners' demand, the amounts which the Owners from time to time notify the Charterers to be necessary to compensate the Owners for the increased cost.

CLAUSE 53 – CONFIDENTIALITY

53.1 The Parties agree to keep the terms and conditions of this Charter and any other Leasing Documents (the "**Confidential Information**") strictly confidential, provided that a Party may disclose Confidential Information in the following cases:

(a) it is already known to the public or becomes available to the public other than through the act or omission of the disclosing Party;

(b) it is required to be disclosed under the applicable laws of any Relevant Jurisdiction, by a governmental order, decree, regulation or rule, by an order of a court, tribunal or listing exchange of the Relevant Jurisdiction (including but not limited to an order by the US Securities and Exchange Commission or the New York Stock Exchange), provided that the disclosing Party shall give written notice of such required disclosure to the other Party prior to the disclosure;

(c) in filings with a court or arbitral body in proceedings in which the Confidential Information is relevant and in discovery arising out of such proceedings;

(d) to (or through) whom a Party assigns or transfers (or may potentially assign or transfer) all or any of its rights and/or obligations under one or more Leasing Document (as permitted by the terms thereof), provided that such person receiving Confidential Information shall undertake that it would not disclose Confidential Information to any other party save for circumstances arising which are similar to those described under this Clause or such other circumstances as may be permitted by all Parties;

(e) to any of the following persons on a need to know basis:

  (i) a shareholder or an Affiliate of either Party or a party referred to in either paragraph (d) or (e) (including the employees, officers and directors thereof);

  (ii) professional advisers retained by a disclosing party; or

(iii) persons advising on, providing or considering the provision of financing to the disclosing party or an Affiliate,

provided that the disclosing party shall exercise due diligence to ensure that no such person shall disclose Confidential Information to any other party save for circumstances arising which are similar to those described under this Clause or such other circumstances as may be permitted by all Parties; or

(f) with the prior written consent of all Parties.

CLAUSE 54 – PARTIAL INVALIDITY

If, at any time, any provision of a Leasing Document is or becomes illegal, invalid or unenforceable in any respect under any law of any jurisdiction, neither the legality, validity or enforceability of the remaining provisions under the law of that jurisdiction nor the legality, validity or enforceability of such provision under the law of any other jurisdiction will in any way be affected or impaired.

CLAUSE 55 – SETTLEMENT OR DISCHARGE CONDITIONAL

55.1 Any settlement or discharge under any Leasing Document between the Owners and any Relevant Person or Approved Manager shall be conditional upon no security or payment to the Owners by any Relevant Person or Approved Manager any other person being set aside, adjusted or ordered to be repaid, whether under any insolvency law or otherwise.

55.2 If the Owners consider that an amount paid or discharged by, or on behalf of, a Relevant Person or Approved Manager by any other person in purported payment or discharge of an obligation of that Relevant Person or Approved Manager to the Owners under the Leasing Documents is capable of being avoided or otherwise set aside on the liquidation or administration of that Relevant Person or Approved Manager or otherwise, then that amount shall not be considered to have been unconditionally and irrevocably paid or discharged for the purposes of the Leasing Documents.

CLAUSE 56 – CHANGES TO THE PARTIES

56.1 Assignment or transfer by the Charterers

The Charterers shall not assign their rights or transfer by novation any of their rights and obligations under the Leasing Documents except with the prior consent in writing of the Owners.

56.2 Transfer by the Owners

(a) The Owners may transfer by novation any of its rights and obligations under the Leasing Documents:

(i) in the event of an occurrence of a Termination Event which is continuing; or

(ii) subject to the consent of such other party under the Leasing Document (which must not be unreasonably withheld or delayed), to another lessor or financial institution or trust, fund, leasing company or other entity which is regularly engaged in or established for the purpose of making, purchasing or investing in loans, securities or other financial assets,

(b) During the Charter Period, any change in the registered ownership of the Vessel (other than pursuant to paragraph (a)) above shall require the Charterers' prior approval which shall not be unreasonably withheld or delayed, provided always that, notwithstanding such change, this Charter would continue on identical terms (save for logical, consequential or mutually agreed amendments). The Guarantor and the Charterers shall remain jointly and severally liable to the aforesaid new owner of the Vessel for its performance of all obligations pursuant to this Charter after change of the registered ownership of the Vessel from the Owners to such new owner.

56.3 The Charterers agree and undertake to enter into any such usual documents as the Owners shall require to complete or perfect the transfer of the Vessel (with the benefit and burden of this Charter) pursuant to this Clause 56.2, with any documented costs or expenses whatsoever arising in relation thereto at no cost to the Charterers.

CLAUSE 57 – MISCELLANEOUS

57.1 The Charterers waive any rights of sovereign immunity which they or any of their assets may enjoy in any jurisdiction and subjects itself to civil and commercial law with respect to their obligations under this Charter.

57.2 No term of this Charter is enforceable under the Contracts (Rights of Third Parties) Act 1999 by a person who is not party to this Charter , save that the Other Owners may rely on the rights conferred on them under Clause 50.5 (*Indemnities*).

57.3 This Charter and each Leasing Document may be executed in any number of counterparts, and this has the same effect as if the signatures on the counterparts were on a single copy of this Charter or that Leasing Document, as the case may be.

CLAUSE 58 – FATCA

58.1 **Defined terms.** For the purposes of this Clause 58, the following terms shall have the following meanings:

"**Code**" means the United States Internal Revenue Code of 1986, as amended.

"**FATCA**" means sections 1471 through 1474 of the Code and any Treasury regulations thereunder.

"**FATCA Deduction**" means a deduction or withholding from a payment under this Charter or the Leasing Documents required by or under FATCA.

"**FATCA Exempt Party**" means a Relevant Party that is entitled under FATCA to receive payments free from any FATCA Deduction.

"**FATCA FFI**" means a foreign financial institution as defined in section 1471(d)(4) of the Code which, if a Relevant Party is not a FATCA Exempt Party, could be required to make a FATCA Deduction.

"**FATCA Non-Exempt Party**" means any Relevant Party who is not a FATCA Exempt Party.

"**IRS**" means the United States Internal Revenue Service or any successor taxing authority or agency of the United States government.

"**Relevant Party**" means any party to a Leasing Document except an Approved Subcharterer.

58.2 **FATCA Information.**

(a) Subject to paragraph (c) below, each Relevant Party shall, on the date of this Charter, and thereafter within ten Business Days of a reasonable request by another Relevant Party:

(i) confirm to that other party whether it is a FATCA Exempt Party or is not a FATCA Exempt Party; and

(ii) supply to the requesting party (with a copy to all other Relevant Parties) such other form or forms (including IRS Form W-8 or Form W-9 or any successor or substitute form, as applicable) and any other documentation and other information relating to its status under FATCA (including its applicable "pass thru percentage" or other information required under FATCA or other official guidance including intergovernmental agreements) as the requesting party reasonably requests for the purpose of the requesting party's compliance with FATCA .

(b) If a Relevant Party confirms to any other Relevant Party that it is a FATCA Exempt Party or provides an IRS Form W-8 or W-9 showing that it is a FATCA Exempt Party and it subsequently becomes aware that it is not, or has ceased to be a FATCA Exempt Party, that party shall so notify all other Relevant Parties reasonably promptly.

(c) Nothing in this clause shall oblige any Relevant Party to do anything which would or, in its reasonable opinion, might constitute a breach of any law or regulation, any policy of that party, any fiduciary duty or any duty of confidentiality, or to disclose any confidential information (including, without limitation, its tax returns and calculations); provided, however, that nothing in this paragraph shall excuse any Relevant Party from providing a true, complete and correct IRS Form W-8 or W-9 (or any successor or substitute form where applicable). Any information provided on such IRS Form W-8 or W-9 (or any successor or substitute forms) shall not be treated as confidential information of such party for purposes of this paragraph.

(d) If a Relevant Party fails to confirm its status or to supply forms, documentation or other information requested in accordance with the provisions of this Charter or the provided information is insufficient under FATCA, then:

(i) if that party failed to confirm whether it is (and/or remains) a FATCA Exempt Party then such party shall be treated for the purposes of this Charter and the Leasing Documents as if it is a FATCA Non-Exempt Party; and

(ii) if that party failed to confirm its applicable passthru percentage then such party shall be treated for the purposes of this Charter and the Leasing Documents (and payments made thereunder) as if its applicable passthru percentage is 100%,

until (in each case) such time as the party in question provides sufficient confirmation, forms, documentation or other information to establish the relevant facts.

58.3 FATCA Deduction and gross-up by Relevant Party

(a) If the representation made by the Charterers under Clause 45.1(o) proves to be untrue or misleading such that the Charterers are required to make a FATCA Deduction, the Charterers shall make the FATCA Deduction and any payment required in connection with that FATCA Deduction within the time allowed and in the minimum amount required by FATCA.

(b) If the Charterers are required to make a FATCA Deduction then the Charterers shall increase the payment due from them to the Owners to an amount which (after making any FATCA Deduction) leaves an amount equal to the payment which would have been due if no FATCA Deduction had been required.

(c) The Charterers shall promptly upon becoming aware that they must make a FATCA Deduction (or that there is any change in the rate or basis of a FATCA Deduction) notify the Owners accordingly. Within thirty (30) days of the Charterers making either a FATCA Deduction or any payment required in connection with that FATCA Deduction, the Charterers shall deliver to the Owners evidence reasonably satisfactory to the Owners that the FATCA Deduction has been made or (as applicable) any appropriate payment paid to the relevant governmental or taxation authority.

58.4 FATCA Deduction by Owners

The Owners may make any FATCA Deduction they are required by FATCA to make, and any payment required in connection with that FATCA Deduction, and the Owners shall not be required to increase any payment in respect of which they make such a FATCA Deduction or otherwise compensate the recipient for that FATCA Deduction.

58.5 FATCA Mitigation

Notwithstanding any other provision to this Charter, if a FATCA Deduction is or will be required to be made by any party under Clause 58.3 in respect of a payment to the Owners as a result of the Owners not being a FATCA Exempt Party, the Owners shall have the right to transfer their interest in the Vessel (and this Charter) to any person nominated by the Owners and all costs in relation to such transfer shall be for the account of the Charterers.

CLAUSE 59 – DEFINITIONS

59.1 In this Charter the following terms shall have the meanings ascribed to them below:

"**Acceptance Certificate**" means a certificate substantially in the form set out in Schedule I to be signed by the Charterers at Delivery.

"**Account Bank**" means HSH Nordbank AG acting through its office at Gerhart-Hauptmann-Platz 50, 20095 Hamburg, Germany.

"**Account Security**" means the document creating security over the Earnings Account executed by the Charterers in favour of the Owners, in the agreed form.

"**Advance Charterhire**" means the amount by which the Purchase Price exceeds the Financing Amount.

"**Affiliate**" means in relation to any person, a subsidiary of that person or a Holding Company of that person or any other subsidiary of that Holding Company.

"**Anti-Money Laundering Laws**" means all applicable financial record-keeping and reporting requirements, anti-money laundering statutes (including all applicable rules and regulations thereunder) and all applicable related or similar laws, rules, regulations or guidelines, of all jurisdictions including and without limitation, the United States of America, the European Union and the People's Republic of China and which in each case are (a) issued, administered or enforced by any governmental agency having jurisdiction over any Relevant Person, Approved Subcharterer, Approved Manager or the Owners; (b) of any jurisdiction in which any Relevant Person, Approved Subcharterer, Approved Manager or the Owners conduct business; or (c) to which any Relevant Person, Approved Subcharterer, Approved Manager or Owner is subjected or subject to.

"**Anti-Terrorism Financing Laws**" means all applicable anti-terrorism laws, rules, regulations or guidelines of any jurisdiction, including and not limited to the United States of America or the People's Republic of China which are: (a) issued, administered or enforced by any governmental agency, having jurisdiction over any Relevant Person, Approved Subcharterer, Approved Manager or the Owners; (b) of any jurisdiction in which any Relevant Person, Approved Subcharterer, Approved Manager or the Owners conduct business; or (c) to which any Relevant Person, Approved Subcharterer, Approved Manager or the Owners are subjected or subject to.

"**Approved Bareboat Subcharter**" means an Approved Subcharter as described under paragraph (b)(i) of the definition of an Approved Subcharter and consented to by the Owners.

“**Approved Manager**” means Navios Tankers Management Inc. a corporation incorporated under the laws of the Marshall Islands having its registered office at Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, Marshall Islands MH96960 or Affiliate of Navios Maritime Holdings Inc. or any other ship management company approved in writing by the Owners.

“**Approved Subcharter**” means the Subcharter or:

(a) any Short Term Time Subcharter;

(b) subject to prior written consent of the Owners:

(i) a subcharter of the Vessel on a bareboat charter basis; or

(ii) a subcharter of the Vessel on a time charter basis with a charter period exceeding or capable of exceeding twelve (12) months (taking into account any optional extension period).

“**Approved Subcharterer**” means the Subcharterer or in the case of any other Approved Subcharter falling within paragraph (b) of the definition of Approved Subcharter above, any subcharterer of the Vessel approved by the Owners in writing (such approval not to be unreasonably withheld or delayed).

“**Approved Valuer**” means Clarksons, Maersk Brokers, Howe Robinson, Arrow, Lorentzen & Stemoco, Simpson Spence Young, Braemar Seascope or any other shipbroker nominated by the Charterers and approved by the Owners.

“**Breakfunding Costs**” means all breakfunding costs and expenses incurred or payable by the Owners when a repayment or prepayment under the relevant funding arrangement entered into by the Owners for the purpose of financing the Purchase Price do not fall on a Payment Date.

“**Business Day**” means a day on which banks are open for business in the principal business centres of Hong Kong, Shanghai, Hamburg and Athens and in respect of a day on which a payment is required to be made or other dealing is due to take place under a Leasing Document in Dollars, also a day on which commercial banks are open in New York City.

“**Business Ethics Law**” means any laws, regulations and/or other legally binding requirements or determinations in relation to corruption, fraud, collusion, bid-rigging or anti-trust, human rights violations (including forced labour and human trafficking) which are applicable to any Relevant Person, Approved Subcharterer, Approved Manager or the Owners or to any jurisdiction where activities are performed and which shall include but not be limited to (i) the United Kingdom Bribery Act 2010 and (ii) the United States Foreign Corrupt Practices Act 1977 and all rules and regulations under each of (i) and (ii).

“**Cancelling Date**” has the meaning given to that term in the MOA.

“**Certified Book Value**” means the book value of the Vessel from time to time, which as at the date of this Charter is $29,948,660.98 as evidenced and certified in a manner acceptable to the Owners.

“**Charterers’ Offer**” has the meaning given to that term in Clause 40.3(b).

“**Charterhire**” means each of, as the context may require, all of the quarterly instalments of hire payable hereunder comprising in each case:

(a) a component of Charterhire A; and

(b) a component of Charterhire B.

"**Charterhire A**" means, in relation to a Payment Date, an amount equal to one twenty fourth (1/24) of the difference between the Financing Amount and the Purchase Obligation Price.

"**Charterhire B**" means, in relation to a Payment Date, the interest component calculated in accordance with Schedule III at the applicable Interest Rate for the Term commencing on that Payment Date on the Outstanding Principal Balance.

"**Charterhire Principal**" means the aggregate amount of Charterhire A payable under this Charter.

"**Charterhire Principal Balance**" means the Charterhire Principal outstanding under this Charter from time to time, as may be reduced by payments or prepayments by the Charterers to the Owners of Charterhire A under this Charter.

"**CISADA**" means the United States Comprehensive Iran Sanctions, Accountability and Divestment Act of 2010 as it applies to non-US persons.

"**Charter Period**" means the period commencing on the Commencement Date and described in Clause 32.2 unless it is either terminated earlier or extended in accordance with the provisions of this Charter.

"**China Merchants Group**" means China Merchants Group Limited, a company incorporated under the laws of the People's Republic of China acting through its office at China Merchants Tower, 39-40 Floor, Shun Tak Centre, 168-200 Connaught Road, Central, Hong Kong.

"**Classification Society**" means ABS or DNV GL or any classification society being a member of the International Association of Classification Societies which is approved by the Owners.

"**Commencement Date**" means the date on which Delivery takes place.

"**Delivery**" means the delivery of the legal and beneficial interest in the Vessel from the Owners to the Charterers pursuant to the terms of the MOA.

"**Dollars**" or "**$**" have the meanings given to those terms in the MOA.

"**Earnings**" means all moneys whatsoever which are now, or later become, payable (actually or contingently) and which arise out of the use or operation of the Vessel, including (but not limited to):

(a) all freight, hire and passage moneys, compensation payable in the event of requisition of the Vessel for hire, all moneys which are at any time payable under any Insurances in respect of loss of hire, remuneration for salvage and towage services, demurrage and detention moneys and damages for breach (or payments for variation or termination) of any charterparty or other contract for the employment of the Vessel; and

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

"**Earnings Account**" means, an account in the name of the Charterers with Account Bank or such bank as the Owners may approve.

"**Environmental Claim**" means:

(c) any claim by any governmental, judicial or regulatory authority which arises out of an Environmental Incident or which relates to any Environmental Law; or

(d) any claim by any other person which relates to an Environmental Incident,

and "**claim**" means a claim for damages, compensation, fines, penalties or any other payment (exceeding $1,000,000 in each of the above cases); an order or direction to take, or not to take, certain action or to desist from or suspend certain action; and any form of enforcement or regulatory action, including the arrest or attachment of any asset;

"**Environmental Incident**" means:

(a) any release of Environmentally Sensitive Material from the Vessel; or

(b) any incident in which Environmentally Sensitive Material is released from a vessel other than the Vessel and which involves a collision between the Vessel and such other vessel or some other incident of navigation or operation, in either case, in connection with which the Vessel is actually liable to be arrested, attached, detained or injuncted and/or the Vessel and/or the Owners and/or the Charterers and/or any other operator or manager of the Vessel is at fault or otherwise liable to any legal or administrative action; or

(c) any other incident involving the Vessel in which Environmentally Sensitive Material is released otherwise than from the Vessel and in connection with which the Vessel is actually arrested and/or where the Owners and/or the Charterers and/or any other operator or manager of the Vessel is at fault or otherwise liable to any legal or administrative action.

"**Environmental Law**" means any law relating to pollution or protection of the environment, to the carriage or releases of Environmentally Sensitive Material.

"**Environmentally Sensitive Material**" means oil, oil products and any other substances (including any chemical, gas or other hazardous or noxious substance) which are (or are capable of being or becoming) polluting, toxic or hazardous.

"**Fee Letter**" means the fee letter referred to under Clause 41.1.

"**Financial Indebtedness**" means, in relation to a person (the "**debtor**"), a liability of the debtor:

(a) for principal, interest or any other sum payable in respect of any moneys borrowed or raised by the debtor;

(b) under any loan stock, bond, note or other security issued by the debtor;

(c) under any acceptance credit, guarantee or letter of credit facility made available to the debtor;

(d) under a lease, a deferred purchase consideration arrangement (other than deferred payments for assets or services obtained on normal commercial terms in the ordinary course of business) or any other agreement having the commercial effect of a borrowing or raising of money by the debtor;

(e) under any foreign exchange transaction, any interest or currency swap or any other kind of derivative transaction entered into by the debtor or, if the agreement under which any such transaction is entered into requires netting of mutual liabilities, the liability of the debtor for the net amount; or

(f) under a guarantee, indemnity or similar obligation entered into by the debtor in respect of a liability of another person which would fall within paragraphs (a) to (e) if the references to the debtor referred to the other person.

"**Financial Instruments**" means the mortgage, deed of covenant, the general assignment or such other financial security instruments granted to the Owners' financiers as security for the obligations of the Owners in relation to the financing of the acquisition of the Vessel.

"**Financing Amount**" means an amount equal to the lower of (i) seventy five per cent. (75%) of the Purchase Price and (ii) $17,265,000.

"**Flag State**" means Republic of Panama, the Republic of the Marshall Islands, Republic of Malta, Republic of Liberia, Hong Kong, the Cayman Islands or any other flag state approved by the Owners in writing.

"**Fleet Vessel**" has the meaning give to it under clause 11.20(c) of the Guarantee.

"**General Assignment**" means the general assignment executed or to be executed between the Charterers and the Owners in respect of the Vessel, pursuant to which the Charterers shall, *inter alia,* assign their rights under the Insurances, Earnings and Requisition Compensation and any sub-charters having a duration of at least twelve (12) months (or which are capable of exceeding twelve (12) months) in respect of the Vessel, in favour of the Owners and in the agreed form.

"**Guarantor**" means Navios Maritime Acquisition Corporation, a corporation incorporated under the laws of the Marshall Islands having its registered office at Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, MH96960, Marshall Islands.

"**Guarantee**" means a guarantee executed by the Guarantor in favour of the Owners dated on or around the date of this Charter.

"**Holding Company**" means, in relation to a person, any other person in relation to which it is a subsidiary.

"**IAPPC**" means a valid international air pollution prevention certificate for the Vessel issued pursuant to the MARPOL Protocol.

"**Indenture**" means the indenture dated as of 13 November 2013, as amended and supplemented by including as supplemented a supplemental indenture dated 31 March 2014 and as the same may be further amended and supplemented from time to time in accordance with the terms thereof, entered into by the Guarantor and Navios Acquisition Finance (US) Inc. as co-issuers and Wells Fargo Bank, National Association, as trustee and collateral trustee, in respect of certain 8.125% first priority ship mortgage notes due in 2021.

"**Indenture Guarantee**" means a guarantee executed, or as the case may be, to be executed by the Charterers as security for the obligations and liability of the Guarantor under the Indenture.

"**Initial Market Value**" means, in relation to the Vessel at any relevant time, the arithmetic mean of two (2) valuations, each prepared:

(a) on a date no earlier than thirty (30) days prior to the Commencement Date;

(b) with or without physical inspection of the Vessel;

(c) on the basis of a sale for prompt delivery for cash on normal arm's length commercial terms as between a willing and a willing buyer, free of any existing charter or other contract of employment; and

(d) after deducting the estimated amount of the usual and reasonable expenses which would be incurred in connection with the sale,

and such valuations shall be prepared by one Approved Valuer selected and appointed by the Owners and one Approved Valuer selected by the Charterers (but appointed by the Owners) provided that if the difference in the two valuations obtained is more than five per cent. (5%) of the lower valuation obtained, a third Approved Valuer shall be selected and appointed by the Owners and the Initial Market Value shall be the arithmetic mean of the two lowest valuations out of the three valuations obtained.

"**Insurances**" means:

(a) all policies and contracts of insurance, including entries of the Vessel in any protection and indemnity or war risks association, which are effected in respect of the Vessel or otherwise in relation to it whether before, on or after the date of this Charter; and

(b) all rights and other assets relating to, or derived from, any of the foregoing, including any rights to a return of a premium and any rights in respect of any claim whether or not the relevant policy, contract of insurance or entry has expired on or before the date of this Charter.

"**Interest Rate**" means, in relation to Charterhire B, the rate of interest determined in accordance with Schedule III plus the Margin.

"**ISM Code**" means the International Safety Management Code (including the guidelines on its implementation), adopted by the International Maritime Organisation Assembly as Resolutions A.741 (18) and A.788 (19), as the same may be amended or supplemented from time to time (and the terms "**safety management system**", "**Safety Management Certificate**" and "**Document of Compliance**" have the same meanings as are given to them in the ISM Code).

"**ISPS Code**" means the International Ship and Port Security Code as adopted by the Conference of Contracting Governments to the Safety of Life at Sea Convention 1974 on 13 December 2002 and incorporated as Chapter XI-2 of the Safety of Life at Sea Convention 1974, as the same may be supplemented or amended from time to time.

"**Leasing Documents**" means this Charter, the MOA, any Approved Subcharter, the Fee Letter, the Security Documents and the Trust Deed.

"**LIBOR**" means, in relation to a Term, the London Interbank offered rate administered by ICE Benchmark Administration Limited (or any other person which takes over the administration of that rate) for Dollars commencing on the first day of that Term displayed on page LIBOR 01 of the Thomson Reuters screen (or any replacement Thomson Reuters page which displays that rate) or on the appropriate page of such other information service which publishes that rate from time to time in place of Thomson Reuters, and if such page or service ceases to be available the Owners may specify another page or service displaying the relevant rate on the Quotation Day (if the rate as determined above is less than zero, LIBOR shall be deemed to be zero).

"**Major Casualty**" means any casualty to the Vessel in respect of which the claim or the aggregate of the claims against all insurers, before adjustment for any relevant franchise or deductible, exceeds $1,000,000 or the equivalent in any other currency.

"**Manager's Undertaking**" means, in relation to an Approved Manager, the letter of undertaking from the Approved Manager, inter alia, subordinating the rights of such Approved Manager against the Vessel and the Charterers to the rights of the Owners and their financiers (if any) in an agreed form.

"**Margin**" means 3.05% per annum.

"**Market Value**" means, in relation to the Vessel at any relevant time, the valuation prepared:

(a) on a date no earlier than thirty (30) days previously;

(b) with or without physical inspection of the Vessel; and

(c) on the basis of a sale for prompt delivery for cash on normal arm's length commercial terms as between a willing and a willing buyer, free of any existing charter or other contract of employment

and such valuations shall be prepared by one Approved Valuer selected by the Charterers (but appointed by the Owners).

"**MARPOL Protocol**" means Annex VI (Regulations for the Prevention of Air Pollution from Ships) to the International Convention for the Prevention of Pollution from Ships 1973 (as amended in 1978 and 1997).

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

(a) the business, operations, property, condition (financial or otherwise) or prospects of the Charterers or the Guarantor and its subsidiaries as a whole; or

(b) the ability of any Relevant Person or Approved Manager to perform its obligations under any Leasing Document to which it is a party; or

(c) the validity or enforceability of, or the effectiveness or ranking of any Security Interests granted pursuant to any of the Leasing Documents or the rights or remedies of the Owners under any of the Leasing Documents.

"**MOA**" means the memorandum of agreement entered into by the Charterers as sellers and the Owners as buyers dated on the date of this Charter in relation to the sale and purchase of the Vessel.

"**Mortgagee**" has the meaning given to that term in Clause 35.3.

"Net Income Loss" means, at the relevant time, the net income loss (if any) as shown in the most recent audited consolidated annual financial reports of the Guarantor adjusted to exclude impairment losses.

"Original Financial Statements" means the Guarantor's audited financial statements for the financial year ended 31 December 2016 and its unaudited consolidated management accounts for the financial year ended 31 December 2017.

"**Original Jurisdiction**" means, in relation to any Relevant Person, Approved Subcharterer or Approved Manager (as the case may be), the jurisdiction under whose laws they are respectively incorporated as at the date of this Charter.

"**Other Charter**" means the bareboat charterparty entered into between the relevant Other Owner and the relevant Other Charterer in respect of any of the Other Vessels.

"**Other Charterer**" means Ikaria Shipping Corporation, Kos Shipping Corporation or Mytilene Shipping Corporation (and "**Other Charterers**" mean all of them).

"**Other Owner**" means Sea 67 Leasing Co. Limited, Sea 68 Leasing Co. Limited or Sea 69 Leasing Co. Limited (and "**Other Owners**" means all of them).

"**Other Vessel**" means the 49,991 DWT MR tanker named Nave Aquila, 49,999 DWT MR tanker named Nave Bellatrix, or the 49,999 DWT MR tanker named Nave Orion (and "**Other Vessels**" means all of them).

"**Outstanding Principal Balance**" means the aggregate of:

(a) the Charterhire Principal Balance; and

(b) the Purchase Obligation Price.

"**Owners' Sale**" has the meaning given to that term in Clause 40.3(a)(iii).

"**Party**" means either party to this Charter.

"**Payment Date**" means each of the twenty four (24) dates upon which Charterhire is to be paid by the Charterers to the Owners pursuant to Clause 36.

"**Permitted Security Interests**" means:

(a) Security Interests created by a Leasing Document or a Financial Instrument;

(b) other Security Interests Permitted by the Owners in writing;

(c) liens for unpaid master's and crew's wages in accordance with the ordinary course of operation of the Vessel or in accordance with usual reputable maritime practice;

(d) liens for salvage;

(e) liens for master's disbursements incurred in the ordinary course of trading;

(f) any other liens arising by operation of law or otherwise in the ordinary course of the operation, repair or maintenance of the Vessel provided such liens do not secure amounts more than 30 days overdue;

(g) any Security Interest created in favour of a plaintiff or defendant in any action of the court or tribunal before whom such action is brought as security for costs and expenses where the Owners are prosecuting or defending such action in good faith by appropriate steps; and

(h) Security Interests arising by operation of law in respect of taxes which are not overdue or for payment of taxes which are overdue for payment but which are being contested by the Owners or the Charterers in good faith by appropriate steps and in respect of which adequate reserves have been made.

"**Post-enforcement Interests**" has the meaning given to that term in 40.3(a)(ii).

"**Potential Termination Event**" means, an event or circumstance which, with the giving of any notice, the lapse of time, a determination of the Owners and/or the satisfaction of any other condition, would constitute a Termination Event.

"**Purchase Obligation**" means the purchase obligation referred to in Clause 48.1.

"**Purchase Obligation Date**" means the date on which the Owners shall transfer the legal and beneficial interest in the Vessel to the Charterers, and the Charterers shall purchase the Vessel, being the date falling on the last day of the Charter Period.

"**Purchase Obligation Price**" means fifty per cent. (50%) of the Financing Amount.

"**Purchase Price**" has the meaning given to that term in the MOA.

"**Purchase Option**" means the early termination option which the Charterers are entitled to pursuant to Clause 47.

"**Purchase Option Date**" has the meaning given to that term in Clause 47.1.

"**Purchase Option Notice**" has the meaning given to that term in Clause 47.1.

"**Purchase Option Price**" means the aggregate of:

(a) the Outstanding Principal Balance as at the Purchase Option Date together with a fee calculated at the rate of (i) one per cent. (1%) thereon for any prepayment made before the fourth anniversary of the Commencement Date, (ii) zero point five per cent. (0.5%) thereon for any payment made on and after the fourth anniversary of the Commencement Date and before the fifth anniversary of the Commencement Date and (iii) zero per cent. (0%) for any prepayment made thereafter;

(b) any Charterhire B accrued as at the Purchase Option Date;

(c) any Breakfunding Costs;

(d) any legal costs incurred by the Owners in connection with the exercise of the Purchase Option under Clause 47; and

(e) all other amounts payable under this Charter and the other Leasing Documents together with any applicable interest thereon.

"**Quiet Enjoyment Agreement**" means the quiet enjoyment agreement executed or to be executed between, amongst others, the Charterers, the Owners and the Owners' financiers in the agreed form.

"**Quotation Day**" means in relation to any period for which an Interest Rate is to be determined, two Business Days before the first day of that period unless market practice differs in the Relevant Interbank Market in which case the Quotation Day will be determined by the Owners in accordance with market practice in the Relevant Interbank Market (and if quotations would normally be given by leading banks in the Relevant Interbank Market on more than one day, the Quotation Day will be the last of those days).

"**Relevant Interbank Market**" means the London interbank market.

"**Relevant Person**" means the Charterers, the Other Charterers, the Guarantor, the Shareholder and such other party providing security to the Owners for the Charterers' obligations under this Charter pursuant to a Security Document or otherwise (but not including the Subcharterer, any Approved Subcharterer and the Manager).

"**Relevant Jurisdiction**" means, in relation to any Relevant Person, Approved Subcharterer or Approved Manager (as the case may be):

(b) its Original Jurisdiction;

(c) any jurisdiction where any property owned by it and charged under a Leasing Document is situated;

(d) any jurisdiction where it conducts its business; and

(e) any jurisdiction whose laws govern the perfection of any of the Leasing Documents entered into by it creating a Security Interest.

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

"**Restricted Countries**" means those countries subject to country-wide or territory-wide Sanctions and/or trade embargoes, in particular but not limited to pursuant to the U.S.'s Office of Foreign Asset Control of the U.S. Department of Treasury ("**OFAC**") including at the date of this Charter, but without limitation, Iran, North Korea and Syria and any additional countries based on respective country-wide or territory-wide Sanctions being imposed by OFAC or any of the regulative bodies referred to in the definition of Restricted Persons.

"**Restricted Person**" means a person, entity or any other parties (i) located, domiciled, resident or incorporated in Restricted Countries, and/or (ii) subject to any sanction administrated by the United Nations, the European Union, Switzerland, the United States and the U.S. Department of Treasury's Office of Foreign Assets Control ("**OFAC**"), the United Kingdom, Her Majesty's Treasury ("**HMT**") and the Foreign and Commonwealth Office of the United Kingdom, the People's Republic of China and/or (iii) owned or controlled by or affiliated with persons, entities or any other parties as referred to in (i) and (ii).

"**Sanctions**" means any sanctions, embargoes, freezing provisions, prohibitions or other restrictions relating to trading, doing business, investment, exporting, financing or making assets available (or other activities similar to or connected with any of the foregoing) imposed by law or regulation of United Kingdom, the United States of America (including, without limitation, CISADA and OFAC), the People's Republic of China or the Council of the European Union.

"**Security Documents**" means the Guarantee, the Account Security, the General Assignment, the Shares Pledge, the Manager's Undertaking and any other security documents granted as security for the obligations of the Charterers under or in connection with this Charter.

"**Security Interest**" means:

(a) a mortgage, charge (whether fixed or floating) or pledge, any maritime or other lien or any other security interest of any kind;

(b) the security rights of a plaintiff under an action *in rem*; or

(c) any other right which confers on a creditor or potential creditor a right or privilege to receive the amount actually or contingently due to it ahead of the general unsecured creditors of the debtor concerned; however this paragraph (c) does not apply to a right of set off or combination of accounts conferred by the standard terms of business of a bank or financial institution.

"**Shareholder**" means Aegean Sea Maritime Holdings Inc., a corporation incorporated and existing under the laws of the Republic of the Marshall Islands having its registered office at Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, MH96960, Marshall Islands.

"**Shares Pledge**" means the shares pledge over the shares in the Charterers to be executed by the Shareholder in favour of the Owners on or around the date of this Charter.

"**Short Term Time Subcharter**" means a subcharter of the Vessel on a time charter basis with a charter period not exceeding and not capable of exceeding twelve (12) months (taking into account any optional extension period)

"**Subcharter"** means the subcharter with the particulars set out under Schedule IV.

"**Subcharterer Assignment**" means the subcharterer of the Vessel named under Schedule IV;

"**Term**" means, in relation to the definitions of "Charterhire A" and "Charterhire B", a period of three (3) month's duration provided that:

(a) the first Term shall commence on the Commencement Date;

(b) each subsequent Term shall commence on the last day of the preceding Term;

(c) any Term which would otherwise end on a non-Business Day shall instead end on the next following Business Day or, if that Business Day is in another calendar month, on the immediately preceding Business Day;

(d) if any Term commences on the last Business Day of a calendar month or on a day for which there is no numerically corresponding day in the calendar month three (3) months thereafter, as the case may be, that Term shall, subject to paragraphs (c), (e) and (f), end on the last Business Day of such later calendar month;

(e) any Term which would otherwise overrun a Payment Date shall instead end on that Payment Date; and

(f) any Term which would otherwise extend beyond the Charter Period shall instead end on the last day of the Charter Period.

"**Termination Event**" means any event described in Clause 44.

"**Termination Purchase Price**" means, in respect of any date (for the purposes of this definition only, the "**Relevant Date**"), the aggregate of:

(a) the Outstanding Principal Balance as at the Relevant Date together with a fee calculated at the rate of (i) one per cent. (1%) thereon for any termination of this Charter occurring before the fourth anniversary of the Commencement Date, (ii) zero point five per cent. (0.5%) thereon for any termination of this Charter occurring on and after the fourth anniversary of the Commencement Date and before the fifth anniversary of the Commencement Date and (iii) zero per cent. (0%) for any prepayment made thereafter;

(b) and any accrued but unpaid Charterhire B as at the Relevant Date;

(c) any Breakfunding Costs;

(d) any costs incurred and expenses incurred by the Owners (and their financiers (if any)) in locating, repossessing or recovering the Vessel or collecting any payments due under this Charter or in obtaining the due performance of the obligations of the Charterers under this Charter or the other Leasing Documents and any default interest in relation thereto;

(e) any legal costs incurred by the Owners in connection with the termination of this Charter under Clause 44;

(f) all other outstanding amounts payable under this Charter together with any applicable interest thereon.

"**Total Loss**" means:

(a) actual, constructive, compromised, agreed or arranged total loss of the Vessel;

(b) any expropriation, confiscation, requisition or acquisition of the Vessel, whether for full consideration, a consideration less than its proper value, a nominal consideration or without any consideration, which is effected by any government or official authority or by any person or persons claiming to be or to represent a government or official authority (excluding a requisition for hire for a fixed period not exceeding 1 year without any right to an extension) unless it is redelivered within twenty-one (21) days to the full control of the Owners or the Charterers; or

(c) any arrest, capture, seizure or detention of the Vessel (including any hijacking or theft but excluding any event specified in paragraph (b) of this definition) unless it is redelivered within thirty (30) days to the full control of the Owners or the Charterers.

"**Trust Deed**" means a trust deed dated on or around the date of this Charter entered into between the Owners, the Other Owners, the Charterers, the Other Charterers, the Guarantor and the Approved Manager which, inter alia, sets out the obligations of the Owners in respect of holding on trust all moneys or other assets received or recovered by or on behalf of the Owners by virtue of any Security Interest or other rights granted to the Owners under or by virtue of the Security Documents.

"US Tax Obligor" means (a) a person which is resident for tax purposes in the United States of America or (b) a person some or all of whose payments under the Leasing Documents are from sources within the United States for United States federal income tax purposes.

"**Vessel**" means the MR tanker m.v. "NAVE ATRIA" with IMO No. 9459060 with particulars stated in Boxes 6 to 12 of this Charter and which is to be registered under the name of the Owners with the Panama registry upon Delivery.

59.2 In this Charter:

"**Approved Manager**", "**Approved Subcharterer**", "**Charterers", "Other Charterers", "Other Owners**", **"Owners**", **"Relevant Person", "Shareholder", "Subcharterer**" or any other person shall be construed so as to include its successors in title, permitted assigns and permitted transferees to, or of, its rights and/or obligations under the Leasing Documents.

"**agreed form**" means, in relation to a document, such document in a form agreed in writing by the Owners;

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

"**company**" includes any partnership, joint venture and unincorporated association;

"**consent**" includes an authorisation, consent, approval, resolution, licence, exemption, filing, registration, notarisation and legalisation;

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

“**continuing**” means, in relation to any Termination Event, a Termination Event which has not been waived by the Owners and in relation to any Potential Termination Event, a Potential Termination Event which has not been waived by the Owners;

“**control**” over a particular company means the power (whether by way of ownership of shares, proxy, contract, agency or otherwise) to:

(a) cast, or control the casting of, more than 51 per cent, of the maximum number of votes that might be cast at a general meeting of such company; or

(b) appoint or remove all, or the majority, of the directors or other equivalent officers of such company; or

(c) give directions with respect to the operating and financial policies of such company with which the directors or other equivalent officers of such company are obliged to comply;

“**document**” includes a deed; also a letter, fax or telex;

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

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

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

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

“**months**” shall be construed in accordance with Clause 59.3;

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

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

“**protection and indemnity risks**” means the usual risks covered by a protection and indemnity association which is a member of the International Group of P&I Clubs including pollution risks, freight, demurrage and defence cover, extended passenger cover and the proportion (if any) of any sums payable to any other person or persons in case of collision which are not recoverable under the hull and machinery policies by reason of the incorporation in them of clause 6 of the International Hull Clauses (1/11/02 or 1/11/03), clause 8 of the Institute Time Clauses (Hulls)(1/10/83) or clause 8 of the Institute Time Clauses (Hulls) (1/11/1995) or the Institute Amended Running Down Clause (1/10/71) or any equivalent provision;

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

“**subsidiary**” has the meaning given in Clause 59.4; and

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

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

(a) on the Business Day following the numerically corresponding day if the numerically corresponding day is not a Business Day or, if there is no later Business Day in the same calendar month, on the Business Day preceding the numerically corresponding day; or

(b) on the last Business Day in the relevant calendar month, if the period started on the last Business Day in a calendar month or if the last calendar month of the period has no numerically corresponding day;

and "**month**" and "**monthly**" shall be construed accordingly.

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

A company (S) is a subsidiary of another company (U) if S is a subsidiary of P and P is in turn a subsidiary of U.

For the purposes of this Charter and other Leasing Documents, references to the subsidiaries of the Guarantor shall exclude any subsidiary of the Guarantor which is publicly listed on any stock exchange.

59.5 In this Charter:

(a) references to a Leasing Document or any other document being in the form of a particular appendix or to any document referred to in the recitals include references to that form with any modifications to that form which the Owners approve;

(b) references to, or to a provision of, a Leasing Document or any other document are references to it as amended or supplemented, whether before the date of this Charter or otherwise;

(c) references to, or to a provision of, any law include any amendment, extension, re-enactment or replacement, whether made before the date of this Charter or otherwise; and

(d) words denoting the singular number shall include the plural and vice versa.

59.6 **Headings.** In interpreting a Leasing Document or any provision of a Leasing Document, all clauses, sub-clauses and other headings in that and any other Leasing Document shall be entirely disregarded.

EXECUTION PAGE

OWNERS

SIGNED by as an attorney-in-fact for and on behalf of **SEA 66 LEASING CO. LIMITED** in the presence of:	) Wang Wei)))))
Witness' signature: Witness' name: Lin Hongang Witness' address: 21F, No.1098, Lujiazui Ring Road	))) Shanghai China

CHARTERERS

SIGNED by for and on behalf of **ANTIPAROS SHIPPING CORPORATION** as in the presence of:	))))))
Witness' signature: Witness' name: Witness' address:	)))

EXECUTION PAGE

OWNERS

SIGNED by as an attorney-in-fact for and on behalf of **SEA 66 LEASING CO. LIMITED** in the presence of:	))))))
Witness' signature: Witness' name: Witness' address:	)))

CHARTERERS

SIGNED by ALEXANDROS LAIOS for and on behalf of **ANTIPAROS SHIPPING CORPORATION** as Attorney-in-fact in the presence of:	))))))
Witness' signature: Francisco G.Tazelaar Abogado / Attorney-at-law Tº 127 Fº 127 CPACF Witness' name: Witness' address: Akti Miaouli 85, Piraeus, Greece	)))

MEMORANDUM OF AGREEMENT

Norwegian Shipbrokers' Association's Memorandum of Agreement for sale and purchase of ships. Adopted by BIMCO in 1956.
Code-name
SALEFORM 2012
Revised 1966, 1983 and 1986/87, 1993 and 2012

Dated: 31 March **2018**

Antiparos Shipping Corporation, a corporation incorporated and existing under the laws of the Marshall Islands having its registered office at Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, MH96960, Marshall Islands(*Name of sellers*), hereinafter called the "Sellers", have agreed to sell, and

Sea 66 Leasing Co. Limited, a company incorporated and existing under the laws of Hong Kong having its registered office at Room 1803-1804, 18/F Bank of America Tower, 12 Harcourt Road, Central, Hong Kong (*Name of buyers*), hereinafter called the "Buyers", have agreed to buy:

Name of vessel: **NAVE ATRIA**

IMO Number: **9459060**

Classification Society: **Nippon Kaiji Kyokai**

Class Notation: **NS* (CSR, Tanker, Oils-Flashpoint on and below 60 degree C and Chemicals Type II and III, Performance Standard for Protective Coatings for Dedicated Seawater MNS* (Ballast Tanks in All Types of Ships and Double-side Skin Spaces of Bulk Carriers)(ESP)(IWS)(PSCM)(EA + VOC)**

Year of Build: **2012** Builder/Yard: **Dae Sun Shipbuilding & Engineering Co., Ltd.**

Flag: **Panama** Place of Registration: **Panama** GT/NT: **30,052 /13,255**

hereinafter called the "Vessel", on the following terms and conditions:

Definitions – see also Clause 28

"Agreement" means this memorandum of agreement which shall for the avoidance of doubt, include the rider provisions from Clauses 19 to 28.

~~"Banking Days" are days on which banks are open both in the country of the currency stipulated for the Purchase Price in Clause 1 (Purchase Price) and in the place of closing stipulated in Clause 8 (Documentation) and ______ (add additional jurisdictions as appropriate).~~

"Buyers' Nominated Flag State" means **Panama** (*state flag state*).

"Cancelling Date" has the meaning given to that term in Clause 5.

"Conditions Precedent" has the meaning given to that term in Clause 8(a).

"Class" means the class notation referred to above.

"Classification Society" means the **Classification** Society referred to above.

"Dollars" or "$" mean United States dollars, being the lawful currency of the United States of America.~~Deposit" shall have the meaning given in Clause 2 (Deposit)~~

~~"Deposit Holder" means ______ (state name and location of Deposit Holder) or, if left blank, the Sellers' Bank, which shall hold and release the Deposit in accordance with this Agreement.~~

"In writing" or "written" means a letter handed over from the Sellers to the Buyers or vice versa, a registered letter, e-mail or telefax.

"Parties" means the Sellers and the Buyers.

~~"Purchase Price" means the price for the Vessel as stated in Clause 1 (Purchase Price).~~

~~"Sellers' Account" means ______ (state details of bank account) at the Sellers' Bank.~~

~~"Sellers' Bank" means (state name of bank, branch and details) or, if left blank, the bank notified by the Sellers to the Buyers for receipt of the balance of the Purchase Price.~~

1. **Purchase Price**

See Clause 19~~The Purchase Price is ______ (state currency and amount both in words and figures).~~

2. Deposit – **intentionally omitted**

~~As security for the correct fulfilment of this Agreement the Buyers shall lodge a deposit of ______% (______ per cent) or, if left blank, 10% (ten per cent), of the Purchase Price (the "Deposit") in an interest bearing account for the Parties with the Deposit Holder within three (3) Banking Days after the date that:~~

~~(i) this Agreement has been signed by the Parties and exchanged in original or by e-mail or telefax; and~~

~~(ii) the Deposit Holder has confirmed in writing to the Parties that the account has been opened.~~

~~The Deposit shall be released in accordance with joint written instructions of the Parties. Interest, if any, shall be credited to the Buyers. Any fee charged for holding and releasing the Deposit shall be borne equally by the Parties. The Parties shall provide to the Deposit Holder all necessary documentation to open and maintain the account without delay.~~

3. Payment

See Clause 19~~On delivery of the Vessel, but not later than three (3) Banking Days after the date that Notice of Readiness has been given in accordance with Clause 5 (Time and place of delivery and notices):~~

~~(i) the Deposit shall be released to the Sellers; and~~

~~(ii) the balance of the Purchase Price and all other sums payable on delivery by the Buyers to the Sellers under this Agreement shall be paid in full free of bank charges to the Sellers' Account.~~

4. Inspection – **intentionally omitted**

~~(a)* The Buyers have inspected and accepted the Vessel's classification records. The Buyers have also inspected the Vessel at/in ______ (state place) on ______ (state date) and have accepted the Vessel following this inspection and the sale is outright and definite, subject only to the terms and conditions of this Agreement.~~

~~(b)* The Buyers shall have the right to inspect the Vessel's classification records and declare whether same are accepted or not within ______ (state date/period).~~

~~The Sellers shall make the Vessel available for inspection at/in ______ (state place/range) within ______ (state date/period).~~

~~The Buyers shall undertake the inspection without undue delay to the Vessel. Should the Buyers cause undue delay they shall compensate the Sellers for the losses thereby incurred.~~

~~The Buyers shall inspect the Vessel without opening up and without cost to the Sellers.~~

~~During the inspection, the Vessel's deck and engine log books shall be made available for examination by the Buyers.~~

~~The sale shall become outright and definite, subject only to the terms and conditions of this Agreement, provided that the Sellers receive written notice of acceptance of the Vessel from the Buyers within seventy-two (72) hours after completion of such inspection or after the date/last day of the period stated in Line 59, whichever is earlier.~~

~~Should the Buyers fail to undertake the inspection as scheduled and/or notice of acceptance of the Vessel's classification records and/or of the Vessel not be received by the Sellers as aforesaid, the Deposit together with interest earned, if any, shall be released immediately to the Buyers, whereafter this Agreement shall be null and void.~~

~~*4(a) and 4(b) are alternatives; delete whichever is not applicable. In the absence of deletions, alternative 4(a) shall apply.~~

5. Time and place of delivery and notices

(a) The Vessel shall be delivered and taken over safely afloat **in (i) international waters or (ii) such other place** ~~at a safe and accessible berth or anchorage at/in ______ (state place/range) in the Sellers' option~~ **and subject to such conditions as may be agreed by the Buyers.**

~~Notice of Readiness shall not be tendered before: ______ (date)~~

Cancelling Date (see Clauses 5(c) ~~, 6 (a)(i), 6 (a) (iii)~~ and 14): **30 April 2018 (or such later date as may be agreed by the Sellers and the Buyers in writing) (the "Cancelling Date")**

(b) The Sellers shall keep the Buyers well informed of the Vessel's itinerary and shall provide the Buyers with ~~twenty (20), ten (10),~~ five (5) and three (3) days' notice of the date the Sellers intend to tender Notice of Readiness and of the intended place of delivery.

When the Vessel is**, on a day being a Business Day,** at the place of delivery and physically ready for delivery in accordance with
this Agreement, the Sellers shall give the Buyers a written Notice of Readiness for delivery.

(c) If the Sellers anticipate that, notwithstanding the exercise of due diligence by them, the Vessel will not be ready for delivery by the Cancelling Date they may notify the Buyers in writing stating the date when they anticipate that the Vessel will be ready for delivery and proposing a new Cancelling Date. Upon receipt of such notification the Buyers shall have the option of either cancelling this Agreement in accordance with Clause 14 (Sellers' Default) within three (3) ~~Banking~~ **Business** Days of receipt of the notice or of accepting the new date as the new Cancelling Date.
If the Buyers have not declared their option within three (3) ~~Banking~~ **Business** Days of receipt of the Sellers' notification or if the Buyers accept the new date, the date proposed in the Sellers' notification shall be deemed to be the new Cancelling Date and shall be substituted for the Cancelling Date stipulated in line 79.

If this Agreement is maintained with ~~the~~ **a** new Cancelling Date all other terms and conditions hereof including those contained in Clauses 5(b) and 5(d) shall remain unaltered and in full force and effect.

(d) Cancellation, failure to cancel or acceptance of ~~the~~ **a** new Cancelling Date shall be entirely without prejudice to any claim for damages the Buyers may have under Clause 14 (Sellers' Default) for the Vessel not being ready by the original Cancelling Date.

(e) Should the Vessel become a~~n~~ ~~actual, constructive or compromised t~~ **T**otal ~~l~~**L**oss before delivery ~~the Deposit together with interest earned, if any, shall be released immediately to the Buyers whereafter~~ this Agreement shall ~~be null and void~~**terminate (provided that any provision hereof expressed to survive such termination shall do so in accordance with its terms)**.

6. Divers Inspection / Drydocking **– intentionally omitted**

~~(a)*~~

~~(i) The Buyers shall have the option at their cost and expense to arrange for an underwater inspection by a diver approved by the Classification Society prior to the delivery of the Vessel. Such option shall be declared latest nine (9) days prior to the Vessel's intended date of readiness for delivery as notified by the Sellers pursuant to Clause 5(b) of this Agreement. The Sellers shall at their cost and expense make the Vessel available for such inspection. This inspection shall be carried out without undue delay and in the presence of a Classification Society surveyor arranged for by the Sellers and paid for by the Buyers. The Buyers' representative(s) shall have the right to be present at the diver's inspection as observer(s) only without interfering with the work or decisions of the Classification Society surveyor. The extent of the inspection and the conditions under which it is performed shall be to the satisfaction of the Classification Society. If the conditions at the place of delivery are unsuitable for such inspection, the Sellers shall at their cost and expense make the Vessel available at a suitable alternative place near to the delivery port, in which event the Cancelling Date shall be extended by the additional time required for such positioning and the subsequent re-positioning. The Sellers may not tender Notice of Readiness prior to completion of the underwater inspection.~~

~~(ii) If the rudder, propeller, bottom or other underwater parts below the deepest load line are found broken, damaged or defective so as to affect the Vessel's class, then (1) unless repairs can be carried out afloat to the satisfaction of the Classification Society, the Sellers shall arrange for the Vessel to be drydocked at their expense for inspection by the Classification Society of the Vessel's underwater parts below the deepest load line, the extent of the inspection being in accordance with the Classification Society's rules (2) such defects shall be made good by the Sellers at their cost and expense to the satisfaction of the Classification Society without condition/recommendation** and (3) the Sellers shall pay for the underwater inspection and the Classification Society's attendance.~~

~~Notwithstanding anything to the contrary in this Agreement, if the Classification Society do not require the aforementioned defects to be rectified before the next class drydocking survey, the Sellers shall be entitled to deliver the Vessel with these defects against a deduction from the Purchase Price of the estimated direct cost (of labour and materials) of carrying out the repairs to the satisfaction of the Classification Society, whereafter the Buyers shall have no further rights whatsoever in respect of the defects and/or repairs. The estimated direct cost of the repairs shall be the average of quotes for the repair work obtained from two reputable independent shipyards at or in the~~

~~vicinity of the port of delivery, one to be obtained by each of the Parties within two (2) Banking Days from the date of the imposition of the condition/recommendation, unless the Parties agree otherwise. Should either of the Parties fail to obtain such a quote within the stipulated time then the quote duly obtained by the other Party shall be the sole basis for the estimate of the direct repair costs. The Sellers may not tender Notice of Readiness prior to such estimate having been established.~~

~~**(iii)** If the Vessel is to be drydocked pursuant to Clause 6(a)(ii) and no suitable dry-docking facilities are available at the port of delivery, the Sellers shall take the Vessel to a port where suitable drydocking facilities are available, whether within or outside the delivery range as per Clause 5(a). Once drydocking has taken place the Sellers shall deliver the Vessel at a port within the delivery range as per Clause 5(a) which shall, for the purpose of this Clause, become the new port of delivery. In such event the Cancelling Date shall be extended by the additional time required for the drydocking and extra steaming, but limited to a maximum of fourteen (14) days.~~

~~**(b)*** The Sellers shall place the Vessel in drydock at the port of delivery for inspection by the Classification Society of the Vessel's underwater parts below the deepest load line, the extent of the inspection being in accordance with the Classification Society's rules. If the rudder, propeller, bottom or other underwater parts below the deepest load line are found broken, damaged or defective so as to affect the Vessel's class, such defects shall be made good at the Sellers' cost and expense to the satisfaction of the Classification Society without condition/recommendation**. In such event the Sellers are also to pay for the costs and expenses in connection with putting the Vessel in and taking her out of drydock, including the drydock dues and the Classification Society's fees. The Sellers shall also pay for these costs and expenses if parts of the tailshaft system are condemned or found defective or broken so as to affect the Vessel's class. In all other cases, the Buyers shall pay the aforesaid costs and expenses, dues and fees.~~

~~**(c)** If the Vessel is drydocked pursuant to Clause 6 (a)(ii) or 6 (b) above:~~

~~**(i)** The Classification Society may require survey of the tailshaft system, the extent of the survey being to the satisfaction of the Classification surveyor. If such survey is not required by the Classification Society, the Buyers shall have the option to require the tailshaft to be drawn and surveyed by the Classification Society, the extent of the survey being in accordance with the Classification Society's rules for tailshaft survey and consistent with the current stage of the Vessel's survey cycle. The Buyers shall declare whether they require the tailshaft to be drawn and surveyed not later than by the completion of the inspection by the Classification Society. The drawing and refitting of the tailshaft shall be arranged by the Sellers. Should any parts of the tailshaft system be condemned or found defective so as to affect the Vessel's class, those parts shall be renewed or made good at the Sellers' cost and expense to the satisfaction of Classification Society without condition/recommendation**.~~

~~**(ii)** The costs and expenses relating to the survey of the tailshaft system shall be borne by the Buyers unless the Classification Society requires such survey to be carried out or if parts of the system are condemned or found defective or broken so as to affect the Vessel's class, in which case the Sellers shall pay these costs and expenses.~~

~~**(iii)** The Buyers' representative(s) shall have the right to be present in the drydock, as observer(s) only without interfering with the work or decisions of the Classification Society surveyor.~~

~~**(iv)** The Buyers shall have the right to have the underwater parts of the Vessel cleaned and painted at their risk, cost and expense without interfering with the Sellers' or the Classification Society surveyor's work, if any, and without affecting the Vessel's timely delivery. If, however, the Buyers' work in drydock is still in progress when the Sellers have completed the work which the Sellers are required to do, the additional docking time needed to complete the Buyers' work shall be for the Buyers' risk, cost and expense. In the event that the Buyers' work requires such additional time, the Sellers may upon completion of the Sellers' work tender Notice of Readiness for delivery whilst the Vessel is still in drydock and, notwithstanding Clause 5(a), the Buyers shall be obliged to take delivery in accordance with Clause 3 (Payment), whether the Vessel is in drydock or not.~~

~~**6 (a) and 6 (b) are alternatives; delete whichever is not applicable. In the absence of deletions, alternative 6 (a) shall apply.*~~

~~***Notes or memoranda, if any, in the surveyor's report which are accepted by the Classification*~~

~~*Society without condition/recommendation are not to be taken into account.*~~

7. Spares, bunkers and other items

The Sellers shall deliver the Vessel to the Buyers with everything belonging to her on board and on shore. All spare parts and spare equipment including spare tail-end shaft(s) and/or spare propeller(s)/propeller blade(s), if any, belonging to the Vessel at the time of ~~inspection~~**delivery** used or unused, whether on board or not shall become the Buyers' property, but spares on order are excluded. ~~Forwarding charges, if any, shall be for the Buyers' account.~~ The Sellers are not required to replace spare parts including spare tail-end shaft(s) and spare propeller(s)/propeller blade(s) which are taken out of spare and used as replacement prior to delivery, but the replaced items shall be the property of the Buyers. Unused stores and provisions shall be included in the sale and be taken over by the Buyers without extra payment.

~~Library and forms exclusively for use in the Sellers' vessel(s) and captain's, officers' and crew's personal belongings including the slop chest are excluded from the sale without compensation, as well as the following additional items: ______ *(include list)*~~

~~Items on board which are on hire or owned by third parties, listed as follows, are excluded from the sale without compensation: ______ *(include list)*~~

~~Items on board at the time of inspection which are on hire or owned by third parties, not listed above, shall be replaced or procured by the Sellers prior to delivery at their cost and expense.~~

The Buyers shall take over remaining bunkers and unused lubricating and hydraulic oils and greases in storage tanks and unopened drums **at no extra cost.**~~and pay either~~

~~(a) *the actual net price (excluding barging expenses) as evidenced by invoices or vouchers; or~~

~~(b) *the current net market price (excluding barging expenses) at the port and date of delivery of the Vessel or, if unavailable, at the nearest bunkering port,~~

~~for the quantities taken over.~~

~~Payment under this Clause shall be made at the same time and place and in the same currency as the Purchase Price.~~

~~"inspection" in this Clause 7, shall mean the Buyers' inspection according to Clause 4(a) or 4(b) (Inspection), if applicable. If the Vessel is taken over without inspection, the date of this Agreement shall be the relevant date.~~

~~**(a) and (b) are alternatives, delete whichever is not applicable. In the absence of deletions alternative (a) shall apply.*~~

8. Documentation

The place of closing: **To be mutually agreed between the Seller and the Buyers.**

(a) ~~In exchange for p~~**P**ayment of the Purchase Price **by the Buyers to** the Sellers shall **be subject to Clause 20 and conditional on the Buyers having on or prior to delivery of the Vessel on the Delivery Date received, or being satisfied as to,** ~~provide the Buyers with~~ the following ~~delivery documents~~**items**:

(i) Legal Bill(s) of Sale in a form recordable in the Buyers' Nominated Flag State, transferring title of the Vessel and stating that the Vessel is free from all mortgages, encumbrances and ~~maritime~~ liens **(whether maritime or otherwise)** or any other debts whatsoever, duly notarially attested and legalised or apostilled, as required by the Buyers' Nominated Flag State;

(ii) Acceptance of Sale in a form recordable in the Buyers' Nominated Flag State, duly notarially attested and legalised or apostilled, as required by the Buyers' Nominated Flag State.

(~~ii~~iii) Evidence that all necessary corporate, shareholder and other action has been taken by the Sellers to authorise the execution, delivery and performance of this Agreement;

(~~iii~~iv) Power of Attorney of the Sellers appointing one or more representatives to act on behalf of the Sellers in the performance of this Agreement, duly notarially attested and legalised or apostilled (as appropriate);

(~~iv~~v) Certificate or Transcript of Registry issued by the competent authorities of the flag state on the date of delivery evidencing the Sellers' ownership of the Vessel and that the Vessel is free from registered encumbrances and mortgages, to be faxed or e-mailed by such authority to the closing meeting with the original to be sent to the Buyers as soon as possible after delivery of the Vessel;

(~~v~~**vi**) Declaration of Class or (depending on the Classification Society) a Class Maintenance Certificate issued within three (3) **Business** ~~Banking~~ Days prior to delivery confirming that the Vessel is in Class free of **overdue** condition/recommendation;

~~(vi) Certificate of Deletion of the Vessel from the Vessel's registry or other official evidence of deletion appropriate to the Vessel's registry at the time of delivery, or, in the event that the registry does not as a matter of practice issue such documentation immediately, a written undertaking by the Sellers to effect deletion from the Vessel's registry forthwith and provide a certificate or other official evidence of deletion to the Buyers promptly and latest within four (4) weeks after the Purchase Price has been paid and the Vessel has been delivered;~~

~~(vii) A copy of the Vessel's Continuous Synopsis Record certifying the date on which the Vessel ceased to be registered with the Vessel's registry, or, in the event that the registry does not as a matter of practice issue such certificate immediately, a written undertaking from the Sellers to provide the copy of this certificate promptly upon it being issued together with evidence of submission by the Sellers of a duly executed Form 2 stating the date on which the Vessel shall cease to be registered with the Vessel's registry;~~

(~~viii~~vii) Commercial Invoice for the Vessel;

~~(ix) Commercial Invoice(s) for bunkers, lubricating and hydraulic oils and greases;~~

~~(x) A copy of the Sellers' letter to their satellite communication provider cancelling the Vessel's communications contract which is to be sent immediately after delivery of the Vessel;~~

(~~xi~~viii) Any additional documents as may reasonably be required by the competent authorities of the Buyers' Nominated Flag State for the purpose of registering the Vessel, **each in a form acceptable to the Buyers' Nominated Flag State, duly notarially attested and legalised or apostilled (if required)** ~~provided the Buyers notify the Sellers of any such documents as soon as possible after the date of this Agreement~~; and

(~~xii~~ix) The Sellers' letter of confirmation that to the best of their knowledge, the Vessel is not black listed by any nation or international organisation.

(x) The items set out in Clause 20.

The items set out in this Clause 8(a) (together the "Conditions Precedent") are inserted for the sole benefit of the Buyers and may be waived in whole or in part with or without conditions by the Buyers.

(b) At the time of delivery the Buyers shall provide the Sellers with:

(i) Evidence that all necessary corporate~~, shareholder~~ and other action has been taken by the Buyers to authorise the execution, delivery and performance of this Agreement; and

(ii) Power of Attorney of the Buyers **(if any)** appointing one or more representatives to act on behalf of the Buyers in the performance of this Agreement.~~, duly notarially attested and legalised or apostilled (as appropriate).~~

(c) If any of the documents listed in Sub-clauses (a) and (b) above are not in the English language they shall be accompanied by an English translation by an authorised translator or certified by a lawyer qualified to practice in the country of the translated language.

(d) The Parties shall to the extent possible exchange copies, drafts or samples of the documents listed in Sub-clause (a) and Sub-clause (b) above for review and comment by the other party not later than **two (2) Business Days (or such later date as the Buyers may agree) prior to the Vessel's intended date of readiness for delivery as notified by the Sellers pursuant to Clause 5(b) of this Agreement.** ~~(*state number of days*), or if left blank, nine (9) days prior to the Vessel's intended date of readiness for delivery as notified by the Sellers pursuant to Clause 5(b) of this Agreement.~~

(e) **On delivery**, ~~Concurrent with the exchange of documents in Sub-clause (a) and Sub-clause (b) above,~~ the Sellers shall also hand to the Buyers **copies of** the classification certificate(s) as well as all plans, drawings and manuals, (excluding ISM/ISPS manuals), which are on board the Vessel. Other certificates which are on board the Vessel shall also be handed over to the Buyers unless the Sellers are required to retain same, in which case the Buyers have the right to take copies.

(f) Other technical documentation which may be in the Sellers' possession shall promptly after delivery be forwarded to the Buyers at ~~their~~ **Sellers'** expense, if they so request. The Sellers may keep the Vessel's log books but the Buyers have the right to take copies of same.

(g) The Parties shall sign and deliver to each other a Protocol of Delivery and Acceptance confirming the date and time of delivery of the Vessel from the Sellers to the Buyers.

9. Encumbrances

The Sellers warrant that the Vessel, at the time of delivery, is free from all charters **(other than the Bareboat Charter and any time charter permitted by the terms of the Leasing Documents)**, encumbrances, mortgages and ~~maritime~~ liens **(whether maritime or otherwise)** or any other debts whatsoever, and is not subject to Port State or other administrative detentions. The Sellers hereby undertake to indemnify the Buyers against all consequences of claims made against the Vessel which have been incurred prior to the time of delivery.

10. Taxes, fees and expenses

Any taxes, fees and expenses in connection with the purchase **of the Vessel** and registration in the Buyers' Nominated Flag State ~~shall be for the Buyers' account, whereas similar charges~~ **and** in connection with the closing of the Sellers' register shall be for the Sellers' account.

11. Condition on delivery

The Vessel with everything belonging to her shall be at the Sellers' risk and expense until she is delivered to the Buyers~~, but subject~~ **pursuant** to the terms and conditions of this Agreement ~~she shall be delivered and taken over as she was at the time of inspection, fair wear and tear excepted~~.

However, the Vessel shall be delivered ~~free of cargo~~ and free of stowaways with her Class maintained without condition/recommendation~~*~~, free of average damage affecting the Vessel's class, and with her classification certificates and national certificates, as well as all other certificates the Vessel had at the time of ~~inspection~~**delivery**, valid ~~and unextended~~ without **overdue** condition/recommendation~~*~~ by the Classification Society or the relevant authorities at the time of delivery.

~~"inspection" in this Clause 11, shall mean the Buyers' inspection according to Clause 4(a) or 4(b) (Inspections), if applicable. If the Vessel is taken over without inspection, the date of this Agreement shall be the relevant date.~~

~~*Notes and memoranda, if any, in the surveyor's report which are accepted by the Classification Society without condition/recommendation are not to be taken into account.~~

12. Name/markings – intentionally omitted

~~Upon delivery the Buyers undertake to change the name of the Vessel and alter funnel markings.~~

13. Buyers' default

~~Should the Deposit not be lodged in accordance with Clause 2 (Deposit), the Sellers have the right to cancel this Agreement, and they shall be entitled to claim compensation for their losses and for all expenses incurred together with interest.~~

Should the Purchase Price not be paid in accordance with ~~Clause 3 (Payment)~~**this Agreement**, the Sellers have the right to cancel this Agreement, in which case **it shall terminate whereupon all the Buyers' liabilities hereunder shall be extinguished.** ~~the Deposit together with interest earned, if any, shall be released to the Sellers. If the Deposit does not cover their loss, the Sellers shall be entitled to claim further compensation for their losses and for all expenses incurred together with interest.~~

14. Sellers' default

Should the Sellers fail to give Notice of Readiness in accordance with Clause 5(b) or fail to be ready to validly complete a legal transfer by the Cancelling Date the Buyers shall have the option of cancelling this Agreement. If after Notice of Readiness has been given but before the Buyers have taken delivery, the Vessel ceases to be physically ready for delivery and is not made physically ready again by the Cancelling Date and new Notice of Readiness given, the Buyers shall retain their option to cancel. ~~In the event that the Buyers elect to cancel this Agreement, the Deposit together with interest earned, if any, shall be released to them immediately.~~

Without prejudice to any of the rights the Buyers may have under the Leasing Documents, at law or otherwise, ~~S~~should the Sellers fail to give Notice of Readiness by the Cancelling Date or fail to be ready to validly complete a legal transfer as aforesaid they shall make due compensation to the Buyers for their **direct and documented** loss and for all **documented** expenses together with interest ~~if their failure is due to proven negligence~~ and whether or not the Buyers cancel this Agreement.

15. Buyers' representatives – intentionally omitted

~~After this Agreement has been signed by the Parties and the Deposit has been lodged, the Buyers have the right to place two (2) representatives on board the Vessel at their sole risk and expense.~~

~~These representatives are on board for the purpose of familiarisation and in the capacity of observers only, and they shall not interfere in any respect with the operation of the Vessel. The Buyers and the Buyers' representatives shall sign the Sellers' P&I Club's standard letter of indemnity prior to their embarkation.~~

16. Law and Arbitration See Clause 25

~~(a) *This Agreement shall be governed by and construed in accordance with English law and any dispute arising out of or in connection with this Agreement shall be referred to arbitration in London in accordance with the Arbitration Act 1996 or any statutory modification or re-enactment thereof save to the extent necessary to give effect to the provisions of this Clause.~~

~~The arbitration shall be conducted in accordance with the London Maritime Arbitrators Association (LMAA) Terms current at the time when the arbitration proceedings are commenced.~~

~~The reference shall be to three arbitrators. A party wishing to refer a dispute to arbitration shall appoint its arbitrator and send notice of such appointment in writing to the other party requiring the other party to appoint its own arbitrator within fourteen (14) calendar days of that notice and stating that it will appoint its arbitrator as sole arbitrator unless the other party appoints its own arbitrator and gives notice that it has done so within the fourteen (14) days specified. If the other party does not appoint its own arbitrator and give notice that it has done so within the fourteen (14) days specified, the party referring a dispute to arbitration may, without the requirement of any further prior notice to the other party, appoint its arbitrator as sole arbitrator and shall advise the other party accordingly. The award of a sole arbitrator shall be binding on both Parties as if the sole arbitrator had been appointed by agreement.~~

~~In cases where neither the claim nor any counterclaim exceeds the sum of US$100,000 the arbitration shall be conducted in accordance with the LMAA Small Claims Procedure current at the time when the arbitration proceedings are commenced.~~

~~(b) *This Agreement shall be governed by and construed in accordance with Title 9 of the United States Code and the substantive law (not including the choice of law rules) of the State of New York and any dispute arising out of or in connection with this Agreement shall be referred to three (3) persons at New York, one to be appointed by each of the parties hereto, and the third by the two so chosen; their decision or that of any two of them shall be final, and for the purposes of enforcing any award, judgment may be entered on an award by any court of competent jurisdiction. The proceedings shall be conducted in accordance with the rules of the Society of Maritime Arbitrators, Inc.~~

~~In cases where neither the claim nor any counterclaim exceeds the sum of US$ 100,000 the arbitration shall be conducted in accordance with the Shortened Arbitration Procedure of the Society of Maritime Arbitrators, Inc.~~

~~(c) This Agreement shall be governed by and construed in accordance with the laws of ______ (*state place*) and any dispute arising out of or in connection with this Agreement shall be referred to arbitration at ______ (*state place*), subject to the procedures applicable there.~~

~~**16(a), 16(b) and 16(c) are alternatives; delete whichever is not applicable. In the absence of deletions, alternative 16(a) shall apply.*~~

17. Notices See Clause 27

~~All notices to be provided under this Agreement shall be in writing.~~

~~Contact details for recipients of notices are as follows:~~

~~For the Buyers:~~

~~For the Sellers:~~

18. Entire Agreement

The written terms of this Agreement **(together with the other Leasing Documents)** comprise the entire agreement between the Buyers and the Sellers in relation to the sale and purchase of the Vessel and supersede all previous agreements whether oral or written between the Parties in relation thereto.

Each of the Parties acknowledges that in entering into this Agreement it has not relied on and shall have no right or remedy in respect of any statement, representation, assurance or warranty (whether or not made negligently) other than as is expressly set out in this Agreement.

Any terms implied into this Agreement by any applicable statute or law are hereby excluded to the extent that such exclusion can legally be made. Nothing in this Clause shall limit or exclude any liability for fraud.

For and on behalf of the Sellers	For and on behalf of the Buyers
Name: ______	Name: ______
Title: ______	Title: ______

18. Entire Agreement

The written terms of this Agreement **(together with the other Leasing Documents)** comprise the entire agreement between the Buyers and the Sellers in relation to the sale and purchase of the Vessel and supersede all previous agreements whether oral or written between the Parties in relation thereto.

Each of the Parties acknowledges that in entering into this Agreement it has not relied on and shall have no right or remedy in respect of any statement, representation, assurance or warranty (whether or not made negligently) other than as is expressly set out in this Agreement.

Any terms implied into this Agreement by any applicable statute or law are hereby excluded to the extent that such exclusion can legally be made. Nothing in this Clause shall limit or exclude any liability for fraud.

For and on behalf of the Sellers	For and on behalf of the Buyers
Name: ALEXANDROS LAIOS	Name: ______
Title: Attorney-in-fact	Title: ______

18. Entire Agreement

The written terms of this Agreement **(together with the other Leasing Documents)** comprise the entire agreement between the Buyers and the Sellers in relation to the sale and purchase of the Vessel and supersede all previous agreements whether oral or written between the Parties in relation thereto.

Each of the Parties acknowledges that in entering into this Agreement it has not relied on and shall have no right or remedy in respect of any statement, representation, assurance or warranty (whether or not made negligently) other than as is expressly set out in this Agreement.

Any terms implied into this Agreement by any applicable statute or law are hereby excluded to the extent that such exclusion can legally be made. Nothing in this Clause shall limit or exclude any liability for fraud.

For and on behalf of the Sellers	For and on behalf of the Buyers
Name: ______	Name: ______ wang wei
Title: ______	Title: ______

RIDER CLAUSES TO

MEMORANDUM OF AGREEMENT

DATED 31 MARCH 2018

Clause 19 – Payment of Purchase Price

(a) The Purchase Price of the Vessel shall be the lowest of:

(i) $23,020,000; and

(ii) the Certified Book Value; and

(iii) the Market Value.

(b) Subject always to Clause 21 and the Conditions Precedent having been satisfied, the Purchase Price of the Vessel shall be paid by the Buyers to the Sellers on delivery of the Vessel on the Delivery Date in the following manner:

(i) an amount of the Purchase Price equivalent to the amount of the Advance Charterhire (payable by the Sellers as bareboat charterers of the Vessel to the Buyers as owners under the Bareboat Charter on the Delivery Date) shall be set off against the Sellers' payment of such Advance Charterhire; and

(ii) the balance of the Purchase Price shall be paid free of bank charges into the Sellers' Account.

Clause 20 – Further conditions precedent

The items referred to in Clause 8(a)(x) are:

(a) the certificate of incorporation, articles of incorporation and by-laws or other constitutional documents of the Sellers along with an up-to-date certificate of goodstanding;

(b) such other documents as the Buyers may reasonably notify the Sellers as being necessary in relation to the Vessel and/or its status (including without limitation, such confirmation of no liens and/or indemnity thereto which the Buyers may require the Sellers to provide or procure in respect of the Vessel);

(c) a certificate of an authorized signatory of the Sellers certifying that each copy document provided by Sellers to Buyers pursuant to this Agreement is correct, complete and in full force and effect as at a date no earlier than the Delivery Date; and

(d) the Buyers being satisfied that the conditions precedent set out in the Bareboat Charter, have been, or will be capable of being, satisfied on the Delivery Date.

Clause 21 – Obligation to sell / purchase the Vessel

The Parties' obligation to sell / purchase the Vessel under this Agreement is conditional upon the simultaneous delivery to and acceptance by the Sellers as bareboat charterers of the Vessel under the Bareboat Charter and that no Potential Termination Event or Termination Event has occurred or will occur as a result of the performance by the Parties of their obligations under this Agreement.

Clause 22 – Physical Presence

If the Buyers' Nominated Flag State requires the Buyers to have a physical presence or office in the Buyers' Nominated Flag State, all fees, costs and expenses arising out of or in connection with the establishment and maintenance of such physical presence or office by the Buyers shall be borne by the Sellers.

Clause 23 – Costs and Expense

(a) The Sellers shall pay such amounts to the Buyers in respect of all costs, claims, expenses, liabilities, losses and fees (including but not limited to any legal fees, vessel registration and tonnage fees) suffered or incurred by or imposed on the Buyers arising from this Agreement or in connection with the delivery, registration and purchase of the Vessel by the Buyers whether prior to, during or after termination of this Agreement and whether or not the Vessel is in the possession of or the control of the Sellers or otherwise.

(b) Notwithstanding anything to the contrary under the Leasing Documents and without prejudice to any right to damages or other claim which the Buyers may have at any time against the Sellers under this Agreement, the indemnities provided by the Sellers in favour of the Buyers shall continue in full force and effect notwithstanding any breach of the terms of this Agreement or such Leasing Document or termination or cancellation of this Agreement or such Leasing Document pursuant to the terms hereof or thereof or termination of this Agreement or such Leasing Document by the Buyers.

Clause 24 – Sanctions

The Sellers represent and warrant to the Buyers as of the date hereof and at the Delivery Date that:

(a) they:

  (i) are not a Restricted Person;

  (ii) are not owned or controlled by or acting directly or indirectly on behalf of or for the benefit of, a Restricted Person;

  (iii) do not own or control a Restricted Person; or

  (iv) do not have a Restricted Person serving as a director, officer or employee; and

(b) no proceeds of the Purchase Price shall be made available, directly or indirectly, to or for the benefit of a Restricted Person nor shall they be otherwise directly or indirectly, applied in a manner or for a purpose prohibited by Sanctions.

Clause 25 – Governing Law and Jurisdiction

This Agreement and any non-contractual obligations arising under or in connection with it, shall be governed by and construed in accordance with English law.

Any dispute arising out of or in connection with this Agreement (including a dispute regarding the existence, validity or termination of this Agreement or any non-contractual obligation arising out of or in connection with this Agreement) (a "**Dispute**")) shall be referred to and finally resolved by arbitration in London in accordance with the Arbitration Act 1996 or any statutory modification or re-enactment thereof save to the extent necessary to give effect to the provisions of this Clause 25. The arbitration shall be conducted in accordance with the London Maritime Arbitrators Association ("**LMAA**") Terms current at the time when the arbitration proceedings are commenced.

The reference shall be to three arbitrators. A party wishing to refer a Dispute to arbitration shall appoint its arbitrator and send notice of such appointment in writing to the other party requiring the other party to appoint its own arbitrator within 14 calendar days of that notice and stating that it will appoint its arbitrator as sole arbitrator unless the other party appoints its own arbitrator and gives notice that it has done so within the 14 days specified. If the other party does not appoint its own arbitrator and give notice that it has done so within the 14 days specified, the party referring a Dispute to arbitration may, without the requirement of any further prior notice to the other party, appoint its arbitrator as sole arbitrator and shall advise the other party accordingly. The award of a sole arbitrator shall be binding on both parties as if he had been appointed by agreement. Nothing herein shall prevent the parties agreeing in writing to vary these provisions to provide for the appointment of a sole arbitrator.

Where the reference is to three arbitrators the procedure for making appointments shall be in accordance with the procedure for full arbitration stated above.

The language of the arbitration shall be English.

Clause 26 - Counterparts

This Agreement may be executed in any number of counterparts, and this has the same effect as if the signatures on the counterparts were on a single copy of this Agreement.

Clause 27 - Notices

All notices to be provided under this Agreement shall be in writing.

Contact details for recipients of notices are as follows:

For the Sellers:
85 Akti Miaouli
Piraeus 185 38
Greece
c/o NAVIOS TANKERS MANAGEMENT INC.
Attention: Vassiliki Papaefthymiou
Email: vpapaefthymiou@navios.com
Tel: +30 210 41 72 050
Fax: +30 210 41 72 070

For the Buyers:
CMB Financial Leasing Co., Ltd
21F, China Merchants Bank Buiolding
No. 1088, Lujiazui Ring Road
Shanghai
China
Attention: Wang Wei
Email: wangwei17@cmbchina.com
Tel: +8621 6106 1735
Fax: +8621 6015 9911*1735

Clause 28 – Definitions

Unless otherwise specified herein, capitalised terms in this Agreement shall have the same meaning as in the Bareboat Charter. Furthermore, in this Agreement:

"**Approved Valuer**" means Clarksons, Maersk Brokers, Howe Robinson, Arrow, Lorentzen & Stemoco, Simpson Spence Young, Braemar Seascope or any other shipbroker nominated by the Charterers and approved by the Owners.

"**Bareboat Charter**" means the bareboat charter in respect of the Vessel dated on or about the date hereof and made between the Buyers as owners and the Sellers as bareboat charterers.

"**Certified Book Value**" means the book value of the Vessel, which as at the date of this Agreement is $29,948,660.98.

"**Delivery Date**" means the date (being a Business Day) on which the Vessel is delivered to the Buyers pursuant to the terms of this Agreement and thereafter immediately delivered to the Sellers as bareboat charterers pursuant to the terms of the Bareboat Charter.

"**Market Value**" means, in relation to the Vessel, the arithmetic mean of two (2) valuations, each prepared:

(a) on a date no earlier than thirty (30) days prior to the Delivery Date;

(b) with or without physical inspection of the Vessel; and

(c) on the basis of a sale for prompt delivery for cash on normal arm's length commercial terms as between a willing seller and a willing buyer, free of any existing charter or other contract of employment,

and such valuations shall be prepared by one Approved Valuer selected and appointed by the Buyers and one Approved Valuer selected by the Sellers (but appointed by the Buyers) provided that if the difference in the two valuations obtained is more than five per cent. (5%) of the lower valuation obtained, a third Approved Valuer shall be selected and appointed by the Buyers and the Market Value shall be the arithmetic mean of the two lowest valuations out of the three valuations obtained.

"**Purchase Price**" means the purchase price of the Vessel payable by the Buyers to the Sellers pursuant to Clause 19 above.

"**Restricted Countries**" means those countries subject to country-wide or territory-wide Sanctions and/or trade embargoes, in particular but not limited to pursuant to the U.S.'s Office of Foreign Asset Control of the U.S. Department of Treasury ("**OFAC**") including at the date of this Charter, but without limitation, Iran, North Korea and Syria and any additional countries based on respective country-wide or territory-wide Sanctions being imposed by OFAC or any of the regulative bodies referred to in the definition of Restricted Persons.

"**Restricted Person**" means a person, entity or any other parties (i) located, domiciled, resident or incorporated in Restricted Countries, and/or (ii) subject to any sanction administrated by the United Nations, the European Union, Switzerland, the United States and the OFAC, the United Kingdom, Her Majesty's Treasury ("**HMT**") and the Foreign and Commonwealth Office of the United Kingdom, the People's Republic of China and/or (iii) owned or controlled by or affiliated with persons, entities or any other parties as referred to in (i) and (ii).

“**Sanctions**” means any sanctions, embargoes, freezing provisions, prohibitions or other restrictions relating to trading, doing business, investment, exporting, financing or making assets available (or other activities similar to or connected with any of the foregoing) imposed by law or regulation of United Kingdom, the United States of America (including, without limitation, CISADA and OFAC), the People’s Republic of China or the Council of the European Union.

“**Sellers’ Account**” means the account in the name of the Seller with HSH Nordbank AG in USD with the account number 1200048491 and IBAN DE14210500001200048491.

EXECUTION PAGE

BUYERS

SIGNED	)
by	)
as an attorney-in-fact	)
for and on behalf of	)
SEA 66 LEASING CO. LIMITED	)
in the presence of:	)
Witness' signature:	)
Witness' name:	)
Witness' address:	)

SELLERS

SIGNED	)
by	)
for and on behalf of	)
ANTIPAROS SHIPPING CORPORATION	)
as	)
in the presence of:	)
Witness' signature:	)
Witness' name:	)
Witness' address:	)

EXECUTION PAGE

BUYERS

SIGNED)
by)
as an attorney-in-fact)
for and on behalf of)
SEA 66 LEASING CO. LIMITED)
in the presence of:)

Witness' signature:)
Witness' name: Liu Haiyang)
Witness' address: 21F. No.1088 Lujiazui Ring Road) Shanghai. China

SELLERS

SIGNED)
by)
for and on behalf of)
ANTIPAROS SHIPPING CORPORATION)
as)
in the presence of:)

Witness' signature:)
Witness' name:)
Witness' address:)

EXECUTION PAGE

BUYERS

SIGNED)
by)
as an attorney-in-fact)
for and on behalf of)
SEA 66 LEASING CO. LIMITED)
in the presence of:)

Witness' signature:)
Witness' name:)
Witness' address:)

SELLERS

SIGNED)
by ALEXANDROS LAIOS)
for and on behalf of)
ANTIPAROS SHIPPING CORPORATION)
as Attorney-in-fact)
in the presence of:)

Witness' signature: Francisco G.Tazelaar)
Witness' name: Abogado / Attorney-at-law)
T° 127 F° 127 CPACF
Witness' address: Akti Miaouli 85, Piraeus, Greece)

BIMCO STANDARD BAREBOAT CHARTER CODE NAME: "BARECON 2001"

PART I

1. Shipbroker **N/A**	2. Place and date 31 March 2018
3. Owners/Place of business (Cl. 1) **Sea 67 Leasing Co. Limited / Room 1803-1804, 18/F Bank of America Tower, 12 Harcourt Road, Central, Hong Kong**	4. Bareboat Charterers/Place of business (Cl. 1) **Ikaria Shipping Corporation / Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, MH96960, Marshall Islands**
5. Vessel's name, call sign and flag (Cl. 1 and 3) **NAVE AQUILA / 3FLZ5 / Panama or any other Flag State**	
6. Type of Vessel **MR Tanker**	7. GT/NT **30,052 / 13,255**
8. When/Where built **2012, Dae Sun Shipping & Engineering Co., Ltd., Korea**	9. Total DWT (abt.) in metric tons on summer freeboard **49,991**
10. Classification Society (Cl. 3) **Nippon Kaiji Kyokai or any other Classification Society**	11. Date of last special survey by the Vessel's classification society **02/02/18**
12. Further particulars of Vessel (also indicate minimum number of months' validity of class certificates agreed acc. to Cl. 3) **IMO No.: 9459072** **Length: 174.00 metres** **Breadth: 32.20 metres** **Depth: 19.10 metres**	
13. Port or Place of delivery (Cl. 3) **The place of delivery specified under Clause 5(a) of the MOA**	14. Time for delivery (Cl. 4) **See Clause 34** 15. Cancelling date (Cl. 5) **See Clause 33**
16. Port or Place of redelivery (Cl. 15) **At a safe, ice free port where the Vessel would be afloat at all times**	17. No. of months' validity of trading and class certificates upon redelivery (Cl. 15) **See Clause 40**
18. Running days' notice if other than stated in Cl. 4 **N/A**	19. Frequency of dry-docking (Cl. 10(g)) **In accordance with Classification Society or Flag State requirements**
20. Trading limits (Cl. 6) **Worldwide within Institute Warranty Limits**	
21. Charter period (Cl. 2) **See Clause 32**	22. Charter hire (Cl. 11) **See Clause 36**
23. New class and other safety requirements (state percentage of Vessel's insurance value acc. to Box 29)(Cl. 10(a)(ii)) **N/A**	
24. Rate of interest payable acc. to Cl. 11 (f) and, if applicable, acc. to PART IV **See Clause 36.11 - neither Clause 11(f) nor Part IV applies**	25. Currency and method of payment (Cl. 11) **Dollars/bank transfer**

26. Place of payment; also state beneficiary and bank account (Cl. 11) **Beneficiary: Ikaria Shipping Corporation** **Account No.: 1200048517** **Beneficiary bank: HSH Nordbank AG** **SWIFT Code: HSHNDEHH**	27. ~~Bank~~ Corporate guarantee/~~bond~~ (sum and place) (Cl. 24) (optional) **See Clause 24**
28. Mortgage(s), if any (state whether 12(a) or (b) applies; if 12(b) applies state date of Financial Instrument and name of Mortgagee(s)/Place of business) (Cl. 12) **See Clause 35**	29. Insurance (hull and machinery and war risks) (state value acc. to Cl. 13(f) or, if applicable, acc. to Cl. 14(k)) (also state if Cl. 14 applies) **See Clause 38 – CLAUSE 14 DOES NOT APPLY**
30. Additional insurance cover, if any, for Owners' account limited to (Cl. 13(b) or, if applicable, Cl. 14(g)) **See Clause 38**	31. Additional insurance cover, if any, for Charterers' account limited to (Cl. 13(b) or, if applicable, Cl. 14(g)) **See Clause 38**
32. Latent defects (only to be filled in if period other than stated in Cl. 3) **N/A**	33. Brokerage commission and to whom payable (Cl. 27) **N/A**
34. Grace period (state number of clear ~~banking days~~ Business Days) (Cl. 28) **See Clause 44**	35. Dispute Resolution (state 30(a), 30(b) or 30(c); if 30(c) agreed Place of Arbitration must be stated (Cl. 30) **See Clause 30(a)**
36. War cancellation (indicate countries agreed) (Cl. 26(f)) **N/A**	
37. Newbuilding Vessel (indicate with "yes" or "no" whether PART III applies) (optional) **No, Part III does not apply**	38. Name and place of Builders (only to be filled in if PART III applies) **N/A**
39. Vessel's Yard Building No. (only to be filled in if PART III applies) **N/A**	40. Date of Building Contract (only to be filled in if PART III applies) **N/A**
41. Liquidated damages and costs shall accrue to (state party acc. to Cl. 1) a) **N/A** b) **N/A** c) **N/A**	
42. Hire/Purchase agreement (indicate with "yes" or "no" whether PART IV applies) (optional) **No, Part IV does not apply**	43. Bareboat Charter Registry (indicate with "yes" or "no" whether PART V applies) (optional) **No, Part V does not apply**
44. Flag and Country of the Bareboat Charter Registry (only to be filled in if PART V applies) **N/A**	45. Country of the Underlying Registry (only to be filled in if PART V applies) **N/A**
46. Number of additional clauses covering special provisions, if agreed **Clause 32 to Clause 59**	

PREAMBLE - It is mutually agreed that this Contract shall be performed subject to the conditions contained in this Charter which shall include PART I and PART II. In the event of a conflict of conditions, the provisions of PART I shall prevail over those of PART II to the extent of such conflict but no further. It is further mutually agreed that PART III and/or PART IV and/or PART V shall only apply and only form part of this Charter if expressly agreed and stated in Boxes 37, 42 and 43. If PART III and/or PART IV and/or PART V apply, it is further agreed that in the event of a conflict of conditions, the provisions of PART I and PART II shall prevail over those of PART III and/or PART IV and/or PART V to the extent of such conflict but no further.

Signature (Owners) **For and on behalf of the Owners** **Name:** **Title:**	Signature (Charterers) **For and on behalf of the Charterers** **Name:** **Title:**

PART II
"BARECON 2001" Standard Bareboat Charter

1. Definitions **See also Clause 59**

In this Charter, the following terms shall have the meanings hereby assigned to them:

"*The Owners*" shall mean the party identified in Box 3;

"*The Charterers*" shall mean the party identified in Box 4;

~~"*The Vessel*" shall mean the vessel named in Box 5 and with particulars as stated in Boxes 6 to 12.~~

~~"*Financial Instrument*" means the mortgage, deed of covenant or other such financial security instrument as annexed to this Charter and stated in Box 28.~~

2. Charter Period

In consideration of the hire detailed in Box 22, the Owners have agreed to let and the Charterers have agreed to hire the Vessel for the period stated in Box 21 ~~("The Charter Period")~~. **See also Clause 32 and Clause 36.**

3. Delivery

(not applicable when Part III applies, as indicated in Box 37)

~~**(a)** The Owners shall before and at the time of delivery exercise due diligence to make the Vessel seaworthy And in every respect ready in hull, machinery and equipment for service under this Charter.~~

The Vessel shall be delivered by the Owners and taken over by the Charterers at the port or place indicated in Box 13 ~~in such ready safe berth as the Charterers may direct~~.

(b) The Vessel ~~shall be~~is properly documented on delivery in accordance with the laws of the ~~f~~Flag State indicated in Box 5 and the requirements of the ~~c~~Classification ~~s~~Society stated in Box 10. ~~The Vessel upon delivery shall have her survey cycles up to date and trading and class certificates valid for at least the number of months agreed in Box 12.~~

(c) The delivery of the Vessel by the Owners and the taking over of the Vessel by the Charterers shall constitute a full performance by the Owners of all the Owners' obligations under this Clause 3, and thereafter the Charterers shall not be entitled to make or assert any claim against the Owners on account of any conditions, representations or warranties expressed or implied with respect to the Vessel ~~but the Owners shall be liable for the cost of but not the time for repairs or renewals occasioned by latent defects in the Vessel, her machinery or appurtenances, existing at the time of delivery under this Charter, provided such defects have manifested themselves within twelve (12) months after delivery unless otherwise provided in Box 32~~.

4. Time for Delivery **See Clauses 32 and 34**

~~*(not applicable when Part III applies, as indicated in Box 37)*~~

~~The Vessel shall not be delivered before the date indicated in Box 14 without the Charterers' consent and the Owners shall exercise due diligence to deliver the Vessel not later than the date indicated in Box 15.~~

~~Unless otherwise agreed in Box 18, the Owners shall give the Charterers not less than thirty (30) running days' preliminary and not less than fourteen (14) running days' definite notice of the date on which the Vessel is expected to be ready for delivery.~~

~~The Owners shall keep the Charterers closely advised of possible changes in the Vessel's position.~~

5. Cancelling **See Clause 33**

~~*(not applicable when Part III applies, as indicated in Box 37)*~~

~~**(a)** Should the Vessel not be delivered latest by the cancelling date indicated in Box 15, the Charterers shall have the option of cancelling this Charter by giving the Owners notice of cancellation within thirty-six (36) running hours after the cancelling date stated in Box 15, failing which this Charter shall remain in full force and effect.~~

~~**(b)** If it appears that the Vessel will be delayed beyond the cancelling date, the Owners may, as soon as they are in a position to state with reasonable certainty the day on which the Vessel should be ready, give notice thereof to the Charterers asking whether they will exercise their option of cancelling, and the option must then be declared within one hundred and sixty-eight (168) running hours of the receipt by the Charterers of such notice or within thirty-six (36) running hours after the cancelling date, whichever is the earlier. If the Charterers do not then exercise their option of cancelling, the seventh day after the readiness date stated in the Owners' notice shall be substituted for the cancelling date indicated in Box 15 for the purpose of this Clause 5.~~

~~**(c)** Cancellation under this Clause 5 shall be without prejudice to any claim the Charterers may otherwise have on the Owners under this Charter.~~

6. Trading Restrictions **See also Clauses 46.1(m) and 46.1(n)**

The Vessel shall be employed in lawful trades for the carriage of suitable lawful merchandise within the trading limits indicated in Box 20.

The Charterers undertake not to employ the Vessel or suffer the Vessel to be employed otherwise than in conformity with the terms of the contracts of insurance (including any warranties expressed or implied therein) without first obtaining the consent of the insurers to such employment and complying with such requirements as to extra premium or otherwise as the insurers may prescribe.

The Charterers also undertake not to employ the Vessel or suffer her employment in any trade or business which is forbidden by the law of any country to which the Vessel may sail or is otherwise illicit or in carrying illicit or prohibited goods or in any manner whatsoever which may render her liable to condemnation, destruction, seizure or confiscation.

Notwithstanding any other provisions contained in this Charter it is agreed that nuclear fuels or radioactive products or waste are specifically excluded from the cargo permitted to be loaded or carried under this Charter. This exclusion does not apply to radio-isotopes used or intended to be used for any industrial, commercial, agricultural, medical or scientific purposes provided the Owners' prior approval has been obtained to loading thereof.

7. Surveys on ~~Delivery and~~ Redelivery

~~*(not applicable when Part III applies, as indicated in Box 37)*~~

The Owners ~~and Charterers~~ shall ~~each~~ appoint surveyors for the purpose of determining and agreeing in writing the condition of the Vessel at the time of ~~delivery and~~ redelivery **pursuant to Clause 40.3 (with the relevant costs paid by the Charterers).** ~~hereunder. The Owners shall bear all expenses of the On-hire Survey including loss of time, if any, and the Charterers shall bear all expenses of the Off-hire Survey including loss of time, if any, at the daily equivalent to the rate of hire or pro rata thereof~~.

8. Inspection

The Owners shall have the right ~~at any time~~ **either (i) once every calendar year provided no Potential Termination Event or Termination Event has occurred (after giving reasonable notice to the Charterers and provided that the Owners do not unduly interfere with or cause delay to the commercial operation of the Vessel) or (ii) at any time following the occurrence of a Potential Termination Event or Termination Event and for as long as it is continuing** (after giving ~~reasonable~~ notice to the Charterers), to inspect or survey the Vessel or instruct a duly authorised surveyor to carry out such survey on their behalf:-

(a) to ascertain the condition of the Vessel and satisfy themselves that the Vessel is being properly repaired and maintained. The costs and fees for such inspection or survey shall be paid by the **Charterers, subject to the above conditions as may be applicable from lines 125**

to 128.~~Owners unless the Vessel is found to require repairs or maintenance in order to achieve the condition so provided~~;

(b) in dry-dock if the Charterers have not dry-docked Her in accordance with Clause 10(g). The costs and fees for such inspection or survey shall be paid by the Charterers**, subject to the above conditions as may be applicable from lines 125 to 128**; and

(c) for any other commercial reason they consider necessary ~~(provided it does not unduly interfere with the commercial operation of the Vessel)~~. The costs and fees for such inspection and survey shall be paid by the ~~Owners~~**Charterers, subject to the above conditions as may be applicable from lines 125 to 128**.

All time used in respect of inspection, survey or repairs shall be for the Charterers' account and form part of the Charter Period.

The Charterers shall also permit the Owners to inspect the Vessel's log books whenever requested and shall whenever required by the Owners furnish them with full information regarding any casualties or other accidents or damage to the Vessel.

The Charterers shall provide such necessary assistance to the Owners, their representatives or agents in respect of any inspection hereunder.

9. Inventories, Oil and Stores **See Clause 34.7**

~~A complete inventory of the Vessel's entire equipment, outfit including spare parts, appliances and of all consumable stores on board the Vessel shall be made by the Charterers in conjunction with the Owners on delivery and again on redelivery of the Vessel. The Charterers and the Owners, respectively, shall at the time of delivery and redelivery take over and pay for all bunkers, lubricating oil, unbroached provisions, paints, ropes and other consumable stores (excluding spare parts) in the said Vessel at the then current market prices at the ports of delivery and redelivery, respectively. The Charterers shall ensure that all spare parts listed in the inventory and used during the Charter Period are replaced at their expense prior to redelivery of the Vessel.~~

10. Maintenance and Operation

(a)(i) Maintenance and Repairs - During the Charter Period the Vessel shall be in the full possession and at the absolute disposal for all purposes of the Charterers and under their complete control in every respect. The Charterers shall maintain the Vessel, her machinery, boilers, appurtenances and spare parts in a good state of repair, in efficient operating condition and in accordance with good commercial maintenance practice and, ~~except as provided for in Clause 14(l),~~ if applicable, at their own expense they shall at all times keep the Vessel's ~~Class~~ **classification** fully up to date with the Classification Society indicated in Box 10 and maintain all other necessary certificates in force at all times.

(ii) New Class and Other Safety Requirements - In the event of any improvement, structural changes or new equipment becoming necessary for the continued operation of the Vessel by reason of new class requirements or by compulsory legislation ~~costing (excluding the Charterers' loss of time) more than the percentage stated in Box 23, or if Box 23 is left blank, 5 per cent. of the Vessel's insurance value as stated in Box 29, then the extent, if any, to which the rate of hire shall be varied and the ratio in which the cost of compliance shall be shared between the parties concerned in order to achieve a reasonable distribution thereof as between the Owners and the Charterers having regard, inter alia, to the length of the period remaining under this Charter shall, in the absence of agreement, be referred to the dispute resolution method agreed in Clause 30.~~**, the Charterers shall ensure that the same are complied with and the time and costs of compliance shall be for the Charterers' account.**

(iii) Financial Security - The Charterers shall maintain financial security or responsibility in respect of third party liabilities as required by any government, including federal, state or municipal or other division or authority thereof, to enable the Vessel, without penalty or charge, lawfully to enter, remain at, or leave any port, place, territorial or contiguous waters of any country, state or municipality in performance of this Charter without any delay. This obligation shall apply whether or not such requirements have been lawfully imposed by such government or division or authority thereof.

The Charterers shall make and maintain all arrangements by bond or otherwise as may be necessary to satisfy such requirements at the Charterers' sole expense and the Charterers shall indemnify the Owners against all consequences whatsoever (including loss of time) for any failure or inability to do so.

(b) Operation of the Vessel - The Charterers shall at their own expense and by their own procurement man, victual, navigate, operate, supply, fuel and, whenever required, repair the Vessel during the Charter Period and they shall pay all charges and expenses of every kind and nature whatsoever incidental to their use and operation of the Vessel under this Charter, including annual ~~flag~~ **Flag** State fees and any foreign general municipality and/or state taxes. The Master, officers and crew of the Vessel shall be the servants of the Charterers for all purposes whatsoever, even if for any reason appointed by the Owners.

Charterers shall comply with the regulations regarding officers and crew in force in the country of the Vessel's flag or any other applicable law.

(c) The Charterers shall keep the Owners and the mortgagee(s) advised of the intended employment **(other than in respect of sub time charters which are less than 12 months in duration (after including any optional extension periods)**, planned dry-docking **(other than the periodical dry-docking referred to under paragraph (g) below)** and major repairs ~~of the Vessel~~, as reasonably required.

(d) Flag and Name of Vessel – During the Charter Period, the Charterers shall have the liberty to paint the Vessel in their own colours, install and display their funnel insignia and fly their own house flag **(with all fees, costs and expenses arising in relation thereto for the Charterers account)**. The Charterers shall also have the liberty~~, with the Owners' consent, which shall not be unreasonably withheld~~, to change the flag **of the Vessel to that of another Flag State (with all fees, costs and expenses arising in relation thereto for the Charterers' account)** and/or **with the Owners' consent,** the name of the Vessel **(with all fees, costs and expenses arising in relation thereto for the Charterers' account)** during the Charter Period. **Any** ~~P~~painting and re-painting, instalment and re-instalment, registration **(including maintenance and renewal thereof)** and re-registration~~, if required by the Owners,~~ shall be at the Charterers' expense and time. **If the Flag State requires the Owners to establish a physical presence or office in the jurisdiction of such Flag State, all fees, costs and expenses payable by the Owners to establish and maintain such physical presence or office shall be for the account of the Charterers.**

(e) Changes to the Vessel – Subject to Clause 10(a)(ii) **and Clause 10(b)**, the Charterers shall make no structural changes in the

Vessel ~~or changes~~ **which materially adversely affect the Vessel's classification or value** in the machinery, boilers, appurtenances ~~or spare parts thereof~~ without in each instance first securing the Owners' approval thereof. If the Owners so agree, the Charterers shall, if the Owners so require, restore the Vessel to its former condition ~~before the termination of this Charter~~.

(f) <u>Use of the Vessel's Outfit, Equipment and Appliances</u> - The Charterers shall have the use of all outfit, equipment, and appliances on board the Vessel at the time of delivery, provided the same or their substantial equivalent shall be returned to the Owners on redelivery **(without prejudice to Clauses 40.6 and 40.7 and if redelivery is required pursuant to this Charter)** in the same good order and condition as when received, ordinary wear and tear excepted. The Charterers shall from time to time during the Charter Period replace such items of equipment as shall be so damaged or worn as to be unfit for use. The Charterers are to procure that all repairs to or replacement of any damaged, worn or lost parts or equipment be effected in such manner (both as regards workmanship and quality of materials) as not to diminish the value of the Vessel. **Title of any equipment so replaced shall vest in and remain with the Owners.** The Charterers have the right to fit additional equipment at their expense and risk **(provided that no permanent structural damage is caused to the Vessel by reason of such installation) and**~~but~~ the Charterers shall**, at their expense,** remove such equipment **and make good any damage caused by the fitting or removal of such additional equipment before the Vessel is redelivered to the Owners pursuant to Clause 40.3 and without prejudice to Clauses 40.6 and 40.7,**~~at the end of the period~~ if requested by the Owners. Any equipment including radio equipment on hire on the Vessel at time of delivery shall be kept and maintained by the Charterers and the Charterers shall assume the obligations and liabilities of the Owners under any lease contracts in connection therewith and shall reimburse the Owners for all expenses incurred in connection therewith, also for any new equipment required in order to comply with radio regulations.

(g) <u>Periodical Dry-Docking</u> - The Charterers shall dry-dock the Vessel and clean and paint her underwater parts whenever the same may be necessary, but not less than once during the period stated in <u>Box 19</u> or, if <u>Box 19</u> has been left blank, every sixty (60) calendar months after delivery or such other period as may be required by the Classification Society or ~~f~~**F**lag State.

11. Hire See Clause 36

~~(a) The Charterers shall pay hire due to the Owners punctually in accordance with the terms of this Charter in respect of which time shall be of the essence.~~

~~(b) The Charterers shall pay to the Owners for the hire of the Vessel a lump sum in the amount indicated in Box 22 which shall be payable not later than every thirty (30) running days in advance, the first lump sum being payable on the date and hour of the Vessel's delivery to the Charterers. Hire shall be paid continuously throughout the Charter Period.~~

~~(c) Payment of hire shall be made in cash without discount in the currency and in the manner indicated in Box 25 and at the place mentioned in Box 26.~~

~~(d) Final payment of hire, if for a period of less than thirty (30) running days, shall be calculated proportionally according to the number of days and hours remaining before redelivery and advance payment to be effected accordingly.~~

~~(e) Should the Vessel be lost or missing, hire shall cease from the date and time when she was lost or last heard of. The date upon which the Vessel is to be treated as lost or missing shall be ten (10) days after the Vessel was last reported or when the Vessel is posted as missing by Lloyd's, whichever occurs first. Any hire paid in advance to be adjusted accordingly.~~

~~(f) Any delay in payment of hire shall entitle the Owners to interest at the rate per annum as agreed in Box 24. If Box 24 has not been filled in, the three months Interbank offered rate in London (LIBOR or its successor) for the currency stated in Box 25, as quoted by the British Bankers' Association (BBA) on the date when the hire fell due, increased by 2 per cent., shall apply.~~

~~(g) Payment of interest due under sub-clause 11(f) shall be made within seven (7) running days of the date of the Owners' invoice specifying the amount payable or, in the absence of an invoice, at the time of the next hire payment date.~~

12. Mortgage See Clause 35

~~*(only to apply if Box 28 has been appropriately filled in)*~~

~~*) (a) The Owners warrant that they have not effected any mortgage(s) of the Vessel and that they shall not effect any mortgage(s) without the prior consent of the Charterers, which shall not be unreasonably withheld.~~

~~*) (b) The Vessel chartered under this Charter is financed by a mortgage according to the Financial Instrument. The Charterers undertake to comply, and provide such information and documents to enable the Owners to comply, with all such instructions or directions in regard to the employment, insurances, operation, repairs and maintenance of the Vessel as laid down in the Financial Instrument or as may be directed from time to time during the currency of the Charter by the mortgagee(s) in conformity with the Financial Instrument. The Charterers confirm that, for this purpose, they have acquainted themselves with all relevant terms, conditions and provisions of the Financial Instrument and agree to acknowledge this in writing in any form that may be required by the mortgagee(s). The Owners warrant that they have not effected any mortgage(s) other than stated in Box 28 and that they shall not agree to any amendment of the mortgage(s) referred to in Box 28 or effect any other mortgage(s) without the prior consent of the Charterers, which shall not be unreasonably withheld.~~

~~*) *(Optional, Clauses 12(a) and 12(b) are alternatives; indicate alternative agreed in Box 28).*~~

13. Insurance and Repairs See also Clause 38

(a) **Subject and without prejudice to Clause 38,** ~~D~~**d**uring the Charter Period the Vessel shall be kept insured by the Charterers at their expense against hull and machinery, **marine and** war **(including blocking and trapping)** and Protection and Indemnity risks **and freight, demurrage and defence risks** (and any risks against which it is compulsory to insure for the operation of the Vessel, including **but not limited to** maintaining financial security in accordance with sub-clause 10(a)(iii)) ~~in such form as the Owners shall in writing approve, which approval shall not be un-reasonably withheld~~. **During the Charter Period, the Charterers shall procure (at Charterers' expense) that there are in place innocent Owners' interest insurance, Owner's additional perils (pollution) insurance and if applicable Mortgagees' interest insurance and Mortgagees' additional perils (pollution) insurance.** Such insurances **as specified in this Clause 13** shall be arranged by the Charterers to protect the interests of both the Owners and the Charterers and the ~~mortgagee~~**Mortgagee**(s) (if any)~~, and~~. The Charterers shall be at liberty to protect under such insurances the interests of any managers they may appoint. Insurance policies shall cover the Owners and the Charterers **and the Mortgagees (if any)** according to

their respective interests.
Subject to the provisions of the Financial Instruments (if any)~~, if~~ and the agreed loss payable clauses, ~~any,~~ and the approval of the Owners and the insurers, the Charterers shall effect all insured repairs and shall undertake settlement and reimbursement from the insurers of all costs in connection with such repairs as well as insured charges, expenses and liabilities to the extent of coverage under the insurances herein provided for.
The Charterers also to remain responsible for and to effect repairs and settlement of costs and expenses incurred thereby in respect of all other repairs not covered by the insurances and/or not exceeding any possible franchise(s) or deductibles provided for in the insurances.
All time used for repairs under the provisions of sub-clause 13(a) ~~and for repairs of latent defects according to Clause 3(c) above~~, including any deviation, shall be for the Charterers' account.
(b) ~~If the conditions of the above insurances permit additional insurance to be placed by the parties, such cover shall be limited to the amount for each party set out in Box 30 and Box 31, respectively.~~ The ~~Owners or the~~ Charterers ~~as the case may be~~ shall immediately furnish the ~~other party~~**Owners** with particulars of any additional insurance effected, including copies of any cover notes or policies and the written consent of the insurers of any such required insurance in any case where the consent of such insurers is necessary.
(c) The Charterers shall upon the request of the Owners, provide information and promptly execute such documents as may be required to enable the Owners to comply with the insurance provisions of ~~the~~ **each** Financial Instrument **(if any)**.
(d) Subject to the provisions of the Financial Instruments, if any, **and Clause 38 and Clause 40**, should the Vessel become ~~an actual, constructive, compromised or agreed~~ **a** ~~t~~Total ~~l~~Loss ~~under the insurances required under sub-clause 13(a)~~, all insurance payments for such loss shall be paid to the Owners **(or if applicable, their financiers) in accordance with the agreed loss payable clauses** ~~who shall distribute the moneys between the Owners and the Charterers according to their respective interests~~. The Charterers undertake to notify the Owners and the ~~mortgagee~~**Mortgagee**(s), if any, of any occurrences in consequence of which the Vessel is likely to become a **T**~~t~~otal **L**~~l~~oss ~~as defined in this Clause~~.
(e) The Owners shall upon the request of the Charterers **and subject to the Owners' approval of such request**, promptly execute such documents as may be required to enable the Charterers to abandon the Vessel to insurers and claim a constructive total loss.
(f) For the purpose of insurance coverage against hull and machinery and war risks under the provisions of sub-clause 13(a), the value of the Vessel is the sum indicated in ~~Box 29~~**Clause 38**.

14. Insurance, Repairs and Classification – intentionally omitted

~~*(Optional, only to apply if expressly agreed and stated in Box 29, in which event Clause 13 shall be considered deleted).*~~
~~**(a)** During the Charter Period the Vessel shall be kept insured by the Owners at their expense against hull and machinery and war risks under the form of policy or policies attached hereto. The Owners and/or insurers shall not have any right of recovery or subrogation against the Charterers on account of loss of or any damage to the Vessel or her machinery or appurtenances covered by such insurance, or on account of payments made to discharge claims against or liabilities of the Vessel or the Owners covered by such insurance. Insurance policies shall cover the Owners and the Charterers according to their respective interests.~~
~~**(b)** During the Charter Period the Vessel shall be kept insured by the Charterers at their expense against Protection and Indemnity risks (and any risks against which it is compulsory to insure for the operation of the Vessel, including maintaining financial security in accordance with sub-clause 10(a)(iii)) in such form as the Owners shall in writing approve which approval shall not be unreasonably withheld.~~
~~**(c)** In the event that any act or negligence of the Charterers shall vitiate any of the insurance herein provided, the Charterers shall pay to the Owners all losses and indemnify the Owners against all claims and demands which would otherwise have been covered by such insurance.~~
~~**(d)** The Charterers shall, subject to the approval of the Owners or Owners' Underwriters, effect all insured repairs, and the Charterers shall undertake settlement of all miscellaneous expenses in connection with such repairs as well as all insured charges, expenses and liabilities, to the extent of coverage under the insurances provided for under the provisions of sub-clause 14(a). The Charterers to be secured reimbursement through the Owners' Underwriters for such expenditures upon presentation of accounts.~~
~~**(e)** The Charterers to remain responsible for and to effect repairs and settlement of costs and expenses incurred thereby in respect of all other repairs not covered by the insurances and/or not exceeding any possible franchise(s) or deductibles provided for in the insurances.~~
~~**(f)** All time used for repairs under the provisions of sub-clauses 14(d) and 14(e) and for repairs of latent defects according to Clause 3 above, including any deviation, shall be for the Charterers' account and shall form part of the Charter Period.~~
~~The Owners shall not be responsible for any expenses as are incident to the use and operation of the Vessel for such time as may be required to make such repairs.~~
~~**(g)** If the conditions of the above insurances permit additional insurance to be placed by the parties such cover shall be limited to the amount for each party set out in Box 30 and Box 31, respectively. The Owners or the Charterers as the case may be shall immediately furnish the other party with particulars of any additional insurance effected, including copies of any cover notes or policies and the written consent of the insurers of any such required insurance in any case where the consent of such insurers is necessary.~~
~~**(h)** Should the Vessel become an actual, constructive, compromised or agreed total loss under the insurances required under sub-clause 14(a), all insurance payments for such loss shall be paid to the Owners, who shall distribute the moneys between themselves and the Charterers according to their respective interests.~~
~~**(i)** If the Vessel becomes an actual, constructive, compromised or agreed total loss under the insurances arranged by the Owners in accordance with sub-clause 14(a), this Charter shall terminate as of the date of such loss.~~
~~**(j)** The Charterers shall upon the request of the Owners, promptly execute such documents as may be required to enable the Owners to abandon the Vessel to the insurers and claim a constructive total loss.~~
~~**(k)** For the purpose of insurance coverage against hull and machinery and war risks under the provisions of sub-clause 14(a), the value of the Vessel is the sum indicated in Box 29.~~
~~**(l)** Notwithstanding anything contained in sub-clause 10(a), it is agreed that under the provisions of Clause 14, if applicable, the Owners shall keep the Vessel's Class fully up to date with the Classification Society~~

~~indicated in Box 10 and maintain all other necessary certificates in force at all times.~~

15. Redelivery See Clause 40

~~At the expiration of the Charter Period the Vessel shall be redelivered by the Charterers to the Owners at a safe and ice-free port or place as indicated in Box 16, in such ready safe berth as the Owners may direct. The Charterers shall give the Owners not less than thirty (30) running days' preliminary notice of expected date, range of ports of redelivery or port or place of redelivery and not less than fourteen (14) running days' definite notice of expected date and port or place of redelivery. Any changes thereafter in the Vessel's position shall be notified immediately to the Owners.~~

~~The Charterers warrant that they will not permit the Vessel to commence a voyage (including any preceding ballast voyage) which cannot reasonably be expected to be completed in time to allow redelivery of the Vessel within the Charter Period. Notwithstanding the above, should the Charterers fail to redeliver the Vessel within The Charter Period, the Charterers shall pay the daily equivalent to the rate of hire stated in Box 22 plus 10 per cent. or to the market rate, whichever is the higher, for the number of days by which the Charter Period is exceeded. All other terms, conditions and provisions of this Charter shall continue to apply.~~

~~Subject to the provisions of Clause 10, the Vessel shall be redelivered to the Owners in the same or as good structure, state, condition and class as that in which she was delivered, fair wear and tear not affecting class excepted.~~

~~The Vessel upon redelivery shall have her survey cycles up to date and trading and class certificates valid for at least the number of months agreed in Box 17.~~

16. Non-Lien

Other than Permitted Security Interests, ~~T~~the Charterers will not suffer, nor permit to be continued, any lien or encumbrance incurred by them or their agents, which might have priority over the title and interest of the Owners in the Vessel. The Charterers further agree to fasten to the Vessel in a conspicuous place and to keep so fastened during the Charter Period a notice reading as follows:

"This Vessel is the property of (name of Owners). It is under charter to (name of Charterers) and by the terms of the Charter Party neither the Charterers nor the Master have any right, power or authority to create, incur or permit to be imposed on the Vessel any lien whatsoever."

or a notice in such form as required by any Mortgagee(s).

17. Indemnity See Clauses 37.3, 38.5, 38.15, 38.16, 40.5, 41.2 and 50

~~(a) The Charterers shall indemnify the Owners against any loss, damage or expense incurred by the Owners arising out of or in relation to the operation of the Vessel by the Charterers, and against any lien of whatsoever nature arising out of an event occurring during the Charter Period. If the Vessel be arrested or otherwise detained by reason of claims or liens arising out of her operation hereunder by the Charterers, the Charterers shall at their own expense take all reasonable steps to secure that within a reasonable time the Vessel is released, including the provision of bail.~~

~~Without prejudice to the generality of the foregoing, the Charterers agree to indemnify the Owners against all consequences or liabilities arising from the Master, officers or agents signing Bills of Lading or other documents.~~

~~(b) If the Vessel be arrested or otherwise detained by reason of a claim or claims against the Owners, the Owners shall at their own expense take all reasonable steps to secure that within a reasonable time the Vessel is released, including the provision of bail.~~

~~In such circumstances the Owners shall indemnify the Charterers against any loss, damage or expense incurred by the Charterers (including hire paid under this Charter) as a direct consequence of such arrest or detention.~~

18. Lien

The Owners to have a lien upon all cargoes, sub-hires and sub-freights belonging or due to the Charterers or any sub-charterers and any Bill of Lading freight for all claims under this Charter~~, and the Charterers to have a lien on the Vessel for all moneys paid in advance and not earned.~~

19. Salvage

All salvage and towage performed by the Vessel shall be for the Charterers' benefit and the cost of repairing damage occasioned thereby shall be borne by the Charterers.

20. Wreck Removal

In the event of the Vessel becoming a wreck or obstruction to navigation the Charterers shall indemnify the Owners against any sums whatsoever which the Owners shall become liable to pay and shall pay in consequence of the Vessel becoming a wreck or obstruction to navigation.

21. General Average

The Owners shall not contribute to General Average.

22. Assignment~~, Sub-Charter and Sale~~

(a) The Charterers shall not assign this Charter ~~nor sub-charter the Vessel on a bareboat basis~~ except with the prior consent in writing of the Owners~~, which shall not be unreasonably withheld,~~ and subject to such terms and conditions as the Owners shall approve.

~~(b) The Owners shall not sell the Vessel during the currency of this Charter except with the prior written consent of the Charterers, which shall not be unreasonably withheld, and subject to the buyer accepting an assignment of this Charter.~~

23. Contracts of Carriage

*) **(a)** The Charterers are to procure that all documents issued during the Charter Period evidencing the terms and conditions agreed in respect of carriage of goods shall contain a paramount clause incorporating any legislation relating to carrier's liability for cargo compulsorily applicable in the trade; if no such legislation exists, the documents shall incorporate the Hague-Visby Rules. The documents shall also contain the New Jason Clause and the Both-to-Blame Collision Clause.

~~*) (b) The Charterers are to procure that all passenger tickets issued during the Charter Period for the carriage of passengers and their luggage under this Charter shall contain a paramount clause incorporating any legislation relating to carrier's liability for passengers and their luggage compulsorily applicable in the trade; if no such legislation exists, the passenger tickets shall incorporate the Athens Convention Relating to the Carriage of Passengers and their Luggage by Sea, 1974, and any protocol thereto.~~

~~*) *Delete as applicable.*~~

24. ~~Bank~~ Corporate Guarantee

~~*(Optional, only to apply if Box 27 filled in)*~~

The Charterers undertake to furnish~~,~~ **on or about the date of this Charter** ~~before delivery of the Vessel, a first class bank~~ **a corporate** guarantee **from the Guarantor** ~~or bond in the sum and at the place as indicated in Box 27~~ as guarantee**, and on or about the date of this Charter the other Security Documents (as the case may be) as security, in each case** for full performance of their obligations under this

Charter.

25. Requisition/Acquisition

(a) **Subject to the provisions of the Financial Instruments (if any) and the General Assignment,** ~~I~~in the event of the Requisition for Hire of the Vessel by any governmental or other competent authority (hereinafter referred to as "Requisition for Hire") irrespective of the date during the Charter Period when "Requisition for Hire" may occur and irrespective of the length thereof and whether or not it be for an indefinite or a limited period of time, and irrespective of whether it may or will remain in force for the remainder of the Charter Period, this Charter shall not be deemed thereby or thereupon to be frustrated or otherwise terminated and the Charterers shall continue to pay the stipulated hire in the manner provided by this Charter until the time when the Charter would have terminated pursuant to any of the provisions hereof always provided however that **if all hire has been paid by the Charterers hereunder then** in the event of "Requisition for Hire" any Requisition Hire or compensation **is** received or receivable by the Owners**, the same** shall be payable to the Charterers during the remainder of the Charter Period or the period of the "Requisition for Hire" whichever be the shorter.

~~(b) In the event of the Owners being deprived of their ownership in the Vessel by any Compulsory Acquisition of the Vessel or requisition for title by any governmental or other competent authority (hereinafter referred to as "Compulsory Acquisition"), then, irrespective of the date during the Charter Period when "Compulsory Acquisition" may occur, this Charter shall be deemed terminated as of the date of such "Compulsory Acquisition". In such event Charter Hire to be considered as earned and to be paid up to the date and time of such "Compulsory Acquisition".~~

26. War

(a) **Subject to the provisions of the Financial Instruments (if any),** ~~F~~for the purpose of this Clause, the words "War Risks" shall include any war (whether actual or threatened), act of war, civil war, hostilities, revolution, rebellion, civil commotion, warlike operations, the laying of mines (whether actual or reported), acts of piracy, acts of terrorists, acts of hostility or malicious damage, blockades (whether imposed against all vessels or imposed selectively against vessels of certain flags or ownership, or against certain cargoes or crews or otherwise howsoever), by any person, body, terrorist or political group, or the Government of any state whatsoever, which may be dangerous or are likely to be or to become dangerous to the Vessel, her cargo, crew or other persons on board the Vessel.

(b) **Without first obtaining the consent of the insurers to such employment and complying with the terms of Clause 38 and such other requirements as to extra insurance premiums or any other requirements as may be prescribed by the insurers, t**~~T~~he Vessel~~, unless the written consent of the Owners be first obtained,~~ shall not continue to or go through any port, place, area or zone (whether of land or sea), or any waterway or canal, where it reasonably appears that the Vessel, her cargo, crew or other persons on board the Vessel, in the reasonable judgement of the Owners, may be, or are likely to be, exposed to War Risks. Should the Vessel be within any such place as aforesaid, which only becomes dangerous, or is likely to be or to become dangerous, after her entry into it, the Owners shall have the right to require the Vessel to leave such area.

(c) The Vessel shall not load contraband cargo, or to pass through any blockade, whether such blockade be imposed on all vessels, or is imposed selectively in any way whatsoever against vessels of certain flags or ownership, or against certain cargoes or crews or otherwise howsoever, or to proceed to an area where she shall be subject, or is likely to be subject to a belligerent's right of search and/or confiscation.

~~(d) If the insurers of the war risks insurance, when Clause 14 is applicable, should require payment of premiums and/or calls because, pursuant to the Charterers' orders, the Vessel is within, or is due to enter and remain within, any area or areas which are specified by such insurers as being subject to additional premiums because of War Risks, then such premiums and/or calls shall be reimbursed by the Charterers to the Owners at the same time as the next payment of hire is due.~~

(e) The Charterers shall have the liberty:

(i) to comply with all orders, directions, recommendations or advice as to departure, arrival, routes, sailing in convoy, ports of call, stoppages, destinations, discharge of cargo, delivery, or in any other way whatsoever, which are given by the Government of the Nation under whose flag the Vessel sails, or any other Government, body or group whatsoever acting with the power to compel compliance with their orders or directions;

(ii) to comply with the orders, directions or recommendations of any war risks underwriters who have the authority to give the same under the terms of the war risks insurance;

(iii) to comply with the terms of any resolution of the Security Council of the United Nations, any directives of the European Community, the effective orders of any other Supranational body which has the right to issue and give the same, and with national laws aimed at enforcing the same to which the Owners are subject, and to obey the orders and directions of those who are charged with their enforcement.

(f) In the event of outbreak of war ~~(whether there be a declaration of war or not) (i) between any two or more of the following countries: the United States of America; Russia; the United Kingdom; France; and the People's Republic of China, (ii) between any two or more of the countries stated in Box 36, both the Owners and the Charterers shall have the right to cancel this Charter, whereupon the Charterers shall redeliver the Vessel to the Owners in accordance with Clause 15, if the Vessel has cargo on board after discharge thereof at destination, or if debarred under this Clause from reaching or entering it at a near, open and safe port as directed by the Owners, or if the Vessel has no cargo on board, at the port at which the Vessel then is or if at sea at a near, open and safe port as directed by the Owners. In all cases~~ hire shall continue to be paid in accordance with Clause 11 and except as aforesaid all other provisions of this Charter shall apply until ~~redelivery~~**the end of the Charter Period**.

27. Commission – intentionally omitted

~~The Owners to pay a commission at the rate indicated in Box 33 to the Brokers named in Box 33 on any hire paid under the Charter. If no rate is indicated in Box 33, the commission to be paid by the Owners shall cover the actual expenses of the Brokers and a reasonable fee for their work.~~

~~If the full hire is not paid owing to breach of the Charter by either of the parties the party liable therefor shall indemnify the Brokers against their loss of commission. Should the parties agree to cancel the Charter, the Owners shall indemnify the Brokers against any loss of commission but in such case the commission shall not exceed the brokerage on one year's hire.~~

28. Termination See Clauses 40 and 44

~~(a) Charterers' Default~~

~~The Owners shall be entitled to withdraw the Vessel from the service of the Charterers and terminate the Charter with immediate effect by written notice to the Charterers if:~~

~~(i) the Charterers fail to pay hire in accordance with Clause 11. However, where there is a failure to make punctual payment of hire due to oversight, negligence, errors or omissions on the part of the Charterers or their bankers, the Owners shall give the Charterers written notice of the number of clear banking days stated in Box 34 (as recognised at the agreed place of payment) in which to rectify the failure, and when so rectified within such number of days following the Owners' notice, the payment shall stand as regular and punctual. Failure by the Charterers to pay hire within the number of days stated in Box 34 of their receiving the Owners' notice as provided herein, shall entitle the Owners to withdraw the Vessel from the service of the Charterers and terminate the Charter without further notice;~~

~~(ii) the Charterers fail to comply with the requirements of:~~
~~(1) Clause 6 (Trading Restrictions)~~
~~(2) Clause 13(a) (Insurance and Repairs)~~
~~provided that the Owners shall have the option, by written notice to the Charterers, to give the Charterers a specified number of days grace within which to rectify the failure without prejudice to the Owners' right to withdraw and terminate under this Clause if the Charterers fail to comply with such notice;~~

~~(iii) the Charterers fail to rectify any failure to comply with the requirements of sub-clause 10(a)(i) (Maintenance and Repairs) as soon as practically possible after the Owners have requested them in writing so to do and in any event so that the Vessel's insurance cover is not prejudiced.~~

~~(b) Owners' Default~~
~~If the Owners shall by any act or omission be in breach of their obligations under this Charter to the extent that the Charterers are deprived of the use of the Vessel and such breach continues for a period of fourteen (14) running days after written notice thereof has been given by the Charterers to the Owners, the Charterers shall be entitled to terminate this Charter with immediate effect by written notice to the Owners.~~

~~(c) Loss of Vessel~~
~~This Charter shall be deemed to be terminated if the Vessel becomes a total loss or is declared as a constructive or compromised or arranged total loss. For the purpose of this sub-clause, the Vessel shall not be deemed to be lost unless she has either become an actual total loss or agreement has been reached with her underwriters in respect of her constructive, compromised or arranged total loss or if such agreement with her underwriters is not reached it is adjudged by a competent tribunal that a constructive loss of the Vessel has occurred.~~

~~(d) Either party shall be entitled to terminate this Charter with immediate effect by written notice to the other party in the event of an order being made or resolution passed for the winding up, dissolution, liquidation or bankruptcy of the other party (otherwise than for the purpose of reconstruction or amalgamation) or if a receiver is appointed, or if it suspends payment, ceases to carry on business or makes any special arrangement or composition with its creditors.~~

~~(e) The termination of this Charter shall be without prejudice to all rights accrued due between the parties prior to the date of termination and to any claim that either party might have.~~

29. Repossession

In the event ~~of~~ the **Owners have made a request for redelivery of the Vessel** ~~termination of this Charter~~ in accordance with the applicable provisions of Clause ~~28~~**Clause 40.3**,
the Owners shall **in addition** have the right to repossess the Vessel
from the Charterers at her current or next port of call, or at a port or place convenient to them without hindrance or interference by the Charterers, courts or local authorities. Pending physical repossession of the Vessel in accordance with this Clause 29 **and/or Clause 40**, the Charterers shall
hold the Vessel as gratuitous bailee only to the Owners **and the Charterers shall procure that the master and crew follow the orders and directions of the Owners**. ~~The Owners shall arrange for an authorised representative to board the Vessel as soon as reasonably practicable following the termination of the Charter. The Vessel shall be deemed to be repossessed by the Owners from the Charterers upon the boarding of the Vessel by the Owners' representative.~~ All arrangements and expenses relating to the settling of wages, disembarkation and repatriation of the Charterers' Master, officers and crew shall be the sole responsibility of the Charterers.

30. Dispute Resolution

*) **(a)** This ~~Contract~~ **Charter and any non-contractual obligations arising out of or in connection with it** shall be governed by and construed
in accordance with English law and any dispute arising out of or in connection with this ~~Contract~~ **Charter** shall be referred
to arbitration in London in accordance with the Arbitration Act 1996 or any statutory modification or re-enactment thereof save to the extent necessary to give effect to the provisions of this Clause.

The arbitration shall be conducted in accordance with the London Maritime Arbitrators Association (LMAA) Terms current at the time when the arbitration proceedings are commenced.

The reference shall be to three arbitrators. A party wishing to refer a dispute to arbitration shall appoint its arbitrator and send notice of such appointment in writing to the other party requiring the other party to appoint its own arbitrator within 14 calendar days of that notice and stating that it will appoint its arbitrator as sole arbitrator unless the other party appoints its own arbitrator and gives notice that it has done so within the 14 days specified. If the other party does not appoint its own arbitrator and give notice that it has done so within the 14 days specified, the party referring a dispute to arbitration may, without the requirement of any further prior notice to the other party, appoint its arbitrator as sole arbitrator and shall advise the other party accordingly. The award of a sole arbitrator shall be binding on both parties as if he had been appointed by agreement.

Nothing herein shall prevent the parties agreeing in writing to vary these provisions to provide for the appointment of a sole arbitrator.

In cases where neither the claim nor any counterclaim exceeds the sum of US$50,000 (or such other sum as the parties may agree) the arbitration shall be conducted in accordance with the LMAA Small Claims Procedure current at the time when the arbitration proceedings are commenced. **The language or any arbitration proceedings shall be English.**

~~*) (b) This Contract shall be governed by and construed in accordance with Title 9 of the United States Code and the Maritime Law of the United States and any dispute arising out of or in connection with this Contract shall be referred to three persons at New York, one to be appointed by each of the parties hereto, and the third by the two so chosen; their decision or that of any two of them shall be final, and for the purposes of enforcing any award, judgement may be entered on an award by any court of competent jurisdiction. The proceedings~~

~~shall be conducted in accordance with the rules of the Society of Maritime Arbitrators, Inc.~~

~~In cases where neither the claim nor any counterclaim exceeds the sum of US$50,000 (or such other sum as the parties may agree) the arbitration shall be conducted in accordance with the Shortened Arbitration Procedure of the Society of Maritime Arbitrators, Inc. current at the time when the arbitration proceedings are commenced.~~

~~*) (c) This Contract shall be governed by and construed in accordance with the laws of the place mutually agreed by the parties and any dispute arising out of or in connection with this Contract shall be referred to arbitration at a mutually agreed place, subject to the procedures applicable there.~~

~~(d) Notwithstanding (a), (b) or (c) above, the parties may agree at any time to refer to mediation any difference and/or dispute arising out of or in connection with this Contract.~~

~~In the case of a dispute in respect of which arbitration has been commenced under (a), (b) or (c) above, the following shall apply:-~~

~~(i) Either party may at any time and from time to time elect to refer the dispute or part of the dispute to mediation by service on the other party of a written notice (the "Mediation Notice") calling on the other party to agree to mediation.~~

~~(ii) The other party shall thereupon within 14 calendar days of receipt of the Mediation Notice confirm that they agree to mediation, in which case the parties shall thereafter agree a mediator within a further 14 calendar days, failing which on the application of either party a mediator will be appointed promptly by the Arbitration Tribunal ("the Tribunal") or such person as the Tribunal may designate for that purpose. The mediation shall be conducted in such place and in accordance with such procedure and on such terms as the parties may agree or, in the event of disagreement, as may be set by the mediator.~~

~~(iii) If the other party does not agree to mediate, that fact may be brought to the attention of the Tribunal and may be taken into account by the Tribunal when allocating the costs of the arbitration as between the parties.~~

~~(iv) The mediation shall not affect the right of either party to seek such relief or take such steps as it considers necessary to protect its interest.~~

~~(v) Either party may advise the Tribunal that they have agreed to mediation. The arbitration procedure shall continue during the conduct of the mediation but the Tribunal may take the mediation timetable into account when setting the timetable for steps in the arbitration.~~

~~(vi) Unless otherwise agreed or specified in the mediation terms, each party shall bear its own costs incurred in the mediation and the parties shall share equally the mediator's costs and expenses.~~

~~(vii) The mediation process shall be without prejudice and confidential and no information or documents disclosed during it shall be revealed to the Tribunal except to the extent that they are disclosable under the law and procedure governing the arbitration.~~

~~*(Note: The parties should be aware that the mediation process may not necessarily interrupt time limits.)*~~

~~(e) If Box 35 in Part I is not appropriately filled in, sub-clause 30(a) of this Clause shall apply. Sub-clause 30(d) shall apply in all cases.~~

~~*) *Sub-clauses 30(a), 30(b) and 30(c) are alternatives; indicate alternative agreed in Box 35.*~~

31. Notices See Clause 43

~~(a) Any notice to be given by either party to the other party shall be in writing and may be sent by fax, telex, registered or recorded mail or by personal service.~~

~~(b) The address of the Parties for service of such communication shall be as stated in Boxes 3 and 4 respectively.~~

PART III
PROVISIONS TO APPLY FOR NEWBUILDING VESSELS ONLY

OPTIONAL PART

(Optional, only to apply if expressly agreed and stated in Box 37)

~~**1. Specifications and Building Contract**~~

~~**(a)** The Vessel shall be constructed in accordance with the Building Contract (hereafter called "the Building Contract") as annexed to this Charter, made between the Builders and the Owners and in accordance with the specifications and plans annexed thereto, such Building Contract, specifications and plans having been counter-signed as approved by the Charterers.~~

~~**(b)** No change shall be made in the Building Contract or in the specifications or plans of the Vessel as approved by the Charterers as aforesaid, without the Charterers' consent.~~

~~**(c)** The Charterers shall have the right to send their representative to the Builders' Yard to inspect the Vessel during the course of her construction to satisfy themselves that construction is in accordance with such approved specifications and plans as referred to under sub-clause (a) of this Clause.~~

~~**(d)** The Vessel shall be built in accordance with the Building Contract and shall be of the description set out therein. Subject to the provisions of sub-clause 2(c)(ii) hereunder, the Charterers shall be bound to accept the Vessel from the Owners, completed and constructed in accordance with the Building Contract, on the date of delivery by the Builders. The Charterers undertake that having accepted the Vessel they will not thereafter raise any claims against the Owners in respect of the Vessel's performance or specification or defects, if any. Nevertheless, in respect of any repairs, replacements or defects which appear within the first 12 months from delivery by the Builders, the Owners shall endeavour to compel the Builders to repair, replace or remedy any defects or to recover from the Builders any expenditure incurred in carrying out such repairs, replacements or remedies. However, the Owners' liability to the Charterers shall be limited to the extent the Owners have a valid claim against the Builders under the guarantee clause of the Building Contract (a copy whereof has been supplied to the Charterers). The Charterers shall be bound to accept such sums as the Owners are reasonably able to recover under this Clause and shall make no further claim on the Owners for the difference between the amount(s) so recovered and the actual expenditure on repairs, replacement or remedying defects or for any loss of time incurred. Any liquidated damages for physical defects or deficiencies shall accrue to the account of the party stated in Box 41(a) or if not filled in shall be shared equally between the parties. The costs of pursuing a claim or claims against the Builders under this Clause (including any liability to the Builders) shall be borne by the party stated in Box 41(b) or if not filled in shall be shared equally between the parties.~~

~~**2. Time and Place of Delivery**~~

~~**(a)** Subject to the Vessel having completed her acceptance trials including trials of cargo equipment in accordance with the Building Contract and specifications to the satisfaction of the Charterers, the Owners shall give and the Charterers shall take delivery of the Vessel afloat when ready for delivery and properly documented at the Builders' Yard or some other safe and readily accessible dock, wharf or place as may be agreed between the parties hereto and the Builders. Under the Building Contract the Builders have estimated that the Vessel will be ready for delivery to the Owners as therein provided but the delivery date for the purpose of this Charter shall be the date when the Vessel is in fact ready for delivery by the Builders after completion of trials whether that be before or after as indicated in the Building Contract. The Charterers shall not be entitled to refuse acceptance of delivery of the Vessel and upon and after such acceptance, subject to Clause 1(d), the Charterers shall not be entitled to make any claim against the Owners in respect of any conditions, representations or warranties, whether express or implied, as to the seaworthiness of the Vessel or in respect of delay in delivery.~~

~~**(b)** If for any reason other than a default by the Owners under the Building Contract, the Builders become entitled under that Contract not to deliver the Vessel to the Owners, the Owners shall upon giving to the Charterers written notice of Builders becoming so entitled, be excused from giving delivery of the Vessel to the Charterers and upon receipt of such notice by the Charterers this Charter shall cease to have effect.~~

~~**(c)** If for any reason the Owners become entitled under the Building Contract to reject the Vessel the Owners shall, before exercising such right of rejection, consult the Charterers and thereupon~~

~~**(i)** if the Charterers do not wish to take delivery of the Vessel they shall inform the Owners within seven (7) running days by notice in writing and upon receipt by the Owners of such notice this Charter shall cease to have effect; or~~

~~**(ii)** if the Charterers wish to take delivery of the Vessel they may by notice in writing within seven (7) running days require the Owners to negotiate with the Builders as to the terms on which delivery should be taken and/or refrain from exercising their right to rejection and upon receipt of such notice the Owners shall commence such negotiations and/or take delivery of the Vessel from the Builders and deliver her to the Charterers;~~

~~**(iii)** in no circumstances shall the Charterers be entitled to reject the Vessel unless the Owners are able to reject the Vessel from the Builders;~~

~~**(iv)** if this Charter terminates under sub-clause (b) or (c) of this Clause, the Owners shall thereafter not be liable to the Charterers for any claim under or arising out of this Charter or its termination.~~

~~**(d)** Any liquidated damages for delay in delivery under the Building Contract and any costs incurred in pursuing a claim therefor shall accrue to the account of the party stated in Box 41(c) or if not filled in shall be shared equally between the parties.~~

~~**3. Guarantee Works**~~

~~If not otherwise agreed, the Owners authorise the Charterers to arrange for the guarantee works to be performed in accordance with the building contract terms, and hire to continue during the period of guarantee works. The Charterers have to advise the Owners about the performance to the extent the Owners may request.~~

~~**4. Name of Vessel**~~

~~The name of the Vessel shall be mutually agreed between the Owners and the Charterers and the Vessel shall be painted in the colours, display the funnel insignia and fly the house flag as required by the Charterers.~~

~~**5. Survey on Redelivery**~~

~~The Owners and the Charterers shall appoint surveyors for the purpose of determining and agreeing in writing the condition of the Vessel at the time of re-delivery. Without prejudice to Clause 15 (Part II), the Charterers shall bear all survey expenses and all other costs, if any, including the cost of docking and undocking, if required, as well as all repair costs incurred. The Charterers shall also bear all loss of time spent in connection with any docking and undocking as well as repairs, which shall be paid at the rate of hire per day or pro rata.~~

OPTIONAL PART

PART IV
HIRE/PURCHASE AGREEMENT

(Optional, only to apply if expressly agreed and stated in Box 42)

~~On expiration of this Charter and provided the Charterers have fulfilled their obligations according to Part I and II as well as Part III, if applicable, it is agreed, that on payment of the final payment of hire as per Clause 11 the Charterers have purchased the Vessel with everything belonging to her and the Vessel is fully paid for.~~

~~*In the following paragraphs the Owners are referred to as the Sellers and the Charterers as the Buyers.*~~

~~The Vessel shall be delivered by the Sellers and taken over by the Buyers on expiration of the Charter.~~

~~The Sellers guarantee that the Vessel, at the time of delivery, is free from all encumbrances and maritime liens or any debts whatsoever other than those arising from anything done or not done by the Buyers or any existing mortgage agreed not to be paid off by the time of delivery. Should any claims, which have been incurred prior to the time of delivery be made against the Vessel, the Sellers hereby undertake to indemnify the Buyers against all consequences of such claims to the extent it can be proved that the Sellers are responsible for such claims. Any taxes, notarial, consular and other charges and expenses connected with the purchase and registration under Buyers' flag, shall be for Buyers' account. Any taxes, consular and other charges and expenses connected with closing of the Sellers' register, shall be for Sellers' account.~~

~~In exchange for payment of the last month's hire instalment the Sellers shall furnish the Buyers with a Bill of Sale duly attested and legalized, together with a certificate setting out the registered encumbrances, if any. On delivery of the Vessel the Sellers shall provide for deletion of the Vessel from the Ship's Register and deliver a certificate of deletion to the Buyers.~~
~~The Sellers shall, at the time of delivery, hand to the Buyers all classification certificates (for hull, engines, anchors, chains, etc.), as well as all plans which may be in Sellers' possession.~~

~~The Wireless Installation and Nautical Instruments, unless on hire, shall be included in the sale without any extra payment.~~

~~The Vessel with everything belonging to her shall be at Sellers' risk and expense until she is delivered to the Buyers, subject to the conditions of this Contract and the Vessel with everything belonging to her shall be delivered and taken over as she is at the time of delivery, after which the Sellers shall have no responsibility for possible faults or deficiencies of any description.~~

~~The Buyers undertake to pay for the repatriation of the Master, officers and other personnel if appointed by the Sellers to the port where the Vessel entered the Bareboat Charter as per Clause 3 (Part II) or to pay the equivalent cost for their journey to any other place.~~

OPTIONAL PART

PART V
PROVISIONS TO APPLY FOR VESSELS REGISTERED IN A BAREBOAT CHARTER REGISTRY

(Optional, only to apply if expressly agreed and stated in Box 43)

~~1. Definitions~~

~~For the purpose of this PART V, the following terms shall have the meanings hereby assigned to them:~~

~~"The Bareboat Charter Registry" shall mean the registry of the State whose flag the Vessel will fly and in which the Charterers are registered as the bareboat charterers during the period of the Bareboat Charter.~~

~~"The Underlying Registry" shall mean the registry of the state in which the Owners of the Vessel are registered as Owners and to which jurisdiction and control of the Vessel will revert upon termination of the Bareboat Charter Registration.~~

~~2. Mortgage~~

~~The Vessel chartered under this Charter is financed by a mortgage and the provisions of Clause 12(b) (Part II) shall apply.~~

~~3. Termination of Charter by Default~~

~~If the Vessel chartered under this Charter is registered in a Bareboat Charter Registry as stated in Box 44, and if the Owners shall default in the payment of any amounts due under the mortgage(s) specified in Box 28, the Charterers shall, if so required by the mortgagee, direct the Owners to re-register the Vessel in the Underlying Registry as shown in Box 45.~~

~~In the event of the Vessel being deleted from the Bareboat Charter Registry as stated in Box 44, due to a default by the Owners in the payment of any amounts due under the mortgage(s), the Charterers shall have the right to terminate this Charter forthwith and without prejudice to any other claim they may have against the Owners under this Charter.~~

"BAREСON 2001" STANDARD BAREBOAT CHARTER PART I

26. Place of payment; also state beneficiary and bank account (Cl. 11) **Beneficiary: Ikaria Shipping Corporation** **Account No.: 1200048517** **Beneficiary bank: HSH Nordbank AG** **SWIFT Code: HSHNDEHH**	27. ~~Bank~~-Corporate guarantee/bond (sum and place) (Cl. 24) (optional) **See Clause 24**
28. Mortgage(s), if any (state whether 12(a) or (b) applies; if 12(b) applies state date of Financial Instrument and name of Mortgagee(s)/Place of business) (Cl. 12) **See Clause 35**	29. Insurance (hull and machinery and war risks) (state value acc. to Cl. 13(f) or, if applicable, acc. to Cl. 14(k)) (also state if Cl. 14 applies) **See Clause 38 – CLAUSE 14 DOES NOT APPLY**
30. Additional insurance cover, if any, for Owners' account limited to (Cl. 13(b) or, if applicable, Cl. 14(g)) **See Clause 38**	31. Additional insurance cover, if any, for Charterers' account limited to (Cl. 13(b) or, if applicable, Cl. 14(g)) **See Clause 38**
32. Latent defects (only to be filled in if period other than stated in Cl. 3) **N/A**	33. Brokerage commission and to whom payable (Cl. 27) **N/A**
34. Grace period (state number of clear ~~banking days~~Business Days) (Cl. 28) **See Clause 44**	35. Dispute Resolution (state 30(a), 30(b) or 30(c); if 30(c) agreed Place of Arbitration must be stated (Cl. 30) **See Clause 30(a)**
36. War cancellation (indicate countries agreed) (Cl. 26(f)) **N/A**	
37. Newbuilding Vessel (indicate with "yes" or "no" whether PART III applies) (optional) **No, Part III does not apply**	38. Name and place of Builders (only to be filled in if PART III applies) **N/A**
39. Vessel's Yard Building No. (only to be filled in if PART III applies) **N/A**	40. Date of Building Contract (only to be filled in if PART III applies) **N/A**
41. Liquidated damages and costs shall accrue to (state party acc. to Cl. 1) a) **N/A** b) **N/A** c) **N/A**	
42. Hire/Purchase agreement (indicate with "yes" or "no" whether PART IV applies) (optional) **No, Part IV does not apply**	43. Bareboat Charter Registry (indicate with "yes" or "no" whether PART V applies) (optional) **No, Part V does not apply**
44. Flag and Country of the Bareboat Charter Registry (only to be filled in if PART V applies) **N/A**	45. Country of the Underlying Registry (only to be filled in if PART V applies) **N/A**
46. Number of additional clauses covering special provisions, if agreed **Clause 32 to Clause 59**	

PREAMBLE - It is mutually agreed that this Contract shall be performed subject to the conditions contained in this Charter which shall include PART I and PART II. In the event of a conflict of conditions, the provisions of PART I shall prevail over those of PART II to the extent of such conflict but no further. It is further mutually agreed that PART III and/or PART IV and/or PART V shall only apply and only form part of this Charter if expressly agreed and stated in Boxes 37, 42 and 43. If PART III and/or PART IV and/or PART V apply, it is further agreed that in the event of a conflict of conditions, the provisions of PART I and PART II shall prevail over those of PART III and/or PART IV and/or PART V to the extent of such conflict but no further.

Signature (Owners) **For and on behalf of the Owners** **Name:** **Title:**	Signature (Charterers) **For and on behalf of the Charterers** **Name:** **Title:**

26. Place of payment; also state beneficiary and bank account (Cl. 11) **Beneficiary: Ikaria Shipping Corporation** **Account No.: 1200048517** **Beneficiary bank: HSH Nordbank AG** **SWIFT Code: HSHNDEHH**	27. ~~Bank~~ Corporate guarantee~~/bond~~ (sum and place) (Cl. 24) (optional) **See Clause 24**
28. Mortgage(s), if any (state whether 12(a) or (b) applies; if 12(b) applies state date of Financial Instrument and name of Mortgagee(s)/Place of business) (Cl. 12) **See Clause 35**	29. Insurance (hull and machinery and war risks) (state value acc. to Cl. 13(f) or, if applicable, acc. to Cl. 14(k)) (also state if Cl. 14 applies) **See Clause 38 – CLAUSE 14 DOES NOT APPLY**
30. Additional insurance cover, if any, for Owners' account limited to (Cl. 13(b) or, if applicable, Cl. 14(g)) **See Clause 38**	31. Additional insurance cover, if any, for Charterers' account limited to (Cl. 13(b) or, if applicable, Cl. 14(g)) **See Clause 38**
32. Latent defects (only to be filled in if period other than stated in Cl. 3) **N/A**	33. Brokerage commission and to whom payable (Cl. 27) **N/A**
34. Grace period (state number of clear ~~banking days~~**Business Days**) (Cl. 28) **See Clause 44**	35. Dispute Resolution (state 30(a), 30(b) or 30(c); if 30(c) agreed Place of Arbitration must be stated (Cl. 30) **See Clause 30(a)**
36. War cancellation (indicate countries agreed) (Cl. 26(f)) **N/A**	
37. Newbuilding Vessel (indicate with "yes" or "no" whether PART III applies) (optional) **No, Part III does not apply**	38. Name and place of Builders (only to be filled in if PART III applies) **N/A**
39. Vessel's Yard Building No. (only to be filled in if PART III applies) **N/A**	40. Date of Building Contract (only to be filled in if PART III applies) **N/A**
41. Liquidated damages and costs shall accrue to (state party acc. to Cl. 1) a) **N/A** b) **N/A** c) **N/A**	
42. Hire/Purchase agreement (indicate with "yes" or "no" whether PART IV applies) (optional) **No, Part IV does not apply**	43. Bareboat Charter Registry (indicate with "yes" or "no" whether PART V applies) (optional) **No, Part V does not apply**
44. Flag and Country of the Bareboat Charter Registry (only to be filled in if PART V applies) **N/A**	45. Country of the Underlying Registry (only to be filled in if PART V applies) **N/A**
46. Number of additional clauses covering special provisions, if agreed **Clause 32 to Clause 59**	

PREAMBLE - It is mutually agreed that this Contract shall be performed subject to the conditions contained in this Charter which shall include PART I and PART II. In the event of a conflict of conditions, the provisions of PART I shall prevail over those of PART II to the extent of such conflict but no further. It is further mutually agreed that PART III and/or PART IV and/or PART V shall only apply and only form part of this Charter if expressly agreed and stated in Boxes 37, 42 and 43. If PART III and/or PART IV and/or PART V apply, it is further agreed that in the event of a conflict of conditions, the provisions of PART I and PART II shall prevail over those of PART III and/or PART IV and/or PART V to the extent of such conflict but no further.

Signature (Owners) **For and on behalf of the Owners** **Name:** **Title:**	Signature (Charterers) **For and on behalf of the Charterers** **Name:** ALEXANDROS LAIOS **Title:** Attorney-in-fact

ADDITIONAL CLAUSES TO BARECON 2001 DATED 31 MARCH 2018

CLAUSE 32 – CHARTER PERIOD

32.1 For the avoidance of doubt, notwithstanding the fact that the Charter Period shall commence on the Commencement Date, this Charter shall be:

(a) in full force and effect; and

(b) valid, binding and enforceable against the parties hereto,

(c) with effect from the date of this Charter until the end of the Charter Period (subject to the terms of this Charter).

32.2 The Charter Period shall, subject to the terms of this Charter, continue for a period of seventy two (72) months from the Commencement Date.

CLAUSE 33 – CANCELLATION

33.1 If:

(a) a Termination Event occurs prior to the delivery of the Vessel by the Charterers as sellers to Owners as buyers under the MOA;

(b) it becomes unlawful for the Owners (as buyers) to perform or comply with any or all of their obligations under the MOA or any of the obligations of the Owners under the MOA are not or cease to be legal, valid, binding and enforceable; and/or

(c) the MOA expires, is cancelled, terminated, rescinded or suspended or otherwise ceases to remain in full force and effect for any reason,

then this Charter shall immediately terminate and be cancelled (provided that any provision hereof expressed to survive such termination or cancellation shall so do in accordance with its terms) without the need for either of the Owners or the Charterers to take any action whatsoever.

CLAUSE 34 – DELIVERY OF VESSEL

34.1

(a) This Charter is part of a transaction involving the sale, purchase and charter back of the Vessel and constitutes one of the Leasing Documents.

(b) The obligation of the Owners to charter the Vessel to the Charterers hereunder is subject to and conditional upon:

(i) the delivery of the Vessel by the Charterers as sellers to the Owners as buyers in accordance with the terms of the MOA with such Delivery occurring on or before the Cancelling Date(and, for the purposes of this Charter, the Vessel shall be deemed delivered to the Charterers simultaneously with delivery of the Vessel to the Owners pursuant to the MOA);

(ii) no Potential Termination Event or Termination Event having occurred and being continuing as at the Commencement Date;

(iii) the representations and warranties contained in Clause 45 being true and correct on the date of this Charter and each day thereafter until and including the last day of the Charter Period;

(iv) the Owners having received from the Charterers:

(A) on or prior to Delivery, the documents or evidence set out in Part A of Schedule II in form and substance satisfactory to them; and

(B) after Delivery, the documents or evidence set out in Part B of Schedule II in form and substance satisfactory to them within the time periods set out thereunder;

and if any of the documents listed in sub-paragraph (iv) above are not in the English language then they shall be accompanied by a certified English translation.

34.2 The conditions precedent or conditions subsequent specified in Clause (b)(iv) are inserted for the sole benefit of the Owners and may be waived or deferred in whole or in part and with or without conditions by the Owners.

34.3 On delivery to and acceptance by the Owners of the Vessel under the MOA from the Charterers as sellers and subject to the provisions of this Clause 34, the Vessel shall be deemed to have been delivered to, and accepted without reservation by, the Charterers under this Charter and the Charterers shall become and be entitled to the possession and use of the Vessel on and subject to the terms and conditions of this Charter.

34.4 On Delivery, as evidence of the commencement of the Charter Period the Charterers shall sign and deliver to the Owners the Acceptance Certificate. Without prejudice to this Clause 34.4, the Charterers shall be deemed to have accepted the Vessel under this Charter and the commencement of the Charter Period having started, on Delivery even if for whatever reason, the Acceptance Certificate is not signed and/or the Charterers do not take actual possession of the Vessel at that time.

34.5 Save where any of the events set out under Clause 44.1(f) (iv), (v), (vi) and (viii) below applies in relation to the Owners (and in the absence of a Termination Event or Potential Termination Event having occurred at the same time), the Charterers shall not be entitled for any reason whatsoever to refuse to accept delivery of the Vessel under this Charter once the Vessel has been delivered to and accepted by the Owners under the MOA from the Charterers as sellers, and the Owners shall not be liable for any losses, costs or expenses whatsoever or howsoever arising including, without limitation, any loss of profit or any loss or otherwise:

(a) resulting directly or indirectly from any defect or alleged defect in the Vessel or any failure of the Vessel; or

(b) arising from any delay in the commencement of the Charter Period or any failure of the Charter Period to commence.

34.6 The Owners will not and shall not be obliged to deliver the Vessel to the Charterers with any bunkers and unused lubricating oils and greases (whether in storage tanks and unopened drums or otherwise) except such items (including bunkers, lubricating oils, unbroached provisions, paints, ropes and other consumable stores) as are on the Vessel on Delivery.

34.7 The Charterers shall, following the Owners' delivery of items on board the Vessel on Delivery pursuant to Clause 34.6, keep all such items on board the Vessel for the Charterers' own use.

CLAUSE 35 – QUIET ENJOYMENT

35.1 Provided that no Potential Termination Event or Termination Event has occurred pursuant to the terms of this Charter, the Owners hereby agree not to disturb or interfere (or instruct or authorise another party to disturb or interfere) with the Charterers' lawful use, possession and quiet enjoyment of the Vessel during the Charter Period.

35.2 The Owners shall use best endeavors to procure that their financier(s) enter into a Quiet Enjoyment Agreement with the Charterers on such terms as may be mutually agreed between the Owners, the Owners' financier(s) and the Charterers.

35.3 Subject to Clause 35.1 above, the Charterers acknowledge that, at any time during the Charter Period:

(a) the Owners are entitled to enter into certain funding arrangements with their financier(s), (the "**Mortgagee**"), in order to finance in part or in full of the Purchase Price (such financing amount not to exceed the Outstanding Principal Balance at the relevant time), which funding arrangements may be secured, *inter alia*, by the relevant Financial Instruments;

(b) the Owners may do any of the following as security for the funding arrangements referred to in paragraph (a) above:

(i) execute a ship mortgage over the Vessel or any other Financial Instrument in favour of a Mortgagee;

(ii) assign their rights and interests to, in or in connection with this Charter and any other Leasing Document in favour of that Mortgagee;

(iii) assign their rights and interests to, in or in connection with the Insurances, the Earnings and the Requisition Compensation of the Vessel in favour of that Mortgagee; and

(iv) enter into any other document or arrangement which is necessary to give effect to such financing arrangements; and

(c) the Charterers undertake to comply, and provide such information and documents reasonably required to enable the Owners to comply, with all such instructions or directions in regard to the employment, insurances, operation, repairs and maintenance of the Vessel as laid down in any Financial Instrument or as may be directed from to time during the currency of this Charter by the Mortgagee in conformity with any Financial Instrument. The Charterers further agree and acknowledge all relevant terms, conditions and provisions of each Financial Instrument (if any) and agree to acknowledge this in writing in any form that may be reasonably required by the Mortgagee.

CLAUSE 36 – CHARTERHIRE

36.1 In consideration of the Owners agreeing to charter the Vessel to the Charterers under this Charter at the request of the Charterers, the Charterers hereby irrevocably and unconditionally agree to pay to the Owners, the Charterhire, the Advance Charterhire and the Purchase Obligation Price or, as the case may be, the Purchase Option Price.

36.2 The Charterers shall pay the Advance Charterhire to the Owners on the Commencement Date which amount shall be deemed paid on such date by it being set off against an equivalent portion of the Purchase Price payable by the Owners as buyers to the Charterers as sellers under the MOA on the Commencement Date pursuant to the terms thereof and which, for the avoidance of any doubt, shall be unsecured and non-refundable under all circumstances and no interest shall accrue on the Advance Charterhire.

36.3 Subject to the terms of this Clause 36, the Charterers shall pay the Charterhire quarterly in arrears in twenty four (24) consecutive instalments to the Owners under this Charter with the first instalment of the Charterhire payable on the date falling three months after the Commencement Date and the final instalment of the Charterhire payable on the last day of the Charter Period.

36.4 The Vessel shall not at any time be deemed off-hire and the Charterers' obligation to pay all Charterhire, Advance Charterhire and other amounts payable under the Leasing Documents shall be absolute and unconditional under any and all circumstances and shall not be affected by any circumstances of any nature whatsoever including but not limited to:

(a) any set-off (except in the case of the Advance Charterhire which shall be set off in accordance with Clause 36.2), counterclaim, recoupment, defence, claim or other right which the Charterers may at any time have against the Owners or any other person for any reason whatsoever including, without limitation, any act, omission or breach on the part of the Owners under this Charter or any other agreement at any time existing between the Owners and the Charterers;

(b) any change, extension, indulgence or other act or omission in respect of any indebtedness or obligation of the Charterers, or any sale, exchange, release or surrender of, or other dealing in, any security for any such indebtedness or obligation;

(c) any title defect or encumbrance or any dispossession of the Vessel by title paramount or otherwise;

(d) any defect in the seaworthiness, condition, value, design, merchantability, operation or fitness for use of the Vessel or the ineligibility of the Vessel for any particular trade;

(e) the Total Loss or any damage to or forfeiture or court marshall's or other sale of the Vessel;

(f) any libel, attachment, levy, detention, sequestration or taking into custody of the Vessel or any restriction or prevention of or interference with or interruption or cessation in, the use or possession thereof by the Charterers;

(g) any insolvency, bankruptcy, reorganization, arrangement, readjustment, dissolution, liquidation or similar proceedings by or against the Charterers;

(h) any invalidity, unenforceability, lack of due authorization or other defects, or any failure or delay in performing or complying with any of the terms and provisions of this Charter or the other Leasing Documents by any party to this Charter or any other person;

(i) any enforcement or attempted enforcement by the Owners of their rights under this Charter or any of the Leasing Documents executed or to be executed pursuant to this Charter; or

(j) any loss of use of the Vessel due to deficiency or default or strike of officers or crew, fire, breakdown, damage, accident, defective cargo or any other cause which would or might but for this provision have the effect of terminating or in any way affecting any obligation of the Charterers under this Charter.

36.5 Time of payment of the Charterhire, the Advance Charterhire and other payments by the Charterers shall be of the essence of this Charter and the other Leasing Documents.

36.6 All payments of the Charterhire, the Advance Charterhire and any other amounts payable under the Leasing Documents shall be made in Dollars and shall be received by the Owners in same day available funds and by not later than 6:00pm (Shanghai time) on the due date thereof.

36.7 All Charterhire and any moneys payable hereunder shall be payable by the Charterers to the Owners to such account as the Owners may notify the Charterers in writing.

36.8 Payment of the Charterhire and the Advance Charterhire shall be at the Charterers' risk until receipt by the Owners.

36.9 All stamp duty, value added tax, withholding or other taxes (not including taxes levied on the income of the Owners) and import and export duties and all other similar types of charges which may be levied or assessed on or in connection with:

(a) the operation of this Charter in respect of the hire and all other payments to be made pursuant to this Charter and the remittance thereof to the Owners; and

(b) the import, export, purchase, delivery and re-delivery of the Vessel,

shall be borne by the Charterers. The Charterers shall pay, if applicable, value added tax and other similar tax levied on any Charterhire and Advance Charterhire and other payments payable under this Charter by addition to, and at the time of payment of, such amounts.

36.10 If the Charterers fail to make any payment due under this Charter on the due date, they shall pay interest on such late payment at the default rate of 2 per cent. (2 %) per annum (for the avoidance of doubt, such default interest rate applies in addition to the applicable Interest Rate if no payment default were to occur) from the date on which such payment became due until the date of payment thereof.

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

36.12 Any payment which is due to be made on a day which is not a Business Day, shall be made on the preceding Business Day in the same calendar month.

CLAUSE 37 – POSSESSION OF VESSEL

37.1 The Charterers shall not, without the prior written consent of the Owners, assign, mortgage or pledge the Vessel or any interest therein and shall not permit the creation of any Security Interest thereon other than the Permitted Security Interests.

37.2 The Charterers shall promptly notify any party including any Approved Subcharterer (as the Owners may request), in writing that the Vessel is the property of the Owners and the Charterers shall provide the Owners with a copy of such written notification and reasonably satisfactory evidence that such party has received such written notification.

37.3 Other than in the circumstances specified in Clause 37.4, if the Vessel is arrested, seized, impounded, forfeited, detained or taken out of their possession or control (whether or not pursuant to any distress, execution or other legal process but other than due to piracy events which are insured against pursuant to Clause 38), the Charterers shall procure the immediate release of the Vessel (whether by providing bail or procuring the provision of security or otherwise do such lawful things as the circumstances may require) and shall (if it will or is likely to exceed 30 days) immediately notify the Owners of such event and shall indemnify the Owners against all losses, documented costs or documented charges incurred by the Owners by reason thereof in re-taking possession or otherwise in re-acquiring the Vessel. Without prejudice to the generality of the foregoing, the Charterers agree to indemnify the Owners against all consequences or liabilities arising from the master, officers or agents signing bills of lading or other documents.

37.4 If the Vessel is arrested or otherwise detained solely because of the Owners' direct actions or omissions and for reasons which are not in any part a consequence of a Relevant Person's (or its affiliate's) contributory negligence and/or wilful misconduct, the Owners shall at their own expense take all reasonable steps to procure that within a reasonable time the Vessel is released, including the provision of bail.

37.5 The Charterers shall pay and discharge or cause any Approved Subcharterer to pay and discharge all obligations and liabilities whatsoever which have given or may give rise to liens on or claims enforceable against the Vessel and take all steps to prevent (and in connection with procuring any Approved Subcharterer in doing the above, take all reasonable steps to procure any Approved Subcharterer to prevent) an arrest (threatened or otherwise) of the Vessel.

Clause 38 – INSURANCE

38.1 The Charterers shall procure that insurances are effected in form and substance satisfactory to the Owners:

(a) in Dollars;

(b) in the case of fire and usual hull and machinery, marine risks and war risks (including blocking and trapping), on an agreed value basis in an amount of 120% of the higher from time to time of: (i) the aggregate of the then Outstanding Principal Balance and (ii) the lower of the Certified Book Value and Market Value;

(c) in the case of oil pollution liability risks for the Vessel, for an aggregate amount equal to the highest level of cover from time to time available under protection and indemnity club entry and in the international marine insurance market and for an amount of not less than $1,000,000,000; and

(d) in relation to protection and indemnity risks in respect of the full tonnage of the Vessel;

(e) through approved brokers and with first class international insurers and/or underwriters reasonably acceptable to the Owners (including having a Standard & Poor's rating of BBB+ or above, a Moody's rating of A or above or an AM Best rating of A- or above) or, in the case of war risks and protection and indemnity risks, in a war risks and protection and indemnity risks associations reasonably acceptable to the Owners (including being a member of the International Group of Protection and Indemnity Clubs); and

(f) on no less favourable terms which the Charterers may be under an obligation (if any) to maintain under the terms of any Approved Bareboat Subcharter.

38.2 In addition to the terms set out in Clause 13(a), the Charterers shall procure that the obligatory insurances shall:

(a) subject always to paragraph (ii), name the Charterers, the Approved Manager and the Owners (if so required by the Owners) as the only named assureds unless the interest of every other named assured or co-assured is limited:

(ii) in respect of any obligatory insurances for hull and machinery and war risks;

(1) to any provable out-of-pocket expenses that they have incurred and which form part of any recoverable claim on underwriters; and

(2) to any third party liability claims where cover for such claims is provided by the policy (and then only in respect of discharge of any claims made against them); and

(iii) in respect of any obligatory insurances for protection and indemnity risks, to any recoveries they are entitled to make by way of reimbursement following discharge of any third party liability claims made specifically against them,

and every other named assured or co-assured has undertaken in writing to the Owners or their financiers reasonably that any deductible shall be apportioned between the Charterers and every other named assured or co-assured in proportion to the gross claims made by or paid to each of them and that they shall do all things necessary and provide all documents, evidence and information to enable the Owners and their financiers (if any) in accordance with the terms of the loss payable clause, to collect or recover any moneys which at any time become payable in respect of the obligatory insurances;

(b) whenever a financier of the Owners requires:

(i) in respect of fire and other usual marine risks and war risks, name (or be amended to name) the same as additional named assured for their rights and interests, warranted no operational interest and with full waiver of rights of subrogation against such financiers, but without such financiers thereby being liable to pay (but having the right to pay) premiums, calls or other assessments in respect of such insurance;

(ii) in relation to protection and indemnity risks, name (or be amended to name) the same as additional insured or co-assured for their rights and interests to the extent permissible under the relevant protection and indemnity club rules; and

(iii) name the Owners' financiers (as applicable) and the Owners (as applicable) as the first ranking loss payee and the second ranking loss payee respectively (and in the absence of any financiers, the Owners as first ranking loss payee) in accordance with the terms of the relevant loss payable clauses approved by the Owners' financiers and the Owners (such approval not to be unreasonably withheld) with such directions for payment in accordance with the terms of such relevant loss payable clause, as the Owners and their financiers (if any) may specify;

(c) provide that all payments by or on behalf of the insurers under the obligatory insurances to the Owners and/or their financiers (as applicable) shall be made without set-off, counterclaim or deductions or condition whatsoever;

(d) provide that such obligatory insurances shall be primary without right of contribution from other insurances which may be carried by the Owners or their financiers (if any);

(e) provide that the Owners and/or their financiers (if any) may make proof of loss if the Charterers fail to do so; and

(f) provide that if any obligatory insurance is cancelled, or if any substantial change is made in the coverage which adversely affects the interest of the Owners, or if any obligatory insurance is allowed to lapse for non-payment of premium, such cancellation, change or lapse shall not be effective with respect to the Owners and/or their financiers (if any) for fourteen (14) days (or seven (7) days in the case of war risks), or such other period as may be agreed by the Owners and/or their financiers (if any), after receipt by the Owners and/or their financiers (if any) of prior written notice from the insurers of such cancellation, change or lapse.

38.3 The Charterers shall:

(a) at least fourteen (14) days prior to Delivery (or such shorter period agreed by the parties), notify in writing the Owners (copied to their financiers (if any)) of the terms and conditions of all Insurances;

(b) at least fourteen (14) days before the expiry of any obligatory insurance notify the Owners (copied to their financiers (if any)) of the brokers (or other insurers) and any protection and indemnity or war risks association through or with whom the Charterers propose to renew that obligatory insurance and of the proposed terms of renewal and obtain the Owners' approval (such approval not to be unreasonably withheld and who shall have regard to the requirements as to insurance cover required under the provisions of this Clause 38);

(c) at least seven (7) days before the expiry of any obligatory insurance, procure that such obligatory insurance is renewed or to be renewed on its expiry date in accordance with the provisions of this Charter;

(d) procure that the approved brokers and/or the war risks and protection and indemnity associations with which such a renewal is effected shall promptly after the renewal or the effective date of the new insurance and protection and indemnity cover notify the Owners (copied to their financiers (if any)) in writing of the terms and conditions of the renewal; and

(e) as soon as practicable after the expiry of any obligatory insurance, deliver to the Owners a letter of undertaking as required by this Charter in respect of such Insurances for the Vessel as renewed pursuant to this Clause 38.3 together with copies of the relevant policies or cover notes or entry certificates duly endorsed with the interest of the Owners and/or their financiers (if any).

38.4 The Charterers shall ensure that all insurance companies and/or underwriters, and/or (if any) insurance brokers provide the Owners with all copies of policies, cover notes and certificates of entry (originals where so requested by the Owners following the occurrence of a Termination Event or Potential Termination Event) relating to the obligatory insurances which they are to effect or renew and of a letter or letters or undertaking in a form required by the Owners (which the Charterers shall procure the relevant insurance companies, underwriters and/or insurance brokers to provide upon renewal or receipt of the insurance companies, underwriters and/of insurance brokers of an executed notice of assignment). Such letter or letters of undertaking shall include undertakings by the insurance companies and/or underwriters that:

(a) they will have endorsed on each policy, immediately upon issue, a loss payable clause and a notice of assignment complying with the provisions of this Charter and the Financial Instruments;

(b) they will hold the benefit of such policies and such insurances, to the order of the Owners and/or their financiers (if any) and/or such other party in accordance with the said loss payable clause;

(c) they will advise the Owners and their financiers (if any) promptly of any material change to the terms of the obligatory insurances of which they are aware;

(d) (i) they will indicate in the letters of undertaking that they will immediately notify the Owners and their financiers (if any) when any cancellation, charge or lapse of the relevant obligatory insurance occur and (ii) following a written application from the Owners and/or their financiers (if any) not later than one (1) month before the expiry of the obligatory insurances they will notify the Owners and their financiers (if any) not less than fourteen (14) days before the expiry of the obligatory insurances, in the event of their not having received notice of renewal instructions from the Charterers and, in the event of their receiving instructions to renew, they will promptly notify the Owners and their financiers (if any) of the terms of the instructions; and

(e) if any of the obligatory insurances form part of any fleet cover, the Charterers shall use best endeavours to procure that the insurance broker(s), or leading insurer, as the case may be, undertakes to the Owners and their financiers (if any) that such insurance broker or insurer will not set off against any sum recoverable in respect of a claim relating to the Vessel under

such obligatory insurances any premiums due in respect of any other vessel under any fleet cover of which the Vessel forms a part or any premium due for other insurances, they waive any lien on the policies, or any sums received under them, which they might have in respect of such premiums, and they will not cancel such obligatory insurances by reason of non-payment of such premiums or other amounts, and will arrange for a separate policy to be issued in respect of the Vessel forthwith upon being so requested by the Owners and/or their financiers (if any) and where practicable.

38.5 The Charterers shall ensure that any protection and indemnity and/or war risks associations in which the Vessel is entered provides the Owners with:

(a) a copy of the certificate of entry for the Vessel as soon as such certificate of entry is issued;

(b) a letter or letters of undertaking in such form as may be required by the Owners or in such association's standard form (following the relevant association's receipt of an executed notice of assignment upon the effecting or renewal of insurances); and

(c) a copy of each certificate of financial responsibility for pollution by oil or other Environmentally Sensitive Material issued by the relevant certifying authority in relation to the Vessel.

38.6 The Charterers shall ensure that all policies relating to obligatory insurances are deposited with the approved brokers through which the insurances are effected or renewed.

38.7 The Charterers shall procure that all premiums or other sums payable in respect of the obligatory insurances are punctually paid and produce all relevant receipts when so required by the Owners.

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

38.9 The Charterers shall neither do nor omit to do (nor permit to be done or not to be done) any act or thing which would or might render any obligatory insurance invalid, void, voidable or unenforceable or render any sum payable under an obligatory insurance repayable in whole or in part; and, in particular:

(a) the Charterers shall procure that all necessary action is taken and all requirements are complied with which may from time to time be applicable to the obligatory insurances, and (without limiting the obligations contained in this Clause) ensure that the obligatory insurances are not made subject to any exclusions or qualifications to which the Owners have not given their prior approval (unless such exclusions or qualifications are made in accordance with the rules of a protection and indemnity association which is a member of the International Group of protection and indemnity associations), such approval not to be unreasonably withheld;

(b) the Charterers shall not make or permit any changes relating to the classification or classification society or manager or operator of the Vessel unless such changes have first been approved by the underwriters of the obligatory insurances or the Owners (such approval not to be unreasonably withheld by the Owners' but always subject to the Owners receiving credit approval on such changes);

(c) as may be applicable, the Charterers shall procure that all quarterly or other voyage declarations which may be required by the protection and indemnity risks association in which the Vessel is entered to maintain cover for trading to the United States of America and Exclusive Economic Zone (as defined in the United States Oil Pollution Act 1990 or any other applicable legislation) are made and the Charterers shall promptly provide the Owners with copies of such declarations and a copy of the certificate of financial responsibility; and

(d) the Charterers shall not employ the Vessel, nor allow it to be employed, otherwise than in conformity with the terms and conditions of the obligatory insurances, without first obtaining the consent of the insurers and complying with any requirements (as to extra premium or otherwise) which the insurers specify.

38.10 The Charterers shall not make or agree to any material alteration to the terms of any obligatory insurance (relating to the identity of the beneficiaries under such insurances or scope of cover) nor waive any right relating to any obligatory insurance without the prior written consent of the Owners (such consent to only be required where such amendment or waiver adversely affects or potentially adversely affects the Owners' interests under the Leasing Documents and which is not to be unreasonably withheld or delayed).

In this Clause 38.10 "material" alterations shall include, without limitation, reduction to the insured amount, limitation on the scope of the cover and any other amendment which would cause a breach under the terms of this Charter, any other Leasing Document or any Approved Bareboat Subcharter.

38.11 The Charterers shall not settle, compromise or abandon any claim under any obligatory insurance for a Total Loss or for a Major Casualty, and shall do all things necessary and provide all documents, evidence and information to enable the Owners to collect or recover any moneys which at any time become payable in respect of the obligatory insurances.

38.12 The Charterers shall provide the Owners, promptly upon the Owners' written request, copies of:

(a) all communications between the Charterers and:

(i) the approved brokers; and

(ii) the approved protection and indemnity and/or war risks associations; and

(iii) the approved international insurers and/or underwriters, which relate directly or indirectly to:

(A) the Charterers' obligations relating to the obligatory insurances including, without limitation, all requisite declarations and payments of additional premiums or calls; and

(B) any credit arrangements made between the Charterers and any of the persons referred to in paragraphs (i) or (ii) relating wholly or partly to the effecting or maintenance of the obligatory insurances; and

any communication with all parties involved in case of a claim under any of the Vessel's insurances.

38.13 The Charterers shall promptly provide the Owners (or any persons which they may designate) with any information which the Owners reasonably request for the purpose of:

(a) obtaining or preparing any report from an independent marine insurance broker as to the adequacy of the obligatory insurances effected or proposed to be effected; and/or

(b) effecting, maintaining or renewing any such insurances as are referred to in Clause 13(a) or dealing with or considering any matters relating to any such insurances.

38.14 If one or more of the obligatory insurances are not effected and maintained with first class international insurers or are effected with an insurance or captive subsidiary of the Owners or the Charterers, then the Charterers shall procure, at their own expense, that the relevant insurers maintain in full force and effect facultative reinsurances with reinsurers and

through brokers, in each case, of recognised standing and acceptable in all respects to the Owners. Any reinsurance policy shall include, if and when permitted by law, a cut-through clause in a form acceptable to the Owners. The Charterers shall procure that underwriters of the primary insurances assign each reinsurance to the relevant financiers in full, if required.

38.15 The Charterers shall upon demand fully indemnify the Owners in respect of all premiums and other expenses which are reasonably incurred by (i) the Owners in connection with or with a view to effecting, maintaining or renewing an innocent owners' interest insurance, mortgagee's interest insurance and a lessor's/mortgagee's additional perils (pollution) insurance that is taken out in respect of the Vessel and/or (ii) the financier(s) of the Owners (if any) in connection with or with a view to effecting, maintaining or renewing a mortgagee's interest insurance and a mortgagee's additional perils (pollution) insurance that is taken out in respect of the Vessel, in each case, with the Charterers' insurance brokers as approved by the Owners (in their sole discretion) and provided that the Charterers shall provide the Owners, as soon as these are dispatched, with copies of all communications between the Charterers and such insurance brokers. In each case, the amount of the cover under the insurances referred to this Clause 38.15 shall be equal to at least 120% of the higher from time to time of (i) the Outstanding Principal Balance; (ii) the lower of the Certified Book Value and the Market Value.

38.16 The Charterers shall be solely responsible for and indemnify the Owners in respect of all loss or damage to the Vessel (insofar as the Owners shall not be reimbursed by the proceeds of any insurance in respect thereof) however caused occurring at any time or times before physical possession thereof is retaken by the Owners, reasonable wear and tear to the Vessel only excepted.

38.17 The Charterers shall:

(a) reimburse the Owners any expenses incurred by the Owners in obtaining the reports described in Clause 38.13 (provided that such reimbursement obligation does not arise for the second or subsequent report obtained for any given 12-month period); and

(b) procure that there is delivered to the brokers, insurers, underwriters, associations described in Clause 38.1(e) such information in relation to the Insurances as they may require.

38.18 The Charterers shall keep the Vessel insured at their expense against such other risks which the Owners consider reasonable for a prudent shipowner or operator to insure against at the relevant time (as notified by the Owners) and which are, at that time, generally insured against by owners or operators of vessels similar to the Vessel.

38.19 The Charterers shall, in the event that the Approved Manager makes a claim under any obligatory insurances taken out in connection with this Clause 38 but is unable to or otherwise fails to pay in full any deductible in connection with such claim (in an amount as apportioned between the Charterers and every other assured in proportion to the gross claims made by or paid to each of them), pay such shortfall in deductible payable on behalf of the Approved Manager.

CLAUSE 39 – WARRANTIES RELATING TO VESSEL

39.1 It is expressly agreed and acknowledged that the Owners are not the manufacturer or original supplier of the Vessel which has been purchased by the Owners from the Charterers as sellers pursuant to the MOA for the purpose of then chartering the Vessel to the Charterers hereunder and that no condition, term, warranty or representation of any kind is or has been given to the Charterers by or on behalf of the Owners in respect of the Vessel (or any part thereof).

39.2 All conditions, terms or warranties express or implied by the law relating to the specifications, quality, description, merchantability or fitness for any purpose of the Vessel (or any part thereof) or otherwise are hereby expressly excluded.

39.3 The Charterers agree and acknowledge that the Owners shall not be liable for any claim, loss, damage, expense or other liability of any kind or nature caused directly or indirectly by the Vessel or by any inadequacy thereof or the use or performance thereof or any repairs thereto or servicing thereof and the Charterers shall not by reason thereof be released from any liability to pay any Charterhire or the Advance Charterhire or other payment due under this Charter or the other Leasing Documents.

CLAUSE 40 – TERMINATION, REDELIVERY AND TOTAL LOSS

40.1 If the Termination Purchase Price becomes payable in accordance with Clause 44.3, the same shall be payable in consideration of the purchase and transfer of the legal and beneficial title of the Vessel pursuant to Clause 40.4 and it is hereby agreed by the parties hereto that payment of the Termination Purchase Price shall not be construed as a penalty but shall represent an agreed estimate of the loss and damage suffered by the Owners in buying the Vessel and entering into this Charter upon the terms and conditions contained herein, in each case, at the request of the Charterers and shall therefore be paid as compensation to the Owners for early termination and acquisition of the Vessel by the Charterers.

40.2 Upon receipt of the Termination Purchase Price by the Owners pursuant to Clause 40.1 in full, this Charter shall terminate.

40.3

(a) If the Charterers fail to make any payment of the Termination Purchase Price on the due date,

(i) Clauses 36.10 and 36.11 shall apply;

(ii) the Charterers' right to possess and operate the Vessel shall immediately cease and (without in any way affecting the Charterers' obligation to pay the Termination Purchase Price) the Charterers shall, upon the Owners' request (at Owners' sole discretion), be obliged to immediately (and at the Charterers' own cost) redeliver the Vessel to the Owners at such ready and nearest safe port as the Owners may require; further and for the avoidance of doubt, the Owners shall be entitled (at Owners' sole discretion) to operate the Vessel as they may require and may create whatsoever interests thereon, including without limitation charterparties or any other form of employment contracts ("**Post-enforcement Interests**"); and

(iii) the Owners shall be entitled (at Owners' sole discretion) to sell the Vessel on terms they deem fit (an "**Owners' Sale**").

(b) Prior to effecting an Owners' Sale, the Owners shall notify the Charterers in writing and the Charterers may within seven (7) Business Days thereafter submit to the Owners evidence (to the satisfaction of the Owners, acting reasonably) of a purchaser offering by way of a firm offer (subject to customary closing conditions and Owners' investigation on know-your-client issues) (a "**Charterers' Offer**") an amount at least equal to the higher of (i) the purchase price contemplated by the Owners' Sale and (ii) the then current amount of the Termination Purchase Price, in either case following which the Owners will use reasonable endeavours to enter into a memorandum of agreement (in a form acceptable to the Owners and the relevant counterparty buyer) pursuant to such Charterers' Offer.

(c) Without prejudice to the other provisions of this Clause 40.3, the Charterers may at any time following the occurrence of any event set out in Clause 44.2 or 44.3 (as the case may be) submit to the Owners evidence (to the satisfaction of the Owners, acting reasonably) of a Charterers' Offer in an amount at least equal to the then current amount of the Termination Purchase Price, in which case the Owners will use reasonable endeavours to enter into a memorandum of agreement (in a form acceptable to the Owners and the relevant counterparty buyer) pursuant to such Charterers' Offer.

(d) The proceeds of any sale of the Vessel pursuant to Clause 40.3(a)(iii) or (b) or (c) shall be applied:

(i) first, towards the Owners' documented costs incurred in relation to such sale;

(ii) second, towards payment of the outstanding Termination Purchase Price and other sums then due and payable to the Owners under the Leasing Documents; and

(iii) third, any remaining balance to be paid to the Charterers subject to all actual and/or contingent liabilities incurred under any of the Leasing Documents being fully discharged; provided also in the case of an Owners' Sale that if such proceeds are not in an amount sufficient to discharge in full the aggregate amounts due to the Owners under (i) and (ii), the Charterers shall continue to be liable for the shortfall.

40.4 Concurrently with the Owners receiving irrevocable payment of the Termination Purchase Price in full pursuant to the terms of this Charter, the Owners shall (save in the event of Total Loss or where ownership has already been or agreed to be transferred pursuant to Clause 40.3) transfer the legal and beneficial ownership of the Vessel on an "as is where is" basis (and, for the avoidance of doubt but without prejudice to Clause 49.1(b), subject to any Post-enforcement Interests), and otherwise in accordance with the terms and conditions set out at Clause 49.1(a) and (b)), to the purchaser under the Charterers' Offer and shall (at the cost of the Charterers or the purchaser under the Charterers' Offer) execute a bill of sale and a protocol of delivery and acceptance evidencing the same and any other document strictly necessary to transfer the title of the Vessel to the purchaser under the Charterers' Offer (and to the extent required for such purposes, the Vessel shall be deemed first to have been redelivered to the Owners).

40.5 The Charterers hereby undertake to indemnify the Owners against any claims incurred in relation to the Vessel as a result of the Charterers' action or performance prior to such transfer of ownership. Any taxes, notarial, consular and other costs, charges and expenses connected with closing of the Owners' register shall be for the Charterers' account.

40.6 If the Charterers are required to redeliver the Vessel to the Owners pursuant to Clause 40.3, the Charterers shall ensure that the Vessel shall, at the time of redelivery to the Owners (at Charterers' cost and expense):

(a) be in compliance with its Insurances;

(b) be in an equivalent classification as she was as at the Commencement Date without any outstanding recommendation or condition, and with valid, unextended certificates for not less than three (3) months and free of average damage affecting the Vessel's classification and in the same or as good structure, state, condition and classification as that in which she was deemed on the Commencement Date, fair wear and tear not affecting the Vessel's classification excepted;

(c) have passed her 5-year and if applicable, 10-year special surveys, and subsequent second intermediate surveys and drydock at the Charterers' time and expense without any condition or outstanding issue and to the satisfaction of the Classification Society and with all the Vessel's classification, trading, national and international certificates that the Vessel had when she was delivered under this Charter and the log book and whatsoever necessary relating to the operation of the Vessel, valid and un-extended without conditions or recommendation falling due;

(d) have her survey cycles up to date and trading and classification certificate valid for at least six (6) months;

(e) be redelivered to the Owners together with all spare parts and spare equipment as were on board at the time of Delivery and to the extent not already expended in the operation of the Vessel, and any such spare parts and spare equipment on board at the time of re-delivery shall be taken over by the Owners free of charge;

(f) be free of any Security Interest (save for the Security Interests granted pursuant to the Financial Instruments) and the Charterer shall use their best endeavours to procure that the Vessel is free of any cargo;

(g) be redelivered to the Owners together with all material information generated during the Charter Period in respect of the use, possession, operation, navigation, utilization of lubricating oil and the physical condition of the Vessel, whether or not such information is contained in the Charterers' equipment, computer or property;

(h) be free of any charter (unless the Owners wish to retain the continuance of any then existing charter;

(i) be free of officers and crew (unless otherwise agreed by the Owners); and

(j) shall have had her underwater parts treated with ample anti-fouling to last for the ensuing period up to the next scheduled dry docking of the Vessel.

40.7 The Owners shall, at the time of the redelivery of the Vessel, take over all bunkers, lubricating oil, unbroached provisions, paints, ropes and other consumable stores in the Vessel at no cost to the Owners.

40.8 If the Vessel, for any reason, becomes a Total Loss after Delivery, the Charterers shall pay the Termination Purchase Price to the Owners on the earlier of:

(a) the date falling one hundred and twenty (120) days after such Total Loss has occurred; and

(b) the date of receipt by the Owners and/or their financiers (if any), in accordance with the terms of the relevant loss payable clause, of the proceeds of insurance relating to such Total Loss,

provided that it is hereby agreed that any insurance proceeds in respect of the Vessel received by the Owners and/or their financiers (if any) shall be applied in or towards discharging the Charterers' obligation to pay the Termination Purchase Price and any interest accrued thereon (and such application shall be deemed satisfaction of the Charterers' obligation to pay the Termination Purchase Price to the extent so satisfied) and in the event that the insurance proceeds received from the insurers exceed the Termination Purchase Price due (and any interest accrued thereon), the excess shall be firstly paid towards satisfying any amounts outstanding and owing by the Charterers or any of their Affiliates under any Other Charter and thereafter paid to the Charterers by way of rebate of hire.

For the avoidance of doubt, in the event that the Vessel becomes a Total Loss:

(A) payment of the Charterhire and all other sums payable under the Leasing Documents during such period shall continue to be made by the Charterers in accordance with the terms thereof unless and until the Owners receive in full the Termination Purchase Price;

(B) should insurance proceeds be received by the Owners from the insurers, the Charterers' obligations to pay the Termination Purchase Price shall be accordingly reduced by an amount corresponding to such insurance proceeds but in the event that such insurance proceeds are less than the amount of the Termination Purchase Price together with any interest accrued thereon, the Charterers remain obliged to pay to the Owners the balance so that the full amount of the Termination Purchase Price due together with any interest accrued thereon is received by the Owners; and

(C) the obligation of the Charterers to pay the Termination Purchase Price shall remain unaffected and exist regardless of whether any of the insurers have agreed or refused to meet or have disputed in good faith, the claim for Total Loss.

40.9 The Owners shall have no obligation to supply to the Charterers with a replacement vessel following the occurrence of a Total Loss.

CLAUSE 41 – FEES AND EXPENSES

41.1 In consideration of the Owners entering into this Charter, the Charterers shall pay to the Owners or their nominee a non-refundable arrangement fee at such time and in such amount to be set out in a fee letter.

41.2 Without prejudice to any other rights of the Owners under this Agreement, the Charterers shall promptly pay to the Owners on written demand on a full indemnity basis:

(a) all documented costs, charges and expenses incurred by the Owners in collecting any Charterhire or Advance Charterhire or other payments not paid on the due date under this Charter, in remedying any other failure of the Charterers to observe the terms and conditions of this Charter and in enforcing the Owners' rights under any Leasing Document; and

(b) all documented costs and expenses (including, but not limited to, legal costs) incurred by the Owners in the negotiation and execution of all documentation in relation to this Charter and the other Leasing Documents including, but not limited to, all documented costs incurred by the Owners and all documented legal costs, expenses and other disbursements incurred by the Owners' legal counsels in connection with the same.

CLAUSE 42 - NO WAIVER OF RIGHTS

42.1 No neglect, delay, act, omission or indulgence on the part of either party in enforcing the terms and conditions of this Charter shall prejudice the strict rights of that party or be construed as a waiver thereof nor shall any single or partial exercise of any right of either party preclude any other or further exercise thereof.

42.2 No right or remedy conferred upon either party by this Charter shall be exclusive of any other right or remedy provided for herein or by law and all such rights and remedies shall be cumulative.

CLAUSE 43 - NOTICES

43.1 Any notice, certificate, demand or other communication to be served, given made or sent under or in relation to this Charter shall be in English and in writing and (without prejudice to any other valid method or giving making or sending the same) shall be deemed sufficiently given or made or sent if sent by registered post, fax or by email to the following respective addresses:

(A) to the Owners: **c/o CMB FINANCIAL LEASING CO., LTD.**
Attention: Wang Wei
Email: wangwei17@cmbchina.com
Tel: +8621 6106 1735
Fax: +8621 6105 9911*1735

(B) to the Charterers: **c/o NAVIOS TANKERS MANAGEMENT INC.**
Attention: Vassiliki Papaefthymiou
Email: vpapaefthymiou@Navios.com
Tel: +30 210 41 72 050
Fax: +30 210 41 72 070

or, if a party hereto changes its address or fax number, to such other address or fax number as that party may notify to the other.

CLAUSE 44 – TERMINATION EVENTS

44.1 The Owners and the Charterers hereby agree that any of the following events shall constitute a Termination Event:

(a) any of the Charterers or the Guarantor fails to make any payment on its due date under this Charter or any other Leasing Document to which they are a party or the Guarantor fails to make any payment on its due date under the Leasing Documents to which it is a party and in each case, such non-payment fails to be rectified within seven (7) Business Days of the relevant due date; or

(b) the Charterers breach or omit to observe or perform any of their undertakings in Clause 46.1 (n), (o), (p), (q), (r) or (v) or the Guarantor breaches or omits to observe or perform its financial covenants contained in clause 11.20 of the Guarantee; or the Charterers fail to obtain and/or maintain the Insurances required under Clause 38 in accordance with the provisions thereof or any insurer in respect of such Insurances cancels the Insurances or disclaims liability with respect thereto; or

(c) the Charterers and/or the Guarantor commits any other breach of, or omits to observe or perform, any of their other obligations or undertakings in this Charter or any Leasing Document (other than a breach referred to in paragraph (a) or (b) above) unless such breach or omission is, in the reasonable opinion of the Owners, remediable and the Charterers remedy and/or the Guarantor remedies such breach or omission to the satisfaction of the Owners within fourteen (14) Business Days of notice thereof from the Owners (except that in the case of Clause 46.1(k), the relevant period shall be ten (10) Business Days of notice thereof from the Owners); or

(d) any representation or warranty made by the Charterers or the Guarantor or the Approved Manager in or pursuant to any Leasing Document proves to be untrue or misleading in a material way when made; or

(e) any of the following occurs in relation to any Financial Indebtedness of a Relevant Person:

(i) any Financial Indebtedness of a Relevant Person is not paid when due or, if so payable, on demand after any applicable grace period has expired; or

(ii) any Financial Indebtedness of a Relevant Person becomes due and payable, or capable of being declared due and payable, prior to its stated maturity date as a consequence of any event of default and not as a consequence of the exercise of any voluntary right of prepayment; or

(iii) a lease, hire purchase agreement or charter creating any Financial Indebtedness of a Relevant Person is terminated by the lessor or owner as a consequence of any termination event or event of default (howsoever defined); or

(iv) any overdraft, loan, note issuance, acceptance credit, letter of credit, guarantee, foreign exchange or other facility, or any swap or other derivative contract or transaction, relating to any Financial Indebtedness of a Relevant Person ceases to be available or becomes capable of being terminated or declared due and payable or cash cover is required or becomes capable of being required, as a result of any termination event or event of default (howsoever defined),

provided that no Termination Event will occur under this Clause 44.1(e) in respect of a Relevant Person or a subsidiary of the Guarantor if the aggregate amount of Financial Indebtedness or commitment for Financial Indebtedness falling within paragraphs (i) to (iv) above is less than (A) in the case of a Relevant Person (other than the Guarantor), $1,000,000 (or its equivalent in any other currency) in aggregate and (B) in the case of the Guarantor, less than $5,000,000 (or its equivalent in any other currency) in aggregate, and in each of (A) and (B) above, not including any Financial Indebtedness arising directly from a claim which is frivolous or vexatious and is discharged, stayed or dismissed within 14 days of commencement.

(f) any of the following occurs in relation to a Relevant Person:

(i) a Relevant Person becomes, in the reasonable opinion of the Owners, unable to pay their debts as they fall due; or

(ii) any assets of a Relevant Person, or any assets of the Guarantor exceeding the value of $10,000,000 (or its equivalent in any other currency) in aggregate, or the Vessel are subject to any form of execution, attachment, arrest, sequestration or distress which is not discharged within thirty (30) days (or such longer period agreed by the Owners); or

(iii) any administrative or other receiver is appointed over all or a substantial part of the assets of a Relevant Person unless as part of a solvent reorganisation which has been approved by the Owners; or

(iv) a Relevant Person makes any formal declaration of bankruptcy or any formal statement to the effect that they are insolvent or likely to become insolvent, or a winding up or administration order is made in relation to a Relevant Person, or the members or directors of a Relevant Person pass a resolution to the effect that they should be wound up, placed in administration or cease to carry on business; or

(v) a petition is presented in any Relevant Jurisdiction for the winding up or administration, or the appointment of a provisional liquidator, of a Relevant Person unless the petition is being contested in good faith and on substantial grounds and is dismissed or withdrawn within thirty (30) days of the presentation of the petition; or

(vi) a Relevant Person petitions a court, or presents any proposal for, any form of judicial or non-judicial suspension or deferral of payments, reorganisation of their debt (or certain of their debt) or arrangement with all or a substantial proportion (by number or value) of their creditors or of any class of them or any such suspension or deferral of payments, reorganisation or arrangement is effected by court order, contract or otherwise; or

(vii) any meeting of the members or directors of a Relevant Person is summoned for the purpose of proposing to authorise or take any action of a type described in paragraphs (iii) to (vi); or

(viii) in a country other than England and Wales, any event occurs or any procedure is commenced which, in the reasonable opinion of the Owners, is similar to any of the foregoing referred to in (ii) to (vii) above inclusive; or

(ix) any expropriation, attachment, sequestration, distress or execution (or any analogous process in any jurisdiction) affects any asset or assets of a Relevant Person; or

(g) a Relevant Person suspends or ceases carrying on its business; or

(h) any consent, approval, authorisation, license or permit necessary to enable the Charterers, any Approved Subcharterer or any Approved Manager to operate or charter the Vessel to enable them to comply with any provision of any Leasing Document, as the case may be, to ensure that the obligations of the Charterers, Approved Subcharterer or Approved Manager (as the case may be) are legal, valid, binding or enforceable is not granted, expires without being renewed, is revoked or becomes liable to revocation or any condition of such a consent, approval, authorisation, license or permit is not fulfilled; or

(i) any event or circumstance occurs which has or is likely to have a Material Adverse Effect; or

(j) this Charter or any Leasing Document or any Security Interest created by a Leasing Document is cancelled, terminated, rescinded or suspended or otherwise ceases to remain in full force and effect for any reason or no longer constitutes valid, binding and enforceable obligations of any party to that document for any reason whatsoever; or

(k) a Relevant Person or Approved Manager rescinds or purports to rescind or repudiates or purports to repudiate a Leasing Document; or

(l) it is or has become:

(i) unlawful or prohibited, whether as a result of the introduction of a new law, an amendment to an existing law or a change in the manner in which an existing law is or will be interpreted or applied; or

(ii) contrary to, or inconsistent with, any regulation,

for any Relevant Person or Approved Manager to maintain or give effect to any of its obligations under this Charter or any of the other Leasing Documents to which it is a party in the manner it is contemplated under such Leasing Document or any of the obligations of such Relevant Person or Approved Manager under any Leasing Document to which it is a party are not or cease to be legal, valid, binding and enforceable; or

(m) the Security Interest constituted by any Security Document is in any way imperilled or in jeopardy; or

(n) the Vessel is not delivered latest by the Cancelling Date; or

(o) there is a merger, amalgamation, demerger or corporation reconstructions of a Relevant Person (other than where, in the case of the Guarantor, the Guarantor remains the surviving legal entity following the occurrence of such event) or a change of control or legal or beneficial ownership of the Charterers from that set out in Clause 45.1(a) and (b) without disclosure to the Owners and the Owners' prior written consent;

(p) there is a change in control of the Guarantor from that set out in Clause 45.1(c) without disclosure to the Owners and the Owners' prior written consent;

(q) the Guarantor is de-listed from the New York Stock Exchange or has its shares trading at the New York Stock Exchange suspended for any reason;

(r) any Termination Event (as defined in any Other Charter) occurs under such Other Charter; or

(s) the occurrence of any of the following events;

  (i) an event of default or termination event howsoever called under the terms of any Approved Bareboat Subcharter entitling the Charterers to terminate such Approved Bareboat Subcharter; or

  (t) an event of default or termination event howsoever called under the terms of any Approved Bareboat Subcharter entitling the Approved Subcharterer of such Approved Bareboat Subcharter to terminate such Approved Bareboat Subcharter which has not been unconditionally waived by such Approved Bareboat Subcharterer.

44.2 Subject to Clause 44.3 below, upon the occurrence of a Termination Event which is continuing (other than pursuant to: (i) Clause (f), in which case the Owner's entitlement to issue the notice of termination to the Charterers under Clause 44.3 shall immediately arise), the Owners shall notify the Charterers of occurrence of the same (the "**Termination Event Notice**") whereupon the Charterers may, within three (3) Business Days of the date of the Termination Event Notice, provide to the Owners a written notice advising the Owners of their intention to pay the Charterer Termination Purchase Price to the Owners and terminate this Charter in accordance with the procedures set out in Clause 40.

44.3 If the Charterers do not notify the Owners of their intention to terminate this Charter pursuant to Clause 44.2 within three (3) Business Days of the date of the Termination Event Notice, or a Termination Event is continuing pursuant to Clause (f), then the Owners shall be entitled, provided the Termination Event is continuing, by notice to the Charterers to terminate this Charter at any time, and the Charterers shall be required to pay to the Owners the Termination Purchase Price in accordance with the procedures set out in Clause 40.

44.4 For the avoidance of doubt, notwithstanding any action taken by the Owners following a Termination Event, the Charterers shall remain liable for the outstanding obligations on their part to be performed under this Charter.

44.5 Without limiting the generality of the foregoing or any other rights of the Owners, upon the occurrence of a Termination Event which is continuing, the Owners shall have the sole and exclusive right and power to (i) settle, compromise, compound, adjust or defend any actions, suits or proceedings relating to or pertaining to the Vessel and this Charter, (ii) make proof of loss, appear in and prosecute any action arising from any policy or policies of insurance maintained pursuant to this Charter, and settle, adjust or compromise any claims for loss, damage or destruction under, or take any other action in respect of, any such policy or policies and (iii) change or appoint a new manager for the Vessel other than the Approved Manager and the appointment of the Approved Manager may be terminated immediately without any recourse to the Owners.

CLAUSE 45 – REPRESENTATIONS AND WARRANTIES

45.1 The Charterers represent and warrant to the Owners as of the date of this Charter, and on the first day of each Term as follows:

(a) the Charterers are wholly legally owned by the Shareholder and the Shareholder is wholly legally owned by the Guarantor;

(b) the Charterers are wholly beneficially owned by the Guarantor;

(c) Mrs Angeliki Frangou either directly or indirectly (through entities owned and controlled by her or trusts or foundations of which she is the beneficiary) and/or Navios Maritime Holdings Inc. is the ultimate beneficial owner of, or has ultimate control of the voting rights attaching to, 30 per cent. of all the issued shares in the Guarantor;

(d) each of the Relevant Persons and Approved Manager is duly incorporated and validly existing under the laws of its jurisdiction of its incorporation;

(e) each of the Relevant Persons and the Approved Manager has the corporate capacity, and has taken all corporate actions and obtained all consents, approvals, authorisations, licenses or permits necessary for it:

(i) to execute each of the Leasing Documents to which it is a party; and

(ii) to comply with and perform its obligations under each of the Leasing Documents to which it is a party;

(f) all the consents, approvals, authorisations, licenses or permits referred to in Clause 45.1(e) remain in force and nothing has occurred which makes any of them liable to revocation;

(g) each of the Leasing Documents to which a Relevant Person or Approved Manager is a party constitutes such Relevant Person's or Approved Manager's legal, valid and binding obligations enforceable against such party in accordance with its respective terms and any relevant insolvency laws affecting creditors' rights generally;

(h) no third party has any Security Interest, other than the Permitted Security Interests, or any other interest, right or claim over, in or in relation to the Vessel, this Charter or any moneys payable hereunder and/or any of the other Leasing Documents;

(i) all payments which a Relevant Person is liable to make under any Leasing Document to which such Relevant Person is a party may be made by such party without deduction or withholding for or on account of any tax payable under the laws of the jurisdiction of incorporation;

(j) no legal or administrative action involving a Relevant Person or Approved Manager has been commenced or taken which is likely to have a Material Adverse Effect;

(k) each of the Relevant Persons and Approved Manager has paid all taxes applicable to, or imposed on or in relation to it, its business or if applicable, the Vessel, except for those being contested in good faith with adequate reserves;

(l) the choice of governing law as stated in each Leasing Document to which a Relevant Person or Approved Manager is a party and the agreement by such party to refer disputes to the relevant courts or tribunals as stated in such Leasing Document are valid and binding against such Relevant Person or Approved Manager;

(m) no Relevant Person or Approved Manager nor any of their assets are entitled to immunity on the grounds of sovereignty or otherwise from any legal action or proceeding (which shall include, without limitation, suit, attachment prior to judgment, execution or other enforcement);

(n) the obligations of each Relevant Person or Approved Manager under each Leasing Document to which it is a party, are the direct, general and unconditional obligations of such Relevant Person and, rank at least *pari passu* with all other present and future unsecured and unsubordinated creditors of such Relevant Person save for any obligation which is mandatorily preferred by law and not by virtue of any contract;

(o) no Relevant Person or Approved Manager is a US Tax Obligor, and no Relevant Person has established a place of business in the United Kingdom or the United States of America;

(p) no Relevant Person, Approved Manager nor any of their respective directors, officers, employees or agents is a Restricted Person and to the best of the Charterers' knowledge and belief (after due and careful enquiry), no Approved Subcharterer nor any of its directors, officers, employees or agents is a Restricted Person;

(q) each Relevant Person and Approved Manager and their respective directors, officers, employees and agents, and to the best of the Charterers' knowledge and belief (after due and careful enquiry), the Approved Subcharterer and its directors, officers, employees and agents, is in compliance with all Sanctions laws, and none of them have been or are currently being investigated on compliance with Sanctions, they have not received notice or are aware of any claim, action, suit or proceeding against any of them with respect to Sanctions and they have not taken any action to evade the application of Sanctions;

(r) each Relevant Person and Approved Manager, and to the best of the Charterers' knowledge and belief (after due and careful enquiry) the Approved Subcharterer, is not in breach of Anti-Money Laundering Laws, Anti-Terrorism Financing Laws and/or Business Ethics Laws and each of the Relevant Persons and Approved Manager has instituted and maintained systems, controls, policies and procedures designed to:

(i) prevent and detect incidences of bribery and corruption, money laundering and terrorism financing; and

(ii) promote and achieve compliance with Anti-Money Laundering Laws, Anti-Terrorism Financing Laws and Business Ethics Laws.

(s) none of the Relevant Persons and the Approved Manager or any of their assets, in each case, has any right to immunity from set off, legal proceedings, attachment prior to judgment or other attachment or execution of judgment on the grounds of sovereign immunity or otherwise;

(t) none of the Relevant Persons and the Approved Manager is insolvent or in liquidation or administration or subject to any other formal or informal insolvency procedure, and no receiver, administrative receiver, administrator, liquidator, trustee or analogous officer has been appointed in respect of the Relevant Persons or the Approved Manager or all or material part of their assets;

(u) that in respect of any Approved Subcharter:

(i) the copy of such Approved Subcharter provided to the Owners (if required to be provided under the terms of this Charter) is a true and complete copy;

(ii) in the case of an Approved Bareboat Subcharter being a bareboat charter, the relevant Approved Subcharterer is fully aware of the transactions contemplated under this Charter;

(v) no Termination Event or Potential Termination Event is continuing or might reasonably be expected to result from the entry into and performance of this Charter or any other Leasing Document;

(w) as at the date of this Charter, the Charterers have not entered into any other investments, any sale or leaseback agreements, any off-balance sheet transaction or incur any other liability or obligation (including without limitation, any Financial Indebtedness of any obligations under a guarantee) except:

(i) liabilities and obligations under the Leasing Documents to which it is or, as the case may be, will be a party and under the relevant Indenture Guarantee; or

(ii) liabilities or obligations reasonably incurred in the normal course of its business of trading, operating and chartering, maintaining and repairing the Vessel; and

(x) any factual information provided by the Charterers (or on their behalf) to the Owners was true and accurate in all material respects as at the date it was provided or as the date at which such information was stated; and

(y) the entry by each Relevant Person into any Leasing Document does not in any way cause any breach, and is in all respects permitted, under the terms of the Indenture or any other document which is entered into under or in connection with the Indenture (including, without limitation, any Indenture Guarantee).

CLAUSE 46 – CHARTERERS' UNDERTAKINGS

46.1 The Charterers undertake that they shall comply or procure compliance with the following undertakings commencing from the date of this Charter and up to the last day of the Charter Period:

(a) there shall be sent to the Owners:

(i) as soon as possible, but in no event later than 90 days after the end of each financial half-year, the consolidated semi-annual accounts of the Guarantor certified as to their correctness by an officer of the Guarantor;

(ii) as soon as possible, but in no event later than 180 days after the end of each financial year of the Guarantor, the audited consolidated annual financial reports of the Guarantor;

(b) they will provide to the Owners, promptly at the Owners' request, copies of all notices and minutes relating to any of their extraordinary shareholders' meeting which are despatched to the Charterers' or the Guarantor's respective shareholders or any class of them, save that publicly disclosed notices and minutes not concerning the Vessel or these Leasing Documents need not be provided to the Owners under this clause;

(c) they will provide to the Owners, promptly at the Owners' requests, copies of all notices and and notices of meetings which are despatched to the Charterers' or Guarantors' other creditors (if any);

(d) they will provide or will procure that each Relevant Person and Approved Manager provides the Owners with details of any legal, arbitral or administrative action involving such Relevant Person or Approved Manager or the Vessel as soon as such action is instituted or it becomes apparent to such Relevant Person or Approved Manager that it is likely to be instituted and is likely to have a material adverse effect on the ability of a Relevant Person or Approved Manager to perform their obligations under each Leasing Document to which it is a party (and in the case of such Relevant Person being the Guarantor, where the claim under such legal, arbitral or administrative action exceeds the sum of US$5,000,000);

(e) they will, and will procure that each other Relevant Person and Approved Manager obtains and promptly renews or procure the obtainment or renewal of and provide copies of, from time to time, any necessary consents, approvals, authorisations, licenses or permits of any regulatory body or authority for the transactions contemplated under each Leasing Document to which it is a party (including without limitation to sell, charter and operate the Vessel);

(f) they will not, and will procure that each other Relevant Person and Approved Manager will not, create, assume or permit to exist any Security Interest of any kind upon any Leasing Document to which such Relevant Person or Approved Manager is a party, and if applicable, the Vessel, in each case other than the Permitted Security Interests;

(g) they will at their own cost, and will procure that each other Relevant Person and Approved Manager will:

(i) do all that such Relevant Person or Approved Manager reasonably can to ensure that any Leasing Document to which such Relevant Person or Approved Manager is a party validly creates the obligations and the Security Interests which such Relevant Person purports to create; and

(ii) without limiting the generality of paragraph (i), promptly register, file, record or enrol any Leasing Document to which such Relevant Person or Approved Manager is a party with any court or authority in all Relevant Jurisdictions, pay any stamp duty, registration or similar tax in all Relevant Jurisdictions in respect of any Leasing Document to which such Relevant Person or Approved Manager is a party, give any notice or take any other step which, is or has become necessary or desirable for any such Leasing Document to be valid, enforceable or admissible in evidence or to ensure or protect the priority of any Security Interest which such Relevant Person or Approved Manager creates;

(h) they will, and will procure that each other Relevant Person, notify the Owners immediately of the occurrence of:

(i) any damage and/or alteration caused to the Vessel by any reason whatsoever which results, or may be expected to result, in repairs on the Vessel which exceed $1,000,000;

(ii) any material safety incidents taking place on board the Vessel;

(iii) any Termination Event;

(iv) any default by either the Approved Bareboat Subcharterer or Charterers of the terms of any Approved Bareboat Subcharter;

(v) an event of default or termination event howsoever called under the terms of any Approved Bareboat Subcharter entitling either the Charterers to terminate such Approved Bareboat Subcharter; or

(vi) an event of default or termination event howsoever called under the terms of any Approved Bareboat Subcharter entitling the relevant Approved Subcharterer to terminate such Approved Bareboat Subcharter which has not been unconditionally waived by such Approved Bareboat Subcharterer,

and will keep the Owners fully up-to-date with all developments and the Charterers will, if so requested by the Owners, provide any such certificate signed by its director, confirming that there exists no Potential Termination Event or Termination Event;

(i) they will, and will procure that each other Relevant Person and Approved Manager will, as soon as practicable after receiving the request, provide the Owners with any additional financial or other information relating:

(i) to themselves and/or the Vessel (including, but not limited to the condition and location of the Vessel); or

(ii) to any other matter relevant to, or to any provision of any Leasing Document to which it is a party,

which may be reasonably requested by the Owners (or their financiers (if any)) at any time;

(j) without prejudice to Clause 46.1(n), comply, or procure compliance, and will procure that each other Relevant Person, Approved Subcharterer and Approved Manager will comply or procure compliance, with all laws or regulations relating to the Vessel and its ownership, employment, operation, management and registration, including the ISM Code, the ISPS Code, all Environmental Laws and the laws of the Vessel's registry;

(k) the Vessel shall be classed with the Classification Society and shall be free of all overdue recommendations and requirements;

(l) they will ensure and procure that:

(i) the Market Value of the Vessel shall be ascertained from time to time in the following circumstances:

(aa) upon the occurrence of a Potential Termination Event or a Termination Event which is continuing, at any time at the request of the Owners; and

(bb) in the absence of occurrence of a Potential Termination Event or Termination Event:

(i) no more than once every calendar year, with such report to be dated no more than 30 calendar days prior to every anniversary of the Commencement Date occurring within the Charter Period or on such other date as the Owners may request; and

(ii) at any time at the request of the Owners if the Owners have determined (in their sole discretion) that the Market Value of the Vessel falls below an amount equal to 110% of the Outstanding Principal Balance from time to time.

(ii) the Charterers shall pay the amount of the fees and expenses incurred by the Owners in connection with any matter arising out of this paragraph (l);

(m) they will notify the Owners immediately of:

(i) any Environmental Claim which is made against the Charterers, Approved Subcharterer or Manager in connection with the Vessel or any Environmental Incident;

(ii) any arrest or detention of the Vessel (that will or is likely to exceed 45 days), any exercise or purported exercise of any lien on that Vessel or its Earnings or any requisition of that Vessel for hire; and

(iii) any casualty or occurrence as a result of which the Vessel has become or is, by the passing of time or otherwise, likely to become, a Major Casualty;

(n) they shall comply, shall procure that each other Relevant Person and Approved Manager comply, and shall use all reasonable endeavours to procure that the Approved Subcharterer comply, with all laws and regulations in respect of Sanctions, and in particular, they shall effect and maintain a sanctions compliance policy to ensure compliance with all such laws and regulations implemented from time to time;

(o) the Vessel shall not be employed, operated or managed in any manner which (i) is contrary to any Sanctions and in particular, the Vessel shall not be used by or to benefit any party which is a target of Sanctions and/or is a Restricted Person or trade to any area or country where trading the Vessel to such area or country would constitute or reasonably be expected to constitute a breach of any Sanctions or published boycotts imposed by any of the United Nations, the European Union, the United States of America, the United Kingdom

or the People's Republic of China, (ii) would result or reasonably be expected to result in any Relevant Person, Approved Subcharterer, Approved Manager or the Owners becoming a Restricted Person or (iii) would trigger the operation of any sanctions limitation or exclusion clause in any insurance documentation;

(p) they shall, shall procure that each other Relevant Person and Approved Manager shall, and shall use all reasonable endeavours to procure that the Approved Subcharterer shall, promptly notify the Owners of any non-compliance, by any Relevant Person, Approved Subcharterer or Approved Manager or their respective officers, directors, employees, consultants, agents or intermediaries, with all laws and regulations relating to Sanctions, Anti-Money Laundering Laws, Anti-Terrorism Financing Laws and/or Business Ethics Laws (including but not limited to notifying the Owners in writing immediately upon being aware that any Relevant Person, Approved Subcharterer, Approved Manager or its shareholders, directors, officers or employees is a Restricted Person or has otherwise become a target of Sanctions) as well as provide all information (once available) in relation to its business and operations which may be relevant for the purposes of ascertaining whether any of the aforesaid parties are in compliance with such laws;

(q) they shall, shall procure that each other Relevant Person and Approved Manager shall, and shall use all reasonable endeavours to procure that the Approved Subcharterer shall, (in each case above, including procuring or as the case may be, using all reasonable endeavours to procure the respective officers, directors, employees, consultants, agents and/or intermediaries of the relevant entity to do the same) shall:

(i) comply with all Anti-Money Laundering Laws, Anti-Terrorism Financing Laws and Business Ethics Laws;

(ii) maintain systems, controls, policies and procedures designed to promote and achieve ongoing compliance with Anti-Money Laundering Laws, Anti-Terrorism Financing Laws and Business Ethics Laws; and

(iii) in respect of the Charterers, not use, or permit or authorize any person to directly or indirectly use, the Financing Amount for any purpose that would breach any Anti-Money Laundering Laws, Anti-Terrorism Financing Laws or Business Ethics Laws;

(r) in respect of the Charterers, not lend, invest, contribute or otherwise make available the Financing Amount to or for any other person in a manner which would result in a violation of Anti-Money Laundering Laws, Anti-Terrorism Financing Laws or Business Ethics Laws;

(s) they shall not appoint or permit to be appointed any manager of the Vessel unless it is the Approved Manager appointed on terms acceptable to the Owners and their financiers (if any) and such Approved Manager has (prior to accepting its appointment) entered into a Manager's Undertaking;

(t) they shall ensure that all Earnings and any other amounts received by them in connection with the Vessel are paid into the Earnings Account;

(u) if at any time during the Charter Period, the Market Value of the Vessel falls below an amount equal to 110% of the Outstanding Principal Balance, the Charterers shall, upon request, promptly and in any event not later than the date falling 30 days after the Owners notify them of such circumstance to prepay such part of the Charterhire Principal Balance and such prepayment should be applied towards payment and satisfaction of Charterhire A (or part thereof) payable in inverse chronological order payable or, as the case may be, in the event of the Charterers' exercise of the Purchase Option under Clause 47, the Purchase Option Price (or part thereof) without prejudice to the terms of Clause 47.4.

(v) if at any time during the Charter Period, the most recent audited consolidated annual financial reports of the Guarantor provided under Clause 46.1(a)(ii) shows a Net Income Loss for two consecutive financial years of the Guarantor (for the avoidance of doubt, the financial year of the Guarantor ending on 31 December 2018 shall constitute the first such financial year of the Guarantor for the purposes of the determination under this Clause in the period from the commencement of the Charter to such date that the audited consolidated annual financial reports of the Guarantor for the financial year ending on 31 December 2018 are provided to the Owners under Clause 46.1(a)(ii)), the Charterers shall, upon request, promptly and in any event not later than the date falling 30 days of the filing of the most recent audited consolidated annual financial report of the Guarantor, prepay such part of the Charterhire Principal Balance equivalent to one instalment of Charterhire A and such prepayment should be applied towards payment and satisfaction of Charterhire A (or part thereof) payable in inverse chronological order payable, or as the case may be, in the event of the Charterers' exercise of the Purchase Option under Clause 47, the Purchase Option Price (or part thereof) without prejudice to the terms of Clause 47.4).

For the avoidance of doubt:

(i) the Owners shall not be liable for any claim by the Charterers for interest alleged to be accrued on any amount prepaid under this Clause 46.1(v); and

(ii) if a prepayment is made in accordance with this Clause 46.1(v) in respect of any two consecutive financial years during the Charter Period where a Net Income Loss has occurred, neither of such financial years shall be taken into account for any subsequent test to be applied in accordance with this Clause 46.1(v);

(w) upon request, they will provide or they will procure to be provided to the Owners the report(s) of the survey(s) conducted pursuant to Clause 7 of this Charter in form and substance satisfactory to the Owners;

(x) they shall not permit the sub-chartering of the Vessel (other than pursuant to the Subcharter) save for an Approved Subcharter provided that:

(i) in the case of a request from the Charterers for the Owners' written consent to the terms of an Approved Subcharter being a time charter exceeding or capable of exceeding twelve (12) months (taking into account any optional extension periods), the Owners shall respond to such request within one Business Day or any other longer period agreed between the Owners and the Charterers;

(ii) as a condition precedent to the execution of any Approved Subcharter being a bareboat charter or a time charter of a period exceeding or capable of exceeding twelve (12) months (taking into account any optional extension periods), the Charterers assign all their rights and interests under such Approved Subcharter and uses reasonable endeavours to procure such Approved Subcharter to give a written acknowledgment of such assignment and provide such documents as the Owners may reasonably require regarding the due execution of such Approved Subcharter;

(y) in respect of an Approved Subcharter (other than a Short Term Time Subcharter) which contains an option to extend the charter period, they shall notify the Owners as soon as they become aware that the relevant Approved Subcharterer does not intend to, or has not by the date falling 20 days prior to the date on which such Approved Subcharter will expire, exercise the relevant option to extend the time charter period of the Subcharter in accordance with the terms thereunder;

(z) in respect of an Approved Subcharter other than a Short Term Time Subcharter, save with the prior written consent of the Owners, they shall not, and shall procure that the relevant Approved Subcharterer shall not, agree or enter into any transaction, arrangement, document or do or omit to do anything which will have the effect of varying, amending, supplementing or waiving any material term of any such Approved Subcharter.

In this Clause 46.1(z), "**material term**" means, without limitation, terms regarding payment of hire (unless such amendment contemplates increase of hire rate), duration of charter period, off-hire and termination events;

(aa) they shall not make or pay any dividend or other distribution (in cash or in kind) in respect of its share capital following the occurrence of a Potential Termination Event or Termination Event or which would result in a Potential Termination Event or Termination Event;

(bb) the Vessel shall be registered under the Flag State at all times; and

(cc) they shall not enter into any other investments, any sale or leaseback agreements, any off-balance sheet transaction or incur any other liability or obligation (including without limitation, any Financial Indebtedness of any obligations under a guarantee) except:

(i) liabilities and obligations under the Leasing Documents to which it is or, as the case may be, will be a party and under the relevant Indenture Guarantee; or

(ii) liabilities or obligations reasonably incurred in the normal course of its business of trading, operating and chartering, maintaining and repairing the Vessel.

CLAUSE 47 PURCHASE OPTION

47.1 The Charterers shall have the option to purchase the Vessel on any date (the "**Purchase Option Date**") specified in such notice (the "**Purchase Option Notice**") at the Purchase Option Price on any of the following instances:

(a) on the occurrence of any of the events set out under Clause 44.1(f) (iv), (v), (vi) and (viii) in respect of the Owners;

(b) where the Owners cease to be under the control of the China Merchants Group; or

(c) on and from the second anniversary of the Commencement Date (subject always to giving the Owners not less than forty five (45) Business Days' prior written notice),

provided that in the case of paragraph (c) above, the Purchase Option Date shall fall on a Payment Date.

47.2 A Purchase Option Notice shall be signed by a duly authorised officer or attorney of the Charterers and, once delivered to the Owners, is irrevocable and the Charterers shall be bound to pay to the Owners the Purchase Option Price on the Purchase Option Date.

47.3 Only one Purchase Option Notice may be served throughout the duration of the Charter Period (unless otherwise agreed by the Owners in their absolute discretion).

47.4 Upon the Owners' receipt in full of the Purchase Option Price, the Owners shall (except in the case of Total Loss) transfer the legal and beneficial ownership of the Vessel on an "as is where is" basis (and otherwise in accordance with the terms and conditions set out at Clause 49.1(b)) to the Charterers or their nominees and shall execute a bill of sale and a protocol of delivery and acceptance evidencing the same and any other document strictly necessary to transfer the title of the Vessel to the Charterers (and to the extent required for such purposes the Vessel shall be deemed first to have been redelivered to the Owners).

CLAUSE 48 – PURCHASE OBLIGATION

48.1 Subject to other provisions of this Charter, in consideration of the Owners entering into this Charter, the Charterers shall:

(a) on the last day of the Charter Period; or

(b) in the event it becomes unlawful in any applicable jurisdiction for the Owners to perform any of their obligations as contemplated by the Leasing Documents,

be obliged to purchase from the Owners all of the Owners' beneficial and legal right, title and interest in the Vessel and all belonging to her and the Owners and the Charterers shall perform their obligations referred to in Clause 49 and the Charterer shall pay the Purchase Obligation Price on the Purchase Obligation Date unless this Charter is terminated before the natural expiration of this Charter or the Owners and the Charterers agree otherwise.

CLAUSE 49 – SALE OF THE VESSEL BY PURCHASE OPTION OR PURCHASE OBLIGATION

49.1 Completion of the exercise of the Purchase Option (by the Charterers) or the Purchase Obligation (by the Owners) shall respectively take place on the Purchase Option Date or the Purchase Obligation Date (as the case may be), whereupon the Owners will sell to the Charterers (or their nominee), and the Charterers (or their nominee) will purchase from the Owners, all the legal and beneficial interest and title in the Vessel, for the Purchase Option Price or the Purchase Obligation Price (as the case may be) on an "as is where is" basis and on the following terms and conditions:

(a) the Charterers expressly agree and acknowledge that no condition, warranty or representation of any kind is or has been given by or on behalf of the Owners in respect of the Vessel or any part thereof, and accordingly the Charterers confirm that they have not, in entering into this Charter, relied on any condition, warranty or representation by the Owners or any person on the Owners' behalf, express or implied, whether arising by law or otherwise in relation to the Vessel or any part thereof, including, without limitation, warranties or representations as to the description, suitability, quality, merchantability, fitness for any purpose, value, state, condition, appearance, safety, durability, design or operation of any kind or nature of the Vessel or any part thereof, and the benefit of any such condition, warranty or representation by the Owners is hereby irrevocably and unconditionally waived by the Charterers to the extent permissible under applicable law, the Charterers hereby also waive any rights which they may have in tort in respect of any of the matters referred to under this Clause and irrevocably agree that the Owners shall have no greater liability in tort in respect of any such matter than they would have in contract after taking account of all of the foregoing exclusions. No third party making any representation or warranty relating to the Vessel or any part thereof is the agent of the Owners nor has any such third party authority to bind the Owners thereby. Notwithstanding anything contained above, nothing contained herein is intended to obviate, remove or waive any rights or warranties or other claims relating thereto which the Charterers (or their nominee) or the Owners may have against the manufacturer or supplier of the Vessel or any third party;

(b) the Vessel shall be free from any registered mortgages, liens, encumbrances or debts incurred by the Owners and any other claims whatsoever (save for those mortgages, liens, encumbrances or debts arising out of or in connection with the Charter or the Leasing Documents);

(c) the Purchase Option Price or the Purchase Obligation Price (as the case may be) shall be paid by (or on behalf of) the Charterers to the Owners on respectively the Purchase Option Date or the Purchase Obligation Date, together with unpaid amounts of Charterhire and other moneys owing by or accrued or due from the Charterers under this Charter on or prior to the Purchase Option Date or Purchase Obligation Date (as the case may be) which remain unpaid; and

(d) upon the Purchase Obligation Price and all other moneys payable under this Charter being fully and irrevocably paid to the Owners on, and in accordance with, the terms set forth in this Charter, (except in the case of Total Loss) the Owners agree (at the cost of the Charterers) to enter into (i) a bill of sale and (ii) a protocol of delivery and acceptance (and to the extent required for such purposes the Vessel shall be deemed first to have been redelivered to the Owners).

CLAUSE 50 INDEMNITIES

50.1 The Charterers shall pay such amounts to the Owners, on the Owners' demand, in respect of all documented claims, expenses, liabilities, losses, fees (including, but not limited to, any vessel registration and tonnage fees) suffered or incurred by or imposed on the Owners arising from this Charter and any Leasing Document or in connection with delivery, possession, performance, control, registration, repair, survey, insurance, maintenance, manufacture, purchase, ownership and operation of the Vessel by the Owners and the costs related to the prevention or release of liens or detention of or requisition, use, operation or redelivery, sale or disposal of the Vessel or any part of it, enforcement of the Owners' rights under any Leasing Document, and whether prior to, during or after termination of the leasing of this Charter and whether or not the Vessel is in the possession or the control of the Charterers or otherwise. Without prejudice to its generality, this Clause covers any documented claims, expenses, liabilities and losses which arise, or are asserted, under or in connection with any law relating to safety at sea, the ISM Code, the ISPS Code, the MARPOL Protocol, any Environmental Law, any Sanctions, Anti-Money Laundering Laws, Anti-Terrorism Financing Laws or Business Ethics Laws.

50.2 Without prejudice to the above Clause 50.1, if any sum (a "**Sum**") due from a Relevant Person under the Leasing Documents, or any order, judgment or award given or made in relation to a Sum, has to be converted from the currency (the "**First Currency**") in which that Sum is payable into another currency (the "**Second Currency**") for the purpose of:

(a) making or filing a claim or proof against that Relevant Person; or

(b) obtaining or enforcing an order, judgment or award in relation to any litigation or arbitration proceedings,

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

50.3 The obligations of the Charterers under Clause 50 and in respect of any Security Interest created pursuant to the Security Documents will not be affected or discharged by an act, omission, matter or thing which would reduce, release or prejudice any of its obligations under Clause 50 or in respect of any Security Interest created pursuant to the Security Documents (without limitation and whether or not known to it or any Relevant Person or Approved Manager) including:

(a) any time, waiver or consent granted to, or composition with, any Relevant Person or Approved Manager other person;

(b) the release of any other Relevant Person or Approved Manager or any other person under the terms of any composition or arrangement with any creditor of the Guarantor or any of its affiliates;

(c) the taking, variation, compromise, exchange, renewal or release of, or refusal or neglect to perfect or delay in perfecting, or refusal or neglect to take up or enforce, or delay in taking or enforcing any rights against, or security over assets of, any Relevant Person or Approved Manager or other person or any non-presentation or non-observance of any formality or other requirement in respect of any instrument or any failure to realise the full value of any security;

(d) any incapacity or lack of power, authority or legal personality of or dissolution or change in the members or status of a Relevant Person or Approved Manager or any other person;

(e) any amendment, novation, supplement, extension, restatement (however fundamental and whether or not more onerous) or replacement of any Leasing Document or any other document or security;

(f) any unenforceability, illegality or invalidity of any obligation of any person under any Security Document or any other document or security; or

(g) any insolvency or similar proceedings.

50.4 Notwithstanding anything to the contrary under the Leasing Documents (but subject and without prejudice to Clause 33) and without prejudice to any right to damages or other claim which the Charterers may have at any time against the Owners under this Charter, the indemnities provided by the Charterers in favour of the Owners shall continue in full force and effect notwithstanding any breach of the terms of this Charter or such Leasing Document or termination or cancellation of this Charter or such Leasing Document pursuant to the terms hereof or thereof or termination of this Charter or such Leasing Document by the Owners.

50.5 In consideration of the Charterers requesting the Other Owners to charter the Other Vessels to the Other Charterers under the Other Charters, the Charterers hereby irrevocably and unconditionally undertake to pay immediately on demand from the Other Owners (or of them, as the case may be) such amounts in respect of all claims, expenses, liabilities, losses, fees of every kind and nature and all other moneys due, owing and/or payable to the Other Owners under or in connection with the Other Charters, and to indemnify and hold the Other Owners harmless against all such moneys, costs, fees and expenses.

50.6 All rights which the Charterers have at any time (whether in respect of this Charter or any other transaction) against the Other Charterers or the Guarantor or any of them shall be fully subordinated to the rights of the Owners under the Leasing Documents and until the end of this Charter and unless the Owners otherwise direct, the Charterers shall not exercise any rights which it may have (whether in respect of this Charter or any other transaction) by reason of performance by it of its obligations under the Leasing Documents or by reason of any amount becoming payable, or liability arising, under this Clause:

(a) to be indemnified by the Other Charterers or the Guarantor or any of them;

(b) to claim any contribution from any third party providing security for, or any other guarantor of, the Other Charterers' or the Guarantor's obligations under the Leasing Documents;

(c) to take any benefit (in whole or in part and whether by way of subrogation or otherwise) of any rights of the Other Charterers or the Guarantor or any of them under the Leasing Documents or of any other guarantee or security taken pursuant to, or in connection with, the Leasing Documents by any of the aforesaid parties;

(d) to bring legal or other proceedings for an order requiring any of the Other Charterers or the Guarantor or any of them to make any payment, or perform any obligation, in respect of any Leasing Document;

(e) to exercise any right of set-off against any of the Other Charterers or the Guarantor or any of them; and/or

(f) to claim or prove as a creditor of any of the Other Charterers or the Guarantor or any of them,

and if the Charterers receives any benefit, payment or distribution in relation to such rights it shall hold that benefit, payment or distribution to the extent necessary to enable all amounts which may be or become payable to the Owners or the Other Owners by the Other Charterers or the Guarantor or any of them under or in connection with the Leasing Documents to be repaid in full on trust for the Owners or the Other Owners and shall promptly pay or transfer the same to the Owners or the Other Owners as may be directed by the Owners.

50.7 The Charterers hereby irrevocably agree to indemnify and hold harmless the Owners against any claim, expense, liability or loss reasonably incurred by the Owners in liquidating or employing deposits from their financiers or third parties to fund the acquisition of the Vessel pursuant to the MOA.

50.8 Notwithstanding anything to the contrary herein (but subject and without prejudice to Clause 33 (*Cancellation*)) and without prejudice to any right to damages or other claim which the Charterers may have at any time against the Owners under this Charter, the indemnities provided by the Charterers in favour of the Owners shall continue in full force and effect notwithstanding any breach of the terms of this Charter or termination of this Charter pursuant to the terms hereof or termination of this Charter by the Owners.

CLAUSE 51 – NO SET-OFF OR TAX DEDUCTION

51.1 All Charterhire, Advance Charterhire or payment of the Purchase Obligation Price or the Purchase Option Price and any other payment made from the Charterers to enable the Owners to pay all amounts under a Leasing Document shall be paid punctually:

(a) without any form of set-off (except in the case of the Advance Charterhire which shall be set off in accordance with Clause 36.2), cross-claim or condition and in the case of Charterhire or Advance Charterhire, without previous demand unless otherwise agreed with the Owners; and

(b) free and clear of any tax deduction or withholding unless required by law.

51.2 Without prejudice to Clause 51.1, if the Owners are required by law to make a tax deduction from any payment:

(a) the Owners shall notify the Charterers as soon as they become aware of the requirement; and

(b) the amount due in respect of the payment shall be increased by the amount necessary to ensure that the Owners receive and retain (free from any liability relating to the tax deduction) a net amount which, after the tax deduction, is equal to the full amount which they would otherwise have received.

51.3 In this Clause "**tax deduction**" means any deduction or withholding for or on account of any present or future tax, other than a FATCA Deduction.

CLAUSE 52 – INCREASED COSTS

52.1 This Clause 52 applies if the Owners notify the Charterers that they consider that as a result of:

(a) the introduction or alteration after the date of this Charter of a law or an alteration after the date of this Charter in the manner in which a law is interpreted or applied (disregarding any effect which relates to the application to payments under this Charter of a tax on the Owners' overall net income); or

(b) complying with any regulation (including any which relates to capital adequacy or liquidity controls or which affects the manner in which the Owners allocates capital resources to their obligations under this Charter) which is introduced, or altered, or the interpretation or application of which is altered, after the date of this Charter, the Owners (or a parent company of them) has incurred or will incur an "**increased cost**".

52.2 In this Clause 52, "**increased cost**" means, in relation to the Owners:

(a) an additional or increased cost incurred as a result of, or in connection with, the Owners having entered into, or being a party to, this Charter, of funding the acquisition of the Vessel pursuant to the MOA or performing their obligations under this Charter;

(b) a reduction in the amount of any payment to the Owners under this Charter or in the effective return which such a payment represents to the Owners on their capital;

(c) an additional or increased cost of funding the acquisition of the Vessel pursuant to the MOA; or

(d) a liability to make a payment, or a return foregone, which is calculated by reference to any amounts received or receivable by the Owners under this Charter,

(e) and for the purposes of this Clause 52.2 the Owners may in good faith allocate or spread costs and/or losses among their assets and liabilities (or any class of their assets and liabilities) on such basis as they consider appropriate.

52.3 Subject to the terms of Clause 52.1, the Charterers shall pay to the Owners, on the Owners' demand, the amounts which the Owners from time to time notify the Charterers to be necessary to compensate the Owners for the increased cost.

CLAUSE 53 – CONFIDENTIALITY

53.1 The Parties agree to keep the terms and conditions of this Charter and any other Leasing Documents (the "**Confidential Information**") strictly confidential, provided that a Party may disclose Confidential Information in the following cases:

(a) it is already known to the public or becomes available to the public other than through the act or omission of the disclosing Party;

(b) it is required to be disclosed under the applicable laws of any Relevant Jurisdiction, by a governmental order, decree, regulation or rule, by an order of a court, tribunal or listing exchange of the Relevant Jurisdiction (including but not limited to an order by the US Securities and Exchange Commission or the New York Stock Exchange), provided that the disclosing Party shall give written notice of such required disclosure to the other Party prior to the disclosure;

(c) in filings with a court or arbitral body in proceedings in which the Confidential Information is relevant and in discovery arising out of such proceedings;

(d) to (or through) whom a Party assigns or transfers (or may potentially assign or transfer) all or any of its rights and/or obligations under one or more Leasing Document (as permitted by the terms thereof), provided that such person receiving Confidential Information shall undertake that it would not disclose Confidential Information to any other party save for circumstances arising which are similar to those described under this Clause or such other circumstances as may be permitted by all Parties;

(e) to any of the following persons on a need to know basis:

(i) a shareholder or an Affiliate of either Party or a party referred to in either paragraph (d) or (e) (including the employees, officers and directors thereof);

(ii) professional advisers retained by a disclosing party; or

(iii) persons advising on, providing or considering the provision of financing to the disclosing party or an Affiliate,

provided that the disclosing party shall exercise due diligence to ensure that no such person shall disclose Confidential Information to any other party save for circumstances arising which are similar to those described under this Clause or such other circumstances as may be permitted by all Parties; or

(f) with the prior written consent of all Parties.

CLAUSE 54 – PARTIAL INVALIDITY

If, at any time, any provision of a Leasing Document is or becomes illegal, invalid or unenforceable in any respect under any law of any jurisdiction, neither the legality, validity or enforceability of the remaining provisions under the law of that jurisdiction nor the legality, validity or enforceability of such provision under the law of any other jurisdiction will in any way be affected or impaired.

CLAUSE 55 – SETTLEMENT OR DISCHARGE CONDITIONAL

55.1 Any settlement or discharge under any Leasing Document between the Owners and any Relevant Person or Approved Manager shall be conditional upon no security or payment to the Owners by any Relevant Person or Approved Manager any other person being set aside, adjusted or ordered to be repaid, whether under any insolvency law or otherwise.

55.2 If the Owners consider that an amount paid or discharged by, or on behalf of, a Relevant Person or Approved Manager by any other person in purported payment or discharge of an obligation of that Relevant Person or Approved Manager to the Owners under the Leasing Documents is capable of being avoided or otherwise set aside on the liquidation or administration of that Relevant Person or Approved Manager or otherwise, then that amount shall not be considered to have been unconditionally and irrevocably paid or discharged for the purposes of the Leasing Documents.

CLAUSE 56 – CHANGES TO THE PARTIES

56.1 Assignment or transfer by the Charterers

The Charterers shall not assign their rights or transfer by novation any of their rights and obligations under the Leasing Documents except with the prior consent in writing of the Owners.

56.2 Transfer by the Owners

(a) The Owners may transfer by novation any of its rights and obligations under the Leasing Documents:

(i) in the event of an occurrence of a Termination Event which is continuing; or

(ii) subject to the consent of such other party under the Leasing Document (which must not be unreasonably withheld or delayed), to another lessor or financial institution or trust, fund, leasing company or other entity which is regularly engaged in or established for the purpose of making, purchasing or investing in loans, securities or other financial assets,

(b) During the Charter Period, any change in the registered ownership of the Vessel (other than pursuant to paragraph (a)) above shall require the Charterers' prior approval which shall not be unreasonably withheld or delayed, provided always that, notwithstanding such change, this Charter would continue on identical terms (save for logical, consequential or mutually agreed amendments). The Guarantor and the Charterers shall remain jointly and severally liable to the aforesaid new owner of the Vessel for its performance of all obligations pursuant to this Charter after change of the registered ownership of the Vessel from the Owners to such new owner.

56.3 The Charterers agree and undertake to enter into any such usual documents as the Owners shall require to complete or perfect the transfer of the Vessel (with the benefit and burden of this Charter) pursuant to this Clause 56.2, with any documented costs or expenses whatsoever arising in relation thereto at no cost to the Charterers.

CLAUSE 57 – MISCELLANEOUS

57.1 The Charterers waive any rights of sovereign immunity which they or any of their assets may enjoy in any jurisdiction and subjects itself to civil and commercial law with respect to their obligations under this Charter.

57.2 No term of this Charter is enforceable under the Contracts (Rights of Third Parties) Act 1999 by a person who is not party to this Charter , save that the Other Owners may rely on the rights conferred on them under Clause 50.5 (*Indemnities*).

57.3 This Charter and each Leasing Document may be executed in any number of counterparts, and this has the same effect as if the signatures on the counterparts were on a single copy of this Charter or that Leasing Document, as the case may be.

CLAUSE 58 – FATCA

58.1 **Defined terms.** For the purposes of this Clause 58, the following terms shall have the following meanings:

"**Code**" means the United States Internal Revenue Code of 1986, as amended.

"**FATCA**" means sections 1471 through 1474 of the Code and any Treasury regulations thereunder.

"**FATCA Deduction**" means a deduction or withholding from a payment under this Charter or the Leasing Documents required by or under FATCA.

"**FATCA Exempt Party**" means a Relevant Party that is entitled under FATCA to receive payments free from any FATCA Deduction.

"**FATCA FFI**" means a foreign financial institution as defined in section 1471(d)(4) of the Code which, if a Relevant Party is not a FATCA Exempt Party, could be required to make a FATCA Deduction.

"**FATCA Non-Exempt Party**" means any Relevant Party who is not a FATCA Exempt Party.

"**IRS**" means the United States Internal Revenue Service or any successor taxing authority or agency of the United States government.

"**Relevant Party**" means any party to a Leasing Document except an Approved Subcharterer.

58.2 FATCA Information.

(a) Subject to paragraph (c) below, each Relevant Party shall, on the date of this Charter, and thereafter within ten Business Days of a reasonable request by another Relevant Party:

(i) confirm to that other party whether it is a FATCA Exempt Party or is not a FATCA Exempt Party; and

(ii) supply to the requesting party (with a copy to all other Relevant Parties) such other form or forms (including IRS Form W-8 or Form W-9 or any successor or substitute form, as applicable) and any other documentation and other information relating to its status under FATCA (including its applicable "pass thru percentage" or other information required under FATCA or other official guidance including intergovernmental agreements) as the requesting party reasonably requests for the purpose of the requesting party's compliance with FATCA .

(b) If a Relevant Party confirms to any other Relevant Party that it is a FATCA Exempt Party or provides an IRS Form W-8 or W-9 showing that it is a FATCA Exempt Party and it subsequently becomes aware that it is not, or has ceased to be a FATCA Exempt Party, that party shall so notify all other Relevant Parties reasonably promptly.

(c) Nothing in this clause shall oblige any Relevant Party to do anything which would or, in its reasonable opinion, might constitute a breach of any law or regulation, any policy of that party, any fiduciary duty or any duty of confidentiality, or to disclose any confidential information (including, without limitation, its tax returns and calculations); provided, however, that nothing in this paragraph shall excuse any Relevant Party from providing a true, complete and correct IRS Form W-8 or W-9 (or any successor or substitute form where applicable). Any information provided on such IRS Form W-8 or W-9 (or any successor or substitute forms) shall not be treated as confidential information of such party for purposes of this paragraph.

(d) If a Relevant Party fails to confirm its status or to supply forms, documentation or other information requested in accordance with the provisions of this Charter or the provided information is insufficient under FATCA, then:

(i) if that party failed to confirm whether it is (and/or remains) a FATCA Exempt Party then such party shall be treated for the purposes of this Charter and the Leasing Documents as if it is a FATCA Non-Exempt Party; and

(ii) if that party failed to confirm its applicable passthru percentage then such party shall be treated for the purposes of this Charter and the Leasing Documents (and payments made thereunder) as if its applicable passthru percentage is 100%,

until (in each case) such time as the party in question provides sufficient confirmation, forms, documentation or other information to establish the relevant facts.

58.3 FATCA Deduction and gross-up by Relevant Party

(a) If the representation made by the Charterers under Clause 45.1(o) proves to be untrue or misleading such that the Charterers are required to make a FATCA Deduction, the Charterers shall make the FATCA Deduction and any payment required in connection with that FATCA Deduction within the time allowed and in the minimum amount required by FATCA.

(b) If the Charterers are required to make a FATCA Deduction then the Charterers shall increase the payment due from them to the Owners to an amount which (after making any FATCA Deduction) leaves an amount equal to the payment which would have been due if no FATCA Deduction had been required.

(c) The Charterers shall promptly upon becoming aware that they must make a FATCA Deduction (or that there is any change in the rate or basis of a FATCA Deduction) notify the Owners accordingly. Within thirty (30) days of the Charterers making either a FATCA Deduction or any payment required in connection with that FATCA Deduction, the Charterers shall deliver to the Owners evidence reasonably satisfactory to the Owners that the FATCA Deduction has been made or (as applicable) any appropriate payment paid to the relevant governmental or taxation authority.

58.4 FATCA Deduction by Owners

The Owners may make any FATCA Deduction they are required by FATCA to make, and any payment required in connection with that FATCA Deduction, and the Owners shall not be required to increase any payment in respect of which they make such a FATCA Deduction or otherwise compensate the recipient for that FATCA Deduction.

58.5 FATCA Mitigation

Notwithstanding any other provision to this Charter, if a FATCA Deduction is or will be required to be made by any party under Clause 58.3 in respect of a payment to the Owners as a result of the Owners not being a FATCA Exempt Party, the Owners shall have the right to transfer their interest in the Vessel (and this Charter) to any person nominated by the Owners and all costs in relation to such transfer shall be for the account of the Charterers.

CLAUSE 59 - DEFINITIONS

59.1 In this Charter the following terms shall have the meanings ascribed to them below:

"**Acceptance Certificate**" means a certificate substantially in the form set out in Schedule I to be signed by the Charterers at Delivery.

"**Account Bank**" means HSH Nordbank AG acting through its office at Gerhart-Hauptmann-Platz 50, 20095 Hamburg, Germany.

"**Account Security**" means the document creating security over the Earnings Account executed by the Charterers in favour of the Owners, in the agreed form.

"**Advance Charterhire**" means the amount by which the Purchase Price exceeds the Financing Amount.

"**Affiliate**" means in relation to any person, a subsidiary of that person or a Holding Company of that person or any other subsidiary of that Holding Company.

"**Anti-Money Laundering Laws**" means all applicable financial record-keeping and reporting requirements, anti-money laundering statutes (including all applicable rules and regulations thereunder) and all applicable related or similar laws, rules, regulations or guidelines, of all jurisdictions including and without limitation, the United States of America, the European Union and the People's Republic of China and which in each case are (a) issued, administered or enforced by any governmental agency having jurisdiction over any Relevant Person, Approved Subcharterer, Approved Manager or the Owners; (b) of any jurisdiction in which any Relevant Person, Approved Subcharterer, Approved Manager or the Owners conduct business; or (c) to which any Relevant Person, Approved Subcharterer, Approved Manager or Owner is subjected or subject to.

"**Anti-Terrorism Financing Laws**" means all applicable anti-terrorism laws, rules, regulations or guidelines of any jurisdiction, including and not limited to the United States of America or the People's Republic of China which are: (a) issued, administered or enforced by any governmental agency, having jurisdiction over any Relevant Person, Approved Subcharterer, Approved Manager or the Owners; (b) of any jurisdiction in which any Relevant Person, Approved Subcharterer, Approved Manager or the Owners conduct business; or (c) to which any Relevant Person, Approved Subcharterer, Approved Manager or the Owners are subjected or subject to.

"**Approved Bareboat Subcharter**" means an Approved Subcharter as described under paragraph (b)(i) of the definition of an Approved Subcharter and consented to by the Owners.

"**Approved Manager**" means Navios Tankers Management Inc. a corporation incorporated under the laws of the Marshall Islands having its registered office at Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, Marshall Islands MH96960 or Affiliate of Navios Maritime Holdings Inc. or any other ship management company approved in writing by the Owners.

"**Approved Subcharter**" means the Subcharter or:

(a) any Short Term Time Subcharter;

(b) subject to prior written consent of the Owners:

(i) a subcharter of the Vessel on a bareboat charter basis; or

(ii) a subcharter of the Vessel on a time charter basis with a charter period exceeding or capable of exceeding twelve (12) months (taking into account any optional extension period).

"**Approved Subcharterer**" means the Subcharterer or in the case of any other Approved Subcharter falling within paragraph (b) of the definition of Approved Subcharter above, any subcharterer of the Vessel approved by the Owners in writing (such approval not to be unreasonably withheld or delayed).

"**Approved Valuer**" means Clarksons, Maersk Brokers, Howe Robinson, Arrow, Lorentzen & Stemoco, Simpson Spence Young, Braemar Seascope or any other shipbroker nominated by the Charterers and approved by the Owners.

"**Breakfunding Costs**" means all breakfunding costs and expenses incurred or payable by the Owners when a repayment or prepayment under the relevant funding arrangement entered into by the Owners for the purpose of financing the Purchase Price do not fall on a Payment Date.

"**Business Day**" means a day on which banks are open for business in the principal business centres of Hong Kong, Shanghai, Hamburg and Athens and in respect of a day on which a payment is required to be made or other dealing is due to take place under a Leasing Document in Dollars, also a day on which commercial banks are open in New York City.

"**Business Ethics Law**" means any laws, regulations and/or other legally binding requirements or determinations in relation to corruption, fraud, collusion, bid-rigging or anti-trust, human rights violations (including forced labour and human trafficking) which are applicable to any Relevant Person, Approved Subcharterer, Approved Manager or the Owners or to any jurisdiction where activities are performed and which shall include but not be limited to (i) the United Kingdom Bribery Act 2010 and (ii) the United States Foreign Corrupt Practices Act 1977 and all rules and regulations under each of (i) and (ii).

"**Cancelling Date**" has the meaning given to that term in the MOA.

"**Certified Book Value**" means the book value of the Vessel from time to time, which as at the date of this Charter is $30,463,247.46 as evidenced and certified in a manner acceptable to the Owners.

"**Charterers' Offer**" has the meaning given to that term in Clause 40.3(b).

"**Charterhire**" means each of, as the context may require, all of the quarterly instalments of hire payable hereunder comprising in each case:

(a) a component of Charterhire A; and

(b) a component of Charterhire B.

"**Charterhire A**" means, in relation to a Payment Date, an amount equal to one twenty fourth (1/24) of the difference between the Financing Amount and the Purchase Obligation Price.

"**Charterhire B**" means, in relation to a Payment Date, the interest component calculated in accordance with Schedule III at the applicable Interest Rate for the Term commencing on that Payment Date on the Outstanding Principal Balance.

"**Charterhire Principal**" means the aggregate amount of Charterhire A payable under this Charter.

"**Charterhire Principal Balance**" means the Charterhire Principal outstanding under this Charter from time to time, as may be reduced by payments or prepayments by the Charterers to the Owners of Charterhire A under this Charter.

"**CISADA**" means the United States Comprehensive Iran Sanctions, Accountability and Divestment Act of 2010 as it applies to non-US persons.

"**Charter Period**" means the period commencing on the Commencement Date and described in Clause 32.2 unless it is either terminated earlier or extended in accordance with the provisions of this Charter.

"**China Merchants Group**" means China Merchants Group Limited, a company incorporated under the laws of the People's Republic of China acting through its office at China Merchants Tower, 39-40 Floor, Shun Tak Centre, 168-200 Connaught Road, Central, Hong Kong.

"**Classification Society**" means ABS or DNV GL or any classification society being a member of the International Association of Classification Societies which is approved by the Owners.

"**Commencement Date**" means the date on which Delivery takes place.

"**Delivery**" means the delivery of the legal and beneficial interest in the Vessel from the Owners to the Charterers pursuant to the terms of the MOA.

"**Dollars**" or "**$**" have the meanings given to those terms in the MOA.

"**Earnings**" means all moneys whatsoever which are now, or later become, payable (actually or contingently) and which arise out of the use or operation of the Vessel, including (but not limited to):

(a) all freight, hire and passage moneys, compensation payable in the event of requisition of the Vessel for hire, all moneys which are at any time payable under any Insurances in respect of loss of hire, remuneration for salvage and towage services, demurrage and detention moneys and damages for breach (or payments for variation or termination) of any charterparty or other contract for the employment of the Vessel; and

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

"**Earnings Account**" means, an account in the name of the Charterers with Account Bank or such bank as the Owners may approve.

"**Environmental Claim**" means:

(c) any claim by any governmental, judicial or regulatory authority which arises out of an Environmental Incident or which relates to any Environmental Law; or

(d) any claim by any other person which relates to an Environmental Incident,

and "**claim**" means a claim for damages, compensation, fines, penalties or any other payment (exceeding $1,000,000 in each of the above cases); an order or direction to take, or not to take, certain action or to desist from or suspend certain action; and any form of enforcement or regulatory action, including the arrest or attachment of any asset;

"**Environmental Incident**" means:

(a) any release of Environmentally Sensitive Material from the Vessel; or

(b) any incident in which Environmentally Sensitive Material is released from a vessel other than the Vessel and which involves a collision between the Vessel and such other vessel or some other incident of navigation or operation, in either case, in connection with which the Vessel is actually liable to be arrested, attached, detained or injuncted and/or the Vessel and/or the Owners and/or the Charterers and/or any other operator or manager of the Vessel is at fault or otherwise liable to any legal or administrative action; or

(c) any other incident involving the Vessel in which Environmentally Sensitive Material is released otherwise than from the Vessel and in connection with which the Vessel is actually arrested and/or where the Owners and/or the Charterers and/or any other operator or manager of the Vessel is at fault or otherwise liable to any legal or administrative action.

"**Environmental Law**" means any law relating to pollution or protection of the environment, to the carriage or releases of Environmentally Sensitive Material.

"**Environmentally Sensitive Material**" means oil, oil products and any other substances (including any chemical, gas or other hazardous or noxious substance) which are (or are capable of being or becoming) polluting, toxic or hazardous.

"**Fee Letter**" means the fee letter referred to under Clause 41.1.

"**Financial Indebtedness**" means, in relation to a person (the "**debtor**"), a liability of the debtor:

(a) for principal, interest or any other sum payable in respect of any moneys borrowed or raised by the debtor;

(b) under any loan stock, bond, note or other security issued by the debtor;

(c) under any acceptance credit, guarantee or letter of credit facility made available to the debtor;

(d) under a lease, a deferred purchase consideration arrangement (other than deferred payments for assets or services obtained on normal commercial terms in the ordinary course of business) or any other agreement having the commercial effect of a borrowing or raising of money by the debtor;

(e) under any foreign exchange transaction, any interest or currency swap or any other kind of derivative transaction entered into by the debtor or, if the agreement under which any such transaction is entered into requires netting of mutual liabilities, the liability of the debtor for the net amount; or

(f) under a guarantee, indemnity or similar obligation entered into by the debtor in respect of a liability of another person which would fall within paragraphs (a) to (e) if the references to the debtor referred to the other person.

"**Financial Instruments**" means the mortgage, deed of covenant, the general assignment or such other financial security instruments granted to the Owners' financiers as security for the obligations of the Owners in relation to the financing of the acquisition of the Vessel.

"**Financing Amount**" means an amount equal to the lower of (i) seventy five per cent. (75%) of the Purchase Price and (ii) $17,265,000.

"**Flag State**" means Republic of Panama, the Republic of the Marshall Islands, Republic of Malta, Republic of Liberia, Hong Kong, the Cayman Islands or any other flag state approved by the Owners in writing.

"**Fleet Vessel**" has the meaning give to it under clause 11.20(c) of the Guarantee.

"**General Assignment**" means the general assignment executed or to be executed between the Charterers and the Owners in respect of the Vessel, pursuant to which the Charterers shall, *inter alia,* assign their rights under the Insurances, Earnings and Requisition Compensation and any sub-charters having a duration of at least twelve (12) months (or which are capable of exceeding twelve (12) months) in respect of the Vessel, in favour of the Owners and in the agreed form.

"**Guarantor**" means Navios Maritime Acquisition Corporation, a corporation incorporated under the laws of the Marshall Islands having its registered office at Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, MH96960, Marshall Islands.

"**Guarantee**" means a guarantee executed by the Guarantor in favour of the Owners dated on or around the date of this Charter.

"**Holding Company**" means, in relation to a person, any other person in relation to which it is a subsidiary.

"**IAPPC**" means a valid international air pollution prevention certificate for the Vessel issued pursuant to the MARPOL Protocol.

"**Indenture**" means the indenture dated as of 13 November 2013, as amended and supplemented by including as supplemented a supplemental indenture dated 31 March 2014 and as the same may be further amended and supplemented from time to time in accordance with the terms thereof, entered into by the Guarantor and Navios Acquisition Finance (US) Inc. as co-issuers and Wells Fargo Bank, National Association, as trustee and collateral trustee, in respect of certain 8.125% first priority ship mortgage notes due in 2021.

"**Indenture Guarantee**" means a guarantee executed, or as the case may be, to be executed by the Charterers as security for the obligations and liability of the Guarantor under the Indenture.

"**Initial Market Value**" means, in relation to the Vessel at any relevant time, the arithmetic mean of two (2) valuations, each prepared:

(a) on a date no earlier than thirty (30) days prior to the Commencement Date;

(b) with or without physical inspection of the Vessel;

(c) on the basis of a sale for prompt delivery for cash on normal arm's length commercial terms as between a willing and a willing buyer, free of any existing charter or other contract of employment; and

(d) after deducting the estimated amount of the usual and reasonable expenses which would be incurred in connection with the sale,

and such valuations shall be prepared by one Approved Valuer selected and appointed by the Owners and one Approved Valuer selected by the Charterers (but appointed by the Owners) provided that if the difference in the two valuations obtained is more than five per cent. (5%) of the lower valuation obtained, a third Approved Valuer shall be selected and appointed by the Owners and the Initial Market Value shall be the arithmetic mean of the two lowest valuations out of the three valuations obtained.

"**Insurances**" means:

(a) all policies and contracts of insurance, including entries of the Vessel in any protection and indemnity or war risks association, which are effected in respect of the Vessel or otherwise in relation to it whether before, on or after the date of this Charter; and

(b) all rights and other assets relating to, or derived from, any of the foregoing, including any rights to a return of a premium and any rights in respect of any claim whether or not the relevant policy, contract of insurance or entry has expired on or before the date of this Charter.

"**Interest Rate**" means, in relation to Charterhire B, the rate of interest determined in accordance with Schedule III plus the Margin.

"**ISM Code**" means the International Safety Management Code (including the guidelines on its implementation), adopted by the International Maritime Organisation Assembly as Resolutions A.741 (18) and A.788 (19), as the same may be amended or supplemented from time to time (and the terms "**safety management system**", "**Safety Management Certificate**" and "**Document of Compliance**" have the same meanings as are given to them in the ISM Code).

"**ISPS Code**" means the International Ship and Port Security Code as adopted by the Conference of Contracting Governments to the Safety of Life at Sea Convention 1974 on 13 December 2002 and incorporated as Chapter XI-2 of the Safety of Life at Sea Convention 1974, as the same may be supplemented or amended from time to time.

"**Leasing Documents**" means this Charter, the MOA, any Approved Subcharter, the Fee Letter, the Security Documents and the Trust Deed.

"**LIBOR**" means, in relation to a Term, the London Interbank offered rate administered by ICE Benchmark Administration Limited (or any other person which takes over the administration of that rate) for Dollars commencing on the first day of that Term displayed on page LIBOR 01 of the Thomson Reuters screen (or any replacement Thomson Reuters page which displays that rate) or on the appropriate page of such other information service which publishes that rate from time to time in place of Thomson Reuters, and if such page or service ceases to be available the Owners may specify another page or service displaying the relevant rate on the Quotation Day (if the rate as determined above is less than zero, LIBOR shall be deemed to be zero).

"**Major Casualty**" means any casualty to the Vessel in respect of which the claim or the aggregate of the claims against all insurers, before adjustment for any relevant franchise or deductible, exceeds $1,000,000 or the equivalent in any other currency.

"**Manager's Undertaking**" means, in relation to an Approved Manager, the letter of undertaking from the Approved Manager, inter alia, subordinating the rights of such Approved Manager against the Vessel and the Charterers to the rights of the Owners and their financiers (if any) in an agreed form.

"**Margin**" means 3.05% per annum.

"**Market Value**" means, in relation to the Vessel at any relevant time, the valuation prepared:

(a) on a date no earlier than thirty (30) days previously;

(b) with or without physical inspection of the Vessel; and

(c) on the basis of a sale for prompt delivery for cash on normal arm's length commercial terms as between a willing and a willing buyer, free of any existing charter or other contract of employment

and such valuations shall be prepared by one Approved Valuer selected by the Charterers (but appointed by the Owners).

"**MARPOL Protocol**" means Annex VI (Regulations for the Prevention of Air Pollution from Ships) to the International Convention for the Prevention of Pollution from Ships 1973 (as amended in 1978 and 1997).

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

(a) the business, operations, property, condition (financial or otherwise) or prospects of the Charterers or the Guarantor and its subsidiaries as a whole; or

(b) the ability of any Relevant Person or Approved Manager to perform its obligations under any Leasing Document to which it is a party; or

(c) the validity or enforceability of, or the effectiveness or ranking of any Security Interests granted pursuant to any of the Leasing Documents or the rights or remedies of the Owners under any of the Leasing Documents.

"**MOA**" means the memorandum of agreement entered into by the Charterers as sellers and the Owners as buyers dated on the date of this Charter in relation to the sale and purchase of the Vessel.

"**Mortgagee**" has the meaning given to that term in Clause 35.3.

"Net Income Loss" means, at the relevant time, the net income loss (if any) as shown in the most recent audited consolidated annual financial reports of the Guarantor adjusted to exclude impairment losses.

"Original Financial Statements" means the Guarantor's audited financial statements for the financial year ended 31 December 2016 and its unaudited consolidated management accounts for the financial year ended 31 December 2017.

"**Original Jurisdiction**" means, in relation to any Relevant Person, Approved Subcharterer or Approved Manager (as the case may be), the jurisdiction under whose laws they are respectively incorporated as at the date of this Charter.

"**Other Charter**" means the bareboat charterparty entered into between the relevant Other Owner and the relevant Other Charterer in respect of any of the Other Vessels.

"**Other Charterer**" means Kos Shipping Corporation, Mytilene Shipping Corporation or Antiparos Shipping Corporation (and "**Other Charterers**" mean all of them).

"**Other Owner**" means Sea 66 Leasing Co. Limited, Sea 68 Leasing Co. Limited or Sea 69 Leasing Co. Limited (and "**Other Owners**" means all of them).

"Other Vessel" means 49,992 DWT MR tanker named Nave Atria, 49,999 DWT MR tanker named Nave Bellatrix, or the 49,999 DWT MR tanker named Nave Orion (and "**Other Vessels**" means all of them).

"**Outstanding Principal Balance**" means the aggregate of:

(a) the Charterhire Principal Balance; and

(b) the Purchase Obligation Price.

"**Owners' Sale**" has the meaning given to that term in Clause 40.3(a)(iii).

"**Party**" means either party to this Charter.

"**Payment Date**" means each of the twenty four (24) dates upon which Charterhire is to be paid by the Charterers to the Owners pursuant to Clause 36.

"**Permitted Security Interests**" means:

(a) Security Interests created by a Leasing Document or a Financial Instrument;

(b) other Security Interests Permitted by the Owners in writing;

(c) liens for unpaid master's and crew's wages in accordance with the ordinary course of operation of the Vessel or in accordance with usual reputable maritime practice;

(d) liens for salvage;

(e) liens for master's disbursements incurred in the ordinary course of trading;

(f) any other liens arising by operation of law or otherwise in the ordinary course of the operation, repair or maintenance of the Vessel provided such liens do not secure amounts more than 30 days overdue;

(g) any Security Interest created in favour of a plaintiff or defendant in any action of the court or tribunal before whom such action is brought as security for costs and expenses where the Owners are prosecuting or defending such action in good faith by appropriate steps; and

(h) Security Interests arising by operation of law in respect of taxes which are not overdue or for payment of taxes which are overdue for payment but which are being contested by the Owners or the Charterers in good faith by appropriate steps and in respect of which adequate reserves have been made.

"**Post-enforcement Interests**" has the meaning given to that term in 40.3(a)(ii).

"**Potential Termination Event**" means, an event or circumstance which, with the giving of any notice, the lapse of time, a determination of the Owners and/or the satisfaction of any other condition, would constitute a Termination Event.

"**Purchase Obligation**" means the purchase obligation referred to in Clause 48.1.

"**Purchase Obligation Date**" means the date on which the Owners shall transfer the legal and beneficial interest in the Vessel to the Charterers, and the Charterers shall purchase the Vessel, being the date falling on the last day of the Charter Period.

"**Purchase Obligation Price**" means fifty per cent. (50%) of the Financing Amount.

"**Purchase Price**" has the meaning given to that term in the MOA.

"**Purchase Option**" means the early termination option which the Charterers are entitled to pursuant to Clause 47.

"**Purchase Option Date**" has the meaning given to that term in Clause 47.1.

"**Purchase Option Notice**" has the meaning given to that term in Clause 47.1.

"**Purchase Option Price**" means the aggregate of:

(a) the Outstanding Principal Balance as at the Purchase Option Date together with a fee calculated at the rate of (i) one per cent. (1%) thereon for any prepayment made before the fourth anniversary of the Commencement Date, (ii) zero point five per cent. (0.5%) thereon for any payment made on and after the fourth anniversary of the Commencement Date and before the fifth anniversary of the Commencement Date and (iii) zero per cent. (0%) for any prepayment made thereafter;

(b) any Charterhire B accrued as at the Purchase Option Date;

(c) any Breakfunding Costs;

(d) any legal costs incurred by the Owners in connection with the exercise of the Purchase Option under Clause 47; and

(e) all other amounts payable under this Charter and the other Leasing Documents together with any applicable interest thereon.

"**Quiet Enjoyment Agreement**" means the quiet enjoyment agreement executed or to be executed between, amongst others, the Charterers, the Owners and the Owners' financiers in the agreed form.

"**Quotation Day**" means in relation to any period for which an Interest Rate is to be determined, two Business Days before the first day of that period unless market practice differs in the Relevant Interbank Market in which case the Quotation Day will be determined by the Owners in accordance with market practice in the Relevant Interbank Market (and if quotations would normally be given by leading banks in the Relevant Interbank Market on more than one day, the Quotation Day will be the last of those days).

"**Relevant Interbank Market**" means the London interbank market.

"**Relevant Person**" means the Charterers, the Other Charterers, the Guarantor, the Shareholder and such other party providing security to the Owners for the Charterers' obligations under this Charter pursuant to a Security Document or otherwise (but not including the Subcharterer, any Approved Subcharterer and the Manager).

"**Relevant Jurisdiction**" means, in relation to any Relevant Person, Approved Subcharterer or Approved Manager (as the case may be):

(b) its Original Jurisdiction;

(c) any jurisdiction where any property owned by it and charged under a Leasing Document is situated;

(d) any jurisdiction where it conducts its business; and

(e) any jurisdiction whose laws govern the perfection of any of the Leasing Documents entered into by it creating a Security Interest.

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

"**Restricted Countries**" means those countries subject to country-wide or territory-wide Sanctions and/or trade embargoes, in particular but not limited to pursuant to the U.S.'s Office of Foreign Asset Control of the U.S. Department of Treasury ("**OFAC**") including at the date of this Charter, but without limitation, Iran, North Korea and Syria and any additional countries based on respective country-wide or territory-wide Sanctions being imposed by OFAC or any of the regulative bodies referred to in the definition of Restricted Persons.

"**Restricted Person**" means a person, entity or any other parties (i) located, domiciled, resident or incorporated in Restricted Countries, and/or (ii) subject to any sanction administrated by the United Nations, the European Union, Switzerland, the United States and the U.S. Department of Treasury's Office of Foreign Assets Control ("**OFAC**"), the United Kingdom, Her Majesty's Treasury ("**HMT**") and the Foreign and Commonwealth Office of the United Kingdom, the People's Republic of China and/or (iii) owned or controlled by or affiliated with persons, entities or any other parties as referred to in (i) and (ii).

"**Sanctions**" means any sanctions, embargoes, freezing provisions, prohibitions or other restrictions relating to trading, doing business, investment, exporting, financing or making assets available (or other activities similar to or connected with any of the foregoing) imposed by law or regulation of United Kingdom, the United States of America (including, without limitation, CISADA and OFAC), the People's Republic of China or the Council of the European Union.

"**Security Documents**" means the Guarantee, the Account Security, the General Assignment, the Shares Pledge, the Manager's Undertaking and any other security documents granted as security for the obligations of the Charterers under or in connection with this Charter.

"**Security Interest**" means:

(a) a mortgage, charge (whether fixed or floating) or pledge, any maritime or other lien or any other security interest of any kind;

(b) the security rights of a plaintiff under an action *in rem*; or

(c) any other right which confers on a creditor or potential creditor a right or privilege to receive the amount actually or contingently due to it ahead of the general unsecured creditors of the debtor concerned; however this paragraph (c) does not apply to a right of set off or combination of accounts conferred by the standard terms of business of a bank or financial institution.

"**Shareholder**" means Aegean Sea Maritime Holdings Inc., a corporation incorporated and existing under the laws of the Republic of the Marshall Islands having its registered office at Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, MH96960, Marshall Islands.

"**Shares Pledge**" means the shares pledge over the shares in the Charterers to be executed by the Shareholder in favour of the Owners on or around the date of this Charter.

“**Short Term Time Subcharter**” means a subcharter of the Vessel on a time charter basis with a charter period not exceeding and not capable of exceeding twelve (12) months (taking into account any optional extension period)

“**Subcharter”** means the subcharter with the particulars set out under Schedule IV.

“**Subcharterer Assignment**” means the subcharterer of the Vessel named under Schedule IV;

“**Term**” means, in relation to the definitions of “Charterhire A” and “Charterhire B”, a period of three (3) month’s duration provided that:

(a) the first Term shall commence on the Commencement Date;

(b) each subsequent Term shall commence on the last day of the preceding Term;

(c) any Term which would otherwise end on a non-Business Day shall instead end on the next following Business Day or, if that Business Day is in another calendar month, on the immediately preceding Business Day;

(d) if any Term commences on the last Business Day of a calendar month or on a day for which there is no numerically corresponding day in the calendar month three (3) months thereafter, as the case may be, that Term shall, subject to paragraphs (c), (e) and (f), end on the last Business Day of such later calendar month;

(e) any Term which would otherwise overrun a Payment Date shall instead end on that Payment Date; and

(f) any Term which would otherwise extend beyond the Charter Period shall instead end on the last day of the Charter Period.

“**Termination Event**” means any event described in Clause 44.

“**Termination Purchase Price**” means, in respect of any date (for the purposes of this definition only, the “**Relevant Date**”), the aggregate of:

(a) the Outstanding Principal Balance as at the Relevant Date together with a fee calculated at the rate of (i) one per cent. (1%) thereon for any termination of this Charter occurring before the fourth anniversary of the Commencement Date, (ii) zero point five per cent. (0.5%) thereon for any termination of this Charter occurring on and after the fourth anniversary of the Commencement Date and before the fifth anniversary of the Commencement Date and (iii) zero per cent. (0%) for any prepayment made thereafter;

(b) and any accrued but unpaid Charterhire B as at the Relevant Date;

(c) any Breakfunding Costs;

(d) any costs incurred and expenses incurred by the Owners (and their financiers (if any)) in locating, repossessing or recovering the Vessel or collecting any payments due under this Charter or in obtaining the due performance of the obligations of the Charterers under this Charter or the other Leasing Documents and any default interest in relation thereto;

(e) any legal costs incurred by the Owners in connection with the termination of this Charter under Clause 44;

(f) all other outstanding amounts payable under this Charter together with any applicable interest thereon.

"**Total Loss**" means:

(a) actual, constructive, compromised, agreed or arranged total loss of the Vessel;

(b) any expropriation, confiscation, requisition or acquisition of the Vessel, whether for full consideration, a consideration less than its proper value, a nominal consideration or without any consideration, which is effected by any government or official authority or by any person or persons claiming to be or to represent a government or official authority (excluding a requisition for hire for a fixed period not exceeding 1 year without any right to an extension) unless it is redelivered within twenty-one (21) days to the full control of the Owners or the Charterers; or

(c) any arrest, capture, seizure or detention of the Vessel (including any hijacking or theft but excluding any event specified in paragraph (b) of this definition) unless it is redelivered within thirty (30) days to the full control of the Owners or the Charterers.

"**Trust Deed**" means a trust deed dated on or around the date of this Charter entered into between the Owners, the Other Owners, the Charterers, the Other Charterers, the Guarantor and the Approved Manager which, inter alia, sets out the obligations of the Owners in respect of holding on trust all moneys or other assets received or recovered by or on behalf of the Owners by virtue of any Security Interest or other rights granted to the Owners under or by virtue of the Security Documents.

"US Tax Obligor" means (a) a person which is resident for tax purposes in the United States of America or (b) a person some or all of whose payments under the Leasing Documents are from sources within the United States for United States federal income tax purposes.

"**Vessel**" means the MR tanker m.v. "NAVE AQUILA" with IMO No. 9459072 with particulars stated in Boxes 6 to 12 of this Charter and which is to be registered under the name of the Owners with the Panama registry upon Delivery.

59.2 In this Charter:

"**Approved Manager**", "**Approved Subcharterer**", "**Charterers", "Other Charterers", "Other Owners**", **"Owners**", **"Relevant Person", "Shareholder", "Subcharterer**" or any other person shall be construed so as to include its successors in title, permitted assigns and permitted transferees to, or of, its rights and/or obligations under the Leasing Documents.

"**agreed form**" means, in relation to a document, such document in a form agreed in writing by the Owners;

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

"**company**" includes any partnership, joint venture and unincorporated association;

"**consent**" includes an authorisation, consent, approval, resolution, licence, exemption, filing, registration, notarisation and legalisation;

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

“**continuing**” means, in relation to any Termination Event, a Termination Event which has not been waived by the Owners and in relation to any Potential Termination Event, a Potential Termination Event which has not been waived by the Owners;

“**control**” over a particular company means the power (whether by way of ownership of shares, proxy, contract, agency or otherwise) to:

(a) cast, or control the casting of, more than 51 per cent, of the maximum number of votes that might be cast at a general meeting of such company; or

(b) appoint or remove all, or the majority, of the directors or other equivalent officers of such company; or

(c) give directions with respect to the operating and financial policies of such company with which the directors or other equivalent officers of such company are obliged to comply;

“**document**” includes a deed; also a letter, fax or telex;

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

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

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

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

“**months**” shall be construed in accordance with Clause 59.3;

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

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

“**protection and indemnity risks**” means the usual risks covered by a protection and indemnity association which is a member of the International Group of P&I Clubs including pollution risks, freight, demurrage and defence cover, extended passenger cover and the proportion (if any) of any sums payable to any other person or persons in case of collision which are not recoverable under the hull and machinery policies by reason of the incorporation in them of clause 6 of the International Hull Clauses (1/11/02 or 1/11/03), clause 8 of the Institute Time Clauses (Hulls)(1/10/83) or clause 8 of the Institute Time Clauses (Hulls) (1/11/1995) or the Institute Amended Running Down Clause (1/10/71) or any equivalent provision;

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

“**subsidiary**” has the meaning given in Clause 59.4; and

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

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

(a) on the Business Day following the numerically corresponding day if the numerically corresponding day is not a Business Day or, if there is no later Business Day in the same calendar month, on the Business Day preceding the numerically corresponding day; or

(b) on the last Business Day in the relevant calendar month, if the period started on the last Business Day in a calendar month or if the last calendar month of the period has no numerically corresponding day;

and "**month**" and "**monthly**" shall be construed accordingly.

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

A company (S) is a subsidiary of another company (U) if S is a subsidiary of P and P is in turn a subsidiary of U.

For the purposes of this Charter and other Leasing Documents, references to the subsidiaries of the Guarantor shall exclude any subsidiary of the Guarantor which is publicly listed on any stock exchange.

59.5 In this Charter:

(a) references to a Leasing Document or any other document being in the form of a particular appendix or to any document referred to in the recitals include references to that form with any modifications to that form which the Owners approve;

(b) references to, or to a provision of, a Leasing Document or any other document are references to it as amended or supplemented, whether before the date of this Charter or otherwise;

(c) references to, or to a provision of, any law include any amendment, extension, re-enactment or replacement, whether made before the date of this Charter or otherwise; and

(d) words denoting the singular number shall include the plural and vice versa.

59.6 **Headings.** In interpreting a Leasing Document or any provision of a Leasing Document, all clauses, sub-clauses and other headings in that and any other Leasing Document shall be entirely disregarded.

EXECUTION PAGE

OWNERS

SIGNED)
by)
as an attorney-in-fact)
for and on behalf of)
SEA 67 LEASING CO. LIMITED)
in the presence of:)

Witness' signature:)
Witness' name: Liu Hangyang)
Witness' address: 21F. No.1088 [illegible] Dong Road) Shanghai China.

CHARTERERS

SIGNED)
by)
for and on behalf of)
IKARIA SHIPPING CORPORATION)
as)
in the presence of:)

Witness' signature:)
Witness' name:)
Witness' address:)

EXECUTION PAGE

OWNERS

SIGNED)
by)
as an attorney-in-fact)
for and on behalf of)
SEA 67 LEASING CO. LIMITED)
in the presence of:)

Witness' signature:)
Witness' name:)
Witness' address:)

CHARTERERS

SIGNED)
by ALEXANDROS LAIOS)
for and on behalf of)
IKARIA SHIPPING CORPORATION)
as Attorney-in-fact)
in the presence of:)

Witness' signature: Francisco G.Tazelaar)
Witness' name: Abogado / Attorney-at-law)
Witness' address: T° 127 F° 127 CPACF)
Akti Miaouli 85, Piraeus Greece

MEMORANDUM OF AGREEMENT

Norwegian Shipbrokers' Association's Memorandum of Agreement for sale and purchase of ships. Adopted by BIMCO in 1956.
Code-name
SALEFORM 2012
Revised 1966, 1983 and 1986/87, 1993 and 2012

Dated: 31 March **2018** 1

Ikaria Shipping Corporation, a corporation incorporated and existing under the laws of the Marshall Islands having its registered office at Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, MH96960, Marshall Islands(*Name of sellers*), hereinafter called the "Sellers", have agreed to sell, and 2

Sea 67 Leasing Co. Limited, a company incorporated and existing under the laws of Hong Kong having its registered office at Room 1803-1804, 18/F Bank of America Tower, 12 Harcourt Road, Central, Hong Kong (*Name of buyers*), hereinafter called the "Buyers", have agreed to buy: 3

Name of vessel: **NAVE AQUILA** 4

IMO Number: **9459072** 5

Classification Society: **Nippon Kaiji Kyokai** 6

Class Notation: **NS*** **(CSR, Tanker, Oils-Flashpoint on and below 60 degree C and Chemicals Type II and III, Performance Standard for Protective Coatings for Dedicated Seawater Ballast Tanks in All Types of Ships and Double-side Skin Spaces of Bulk Carriers)(ESP)(IWS)(PSCM)(EA + VOC)** 7
MNS*

Year of Build: **2012** Builder/Yard: **Dae Sun Shipbuilding & Engineering Co., Ltd.** 8

Flag: **Panama** Place of Registration: **Panama** GT/NT: **30,052 /13,255** 9

hereinafter called the "Vessel", on the following terms and conditions: 10

Definitions – see also Clause 28 11

"Agreement" means this memorandum of agreement which shall for the avoidance of doubt, include the rider provisions from Clauses 19 to 28.

~~"Banking Days" are days on which banks are open both in the country of the currency stipulated for~~ 12
~~the Purchase Price in Clause 1 (Purchase Price) and in the place of closing stipulated in Clause 8~~ 13
~~(Documentation) and ______ (add additional jurisdictions as appropriate).~~ 14

"Buyers' Nominated Flag State" means **Panama** (*state flag state*). 15

"Cancelling Date" has the meaning given to that term in Clause 5. 16

"Conditions Precedent" has the meaning given to that term in Clause 8(a).

"Class" means the class notation referred to above.

"Classification Society" means the **Classification** Society referred to above. 17

"Dollars" or "$" mean United States dollars, being the lawful currency of the United States of America.~~Deposit" shall have the meaning given in Clause 2 (Deposit)~~ 18

~~"Deposit Holder" means ______ (state name and location of Deposit Holder) or, if left blank, the~~ 19
~~Sellers' Bank, which shall hold and release the Deposit in accordance with this Agreement.~~ 20

"In writing" or "written" means a letter handed over from the Sellers to the Buyers or vice versa, a 21
registered letter, e-mail or telefax. 22

"Parties" means the Sellers and the Buyers. 23

~~"Purchase Price" means the price for the Vessel as stated in Clause 1 (Purchase Price).~~ 24

~~"Sellers' Account" means ______ (state details of bank account) at the Sellers' Bank.~~ 25

~~"Sellers' Bank" means (state name of bank, branch and details) or, if left blank, the bank~~ 26
~~notified by the Sellers to the Buyers for receipt of the balance of the Purchase Price.~~ 27

1. Purchase Price 28

See Clause 19~~The Purchase Price is ______ *(state currency and amount both in words and figures)*.~~

2. Deposit – intentionally omitted

~~As security for the correct fulfilment of this Agreement the Buyers shall lodge a deposit of ______% (______per cent) or, if left blank, 10% (ten per cent), of the Purchase Price (the "Deposit") in an interest bearing account for the Parties with the Deposit Holder within three (3) Banking Days after the date that:~~

~~(i) this Agreement has been signed by the Parties and exchanged in original or by e-mail or telefax; and~~

~~(ii) the Deposit Holder has confirmed in writing to the Parties that the account has been opened.~~

~~The Deposit shall be released in accordance with joint written instructions of the Parties. Interest, if any, shall be credited to the Buyers. Any fee charged for holding and releasing the Deposit shall be borne equally by the Parties. The Parties shall provide to the Deposit Holder all necessary documentation to open and maintain the account without delay.~~

3. Payment

See Clause 19~~On delivery of the Vessel, but not later than three (3) Banking Days after the date that Notice of Readiness has been given in accordance with Clause 5 (Time and place of delivery and notices):~~

~~(i) the Deposit shall be released to the Sellers; and~~

~~(ii) the balance of the Purchase Price and all other sums payable on delivery by the Buyers to the Sellers under this Agreement shall be paid in full free of bank charges to the Sellers' Account.~~

4. Inspection – intentionally omitted

~~**(a)*** The Buyers have inspected and accepted the Vessel's classification records. The Buyers have also inspected the Vessel at/in ______ *(state place)* on ______ *(state date)* and have accepted the Vessel following this inspection and the sale is outright and definite, subject only to the terms and conditions of this Agreement.~~

~~**(b)*** The Buyers shall have the right to inspect the Vessel's classification records and declare whether same are accepted or not within ______ *(state date/period)*.~~

~~The Sellers shall make the Vessel available for inspection at/in ______ *(state place/range)* within ______ *(state date/period)*.~~

~~The Buyers shall undertake the inspection without undue delay to the Vessel. Should the Buyers cause undue delay they shall compensate the Sellers for the losses thereby incurred.~~

~~The Buyers shall inspect the Vessel without opening up and without cost to the Sellers.~~

~~During the inspection, the Vessel's deck and engine log books shall be made available for examination by the Buyers.~~

~~The sale shall become outright and definite, subject only to the terms and conditions of this Agreement, provided that the Sellers receive written notice of acceptance of the Vessel from the Buyers within seventy-two (72) hours after completion of such inspection or after the date/last day of the period stated in Line 59, whichever is earlier.~~

~~Should the Buyers fail to undertake the inspection as scheduled and/or notice of acceptance of the Vessel's classification records and/or of the Vessel not be received by the Sellers as aforesaid, the Deposit together with interest earned, if any, shall be released immediately to the Buyers, whereafter this Agreement shall be null and void.~~

~~**4(a) and 4(b) are alternatives; delete whichever is not applicable. In the absence of deletions, alternative 4(a) shall apply.*~~

5. Time and place of delivery and notices

(a) The Vessel shall be delivered and taken over safely afloat **in (i) international waters or (ii) such other place**~~at a safe and accessible berth or anchorage at/in ______ *(state place/range)* in the Sellers' option~~ **and subject to such conditions as may be agreed by the Buyers**.

~~Notice of Readiness shall not be tendered before: ______ *(date)*~~

Cancelling Date (see Clauses 5(c) ~~, 6 (a)(i), 6 (a) (iii)~~ and 14): **30 April 2018 (or such later date as may**

be agreed by the Sellers and the Buyers in writing) (the "Cancelling Date")

(b) The Sellers shall keep the Buyers well informed of the Vessel's itinerary and shall provide the Buyers with ~~twenty (20), ten (10),~~ five (5) and three (3) days' notice of the date the Sellers intend to tender Notice of Readiness and of the intended place of delivery.

When the Vessel is, **on a day being a Business Day,** at the place of delivery and physically ready for delivery in accordance with this Agreement, the Sellers shall give the Buyers a written Notice of Readiness for delivery.

(c) If the Sellers anticipate that, notwithstanding the exercise of due diligence by them, the Vessel will not be ready for delivery by the Cancelling Date they may notify the Buyers in writing stating the date when they anticipate that the Vessel will be ready for delivery and proposing a new Cancelling Date. Upon receipt of such notification the Buyers shall have the option of either cancelling this Agreement in accordance with Clause 14 (Sellers' Default) within three (3) ~~Banking~~ **Business** Days of receipt of the notice or of accepting the new date as the new Cancelling Date.

If the Buyers have not declared their option within three (3) ~~Banking~~ **Business** Days of receipt of the Sellers' notification or if the Buyers accept the new date, the date proposed in the Sellers' notification shall be deemed to be the new Cancelling Date and shall be substituted for the Cancelling Date stipulated in line 79.

If this Agreement is maintained with ~~the~~ **a** new Cancelling Date all other terms and conditions hereof including those contained in Clauses 5(b) and 5(d) shall remain unaltered and in full force and effect.

(d) Cancellation, failure to cancel or acceptance of ~~the~~ **a** new Cancelling Date shall be entirely without prejudice to any claim for damages the Buyers may have under Clause 14 (Sellers' Default) for the Vessel not being ready by the original Cancelling Date.

(e) Should the Vessel become a~~n actual, constructive or compromised t~~ **T**otal ~~l~~**L**oss before delivery ~~the Deposit together with interest earned, if any, shall be released immediately to the Buyers whereafter~~ this Agreement shall ~~be null and void~~**terminate (provided that any provision hereof expressed to survive such termination shall do so in accordance with its terms)**.

6. Divers Inspection / Drydocking – intentionally omitted

~~(a)*~~

~~(i) The Buyers shall have the option at their cost and expense to arrange for an underwater inspection by a diver approved by the Classification Society prior to the delivery of the Vessel. Such option shall be declared latest nine (9) days prior to the Vessel's intended date of readiness for delivery as notified by the Sellers pursuant to Clause 5(b) of this Agreement. The Sellers shall at their cost and expense make the Vessel available for such inspection. This inspection shall be carried out without undue delay and in the presence of a Classification Society surveyor arranged for by the Sellers and paid for by the Buyers. The Buyers' representative(s) shall have the right to be present at the diver's inspection as observer(s) only without interfering with the work or decisions of the Classification Society surveyor. The extent of the inspection and the conditions under which it is performed shall be to the satisfaction of the Classification Society. If the conditions at the place of delivery are unsuitable for such inspection, the Sellers shall at their cost and expense make the Vessel available at a suitable alternative place near to the delivery port, in which event the Cancelling Date shall be extended by the additional time required for such positioning and the subsequent re-positioning. The Sellers may not tender Notice of Readiness prior to completion of the underwater inspection.~~

~~(ii) If the rudder, propeller, bottom or other underwater parts below the deepest load line are found broken, damaged or defective so as to affect the Vessel's class, then (1) unless repairs can be carried out afloat to the satisfaction of the Classification Society, the Sellers shall arrange for the Vessel to be drydocked at their expense for inspection by the Classification Society of the Vessel's underwater parts below the deepest load line, the extent of the inspection being in accordance with the Classification Society's rules (2) such defects shall be made good by the Sellers at their cost and expense to the satisfaction of the Classification Society without condition/recommendation** and (3) the Sellers shall pay for the underwater inspection and the Classification Society's attendance.~~

~~Notwithstanding anything to the contrary in this Agreement, if the Classification Society do not require the aforementioned defects to be rectified before the next class drydocking survey, the Sellers shall be entitled to deliver the Vessel with these defects against a deduction from the Purchase Price of the estimated direct cost (of labour and materials) of carrying out the repairs to the satisfaction of the Classification Society,~~

~~whereafter the Buyers shall have no further rights whatsoever in respect of the defects and/or repairs. The estimated direct cost of the repairs shall be the average of quotes for the repair work obtained from two reputable independent shipyards at or in the vicinity of the port of delivery, one to be obtained by each of the Parties within two (2) Banking Days from the date of the imposition of the condition/recommendation, unless the Parties agree otherwise. Should either of the Parties fail to obtain such a quote within the stipulated time then the quote duly obtained by the other Party shall be the sole basis for the estimate of the direct repair costs. The Sellers may not tender Notice of Readiness prior to such estimate having been established.~~

~~**(iii)** If the Vessel is to be drydocked pursuant to Clause 6(a)(ii) and no suitable dry-docking facilities are available at the port of delivery, the Sellers shall take the Vessel to a port where suitable drydocking facilities are available, whether within or outside the delivery range as per Clause 5(a). Once drydocking has taken place the Sellers shall deliver the Vessel at a port within the delivery range as per Clause 5(a) which shall, for the purpose of this Clause, become the new port of delivery. In such event the Cancelling Date shall be extended by the additional time required for the drydocking and extra steaming, but limited to a maximum of fourteen (14) days.~~

~~**(b)*** The Sellers shall place the Vessel in drydock at the port of delivery for inspection by the Classification Society of the Vessel's underwater parts below the deepest load line, the extent of the inspection being in accordance with the Classification Society's rules. If the rudder, propeller, bottom or other underwater parts below the deepest load line are found broken, damaged or defective so as to affect the Vessel's class, such defects shall be made good at the Sellers' cost and expense to the satisfaction of the Classification Society without condition/recommendation**. In such event the Sellers are also to pay for the costs and expenses in connection with putting the Vessel in and taking her out of drydock, including the drydock dues and the Classification Society's fees. The Sellers shall also pay for these costs and expenses if parts of the tailshaft system are condemned or found defective or broken so as to affect the Vessel's class. In all other cases, the Buyers shall pay the aforesaid costs and expenses, dues and fees.~~

~~**(c)** If the Vessel is drydocked pursuant to Clause 6 (a)(ii) or 6 (b) above:~~

~~**(i)** The Classification Society may require survey of the tailshaft system, the extent of the survey being to the satisfaction of the Classification surveyor. If such survey is not required by the Classification Society, the Buyers shall have the option to require the tailshaft to be drawn and surveyed by the Classification Society, the extent of the survey being in accordance with the Classification Society's rules for tailshaft survey and consistent with the current stage of the Vessel's survey cycle. The Buyers shall declare whether they require the tailshaft to be drawn and surveyed not later than by the completion of the inspection by the Classification Society. The drawing and refitting of the tailshaft shall be arranged by the Sellers. Should any parts of the tailshaft system be condemned or found defective so as to affect the Vessel's class, those parts shall be renewed or made good at the Sellers' cost and expense to the satisfaction of Classification Society without condition/recommendation**.~~

~~**(ii)** The costs and expenses relating to the survey of the tailshaft system shall be borne by the Buyers unless the Classification Society requires such survey to be carried out or if parts of the system are condemned or found defective or broken so as to affect the Vessel's class, in which case the Sellers shall pay these costs and expenses.~~

~~**(iii)** The Buyers' representative(s) shall have the right to be present in the drydock, as observer(s) only without interfering with the work or decisions of the Classification Society surveyor.~~

~~**(iv)** The Buyers shall have the right to have the underwater parts of the Vessel cleaned and painted at their risk, cost and expense without interfering with the Sellers' or the Classification Society surveyor's work, if any, and without affecting the Vessel's timely delivery. If, however, the Buyers' work in drydock is still in progress when the Sellers have completed the work which the Sellers are required to do, the additional docking time needed to complete the Buyers' work shall be for the Buyers' risk, cost and expense. In the event that the Buyers' work requires such additional time, the Sellers may upon completion of the Sellers' work tender Notice of Readiness for delivery whilst the Vessel is still in drydock and, notwithstanding Clause 5(a), the Buyers shall be obliged to take delivery in accordance with Clause 3 (Payment), whether the Vessel is in drydock or not.~~

~~**6 (a) and 6 (b) are alternatives; delete whichever is not applicable. In the absence of deletions,*~~

~~*alternative 6 (a) shall apply.*~~

~~***Notes or memoranda, if any, in the surveyor's report which are accepted by the Classification Society without condition/recommendation are not to be taken into account.*~~

7. Spares, bunkers and other items

The Sellers shall deliver the Vessel to the Buyers with everything belonging to her on board and on shore. All spare parts and spare equipment including spare tail-end shaft(s) and/or spare propeller(s)/propeller blade(s), if any, belonging to the Vessel at the time of ~~inspection~~**delivery** used or unused, whether on board or not shall become the Buyers' property, but spares on order are excluded. ~~Forwarding charges, if any, shall be for the Buyers' account.~~ The Sellers are not required to replace spare parts including spare tail-end shaft(s) and spare propeller(s)/propeller blade(s) which are taken out of spare and used as replacement prior to delivery, but the replaced items shall be the property of the Buyers. Unused stores and provisions shall be included in the sale and be taken over by the Buyers without extra payment.

~~Library and forms exclusively for use in the Sellers' vessel(s) and captain's, officers' and crew's personal belongings including the slop chest are excluded from the sale without compensation, as well as the following additional items: ______ *(include list)*~~

~~Items on board which are on hire or owned by third parties, listed as follows, are excluded from the sale without compensation: ______ *(include list)*~~

~~Items on board at the time of inspection which are on hire or owned by third parties, not listed above, shall be replaced or procured by the Sellers prior to delivery at their cost and expense.~~

The Buyers shall take over remaining bunkers and unused lubricating and hydraulic oils and greases in storage tanks and unopened drums **at no extra cost.** ~~and pay either~~

~~**(a)** *the actual net price (excluding barging expenses) as evidenced by invoices or vouchers; or~~

~~**(b)** *the current net market price (excluding barging expenses) at the port and date of delivery of the Vessel or, if unavailable, at the nearest bunkering port,~~

~~for the quantities taken over.~~

~~Payment under this Clause shall be made at the same time and place and in the same currency as the Purchase Price.~~

~~"inspection" in this Clause 7, shall mean the Buyers' inspection according to Clause 4(a) or 4(b) (Inspection), if applicable. If the Vessel is taken over without inspection, the date of this Agreement shall be the relevant date.~~

~~**(a) and (b) are alternatives, delete whichever is not applicable. In the absence of deletions alternative (a) shall apply.*~~

8. Documentation

The place of closing: **To be mutually agreed between the Sellers and the Buyers**

(a) ~~In exchange for p~~Payment of the Purchase Price **by the Buyers to** the Sellers shall **be subject to Clause 20 and conditional on the Buyers having on or prior to delivery of the Vessel on the Delivery Date received, or being satisfied as to,** ~~provide the Buyers with~~ the following ~~delivery documents~~**items**:

(i) Legal Bill(s) of Sale in a form recordable in the Buyers' Nominated Flag State, transferring title of the Vessel and stating that the Vessel is free from all mortgages, encumbrances and ~~maritime~~ liens **(whether maritime or otherwise)** or any other debts whatsoever, duly notarially attested and legalised or apostilled, as required by the Buyers' Nominated Flag State;

(ii) Acceptance of Sale in a form recordable in the Buyers' Nominated Flag State, duly notarially attested and legalised or apostilled, as required by the Buyers' Nominated Flag State.

(~~ii~~iii) Evidence that all necessary corporate, shareholder and other action has been taken by the Sellers to authorise the execution, delivery and performance of this Agreement;

(~~iii~~iv) Power of Attorney of the Sellers appointing one or more representatives to act on behalf of the Sellers in the performance of this Agreement, duly notarially attested and legalised or apostilled (as appropriate);

(~~iv~~v) Certificate or Transcript of Registry issued by the competent authorities of the flag state on the date of delivery evidencing the Sellers' ownership of the Vessel and that the

Vessel is free from registered encumbrances and mortgages, to be faxed or e-mailed by such authority to the closing meeting with the original to be sent to the Buyers as soon as possible after delivery of the Vessel;

(~~v~~vi) Declaration of Class or (depending on the Classification Society) a Class Maintenance Certificate issued within three (3) **Business** ~~Banking~~ Days prior to delivery confirming that the Vessel is in Class free of **overdue** condition/recommendation;

~~(vi) Certificate of Deletion of the Vessel from the Vessel's registry or other official evidence of deletion appropriate to the Vessel's registry at the time of delivery, or, in the event that the registry does not as a matter of practice issue such documentation immediately, a written undertaking by the Sellers to effect deletion from the Vessel's registry forthwith and provide a certificate or other official evidence of deletion to the Buyers promptly and latest within four (4) weeks after the Purchase Price has been paid and the Vessel has been delivered;~~

~~(vii) A copy of the Vessel's Continuous Synopsis Record certifying the date on which the Vessel ceased to be registered with the Vessel's registry, or, in the event that the registry does not as a matter of practice issue such certificate immediately, a written undertaking from the Sellers to provide the copy of this certificate promptly upon it being issued together with evidence of submission by the Sellers of a duly executed Form 2 stating the date on which the Vessel shall cease to be registered with the Vessel's registry;~~

(~~viii~~vii) Commercial Invoice for the Vessel;

~~(ix) Commercial Invoice(s) for bunkers, lubricating and hydraulic oils and greases;~~

~~(x) A copy of the Sellers' letter to their satellite communication provider cancelling the Vessel's communications contract which is to be sent immediately after delivery of the Vessel;~~

(~~xi~~viii) Any additional documents as may reasonably be required by the competent authorities of the Buyers' Nominated Flag State for the purpose of registering the Vessel, **each in a form acceptable to the Buyers' Nominated Flag State, duly notarially attested and legalised or apostilled (if required)** ~~provided the Buyers notify the Sellers of any such documents as soon as possible after the date of this Agreement~~; and

(~~xii~~ix) The Sellers' letter of confirmation that to the best of their knowledge, the Vessel is not black listed by any nation or international organisation.

(x) The items set out in Clause 20.

The items set out in this Clause 8(a) (together the "Conditions Precedent") are inserted for the sole benefit of the Buyers and may be waived in whole or in part with or without conditions by the Buyers.

(b) At the time of delivery the Buyers shall provide the Sellers with:

(i) Evidence that all necessary corporate~~, shareholder~~ and other action has been taken by the Buyers to authorise the execution, delivery and performance of this Agreement; and

(ii) Power of Attorney of the Buyers **(if any)** appointing one or more representatives to act on behalf of the Buyers in the performance of this Agreement.~~, duly notarially attested and legalised or apostilled (as appropriate).~~

(c) If any of the documents listed in Sub-clauses (a) and (b) above are not in the English language they shall be accompanied by an English translation by an authorised translator or certified by a lawyer qualified to practice in the country of the translated language.

(d) The Parties shall to the extent possible exchange copies, drafts or samples of the documents listed in Sub-clause (a) and Sub-clause (b) above for review and comment by the other party not later than **two (2) Business Days (or such later date as the Buyers may agree) prior to the Vessel's intended date of readiness for delivery as notified by the Sellers pursuant to Clause 5(b) of this Agreement.** ~~(*state number of days*), or if left blank, nine (9) days prior to the Vessel's intended date of readiness for delivery as notified by the Sellers pursuant to Clause 5(b) of this Agreement.~~

(e) On delivery, ~~Concurrent with the exchange of documents in Sub-clause (a) and Sub-clause (b) above,~~ the Sellers shall also hand to the Buyers **copies of** the classification certificate(s) as well as all plans, drawings and manuals, (excluding ISM/ISPS manuals), which are on board the Vessel. Other certificates which are on board the Vessel shall also be handed over to the Buyers unless the Sellers are required to retain same, in which case the Buyers have the right to take copies.

(f) Other technical documentation which may be in the Sellers' possession shall promptly after delivery be forwarded to the Buyers at ~~their~~ **Sellers'** expense, if they so request. The Sellers may keep the Vessel's log books but the Buyers have the right to take copies of same.

(g) The Parties shall sign and deliver to each other a Protocol of Delivery and Acceptance confirming the date and time of delivery of the Vessel from the Sellers to the Buyers.

9. Encumbrances

The Sellers warrant that the Vessel, at the time of delivery, is free from all charters **(other than the Bareboat Charter and any time charter permitted by the terms of the Leasing Documents)**, encumbrances, mortgages and ~~maritime~~ liens **(whether maritime or otherwise)** or any other debts whatsoever, and is not subject to Port State or other administrative detentions. The Sellers hereby undertake to indemnify the Buyers against all consequences of claims made against the Vessel which have been incurred prior to the time of delivery.

10. Taxes, fees and expenses

Any taxes, fees and expenses in connection with the purchase **of the Vessel** and registration in the Buyers' Nominated Flag State ~~shall be for the Buyers' account, whereas similar charges~~ **and** in connection with the closing of the Sellers' register shall be for the Sellers' account.

11. Condition on delivery

The Vessel with everything belonging to her shall be at the Sellers' risk and expense until she is delivered to the Buyers~~, but subject~~ **pursuant** to the terms and conditions of this Agreement ~~she shall be delivered and taken over as she was at the time of inspection, fair wear and tear excepted~~.

However, the Vessel shall be delivered ~~free of cargo~~ and free of stowaways with her Class maintained without condition/recommendation~~*~~, free of average damage affecting the Vessel's class, and with her classification certificates and national certificates, as well as all other certificates the Vessel had at the time of ~~inspection~~**delivery**, valid ~~and unextended~~ without **overdue** condition/recommendation~~*~~ by the Classification Society or the relevant authorities at the time of delivery.

~~"inspection" in this Clause 11, shall mean the Buyers' inspection according to Clause 4(a) or 4(b) (Inspections), if applicable. If the Vessel is taken over without inspection, the date of this Agreement shall be the relevant date.~~

~~*Notes and memoranda, if any, in the surveyor's report which are accepted by the Classification Society without condition/recommendation are not to be taken into account.~~

12. Name/markings – intentionally omitted

~~Upon delivery the Buyers undertake to change the name of the Vessel and alter funnel markings.~~

13. Buyers' default

~~Should the Deposit not be lodged in accordance with Clause 2 (Deposit), the Sellers have the right to cancel this Agreement, and they shall be entitled to claim compensation for their losses and for all expenses incurred together with interest.~~

Should the Purchase Price not be paid in accordance with ~~Clause 3 (Payment)~~**this Agreement**, the Sellers have the right to cancel this Agreement, in which case **it shall terminate whereupon all the Buyers' liabilities hereunder shall be extinguished.** ~~the Deposit together with interest earned, if any, shall be released to the Sellers. If the Deposit does not cover their loss, the Sellers shall be entitled to claim further compensation for their losses and for all expenses incurred together with interest.~~

14. Sellers' default

Should the Sellers fail to give Notice of Readiness in accordance with Clause 5(b) or fail to be ready to validly complete a legal transfer by the Cancelling Date the Buyers shall have the option of cancelling this Agreement. If after Notice of Readiness has been given but before the Buyers have taken delivery, the Vessel ceases to be physically ready for delivery and is not made physically ready again by the Cancelling Date and new Notice of Readiness given, the Buyers shall retain their option to cancel. ~~In the event that the Buyers elect to cancel this~~

~~Agreement, the Deposit together with interest earned, if any, shall be released to them immediately.~~

Without prejudice to any of the rights the Buyers may have under the Leasing Documents, at law or otherwise, S~~s~~hould the Sellers fail to give Notice of Readiness by the Cancelling Date or fail to be ready to validly complete a legal transfer as aforesaid they shall make due compensation to the Buyers for their **direct and documented** loss and for all **documented** expenses together with interest ~~if their failure is due to proven negligence~~ and whether or not the Buyers cancel this Agreement.

15. Buyers' representatives – intentionally omitted

~~After this Agreement has been signed by the Parties and the Deposit has been lodged, the Buyers have the right to place two (2) representatives on board the Vessel at their sole risk and expense.~~

~~These representatives are on board for the purpose of familiarisation and in the capacity of observers only, and they shall not interfere in any respect with the operation of the Vessel. The Buyers and the Buyers' representatives shall sign the Sellers' P&I Club's standard letter of indemnity prior to their embarkation.~~

16. Law and Arbitration See Clause 25

~~(a) *This Agreement shall be governed by and construed in accordance with English law and any dispute arising out of or in connection with this Agreement shall be referred to arbitration in London in accordance with the Arbitration Act 1996 or any statutory modification or re-enactment thereof save to the extent necessary to give effect to the provisions of this Clause.~~

~~The arbitration shall be conducted in accordance with the London Maritime Arbitrators Association (LMAA) Terms current at the time when the arbitration proceedings are commenced.~~

~~The reference shall be to three arbitrators. A party wishing to refer a dispute to arbitration shall appoint its arbitrator and send notice of such appointment in writing to the other party requiring the other party to appoint its own arbitrator within fourteen (14) calendar days of that notice and stating that it will appoint its arbitrator as sole arbitrator unless the other party appoints its own arbitrator and gives notice that it has done so within the fourteen (14) days specified. If the other party does not appoint its own arbitrator and give notice that it has done so within the fourteen (14) days specified, the party referring a dispute to arbitration may, without the requirement of any further prior notice to the other party, appoint its arbitrator as sole arbitrator and shall advise the other party accordingly. The award of a sole arbitrator shall be binding on both Parties as if the sole arbitrator had been appointed by agreement.~~

~~In cases where neither the claim nor any counterclaim exceeds the sum of US$100,000 the arbitration shall be conducted in accordance with the LMAA Small Claims Procedure current at the time when the arbitration proceedings are commenced.~~

~~(b) *This Agreement shall be governed by and construed in accordance with Title 9 of the United States Code and the substantive law (not including the choice of law rules) of the State of New York and any dispute arising out of or in connection with this Agreement shall be referred to three (3) persons at New York, one to be appointed by each of the parties hereto, and the third by the two so chosen; their decision or that of any two of them shall be final, and for the purposes of enforcing any award, judgment may be entered on an award by any court of competent jurisdiction. The proceedings shall be conducted in accordance with the rules of the Society of Maritime Arbitrators, Inc.~~

~~In cases where neither the claim nor any counterclaim exceeds the sum of US$ 100,000 the arbitration shall be conducted in accordance with the Shortened Arbitration Procedure of the Society of Maritime Arbitrators, Inc.~~

~~(c) This Agreement shall be governed by and construed in accordance with the laws of ______ (*state place*) and any dispute arising out of or in connection with this Agreement shall be referred to arbitration at ______ (*state place*), subject to the procedures applicable there.~~

~~**16(a), 16(b) and 16(c) are alternatives; delete whichever is not applicable. In the absence of deletions, alternative 16(a) shall apply.*~~

17. Notices See Clause 27

~~All notices to be provided under this Agreement shall be in writing.~~

~~Contact details for recipients of notices are as follows:~~

~~For the Buyers:~~

~~For the Sellers:~~

18. Entire Agreement

The written terms of this Agreement **(together with the other Leasing Documents)** comprise the entire agreement between the Buyers and the Sellers in relation to the sale and purchase of the Vessel and supersede all previous agreements whether oral or written between the Parties in relation thereto.

Each of the Parties acknowledges that in entering into this Agreement it has not relied on and shall have no right or remedy in respect of any statement, representation, assurance or warranty (whether or not made negligently) other than as is expressly set out in this Agreement.

Any terms implied into this Agreement by any applicable statute or law are hereby excluded to the extent that such exclusion can legally be made. Nothing in this Clause shall limit or exclude any liability for fraud.

For and on behalf of the Sellers	For and on behalf of the Buyers
Name: ______	Name: ______
Title: ______	Title: ______

~~For the Buyers:~~

~~For the Sellers:~~

18. Entire Agreement

The written terms of this Agreement **(together with the other Leasing Documents)** comprise the entire agreement between the Buyers and the Sellers in relation to the sale and purchase of the Vessel and supersede all previous agreements whether oral or written between the Parties in relation thereto.

Each of the Parties acknowledges that in entering into this Agreement it has not relied on and shall have no right or remedy in respect of any statement, representation, assurance or warranty (whether or not made negligently) other than as is expressly set out in this Agreement.

Any terms implied into this Agreement by any applicable statute or law are hereby excluded to the extent that such exclusion can legally be made. Nothing in this Clause shall limit or exclude any liability for fraud.

For and on behalf of the Sellers	For and on behalf of the Buyers
Name: ~~ALEX~~ANDROS LAIOS	Name: ______
Title: Attorney-in-fact	Title: ______

~~For the Buyers:-~~

~~For the Sellers:-~~

18. Entire Agreement

The written terms of this Agreement **(together with the other Leasing Documents)** comprise the entire agreement between the Buyers and the Sellers in relation to the sale and purchase of the Vessel and supersede all previous agreements whether oral or written between the Parties in relation thereto.

Each of the Parties acknowledges that in entering into this Agreement it has not relied on and shall have no right or remedy in respect of any statement, representation, assurance or warranty (whether or not made negligently) other than as is expressly set out in this Agreement.

Any terms implied into this Agreement by any applicable statute or law are hereby excluded to the extent that such exclusion can legally be made. Nothing in this Clause shall limit or exclude any liability for fraud.

For and on behalf of the Sellers	For and on behalf of the Buyers
Name: ______	Name: ______
Title: ______	Title: ______

RIDER CLAUSES TO

MEMORANDUM OF AGREEMENT

DATED 31 MARCH 2018

Clause 19 – Payment of Purchase Price

(a) The Purchase Price of the Vessel shall be the lowest of:

(i) $23,020,000; and

(ii) the Certified Book Value; and

(iii) the Market Value.

(b) Subject always to Clause 21 and the Conditions Precedent having been satisfied, the Purchase Price of the Vessel shall be paid by the Buyers to the Sellers on delivery of the Vessel on the Delivery Date in the following manner:

(i) an amount of the Purchase Price equivalent to the amount of the Advance Charterhire (payable by the Sellers as bareboat charterers of the Vessel to the Buyers as owners under the Bareboat Charter on the Delivery Date) shall be set off against the Sellers' payment of such Advance Charterhire; and

(ii) the balance of the Purchase Price shall be paid free of bank charges into the Sellers' Account.

Clause 20 – Further conditions precedent

The items referred to in Clause 8(a)(x) are:

(a) the certificate of incorporation, articles of incorporation and by-laws or other constitutional documents of the Sellers along with an up-to-date certificate of goodstanding;

(b) such other documents as the Buyers may reasonably notify the Sellers as being necessary in relation to the Vessel and/or its status (including without limitation, such confirmation of no liens and/or indemnity thereto which the Buyers may require the Sellers to provide or procure in respect of the Vessel);

(c) a certificate of an authorized signatory of the Sellers certifying that each copy document provided by Sellers to Buyers pursuant to this Agreement is correct, complete and in full force and effect as at a date no earlier than the Delivery Date; and

(d) the Buyers being satisfied that the conditions precedent set out in the Bareboat Charter, have been, or will be capable of being, satisfied on the Delivery Date.

Clause 21 – Obligation to sell / purchase the Vessel

The Parties' obligation to sell / purchase the Vessel under this Agreement is conditional upon the simultaneous delivery to and acceptance by the Sellers as bareboat charterers of the Vessel under the Bareboat Charter and that no Potential Termination Event or Termination Event has occurred or will occur as a result of the performance by the Parties of their obligations under this Agreement.

Clause 22 – Physical Presence

If the Buyers' Nominated Flag State requires the Buyers to have a physical presence or office in the Buyers' Nominated Flag State, all fees, costs and expenses arising out of or in connection with the establishment and maintenance of such physical presence or office by the Buyers shall be borne by the Sellers.

Clause 23 – Costs and Expense

(a) The Sellers shall pay such amounts to the Buyers in respect of all costs, claims, expenses, liabilities, losses and fees (including but not limited to any legal fees, vessel registration and tonnage fees) suffered or incurred by or imposed on the Buyers arising from this Agreement or in connection with the delivery, registration and purchase of the Vessel by the Buyers whether prior to, during or after termination of this Agreement and whether or not the Vessel is in the possession of or the control of the Sellers or otherwise.

(b) Notwithstanding anything to the contrary under the Leasing Documents and without prejudice to any right to damages or other claim which the Buyers may have at any time against the Sellers under this Agreement, the indemnities provided by the Sellers in favour of the Buyers shall continue in full force and effect notwithstanding any breach of the terms of this Agreement or such Leasing Document or termination or cancellation of this Agreement or such Leasing Document pursuant to the terms hereof or thereof or termination of this Agreement or such Leasing Document by the Buyers.

Clause 24 – Sanctions

The Sellers represent and warrant to the Buyers as of the date hereof and at the Delivery Date that:

(a) they:

  (i) are not a Restricted Person;

  (ii) are not owned or controlled by or acting directly or indirectly on behalf of or for the benefit of, a Restricted Person;

  (iii) do not own or control a Restricted Person; or

  (iv) do not have a Restricted Person serving as a director, officer or employee; and

(b) no proceeds of the Purchase Price shall be made available, directly or indirectly, to or for the benefit of a Restricted Person nor shall they be otherwise directly or indirectly, applied in a manner or for a purpose prohibited by Sanctions.

Clause 25 – Governing Law and Jurisdiction

This Agreement and any non-contractual obligations arising under or in connection with it, shall be governed by and construed in accordance with English law.

Any dispute arising out of or in connection with this Agreement (including a dispute regarding the existence, validity or termination of this Agreement or any non-contractual obligation arising out of or in connection with this Agreement) (a "**Dispute**")) shall be referred to and finally resolved by arbitration in London in accordance with the Arbitration Act 1996 or any statutory modification or re-enactment thereof save to the extent necessary to give effect to the provisions of this Clause 25. The arbitration shall be conducted in accordance with the London Maritime Arbitrators Association ("**LMAA**") Terms current at the time when the arbitration proceedings are commenced.

The reference shall be to three arbitrators. A party wishing to refer a Dispute to arbitration shall appoint its arbitrator and send notice of such appointment in writing to the other party requiring the other party to appoint its own arbitrator within 14 calendar days of that notice and stating that it will appoint its arbitrator as sole arbitrator unless the other party appoints its own arbitrator and gives notice that it has done so within the 14 days specified. If the other party does not appoint its own arbitrator and give notice that it has done so within the 14 days specified, the party referring a Dispute to arbitration may, without the requirement of any further prior notice to the other party, appoint its arbitrator as sole arbitrator and shall advise the other party accordingly. The award of a sole arbitrator shall be binding on both parties as if he had been appointed by agreement. Nothing herein shall prevent the parties agreeing in writing to vary these provisions to provide for the appointment of a sole arbitrator.

Where the reference is to three arbitrators the procedure for making appointments shall be in accordance with the procedure for full arbitration stated above.

The language of the arbitration shall be English.

Clause 26 - Counterparts

This Agreement may be executed in any number of counterparts, and this has the same effect as if the signatures on the counterparts were on a single copy of this Agreement.

Clause 27 - Notices

All notices to be provided under this Agreement shall be in writing.

Contact details for recipients of notices are as follows:

For the Sellers:
85 Akti Miaouli
Piraeus 185 38
Greece
c/o NAVIOS TANKERS MANAGEMENT INC.
Attention: Vassiliki Papaefthymiou
Email: vpapaefthymiou@navios.com
Tel: +30 210 41 72 050
Fax: +30 210 41 72 070

For the Buyers:
CMB Financial Leasing Co., Ltd
21F, China Merchants Bank Buiolding
No. 1088, Lujiazui Ring Road
Shanghai
China
Attention: Wang Wei
Email: wangwei17@cmbchina.com
Tel: +8621 6106 1735
Fax: +8621 6015 9911*1735

Clause 28 – Definitions

Unless otherwise specified herein, capitalised terms in this Agreement shall have the same meaning as in the Bareboat Charter. Furthermore, in this Agreement:

"**Approved Valuer**" means Clarksons, Maersk Brokers, Howe Robinson, Arrow, Lorentzen & Stemoco, Simpson Spence Young, Braemar Seascope or any other shipbroker nominated by the Charterers and approved by the Owners.

"**Bareboat Charter**" means the bareboat charter in respect of the Vessel dated on or about the date hereof and made between the Buyers as owners and the Sellers as bareboat charterers.

"**Certified Book Value**" means the book value of the Vessel, which as at the date of this Agreement is $30,463,247.46.

"**Delivery Date"** means the date (being a Business Day) on which the Vessel is delivered to the Buyers pursuant to the terms of this Agreement and thereafter immediately delivered to the Sellers as bareboat charterers pursuant to the terms of the Bareboat Charter.

"**Market Value**" means, in relation to the Vessel, the arithmetic mean of two (2) valuations, each prepared:

(a) on a date no earlier than thirty (30) days prior to the Delivery Date;

(b) with or without physical inspection of the Vessel; and

(c) on the basis of a sale for prompt delivery for cash on normal arm's length commercial terms as between a willing seller and a willing buyer, free of any existing charter or other contract of employment,

and such valuations shall be prepared by one Approved Valuer selected and appointed by the Buyers and one Approved Valuer selected by the Sellers (but appointed by the Buyers) provided that if the difference in the two valuations obtained is more than five per cent. (5%) of the lower valuation obtained, a third Approved Valuer shall be selected and appointed by the Buyers and the Market Value shall be the arithmetic mean of the two lowest valuations out of the three valuations obtained.

"**Purchase Price**" means the purchase price of the Vessel payable by the Buyers to the Sellers pursuant to Clause 19 above.

"**Restricted Countries**" means those countries subject to country-wide or territory-wide Sanctions and/or trade embargoes, in particular but not limited to pursuant to the U.S.'s Office of Foreign Asset Control of the U.S. Department of Treasury ("**OFAC**") including at the date of this Charter, but without limitation, Iran, North Korea and Syria and any additional countries based on respective country-wide or territory-wide Sanctions being imposed by OFAC or any of the regulative bodies referred to in the definition of Restricted Persons.

"**Restricted Person**" means a person, entity or any other parties (i) located, domiciled, resident or incorporated in Restricted Countries, and/or (ii) subject to any sanction administrated by the United Nations, the European Union, Switzerland, the United States and the OFAC, the United Kingdom, Her Majesty's Treasury ("**HMT**") and the Foreign and Commonwealth Office of the United Kingdom, the People's Republic of China and/or (iii) owned or controlled by or affiliated with persons, entities or any other parties as referred to in (i) and (ii).

“**Sanctions**” means any sanctions, embargoes, freezing provisions, prohibitions or other restrictions relating to trading, doing business, investment, exporting, financing or making assets available (or other activities similar to or connected with any of the foregoing) imposed by law or regulation of United Kingdom, the United States of America (including, without limitation, CISADA and OFAC), the People’s Republic of China or the Council of the European Union.

“**Sellers’ Account**” means the account in the name of the Seller with HSH Nordbank AG in USD with the account number 1200048517 and IBAN DE88210500001200048517.

EXECUTION PAGE

BUYERS

SIGNED	)
by	)
as an attorney-in-fact	)
for and on behalf of	)
SEA 67 LEASING CO. LIMITED	)
in the presence of:	)
Witness' signature:	)
Witness' name:	)
Witness' address:	)

SELLERS

SIGNED	)
by	)
for and on behalf of	)
IKARIA SHIPPING CORPORATION	)
as	)
in the presence of:	)
Witness' signature:	)
Witness' name:	)
Witness' address:	)

EXECUTION PAGE

BUYERS

SIGNED)
by)
as an attorney-in-fact)
for and on behalf of)
SEA 67 LEASING CO. LIMITED)
in the presence of:)

Witness' signature:)
Witness' name: Lin Hongyang)
Witness' address: 21F. No.1088 Lujiazui Ring Road) Shanghai, China

SELLERS

SIGNED)
by)
for and on behalf of)
IKARIA SHIPPING CORPORATION)
as)
in the presence of:)

Witness' signature:)
Witness' name:)
Witness' address:)

EXECUTION PAGE

BUYERS

SIGNED by as an attorney-in-fact for and on behalf of **SEA 67 LEASING CO. LIMITED** in the presence of:	))))))
Witness' signature: Witness' name: Witness' address:	)))

SELLERS

SIGNED by ALEXANDROS LAIOS for and on behalf of **IKARIA SHIPPING CORPORATION** as Attorney-in-fact in the presence of:	))))))	
Witness' signature: Witness' name: Francisco G.Tazelaar Abogado / Attorney-at-law Tº 127 Fº 127 CPACF Witness' address: Akti Miaouli 85, Piraeus, Greece	)))	

6

1. Shipbroker N/A	**BIMCO STANDARD BAREBOAT CHARTER** **CODE NAME: "BARECON 2001"** PART I 2. Place and date 31 March 2018
3. Owners/Place of business (Cl. 1) Sea 68 Leasing Co. Limited / Room 1803-1804, 18/F Bank of America Tower, 12 Harcourt Road, Central, Hong Kong	4. Bareboat Charterers/Place of business (Cl. 1) Kos Shipping Corporation / Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, MH96960, Marshall Islands
5. Vessel's name, call sign and flag (Cl. 1 and 3) NAVE BELLATRIX / 3FEC7 / Panama or any other Flag State	
6. Type of Vessel MR Tanker	7. GT/NT 30,052 / 13,255
8. When/Where built 2013, Dae Sun Shipping & Engineering Co., Ltd., Korea	9. Total DWT (abt.) in metric tons on summer freeboard 49,999
10. Classification Society (Cl. 3) Nippon Kaiji Kyokai or any other Classification Society	11. Date of last special survey by the Vessel's classification society 26/12/17
12. Further particulars of Vessel (also indicate minimum number of months' validity of class certificates agreed acc. to Cl. 3) IMO No.: 9459084 Length: 174.00 metres Breadth: 32.20 metres Depth: 19.10 metres	
13. Port or Place of delivery (Cl. 3) The place of delivery specified under Clause 5(a) of the MOA	14. Time for delivery (Cl. 4) See Clause 34 15. Cancelling date (Cl. 5) See Clause 33
16. Port or Place of redelivery (Cl. 15) At a safe, ice free port where the Vessel would be afloat at all times	17. No. of months' validity of trading and class certificates upon redelivery (Cl. 15) See Clause 40
18. Running days' notice if other than stated in Cl. 4 N/A	19. Frequency of dry-docking (Cl. 10(g)) In accordance with Classification Society or Flag State requirements
20. Trading limits (Cl. 6) Worldwide within Institute Warranty Limits	
21. Charter period (Cl. 2) See Clause 32	22. Charter hire (Cl. 11) See Clause 36
23. New class and other safety requirements (state percentage of Vessel's insurance value acc. to Box 29)(Cl. 10(a)(ii)) N/A	
24. Rate of interest payable acc. to Cl. 11 (f) and, if applicable, acc. to PART IV See Clause 36.11 - neither Clause 11(f) nor Part IV applies	25. Currency and method of payment (Cl. 11) Dollars/bank transfer

26. Place of payment; also state beneficiary and bank account (Cl. 11)

Beneficiary: Kos Shipping Corporation
Account No.: 1200048523
Beneficiary bank: HSH Nordbank AG
SWIFT Code: HSHNDEHH

27. ~~Bank~~ Corporate guarantee~~/bond~~ (sum and place) (Cl. 24) (optional)

See Clause 24

28. Mortgage(s), if any (state whether 12(a) or (b) applies; if 12(b) applies state date of Financial Instrument and name of Mortgagee(s)/Place of business) (Cl. 12)

See Clause 35

29. Insurance (hull and machinery and war risks) (state value acc. to Cl. 13(f) or, if applicable, acc. to Cl. 14(k)) (also state if Cl. 14 applies)

See Clause 38 – CLAUSE 14 DOES NOT APPLY

30. Additional insurance cover, if any, for Owners' account limited to (Cl. 13(b) or, if applicable, Cl. 14(g))

See Clause 38

31. Additional insurance cover, if any, for Charterers' account limited to (Cl. 13(b) or, if applicable, Cl. 14(g))

See Clause 38

32. Latent defects (only to be filled in if period other than stated in Cl. 3)

N/A

33. Brokerage commission and to whom payable (Cl. 27)

N/A

34. Grace period (state number of clear ~~banking days~~Business Days) (Cl. 28)

See Clause 44

35. Dispute Resolution (state 30(a), 30(b) or 30(c); if 30(c) agreed Place of Arbitration must be stated (Cl. 30)

See Clause 30(a)

36. War cancellation (indicate countries agreed) (Cl. 26(f))

N/A

37. Newbuilding Vessel (indicate with "yes" or "no" whether PART III applies) (optional)

No, Part III does not apply

38. Name and place of Builders (only to be filled in if PART III applies)

N/A

39. Vessel's Yard Building No. (only to be filled in if PART III applies)

N/A

40. Date of Building Contract (only to be filled in if PART III applies)

N/A

41. Liquidated damages and costs shall accrue to (state party acc. to Cl. 1)

a) **N/A**
b) **N/A**
c) **N/A**

42. Hire/Purchase agreement (indicate with "yes" or "no" whether PART IV applies) (optional)

No, Part IV does not apply

43. Bareboat Charter Registry (indicate with "yes" or "no" whether PART V applies) (optional)

No, Part V does not apply

44. Flag and Country of the Bareboat Charter Registry (only to be filled in if PART V applies)

N/A

45. Country of the Underlying Registry (only to be filled in if PART V applies)

N/A

46. Number of additional clauses covering special provisions, if agreed

Clause 32 to Clause 59

PREAMBLE - It is mutually agreed that this Contract shall be performed subject to the conditions contained in this Charter which shall include PART I and PART II. In the event of a conflict of conditions, the provisions of PART I shall prevail over those of PART II to the extent of such conflict but no further. It is further mutually agreed that PART III and/or PART IV and/or PART V shall only apply and only form part of this Charter if expressly agreed and stated in Boxes 37, 42 and 43. If PART III and/or PART IV and/or PART V apply, it is further agreed that in the event of a conflict of conditions, the provisions of PART I and PART II shall prevail over those of PART III and/or PART IV and/or PART V to the extent of such conflict but no further.

Signature (Owners)

For and on behalf of the Owners

Name:
Title:

Signature (Charterers)

For and on behalf of the Charterers

Name:
Title:

PART II
"BARECON 2001" Standard Bareboat Charter

1. Definitions **See also Clause 59**

In this Charter, the following terms shall have the meanings hereby assigned to them:

"The Owners" shall mean the party identified in Box 3;

"The Charterers" shall mean the party identified in Box 4;

~~*"The Vessel"* shall mean the vessel named in Box 5 and with particulars as stated in Boxes 6 to 12.~~

~~*"Financial Instrument"* means the mortgage, deed of covenant or other such financial security instrument as annexed to this Charter and stated in Box 28.~~

2. Charter Period

In consideration of the hire detailed in Box 22, the Owners have agreed to let and the Charterers have agreed to hire the Vessel for the period stated in Box 21 ~~("The Charter Period")~~. **See also Clause 32 and Clause 36.**

3. Delivery

(not applicable when Part III applies, as indicated in Box 37)

~~(a) The Owners shall before and at the time of delivery exercise due diligence to make the Vessel seaworthy And in every respect ready in hull, machinery and equipment for service under this Charter.~~

The Vessel shall be delivered by the Owners and taken over by the Charterers at the port or place indicated in Box 13 ~~in such ready safe berth as the Charterers may direct~~.

(b) The Vessel ~~shall be~~**is** properly documented on delivery in accordance with the laws of the ~~f~~**F**lag State indicated in Box 5 and the requirements of the ~~c~~**C**lassification ~~s~~**S**ociety stated in Box 10. ~~The Vessel upon delivery shall have her survey cycles up to date and trading and class certificates valid for at least the number of months agreed in Box 12.~~

(c) The delivery of the Vessel by the Owners and the taking over of the Vessel by the Charterers shall constitute a full performance by the Owners of all the Owners' obligations under this Clause 3, and thereafter the Charterers shall not be entitled to make or assert any claim against the Owners on account of any conditions, representations or warranties expressed or implied with respect to the Vessel ~~but the Owners shall be liable for the cost of but not the time for repairs or renewals occasioned by latent defects in the Vessel, her machinery or appurtenances, existing at the time of delivery under this Charter, provided such defects have manifested themselves within twelve (12) months after delivery unless otherwise provided in Box 32~~.

4. Time for Delivery **See Clauses 32 and 34**

~~*(not applicable when Part III applies, as indicated in Box 37)*~~

~~The Vessel shall not be delivered before the date indicated in Box 14 without the Charterers' consent and the Owners shall exercise due diligence to deliver the Vessel not later than the date indicated in Box 15.~~

~~Unless otherwise agreed in Box 18, the Owners shall give the Charterers not less than thirty (30) running days' preliminary and not less than fourteen (14) running days' definite notice of the date on which the Vessel is expected to be ready for delivery.~~

~~The Owners shall keep the Charterers closely advised of possible changes in the Vessel's position.~~

5. Cancelling **See Clause 33**

~~*(not applicable when Part III applies, as indicated in Box 37)*~~

~~(a) Should the Vessel not be delivered latest by the cancelling date indicated in Box 15, the Charterers shall have the option of cancelling this Charter by giving the Owners notice of cancellation within thirty-six (36) running hours after the cancelling date stated in Box 15, failing which this Charter shall remain in full force and effect.~~

~~(b) If it appears that the Vessel will be delayed beyond the cancelling date, the Owners may, as soon as they are in a position to state with reasonable certainty the day on which the Vessel should be ready, give notice thereof to the Charterers asking whether they will exercise their option of cancelling, and the option must then be declared within one hundred and sixty-eight (168) running hours of the receipt by the Charterers of such notice or within thirty-six (36) running hours after the cancelling date, whichever is the earlier. If the Charterers do not then exercise their option of cancelling, the seventh day after the readiness date stated in the Owners' notice shall be substituted for the cancelling date indicated in Box 15 for the purpose of this Clause 5.~~

~~(c) Cancellation under this Clause 5 shall be without prejudice to any claim the Charterers may otherwise have on the Owners under this Charter.~~

6. Trading Restrictions **See also Clauses 46.1(m) and 46.1(n)**

The Vessel shall be employed in lawful trades for the carriage of suitable lawful merchandise within the trading limits indicated in Box 20.

The Charterers undertake not to employ the Vessel or suffer the Vessel to be employed otherwise than in conformity with the terms of the contracts of insurance (including any warranties expressed or implied therein) without first obtaining the consent of the insurers to such employment and complying with such requirements as to extra premium or otherwise as the insurers may prescribe.

The Charterers also undertake not to employ the Vessel or suffer her employment in any trade or business which is forbidden by the law of any country to which the Vessel may sail or is otherwise illicit or in carrying illicit or prohibited goods or in any manner whatsoever which may render her liable to condemnation, destruction, seizure or confiscation.

Notwithstanding any other provisions contained in this Charter it is agreed that nuclear fuels or radioactive products or waste are specifically excluded from the cargo permitted to be loaded or carried under this Charter. This exclusion does not apply to radio-isotopes used or intended to be used for any industrial, commercial, agricultural, medical or scientific purposes provided the Owners' prior approval has been obtained to loading thereof.

7. Surveys on ~~Delivery and~~ Redelivery

~~*(not applicable when Part III applies, as indicated in Box 37)*~~

The Owners ~~and Charterers~~ shall ~~each~~ appoint surveyors for the purpose of determining and agreeing in writing the condition of the Vessel at the time- of ~~delivery and~~ redelivery **pursuant to Clause 40.3 (with the relevant costs paid by the Charterers).** ~~hereunder. The Owners shall bear all expenses of the On-hire Survey including loss of time, if any, and the Charterers shall bear all expenses of the Off-hire Survey including loss of time, if any, at the daily equivalent to the rate of hire or pro rata thereof.~~

8. Inspection

The Owners shall have the right ~~at any time~~ **either (i) once every calendar year provided no Potential Termination Event or Termination Event has occurred (after giving reasonable notice to the Charterers and provided that the Owners do not unduly interfere with or cause delay to the commercial operation of the Vessel) or (ii) at any time following the occurrence of a Potential Termination Event or Termination Event and for as long as it is continuing** (after giving ~~reasonable~~ notice to the Charterers**)**, to inspect or survey the Vessel or instruct a duly authorised surveyor to carry out such survey on their behalf:-

(a) to ascertain the condition of the Vessel and satisfy themselves that the Vessel is being properly repaired and maintained. The costs and fees for such inspection or survey shall be paid by the **Charterers, subject to the above conditions as may be applicable from lines 125**

to 128.~~Owners unless the Vessel is found to require repairs or maintenance in order to achieve the condition so provided~~;

(b) in dry-dock if the Charterers have not dry-docked Her in accordance with Clause 10(g). The costs and fees for such inspection or survey shall be paid by the Charterers**, subject to the above conditions as may be applicable from lines 125 to 128**; and

(c) for any other commercial reason they consider necessary ~~(provided it does not unduly interfere with the commercial operation of the Vessel)~~. The costs and fees for such inspection and survey shall be paid by the ~~Owners~~**Charterers, subject to the above conditions as may be applicable from lines 125 to 128**.

All time used in respect of inspection, survey or repairs shall be for the Charterers' account and form part of the Charter Period.

The Charterers shall also permit the Owners to inspect the Vessel's log books whenever requested and shall whenever required by the Owners furnish them with full information regarding any casualties or other accidents or damage to the Vessel.

The Charterers shall provide such necessary assistance to the Owners, their representatives or agents in respect of any inspection hereunder.

9. Inventories, Oil and Stores See Clause 34.7

~~A complete inventory of the Vessel's entire equipment, outfit including spare parts, appliances and of all consumable stores on board the Vessel shall be made by the Charterers in conjunction with the Owners on delivery and again on redelivery of the Vessel. The Charterers and the Owners, respectively, shall at the time of delivery and redelivery take over and pay for all bunkers, lubricating oil, unbroached provisions, paints, ropes and other consumable stores (excluding spare parts) in the said Vessel at the then current market prices at the ports of delivery and redelivery, respectively. The Charterers shall ensure that all spare parts listed in the inventory and used during the Charter Period are replaced at their expense prior to redelivery of the Vessel.~~

10. Maintenance and Operation

(a)(i) Maintenance and Repairs - During the Charter Period the Vessel shall be in the full possession and at the absolute disposal for all purposes of the Charterers and under their complete control in every respect. The Charterers shall maintain the Vessel, her machinery, boilers, appurtenances and spare parts in a good state of repair, in efficient operating condition and in accordance with good commercial maintenance practice and, ~~except as provided for in Clause 14(l),~~ if applicable, at their own expense they shall at all times keep the Vessel's ~~Class~~ **classification** fully up to date with the Classification Society indicated in Box 10 and maintain all other necessary certificates in force at all times.

(ii) New Class and Other Safety Requirements - In the event of any improvement, structural changes or new equipment becoming necessary for the continued operation of the Vessel by reason of new class requirements or by compulsory legislation ~~costing (excluding the Charterers' loss of time) more than the percentage stated in Box 23, or if Box 23 is left blank, 5 per cent. of the Vessel's insurance value as stated in Box 29, then the extent, if any, to which the rate of hire shall be varied and the ratio in which the cost of compliance shall be shared between the parties concerned in order to achieve a reasonable distribution thereof as between the Owners and the Charterers having regard, inter alia, to the length of the period remaining under this Charter shall, in the absence of agreement, be referred to the dispute resolution method agreed in Clause 30.~~**, the Charterers shall ensure that the same are complied with and the time and costs of compliance shall be for the Charterers' account.**

(iii) Financial Security - The Charterers shall maintain financial security or responsibility in respect of third party liabilities as required by any government, including federal, state or municipal or other division or authority thereof, to enable the Vessel, without penalty or charge, lawfully to enter, remain at, or leave any port, place, territorial or contiguous waters of any country, state or municipality in performance of this Charter without any delay. This obligation shall apply whether or not such requirements have been lawfully imposed by such government or division or authority thereof.

The Charterers shall make and maintain all arrange-ments by bond or otherwise as may be necessary to satisfy such requirements at the Charterers' sole expense and the Charterers shall indemnify the Owners against all consequences whatsoever (including loss of time) for any failure or inability to do so.

(b) Operation of the Vessel - The Charterers shall at their own expense and by their own procurement man, victual, navigate, operate, supply, fuel and, whenever required, repair the Vessel during the Charter Period and they shall pay all charges and expenses of every kind and nature whatsoever incidental to their use and operation of the Vessel under this Charter, including annual ~~flag~~ **Flag** State fees and any foreign general municipality and/or state taxes. The Master, officers and crew of the Vessel shall be the servants of the Charterers for all purposes whatsoever, even if for any reason appointed by the Owners.

Charterers shall comply with the regulations regarding officers and crew in force in the country of the Vessel's flag or any other applicable law.

(c) The Charterers shall keep the Owners and the mortgagee(s) advised of the intended employment **(other than in respect of sub time charters which are less than 12 months in duration (after including any optional extension periods)**, planned dry-docking **(other than the periodical dry-docking referred to under paragraph (g) below)** and major repairs ~~of the Vessel~~, as reasonably required.

(d) Flag and Name of Vessel – During the Charter Period, the Charterers shall have the liberty to paint the Vessel in their own colours, install and display their funnel insignia and fly their own house flag **(with all fees, costs and expenses arising in relation thereto for the Charterers account)**. The Charterers shall also have the liberty~~, with the Owners' consent, which shall not be unreasonably withheld~~, to change the flag **of the Vessel to that of another Flag State (with all fees, costs and expenses arising in relation thereto for the Charterers' account)** and/or **with the Owners' consent,** the name of the Vessel **(with all fees, costs and expenses arising in relation thereto for the Charterers' account)** during the Charter Period. **Any** Ppainting and re-painting, instalment and re-instalment, registration **(including maintenance and renewal thereof)** and re-registration~~, if required by the Owners,~~ shall be at the Charterers' expense and time. **If the Flag State requires the Owners to establish a physical presence or office in the jurisdiction of such Flag State, all fees, costs and expenses payable by the Owners to establish and maintain such physical presence or office shall be for the account of the Charterers.**

(e) Changes to the Vessel – Subject to Clause 10(a)(ii) **and Clause 10(b)**, the Charterers shall make no structural changes in the

Vessel ~~or changes~~ **which materially adversely affect the Vessel's classification or value** in the machinery, boilers, appurtenances ~~or spare parts thereof~~ without in each instance first securing the Owners' approval thereof. If the Owners so agree, the Charterers shall, if the Owners so require, restore the Vessel to its former condition ~~before the termination of this Charter~~.

(f) Use of the Vessel's Outfit, Equipment and Appliances - The Charterers shall have the use of all outfit, equipment, and appliances on board the Vessel at the time of delivery, provided the same or their substantial equivalent shall be returned to the Owners on redelivery **(without prejudice to Clauses 40.6 and 40.7 and if redelivery is required pursuant to this Charter)** in the same good order and condition as when received, ordinary wear and tear excepted. The Charterers shall from time to time during the Charter Period replace such items of equipment as shall be so damaged or worn as to be unfit for use. The Charterers are to procure that all repairs to or replacement of any damaged, worn or lost parts or equipment be effected in such manner (both as regards workmanship and quality of materials) as not to diminish the value of the Vessel. **Title of any equipment so replaced shall vest in and remain with the Owners.** The Charterers have the right to fit additional equipment at their expense and risk **(provided that no permanent structural damage is caused to the Vessel by reason of such installation) and**~~but~~ the Charterers shall, **at their expense,** remove such equipment **and make good any damage caused by the fitting or removal of such additional equipment before the Vessel is redelivered to the Owners pursuant to Clause 40.3 and without prejudice to Clauses 40.6 and 40.7,**~~at the end of the period~~ if requested by the Owners. Any equipment including radio equipment on hire on the Vessel at time of delivery shall be kept and maintained by the Charterers and the Charterers shall assume the obligations and liabilities of the Owners under any lease contracts in connection therewith and shall reimburse the Owners for all expenses incurred in connection therewith, also for any new equipment required in order to comply with radio regulations.

(g) Periodical Dry-Docking - The Charterers shall dry-dock the Vessel and clean and paint her underwater parts whenever the same may be necessary, but not less than once during the period stated in Box 19 or, if Box 19 has been left blank, every sixty (60) calendar months after delivery or such other period as may be required by the Classification Society or ~~f~~**F**lag State.

11. Hire See Clause 36

~~**(a)** The Charterers shall pay hire due to the Owners punctually in accordance with the terms of this Charter in respect of which time shall be of the essence.~~

~~**(b)** The Charterers shall pay to the Owners for the hire of the Vessel a lump sum in the amount indicated in Box 22 which shall be payable not later than every thirty (30) running days in advance, the first lump sum being payable on the date and hour of the Vessel's delivery to the Charterers. Hire shall be paid continuously throughout the Charter Period.~~

~~**(c)** Payment of hire shall be made in cash without discount in the currency and in the manner indicated in Box 25 and at the place mentioned in Box 26.~~

~~**(d)** Final payment of hire, if for a period of less than thirty (30) running days, shall be calculated proportionally according to the number of days and hours remaining before redelivery and advance payment to be effected accordingly.~~

~~**(e)** Should the Vessel be lost or missing, hire shall cease from the date and time when she was lost or last heard of. The date upon which the Vessel is to be treated as lost or missing shall be ten (10) days after the Vessel was last reported or when the Vessel is posted as missing by Lloyd's, whichever occurs first. Any hire paid in advance to be adjusted accordingly.~~

~~**(f)** Any delay in payment of hire shall entitle the Owners to interest at the rate per annum as agreed in Box 24. If Box 24 has not been filled in, the three months Interbank offered rate in London (LIBOR or its successor) for the currency stated in Box 25, as quoted by the British Bankers' Association (BBA) on the date when the hire fell due, increased by 2 per cent., shall apply.~~

~~**(g)** Payment of interest due under sub-clause 11(f) shall be made within seven (7) running days of the date of the Owners' invoice specifying the amount payable or, in the absence of an invoice, at the time of the next hire payment date.~~

12. Mortgage See Clause 35

~~*(only to apply if Box 28 has been appropriately filled in)*~~

~~*) **(a)** The Owners warrant that they have not effected any mortgage(s) of the Vessel and that they shall not effect any mortgage(s) without the prior consent of the Charterers, which shall not be unreasonably withheld.~~

~~*) **(b)** The Vessel chartered under this Charter is financed by a mortgage according to the Financial Instrument. The Charterers undertake to comply, and provide such information and documents to enable the Owners to comply, with all such instructions or directions in regard to the employment, insurances, operation, repairs and maintenance of the Vessel as laid down in the Financial Instrument or as may be directed from time to time during the currency of the Charter by the mortgagee(s) in conformity with the Financial Instrument. The Charterers confirm that, for this purpose, they have acquainted themselves with all relevant terms, conditions and provisions of the Financial Instrument and agree to acknowledge this in writing in any form that may be required by the mortgagee(s). The Owners warrant that they have not effected any mortgage(s) other than stated in Box 28 and that they shall not agree to any amendment of the mortgage(s) referred to in Box 28 or effect any other mortgage(s) without the prior consent of the Charterers, which shall not be unreasonably withheld.~~

~~*) *(Optional, Clauses 12(a) and 12(b) are alternatives; indicate alternative agreed in Box 28).*~~

13. Insurance and Repairs See also Clause 38

(a) **Subject and without prejudice to Clause 38,** ~~D~~**d**uring the Charter Period the Vessel shall be kept insured by the Charterers at their expense against hull and machinery, **marine and** war **(including blocking and trapping)** and Protection and Indemnity risks **and freight, demurrage and defence risks** (and any risks against which it is compulsory to insure for the operation of the Vessel, including **but not limited to** maintaining financial security in accordance with sub-clause 10(a)(iii)) ~~in such form as the Owners shall in writing approve, which approval shall not be un-reasonably withheld~~. **During the Charter Period, the Charterers shall procure (at Charterers' expense) that there are in place innocent Owners' interest insurance, Owner's additional perils (pollution) insurance and if applicable Mortgagees' interest insurance and Mortgagees' additional perils (pollution) insurance.** Such insurances **as specified in this Clause 13** shall be arranged by the Charterers to protect the interests of both the Owners and the Charterers and the ~~mortgagee~~**Mortgagee**(s) (if any)~~,~~. ~~and~~ The Charterers shall be at liberty to protect under such insurances the interests of any managers they may appoint. Insurance policies shall cover the Owners and the Charterers **and the Mortgagees (if any)** according to

their respective interests.

Subject to the provisions of the Financial Instrument**s (if any)**~~, if~~ **and the agreed loss payable clauses,** ~~any,~~ and the approval of the Owners and the insurers, the Charterers shall effect all insured repairs and shall undertake settlement and reimbursement from the insurers of all costs in connection with such repairs as well as insured charges, expenses and liabilities to the extent of coverage under the insurances herein provided for.

The Charterers also to remain responsible for and to effect repairs and settlement of costs and expenses incurred thereby in respect of all other repairs not covered by the insurances and/or not exceeding any possible franchise(s) or deductibles provided for in the insurances.

All time used for repairs under the provisions of sub-clause 13(a) ~~and for repairs of latent defects according to Clause 3(c) above~~, including any deviation, shall be for the Charterers' account.

(b) ~~If the conditions of the above insurances permit additional insurance to be placed by the parties, such cover shall be limited to the amount for each party set out in Box 30 and Box 31, respectively.~~ The ~~Owners or the~~ Charterers ~~as the case may be~~ shall immediately furnish the ~~other party~~**Owners** with particulars of any additional insurance effected, including copies of any cover notes or policies and the written consent of the insurers of any such required insurance in any case where the consent of such insurers is necessary.

(c) The Charterers shall upon the request of the Owners, provide information and promptly execute such documents as may be required to enable the Owners to comply with the insurance provisions of ~~the~~ **each** Financial Instrument **(if any)**.

(d) Subject to the provisions of the Financial Instrument**s**, if any, **and Clause 38 and Clause 40**, should the Vessel become ~~an actual, constructive, compromised or agreed~~ **a** ~~t~~**T**otal ~~l~~**L**oss ~~under the insurances required under sub-clause 13(a)~~, all insurance payments for such loss shall be paid to the Owners **(or if applicable, their financiers) in accordance with the agreed loss payable clauses** ~~who shall distribute the moneys between the Owners and the Charterers according to their respective interests~~. The Charterers undertake to notify the Owners and the ~~mortgagee~~**Mortgagee**(s), if any, of any occurrences in consequence of which the Vessel is likely to become a **T**~~t~~otal **L**~~l~~oss ~~as defined in this Clause~~.

(e) The Owners shall upon the request of the Charterers **and subject to the Owners' approval of such request**, promptly execute such documents as may be required to enable the Charterers to abandon the Vessel to insurers and claim a constructive total loss.

(f) For the purpose of insurance coverage against hull and machinery and war risks under the provisions of sub-clause 13(a), the value of the Vessel is the sum indicated in ~~Box 29~~**Clause 38**.

14. Insurance, Repairs and Classification – intentionally omitted

~~*(Optional, only to apply if expressly agreed and stated in Box 29, in which event Clause 13 shall be considered deleted).*~~

~~**(a)** During the Charter Period the Vessel shall be kept insured by the Owners at their expense against hull and machinery and war risks under the form of policy or policies attached hereto. The Owners and/or insurers shall not have any right of recovery or subrogation against the Charterers on account of loss of or any damage to the Vessel or her machinery or appurtenances covered by such insurance, or on account of payments made to discharge claims against or liabilities of the Vessel or the Owners covered by such insurance. Insurance policies shall cover the Owners and the Charterers according to their respective interests.~~

~~**(b)** During the Charter Period the Vessel shall be kept insured by the Charterers at their expense against Protection and Indemnity risks (and any risks against which it is compulsory to insure for the operation of the Vessel, including maintaining financial security in accordance with sub-clause 10(a)(iii)) in such form as the Owners shall in writing approve which approval shall not be unreasonably withheld.~~

~~**(c)** In the event that any act or negligence of the Charterers shall vitiate any of the insurance herein provided, the Charterers shall pay to the Owners all losses and indemnify the Owners against all claims and demands which would otherwise have been covered by such insurance.~~

~~**(d)** The Charterers shall, subject to the approval of the Owners or Owners' Underwriters, effect all insured repairs, and the Charterers shall undertake settlement of all miscellaneous expenses in connection with such repairs as well as all insured charges, expenses and liabilities, to the extent of coverage under the insurances provided for under the provisions of sub-clause 14(a). The Charterers to be secured reimbursement through the Owners' Underwriters for such expenditures upon presentation of accounts.~~

~~**(e)** The Charterers to remain responsible for and to effect repairs and settlement of costs and expenses incurred thereby in respect of all other repairs not covered by the insurances and/or not exceeding any possible franchise(s) or deductibles provided for in the insurances.~~

~~**(f)** All time used for repairs under the provisions of sub-clauses 14(d) and 14(e) and for repairs of latent defects according to Clause 3 above, including any deviation, shall be for the Charterers' account and shall form part of the Charter Period.~~

~~The Owners shall not be responsible for any expenses as are incident to the use and operation of the Vessel for such time as may be required to make such repairs.~~

~~**(g)** If the conditions of the above insurances permit additional insurance to be placed by the parties such cover shall be limited to the amount for each party set out in Box 30 and Box 31, respectively. The Owners or the Charterers as the case may be shall immediately furnish the other party with particulars of any additional insurance effected, including copies of any cover notes or policies and the written consent of the insurers of any such required insurance in any case where the consent of such insurers is necessary.~~

~~**(h)** Should the Vessel become an actual, constructive, compromised or agreed total loss under the insurances required under sub-clause 14(a), all insurance payments for such loss shall be paid to the Owners, who shall distribute the moneys between themselves and the Charterers according to their respective interests.~~

~~**(i)** If the Vessel becomes an actual, constructive, compromised or agreed total loss under the insurances arranged by the Owners in accordance with sub-clause 14(a), this Charter shall terminate as of the date of such loss.~~

~~**(j)** The Charterers shall upon the request of the Owners, promptly execute such documents as may be required to enable the Owners to abandon the Vessel to the insurers and claim a constructive total loss.~~

~~**(k)** For the purpose of insurance coverage against hull and machinery and war risks under the provisions of sub-clause 14(a), the value of the Vessel is the sum indicated in Box 29.~~

~~**(l)** Notwithstanding anything contained in sub-clause 10(a), it is agreed that under the provisions of Clause 14, if applicable, the Owners shall keep the Vessel's Class fully up to date with the Classification Society~~

~~indicated in Box 10 and maintain all other necessary certificates in force at all times.~~

15. Redelivery See Clause 40

~~At the expiration of the Charter Period the Vessel shall be redelivered by the Charterers to the Owners at a safe and ice-free port or place as indicated in Box 16, in such ready safe berth as the Owners may direct. The Charterers shall give the Owners not less than thirty (30) running days' preliminary notice of expected date, range of ports of redelivery or port or place of redelivery and not less than fourteen (14) running days' definite notice of expected date and port or place of redelivery. Any changes thereafter in the Vessel's position shall be notified immediately to the Owners.~~

~~The Charterers warrant that they will not permit the Vessel to commence a voyage (including any preceding ballast voyage) which cannot reasonably be expected to be completed in time to allow redelivery of the Vessel within the Charter Period. Notwithstanding the above, should the Charterers fail to redeliver the Vessel within The Charter Period, the Charterers shall pay the daily equivalent to the rate of hire stated in Box 22 plus 10 per cent. or to the market rate, whichever is the higher, for the number of days by which the Charter Period is exceeded. All other terms, conditions and provisions of this Charter shall continue to apply.~~

~~Subject to the provisions of Clause 10, the Vessel shall be redelivered to the Owners in the same or as good structure, state, condition and class as that in which she was delivered, fair wear and tear not affecting class excepted.~~

~~The Vessel upon redelivery shall have her survey cycles up to date and trading and class certificates valid for at least the number of months agreed in Box 17.~~

16. Non-Lien

Other than Permitted Security Interests, ~~T~~the Charterers will not suffer, nor permit to be continued, any lien or encumbrance incurred by them or their agents, which might have priority over the title and interest of the Owners in the Vessel. The Charterers further agree to fasten to the Vessel in a conspicuous place and to keep so fastened during the Charter Period a notice reading as follows:

"This Vessel is the property of (name of Owners). It is under charter to (name of Charterers) and by the terms of the Charter Party neither the Charterers nor the Master have any right, power or authority to create, incur or permit to be imposed on the Vessel any lien whatsoever."

or a notice in such form as required by any Mortgagee(s).

17. Indemnity See Clauses 37.3, 38.5, 38.15, 38.16, 40.5, 41.2 and 50

~~(a) The Charterers shall indemnify the Owners against any loss, damage or expense incurred by the Owners arising out of or in relation to the operation of the Vessel by the Charterers, and against any lien of whatsoever nature arising out of an event occurring during the Charter Period. If the Vessel be arrested or otherwise detained by reason of claims or liens arising out of her operation hereunder by the Charterers, the Charterers shall at their own expense take all reasonable steps to secure that within a reasonable time the Vessel is released, including the provision of bail.~~

~~Without prejudice to the generality of the foregoing, the Charterers agree to indemnify the Owners against all consequences or liabilities arising from the Master, officers or agents signing Bills of Lading or other documents.~~

~~(b) If the Vessel be arrested or otherwise detained by reason of a claim or claims against the Owners, the Owners shall at their own expense take all reasonable steps to secure that within a reasonable time the Vessel is released, including the provision of bail.~~

~~In such circumstances the Owners shall indemnify the Charterers against any loss, damage or expense incurred by the Charterers (including hire paid under this Charter) as a direct consequence of such arrest or detention.~~

18. Lien

The Owners to have a lien upon all cargoes, sub-hires and sub-freights belonging or due to the Charterers or any sub-charterers and any Bill of Lading freight for all claims under this Charter~~, and the Charterers to have a lien on the Vessel for all moneys paid in advance and not earned.~~

19. Salvage

All salvage and towage performed by the Vessel shall be for the Charterers' benefit and the cost of repairing damage occasioned thereby shall be borne by the Charterers.

20. Wreck Removal

In the event of the Vessel becoming a wreck or obstruction to navigation the Charterers shall indemnify the Owners against any sums whatsoever which the Owners shall become liable to pay and shall pay in consequence of the Vessel becoming a wreck or obstruction to navigation.

21. General Average

The Owners shall not contribute to General Average.

22. Assignment~~, Sub-Charter and Sale~~

(a) The Charterers shall not assign this Charter ~~nor sub-charter the Vessel on a bareboat basis~~ except with the prior consent in writing of the Owners~~, which shall not be unreasonably withheld,~~ and subject to such terms and conditions as the Owners shall approve.

~~(b) The Owners shall not sell the Vessel during the currency of this Charter except with the prior written consent of the Charterers, which shall not be unreason-ably withheld, and subject to the buyer accepting an assignment of this Charter.~~

23. Contracts of Carriage

*) **(a)** The Charterers are to procure that all documents issued during the Charter Period evidencing the terms and conditions agreed in respect of carriage of goods shall contain a paramount clause incorporating any legislation relating to carrier's liability for cargo compulsorily applicable in the trade; if no such legislation exists, the documents shall incorporate the Hague-Visby Rules. The documents shall also contain the New Jason Clause and the Both-to-Blame Collision Clause.

~~*) (b) The Charterers are to procure that all passenger tickets issued during the Charter Period for the carriage of passengers and their luggage under this Charter shall contain a paramount clause incorporating any legislation relating to carrier's liability for passengers and their luggage compulsorily applicable in the trade; if no such legislation exists, the passenger tickets shall incorporate the Athens Convention Relating to the Carriage of Passengers and their Luggage by Sea, 1974, and any protocol thereto.~~

~~*) *Delete as applicable.*~~

24. ~~Bank~~ Corporate Guarantee

~~*(Optional, only to apply if Box 27 filled in)*~~

The Charterers undertake to furnish~~,~~ **on or about the date of this Charter** ~~before delivery of the Vessel, a first class bank~~ **a corporate** guarantee **from the Guarantor** ~~or bond in the sum and at the place as indicated in Box 27~~ as guarantee**, and on or about the date of this Charter the other Security Documents (as the case may be) as security, in each case** for full performance of their obligations under this

Charter.

25. Requisition/Acquisition

(a) **Subject to the provisions of the Financial Instruments (if any) and the General Assignment,** ~~I~~in the event of the Requisition for Hire of the Vessel by any governmental or other competent authority (hereinafter referred to as "Requisition for Hire") irrespective of the date during the Charter Period when "Requisition for Hire" may occur and irrespective of the length thereof and whether or not it be for an indefinite or a limited period of time, and irrespective of whether it may or will remain in force for the remainder of the Charter Period, this Charter shall not be deemed thereby or thereupon to be frustrated or otherwise terminated and the Charterers shall continue to pay the stipulated hire in the manner provided by this Charter until the time when the Charter would have terminated pursuant to any of the provisions hereof always provided however that **if all hire has been paid by the Charterers hereunder then** in the event of "Requisition for Hire" any Requisition Hire or compensation **is** received or receivable by the Owners**, the same** shall be payable to the Charterers during the remainder of the Charter Period or the period of the "Requisition for Hire" whichever be the shorter.

~~**(b)** In the event of the Owners being deprived of their ownership in the Vessel by any Compulsory Acquisition of the Vessel or requisition for title by any governmental or other competent authority (hereinafter referred to as "Compulsory Acquisition"), then, irrespective of the date during the Charter Period when "Compulsory Acquisition" may occur, this Charter shall be deemed terminated as of the date of such "Compulsory Acquisition". In such event Charter Hire to be considered as earned and to be paid up to the date and time of such "Compulsory Acquisition".~~

26. War

(a) **Subject to the provisions of the Financial Instruments (if any),** ~~F~~for the purpose of this Clause, the words "War Risks" shall include any war (whether actual or threatened), act of war, civil war, hostilities, revolution, rebellion, civil commotion, warlike operations, the laying of mines (whether actual or reported), acts of piracy, acts of terrorists, acts of hostility or malicious damage, blockades (whether imposed against all vessels or imposed selectively against vessels of certain flags or ownership, or against certain cargoes or crews or otherwise howsoever), by any person, body, terrorist or political group, or the Government of any state whatsoever, which may be dangerous or are likely to be or to become dangerous to the Vessel, her cargo, crew or other persons on board the Vessel.

(b) **Without first obtaining the consent of the insurers to such employment and complying with the terms of Clause 38 and such other requirements as to extra insurance premiums or any other requirements as may be prescribed by the insurers, t**~~T~~he Vessel~~, unless the written consent of the Owners be first obtained,~~ shall not continue to or go through any port, place, area or zone (whether of land or sea), or any waterway or canal, where it reasonably appears that the Vessel, her cargo, crew or other persons on board the Vessel, in the reasonable judgement of the Owners, may be, or are likely to be, exposed to War Risks. Should the Vessel be within any such place as aforesaid, which only becomes dangerous, or is likely to be or to become dangerous, after her entry into it, the Owners shall have the right to require the Vessel to leave such area.

(c) The Vessel shall not load contraband cargo, or to pass through any blockade, whether such blockade be imposed on all vessels, or is imposed selectively in any way whatsoever against vessels of certain flags or ownership, or against certain cargoes or crews or otherwise howsoever, or to proceed to an area where she shall be subject, or is likely to be subject to a belligerent's right of search and/or confiscation.

~~**(d)** If the insurers of the war risks insurance, when Clause 14 is applicable, should require payment of premiums and/or calls because, pursuant to the Charterers' orders, the Vessel is within, or is due to enter and remain within, any area or areas which are specified by such insurers as being subject to additional premiums because of War Risks, then such premiums and/or calls shall be reimbursed by the Charterers to the Owners at the same time as the next payment of hire is due.~~

(e) The Charterers shall have the liberty:

(i) to comply with all orders, directions, recommendations or advice as to departure, arrival, routes, sailing in convoy, ports of call, stoppages, destinations, discharge of cargo, delivery, or in any other way whatsoever, which are given by the Government of the Nation under whose flag the Vessel sails, or any other Government, body or group whatsoever acting with the power to compel compliance with their orders or directions;

(ii) to comply with the orders, directions or recommendations of any war risks underwriters who have the authority to give the same under the terms of the war risks insurance;

(iii) to comply with the terms of any resolution of the Security Council of the United Nations, any directives of the European Community, the effective orders of any other Supranational body which has the right to issue and give the same, and with national laws aimed at enforcing the same to which the Owners are subject, and to obey the orders and directions of those who are charged with their enforcement.

(f) In the event of outbreak of war ~~(whether there be a declaration of war or not) (i) between any two or more of the following countries: the United States of America; Russia; the United Kingdom; France; and the People's Republic of China, (ii) between any two or more of the countries stated in Box 36, both the Owners and the Charterers shall have the right to cancel this Charter, whereupon the Charterers shall redeliver the Vessel to the Owners in accordance with Clause 15, if the Vessel has cargo on board after discharge thereof at destination, or if debarred under this Clause from reaching or entering it at a near, open and safe port as directed by the Owners, or if the Vessel has no cargo on board, at the port at which the Vessel then is or if at sea at a near, open and safe port as directed by the Owners. In all cases~~ hire shall continue to be paid in accordance with Clause 11 and except as aforesaid all other provisions of this Charter shall apply until ~~redelivery~~**the end of the Charter Period**.

27. Commission – intentionally omitted

~~The Owners to pay a commission at the rate indicated in Box 33 to the Brokers named in Box 33 on any hire paid under the Charter. If no rate is indicated in Box 33, the commission to be paid by the Owners shall cover the actual expenses of the Brokers and a reasonable fee for their work.~~

~~If the full hire is not paid owing to breach of the Charter by either of the parties the party liable therefor shall indemnify the Brokers against their loss of commission. Should the parties agree to cancel the Charter, the Owners shall indemnify the Brokers against any loss of commission but in such case the commission shall not exceed the brokerage on one year's hire.~~

28. Termination See Clauses 40 and 44

~~**(a)** Charterers' Default~~

~~The Owners shall be entitled to withdraw the Vessel from the service of the Charterers and terminate the Charter with immediate effect by written notice to the Charterers if:~~

~~(i) the Charterers fail to pay hire in accordance with Clause 11. However, where there is a failure to make punctual payment of hire due to oversight, negligence, errors or omissions on the part of the Charterers or their bankers, the Owners shall give the Charterers written notice of the number of clear banking days stated in Box 34 (as recognised at the agreed place of payment) in which to rectify the failure, and when so rectified within such number of days following the Owners' notice, the payment shall stand as regular and punctual. Failure by the Charterers to pay hire within the number of days stated in Box 34 of their receiving the Owners' notice as provided herein, shall entitle the Owners to withdraw the Vessel from the service of the Charterers and terminate the Charter without further notice;~~

~~(ii) the Charterers fail to comply with the requirements of:~~
~~(1) Clause 6 (Trading Restrictions)~~
~~(2) Clause 13(a) (Insurance and Repairs)~~
~~provided that the Owners shall have the option, by written notice to the Charterers, to give the Charterers a specified number of days grace within which to rectify the failure without prejudice to the Owners' right to withdraw and terminate under this Clause if the Charterers fail to comply with such notice;~~

~~(iii) the Charterers fail to rectify any failure to comply with the requirements of sub-clause 10(a)(i) (Maintenance and Repairs) as soon as practically possible after the Owners have requested them in writing so to do and in any event so that the Vessel's insurance cover is not prejudiced.~~

~~(b) Owners' Default~~
~~If the Owners shall by any act or omission be in breach of their obligations under this Charter to the extent that the Charterers are deprived of the use of the Vessel and such breach continues for a period of fourteen (14) running days after written notice thereof has been given by the Charterers to the Owners, the Charterers shall be entitled to terminate this Charter with immediate effect by written notice to the Owners.~~

~~(c) Loss of Vessel~~
~~This Charter shall be deemed to be terminated if the Vessel becomes a total loss or is declared as a constructive or compromised or arranged total loss. For the purpose of this sub-clause, the Vessel shall not be deemed to be lost unless she has either become an actual total loss or agreement has been reached with her underwriters in respect of her constructive, compromised or arranged total loss or if such agreement with her underwriters is not reached it is adjudged by a competent tribunal that a constructive loss of the Vessel has occurred.~~

~~(d) Either party shall be entitled to terminate this Charter with immediate effect by written notice to the other party in the event of an order being made or resolution passed for the winding up, dissolution, liquidation or bankruptcy of the other party (otherwise than for the purpose of reconstruction or amalgamation) or if a receiver is appointed, or if it suspends payment, ceases to carry on business or makes any special arrangement or composition with its creditors.~~

~~(e) The termination of this Charter shall be without prejudice to all rights accrued due between the parties prior to the date of termination and to any claim that either party might have.~~

29. Repossession

In the event ~~of~~ the **Owners have made a request for redelivery of the Vessel** ~~termination of this Charter~~ in accordance with the applicable provisions of Clause ~~28~~**Clause 40.3**, the Owners shall **in addition** have the right to repossess the Vessel from the Charterers at her current or next port of call, or at a port or place convenient to them without hindrance or interference by the Charterers, courts or local authorities. Pending physical repossession of the Vessel in accordance with this Clause 29 **and/or Clause 40**, the Charterers shall hold the Vessel as gratuitous bailee only to the Owners **and the Charterers shall procure that the master and crew follow the orders and directions of the Owners**. ~~The Owners shall arrange for an authorised representative to board the Vessel as soon as reasonably practicable following the termination of the Charter. The Vessel shall be deemed to be repossessed by the Owners from the Charterers upon the boarding of the Vessel by the Owners' representative.~~ All arrangements and expenses relating to the settling of wages, disembarkation and repatriation of the Charterers' Master, officers and crew shall be the sole responsibility of the Charterers.

30. Dispute Resolution

*) **(a)** This ~~Contract~~ **Charter and any non-contractual obligations arising out of or in connection with it** shall be governed by and construed in accordance with English law and any dispute arising out of or in connection with this ~~Contract~~ **Charter** shall be referred to arbitration in London in accordance with the Arbitration Act 1996 or any statutory modification or re-enactment thereof save to the extent necessary to give effect to the provisions of this Clause.

The arbitration shall be conducted in accordance with the London Maritime Arbitrators Association (LMAA) Terms current at the time when the arbitration proceedings are commenced.

The reference shall be to three arbitrators. A party wishing to refer a dispute to arbitration shall appoint its arbitrator and send notice of such appointment in writing to the other party requiring the other party to appoint its own arbitrator within 14 calendar days of that notice and stating that it will appoint its arbitrator as sole arbitrator unless the other party appoints its own arbitrator and gives notice that it has done so within the 14 days specified. If the other party does not appoint its own arbitrator and give notice that it has done so within the 14 days specified, the party referring a dispute to arbitration may, without the requirement of any further prior notice to the other party, appoint its arbitrator as sole arbitrator and shall advise the other party accordingly. The award of a sole arbitrator shall be binding on both parties as if he had been appointed by agreement.

Nothing herein shall prevent the parties agreeing in writing to vary these provisions to provide for the appointment of a sole arbitrator.

In cases where neither the claim nor any counterclaim exceeds the sum of US$50,000 (or such other sum as the parties may agree) the arbitration shall be conducted in accordance with the LMAA Small Claims Procedure current at the time when the arbitration proceedings are commenced. **The language or any arbitration proceedings shall be English.**

~~*) (b) This Contract shall be governed by and construed in accordance with Title 9 of the United States Code and the Maritime Law of the United States and any dispute arising out of or in connection with this Contract shall be referred to three persons at New York, one to be appointed by each of the parties hereto, and the third by the two so chosen; their decision or that of any two of them shall be final, and for the purposes of enforcing any award, judgement may be entered on an award by any court of competent jurisdiction. The proceedings~~

~~shall be conducted in accordance with the rules of the Society of Maritime Arbitrators, Inc.~~

~~In cases where neither the claim nor any counterclaim exceeds the sum of US$50,000 (or such other sum as the parties may agree) the arbitration shall be conducted in accordance with the Shortened Arbitration Procedure of the Society of Maritime Arbitrators, Inc. current at the time when the arbitration proceedings are commenced.~~

~~*) (c) This Contract shall be governed by and construed in accordance with the laws of the place mutually agreed by the parties and any dispute arising out of or in connection with this Contract shall be referred to arbitration at a mutually agreed place, subject to the procedures applicable there.~~

~~(d) Notwithstanding (a), (b) or (c) above, the parties may agree at any time to refer to mediation any difference and/or dispute arising out of or in connection with this Contract.~~

~~In the case of a dispute in respect of which arbitration has been commenced under (a), (b) or (c) above, the following shall apply:-~~

~~(i) Either party may at any time and from time to time elect to refer the dispute or part of the dispute to mediation by service on the other party of a written notice (the "Mediation Notice") calling on the other party to agree to mediation.~~

~~(ii) The other party shall thereupon within 14 calendar days of receipt of the Mediation Notice confirm that they agree to mediation, in which case the parties shall thereafter agree a mediator within a further 14 calendar days, failing which on the application of either party a mediator will be appointed promptly by the Arbitration Tribunal ("the Tribunal") or such person as the Tribunal may designate for that purpose. The mediation shall be conducted in such place and in accordance with such procedure and on such terms as the parties may agree or, in the event of disagreement, as may be set by the mediator.~~

~~(iii) If the other party does not agree to mediate, that fact may be brought to the attention of the Tribunal and may be taken into account by the Tribunal when allocating the costs of the arbitration as between the parties.~~

~~(iv) The mediation shall not affect the right of either party to seek such relief or take such steps as it considers necessary to protect its interest.~~

~~(v) Either party may advise the Tribunal that they have agreed to mediation. The arbitration procedure shall continue during the conduct of the mediation but the Tribunal may take the mediation timetable into account when setting the timetable for steps in the arbitration.~~

~~(vi) Unless otherwise agreed or specified in the mediation terms, each party shall bear its own costs incurred in the mediation and the parties shall share equally the mediator's costs and expenses.~~

~~(vii) The mediation process shall be without prejudice and confidential and no information or documents disclosed during it shall be revealed to the Tribunal except to the extent that they are disclosable under the law and procedure governing the arbitration.~~

~~*(Note: The parties should be aware that the mediation process may not necessarily interrupt time limits.)*~~

~~(e) If Box 35 in Part I is not appropriately filled in, sub-clause 30(a) of this Clause shall apply. Sub-clause 30(d) shall apply in all cases.~~

~~*) *Sub-clauses 30(a), 30(b) and 30(c) are alternatives; indicate alternative agreed in Box 35.*~~

31. Notices **See Clause 43**

~~(a) Any notice to be given by either party to the other party shall be in writing and may be sent by fax, telex, registered or recorded mail or by personal service.~~

~~(b) The address of the Parties for service of such communication shall be as stated in Boxes 3 and 4 respectively.~~

PART III
PROVISIONS TO APPLY FOR NEWBUILDING VESSELS ONLY

OPTIONAL PART

(Optional, only to apply if expressly agreed and stated in Box 37)

~~1. Specifications and Building Contract~~

~~**(a)** The Vessel shall be constructed in accordance with the Building Contract (hereafter called "the Building Contract") as annexed to this Charter, made between the Builders and the Owners and in accordance with the specifications and plans annexed thereto, such Building Contract, specifications and plans having been counter-signed as approved by the Charterers.~~

~~**(b)** No change shall be made in the Building Contract or in the specifications or plans of the Vessel as approved by the Charterers as aforesaid, without the Charterers' consent.~~

~~**(c)** The Charterers shall have the right to send their representative to the Builders' Yard to inspect the Vessel during the course of her construction to satisfy themselves that construction is in accordance with such approved specifications and plans as referred to under sub-clause (a) of this Clause.~~

~~**(d)** The Vessel shall be built in accordance with the Building Contract and shall be of the description set out therein. Subject to the provisions of sub-clause 2(c)(ii) hereunder, the Charterers shall be bound to accept the Vessel from the Owners, completed and constructed in accordance with the Building Contract, on the date of delivery by the Builders. The Charterers undertake that having accepted the Vessel they will not thereafter raise any claims against the Owners in respect of the Vessel's performance or specification or defects, if any. Nevertheless, in respect of any repairs, replacements or defects which appear within the first 12 months from delivery by the Builders, the Owners shall endeavour to compel the Builders to repair, replace or remedy any defects or to recover from the Builders any expenditure incurred in carrying out such repairs, replacements or remedies. However, the Owners' liability to the Charterers shall be limited to the extent the Owners have a valid claim against the Builders under the guarantee clause of the Building Contract (a copy whereof has been supplied to the Charterers). The Charterers shall be bound to accept such sums as the Owners are reasonably able to recover under this Clause and shall make no further claim on the Owners for the difference between the amount(s) so recovered and the actual expenditure on repairs, replacement or remedying defects or for any loss of time incurred. Any liquidated damages for physical defects or deficiencies shall accrue to the account of the party stated in Box 41(a) or if not filled in shall be shared equally between the parties. The costs of pursuing a claim or claims against the Builders under this Clause (including any liability to the Builders) shall be borne by the party stated in Box 41(b) or if not filled in shall be shared equally between the parties.~~

~~2. Time and Place of Delivery~~

~~**(a)** Subject to the Vessel having completed her acceptance trials including trials of cargo equipment in accordance with the Building Contract and specifications to the satisfaction of the Charterers, the Owners shall give and the Charterers shall take delivery of the Vessel afloat when ready for delivery and properly documented at the Builders' Yard or some other safe and readily accessible dock, wharf or place as may be agreed between the parties hereto and the Builders. Under the Building Contract the Builders have estimated that the Vessel will be ready for delivery to the Owners as therein provided but the delivery date for the purpose of this Charter shall be the date when the Vessel is in fact ready for delivery by the Builders after completion of trials whether that be before or after as indicated in the Building Contract. The Charterers shall not be entitled to refuse acceptance of delivery of the Vessel and upon and after such acceptance, subject to Clause 1(d), the Charterers shall not be entitled to make any claim against the Owners in respect of any conditions, representations or warranties, whether express or implied, as to the seaworthiness of the Vessel or in respect of delay in delivery.~~

~~**(b)** If for any reason other than a default by the Owners under the Building Contract, the Builders become entitled under that Contract not to deliver the Vessel to the Owners, the Owners shall upon giving to the Charterers written notice of Builders becoming so entitled, be excused from giving delivery of the Vessel to the Charterers and upon receipt of such notice by the Charterers this Charter shall cease to have effect.~~

~~**(c)** If for any reason the Owners become entitled under the Building Contract to reject the Vessel the Owners shall, before exercising such right of rejection, consult the Charterers and thereupon~~

~~**(i)** if the Charterers do not wish to take delivery of the Vessel they shall inform the Owners within seven (7) running days by notice in writing and upon receipt by the Owners of such notice this Charter shall cease to have effect; or~~

~~**(ii)** if the Charterers wish to take delivery of the Vessel they may by notice in writing within seven (7) running days require the Owners to negotiate with the Builders as to the terms on which delivery should be taken and/or refrain from exercising their right to rejection and upon receipt of such notice the Owners shall commence such negotiations and/or take delivery of the Vessel from the Builders and deliver her to the Charterers;~~

~~**(iii)** in no circumstances shall the Charterers be entitled to reject the Vessel unless the Owners are able to reject the Vessel from the Builders;~~

~~**(iv)** if this Charter terminates under sub-clause (b) or (c) of this Clause, the Owners shall thereafter not be liable to the Charterers for any claim under or arising out of this Charter or its termination.~~

~~**(d)** Any liquidated damages for delay in delivery under the Building Contract and any costs incurred in pursuing a claim therefor shall accrue to the account of the party stated in Box 41(c) or if not filled in shall be shared equally between the parties.~~

~~3. Guarantee Works~~

~~If not otherwise agreed, the Owners authorise the Charterers to arrange for the guarantee works to be performed in accordance with the building contract terms, and hire to continue during the period of guarantee works. The Charterers have to advise the Owners about the performance to the extent the Owners may request.~~

~~4. Name of Vessel~~

~~The name of the Vessel shall be mutually agreed between the Owners and the Charterers and the Vessel shall be painted in the colours, display the funnel insignia and fly the house flag as required by the Charterers.~~

~~5. Survey on Redelivery~~

~~The Owners and the Charterers shall appoint surveyors for the purpose of determining and agreeing in writing the condition of the Vessel at the time of re-delivery. Without prejudice to Clause 15 (Part II), the Charterers shall bear all survey expenses and all other costs, if any, including the cost of docking and undocking, if required, as well as all repair costs incurred. The Charterers shall also bear all loss of time spent in connection with any docking and undocking as well as repairs, which shall be paid at the rate of hire per day or pro rata.~~

PART IV
HIRE/PURCHASE AGREEMENT

OPTIONAL PART

(Optional, only to apply if expressly agreed and stated in Box 42)

~~On expiration of this Charter and provided the Charterers have fulfilled their obligations according to Part I and II as well as Part III, if applicable, it is agreed, that on payment of the final payment of hire as per Clause 11 the Charterers have purchased the Vessel with everything belonging to her and the Vessel is fully paid for.~~

~~*In the following paragraphs the Owners are referred to as the Sellers and the Charterers as the Buyers.*~~

~~The Vessel shall be delivered by the Sellers and taken over by the Buyers on expiration of the Charter.~~

~~The Sellers guarantee that the Vessel, at the time of delivery, is free from all encumbrances and maritime liens or any debts whatsoever other than those arising from anything done or not done by the Buyers or any existing mortgage agreed not to be paid off by the time of delivery. Should any claims, which have been incurred prior to the time of delivery be made against the Vessel, the Sellers hereby undertake to indemnify the Buyers against all consequences of such claims to the extent it can be proved that the Sellers are responsible for such claims. Any taxes, notarial, consular and other charges and expenses connected with the purchase and registration under Buyers' flag, shall be for Buyers' account. Any taxes, consular and other charges and expenses connected with closing of the Sellers' register, shall be for Sellers' account.~~

~~In exchange for payment of the last month's hire instalment the Sellers shall furnish the Buyers with a Bill of Sale duly attested and legalized, together with a certificate setting out the registered encumbrances, if any. On delivery of the Vessel the Sellers shall provide for deletion of the Vessel from the Ship's Register and deliver a certificate of deletion to the Buyers.~~
~~The Sellers shall, at the time of delivery, hand to the Buyers all classification certificates (for hull, engines, anchors, chains, etc.), as well as all plans which may be in Sellers' possession.~~

~~The Wireless Installation and Nautical Instruments, unless on hire, shall be included in the sale without any extra payment.~~

~~The Vessel with everything belonging to her shall be at Sellers' risk and expense until she is delivered to the Buyers, subject to the conditions of this Contract and the Vessel with everything belonging to her shall be delivered and taken over as she is at the time of delivery, after which the Sellers shall have no responsibility for possible faults or deficiencies of any description.~~

~~The Buyers undertake to pay for the repatriation of the Master, officers and other personnel if appointed by the Sellers to the port where the Vessel entered the Bareboat Charter as per Clause 3 (Part II) or to pay the equivalent cost for their journey to any other place.~~

OPTIONAL PART

PART V
PROVISIONS TO APPLY FOR VESSELS REGISTERED IN A BAREBOAT CHARTER REGISTRY

(Optional, only to apply if expressly agreed and stated in Box 43)

~~1. Definitions~~

~~For the purpose of this PART V, the following terms shall have the meanings hereby assigned to them:~~

~~"The Bareboat Charter Registry" shall mean the registry of the State whose flag the Vessel will fly and in which the Charterers are registered as the bareboat charterers during the period of the Bareboat Charter.~~

~~"The Underlying Registry" shall mean the registry of the state in which the Owners of the Vessel are registered as Owners and to which jurisdiction and control of the Vessel will revert upon termination of the Bareboat Charter Registration.~~

~~2. Mortgage~~

~~The Vessel chartered under this Charter is financed by a mortgage and the provisions of Clause 12(b) (Part II) shall apply.~~

~~3. Termination of Charter by Default~~

~~If the Vessel chartered under this Charter is registered in a Bareboat Charter Registry as stated in Box 44, and if the Owners shall default in the payment of any amounts due under the mortgage(s) specified in Box 28, the Charterers shall, if so required by the mortgagee, direct the Owners to re-register the Vessel in the Underlying Registry as shown in Box 45.~~

~~In the event of the Vessel being deleted from the Bareboat Charter Registry as stated in Box 44, due to a default by the Owners in the payment of any amounts due under the mortgage(s), the Charterers shall have the right to terminate this Charter forthwith and without prejudice to any other claim they may have against the Owners under this Charter.~~

26. Place of payment; also state beneficiary and bank account (Cl. 11) Beneficiary: Kos Shipping Corporation Account No.: 1200048523 Beneficiary bank: HSH Nordbank AG SWIFT Code: HSHNDEHH	27. ~~Bank~~ Corporate guarantee/~~bond~~ (sum and place) (Cl. 24) (optional) See Clause 24
28. Mortgage(s), if any (state whether 12(a) or (b) applies; if 12(b) applies state date of Financial Instrument and name of Mortgagee(s)/Place of business) (Cl. 12) See Clause 35	29. Insurance (hull and machinery and war risks) (state value acc. to Cl. 13(f) or, if applicable, acc. to Cl. 14(k)) (also state if Cl. 14 applies) See Clause 38 – CLAUSE 14 DOES NOT APPLY
30. Additional insurance cover, if any, for Owners' account limited to (Cl. 13(b) or, if applicable, Cl. 14(g)) See Clause 38	31. Additional insurance cover, if any, for Charterers' account limited to (Cl. 13(b) or, if applicable, Cl. 14(g)) See Clause 38
32. Latent defects (only to be filled in if period other than stated in Cl. 3) N/A	33. Brokerage commission and to whom payable (Cl. 27) N/A
34. Grace period (state number of clear ~~banking days~~Business Days) (Cl. 28) See Clause 44	35. Dispute Resolution (state 30(a), 30(b) or 30(c); if 30(c) agreed Place of Arbitration must be stated (Cl. 30) See Clause 30(a)
36. War cancellation (indicate countries agreed) (Cl. 26(f)) N/A	
37. Newbuilding Vessel (indicate with "yes" or "no" whether PART III applies) (optional) No, Part III does not apply	38. Name and place of Builders (only to be filled in if PART III applies) N/A
39. Vessel's Yard Building No. (only to be filled in if PART III applies) N/A	40. Date of Building Contract (only to be filled in if PART III applies) N/A
41. Liquidated damages and costs shall accrue to (state party acc. to Cl. 1) a) N/A b) N/A c) N/A	
42. Hire/Purchase agreement (indicate with "yes" or "no" whether PART IV applies) (optional) No, Part IV does not apply	43. Bareboat Charter Registry (indicate with "yes" or "no" whether PART V applies) (optional) No, Part V does not apply
44. Flag and Country of the Bareboat Charter Registry (only to be filled in if PART V applies) N/A	45. Country of the Underlying Registry (only to be filled in if PART V applies) N/A
46. Number of additional clauses covering special provisions, if agreed Clause 32 to Clause 59	

PREAMBLE - It is mutually agreed that this Contract shall be performed subject to the conditions contained in this Charter which shall include PART I and PART II. In the event of a conflict of conditions, the provisions of PART I shall prevail over those of PART II to the extent of such conflict but no further. It is further mutually agreed that PART III and/or PART IV and/or PART V shall only apply and only form part of this Charter if expressly agreed and stated in Boxes 37, 42 and 43. If PART III and/or PART IV and/or PART V apply, it is further agreed that in the event of a conflict of conditions, the provisions of PART I and PART II shall prevail over those of PART III and/or PART IV and/or PART V to the extent of such conflict but no further.

Signature (Owners) For and on behalf of the Owners Name: Title:	Signature (Charterers) For and on behalf of the Charterers Name: Title:

26. Place of payment; also state beneficiary and bank account (Cl. 11) **Beneficiary: Kos Shipping Corporation** **Account No.: 1200048523** **Beneficiary bank: HSH Nordbank AG** **SWIFT Code: HSHNDEHH**	27. ~~Bank~~ Corporate guarantee~~/bond~~ (sum and place) (Cl. 24) (optional) **See Clause 24**
28. Mortgage(s), if any (state whether 12(a) or (b) applies; if 12(b) applies state date of Financial Instrument and name of Mortgagee(s)/Place of business) (Cl. 12) **See Clause 35**	29. Insurance (hull and machinery and war risks) (state value acc. to Cl. 13(f) or, if applicable, acc. to Cl. 14(k)) (also state if Cl. 14 applies) **See Clause 38 – CLAUSE 14 DOES NOT APPLY**
30. Additional insurance cover, if any, for Owners' account limited to (Cl. 13(b) or, if applicable, Cl. 14(g)) **See Clause 38**	31. Additional insurance cover, if any, for Charterers' account limited to (Cl. 13(b) or, if applicable, Cl. 14(g)) **See Clause 38**
32. Latent defects (only to be filled in if period other than stated in Cl. 3) **N/A**	33. Brokerage commission and to whom payable (Cl. 27) **N/A**
34. Grace period (state number of clear ~~banking days~~Business Days) (Cl. 28) **See Clause 44**	35. Dispute Resolution (state 30(a), 30(b) or 30(c); if 30(c) agreed Place of Arbitration must be stated (Cl. 30) **See Clause 30(a)**
36. War cancellation (indicate countries agreed) (Cl. 26(f)) **N/A**	
37. Newbuilding Vessel (indicate with "yes" or "no" whether PART III applies) (optional) **No, Part III does not apply**	38. Name and place of Builders (only to be filled in if PART III applies) **N/A**
39. Vessel's Yard Building No. (only to be filled in if PART III applies) **N/A**	40. Date of Building Contract (only to be filled in if PART III applies) **N/A**
41. Liquidated damages and costs shall accrue to (state party acc. to Cl. 1) a) **N/A** b) **N/A** c) **N/A**	
42. Hire/Purchase agreement (indicate with "yes" or "no" whether PART IV applies) (optional) **No, Part IV does not apply**	43. Bareboat Charter Registry (indicate with "yes" or "no" whether PART V applies) (optional) **No, Part V does not apply**
44. Flag and Country of the Bareboat Charter Registry (only to be filled in if PART V applies) **N/A**	45. Country of the Underlying Registry (only to be filled in if PART V applies) **N/A**
46. Number of additional clauses covering special provisions, if agreed **Clause 32 to Clause 59**	

PREAMBLE - It is mutually agreed that this Contract shall be performed subject to the conditions contained in this Charter which shall include PART I and PART II. In the event of a conflict of conditions, the provisions of PART I shall prevail over those of PART II to the extent of such conflict but no further. It is further mutually agreed that PART III and/or PART IV and/or PART V shall only apply and only form part of this Charter if expressly agreed and stated in Boxes 37, 42 and 43. If PART III and/or PART IV and/or PART V apply, it is further agreed that in the event of a conflict of conditions, the provisions of PART I and PART II shall prevail over those of PART III and/or PART IV and/or PART V to the extent of such conflict but no further.

Signature (Owners) **For and on behalf of the Owners** **Name:** **Title:**	Signature (Charterers) **For and on behalf of the Charterers** **Name:** ALEXANDROS LAIOS **Title:** Attorney-in-fact

ADDITIONAL CLAUSES TO BARECON 2001 DATED 31 MARCH 2018

CLAUSE 32 – CHARTER PERIOD

32.1 For the avoidance of doubt, notwithstanding the fact that the Charter Period shall commence on the Commencement Date, this Charter shall be:

(a) in full force and effect; and

(b) valid, binding and enforceable against the parties hereto,

(c) with effect from the date of this Charter until the end of the Charter Period (subject to the terms of this Charter).

32.2 The Charter Period shall, subject to the terms of this Charter, continue for a period of seventy two (72) months from the Commencement Date.

CLAUSE 33 – CANCELLATION

33.1 If:

(a) a Termination Event occurs prior to the delivery of the Vessel by the Charterers as sellers to Owners as buyers under the MOA;

(b) it becomes unlawful for the Owners (as buyers) to perform or comply with any or all of their obligations under the MOA or any of the obligations of the Owners under the MOA are not or cease to be legal, valid, binding and enforceable; and/or

(c) the MOA expires, is cancelled, terminated, rescinded or suspended or otherwise ceases to remain in full force and effect for any reason,

then this Charter shall immediately terminate and be cancelled (provided that any provision hereof expressed to survive such termination or cancellation shall so do in accordance with its terms) without the need for either of the Owners or the Charterers to take any action whatsoever.

CLAUSE 34 – DELIVERY OF VESSEL

34.1

(a) This Charter is part of a transaction involving the sale, purchase and charter back of the Vessel and constitutes one of the Leasing Documents.

(b) The obligation of the Owners to charter the Vessel to the Charterers hereunder is subject to and conditional upon:

(i) the delivery of the Vessel by the Charterers as sellers to the Owners as buyers in accordance with the terms of the MOA with such Delivery occurring on or before the Cancelling Date (and, for the purposes of this Charter, the Vessel shall be deemed delivered to the Charterers simultaneously with delivery of the Vessel to the Owners pursuant to the MOA);

(ii) no Potential Termination Event or Termination Event having occurred and being continuing as at the Commencement Date;

(iii) the representations and warranties contained in Clause 45 being true and correct on the date of this Charter and each day thereafter until and including the last day of the Charter Period;

(iv) the Owners having received from the Charterers:

(A) on or prior to Delivery, the documents or evidence set out in Part A of Schedule II in form and substance satisfactory to them; and

(B) after Delivery, the documents or evidence set out in Part B of Schedule II in form and substance satisfactory to them within the time periods set out thereunder;

and if any of the documents listed in sub-paragraph (iv) above are not in the English language then they shall be accompanied by a certified English translation.

34.2 The conditions precedent or conditions subsequent specified in Clause (b)(iv) are inserted for the sole benefit of the Owners and may be waived or deferred in whole or in part and with or without conditions by the Owners.

34.3 On delivery to and acceptance by the Owners of the Vessel under the MOA from the Charterers as sellers and subject to the provisions of this Clause 34, the Vessel shall be deemed to have been delivered to, and accepted without reservation by, the Charterers under this Charter and the Charterers shall become and be entitled to the possession and use of the Vessel on and subject to the terms and conditions of this Charter.

34.4 On Delivery, as evidence of the commencement of the Charter Period the Charterers shall sign and deliver to the Owners the Acceptance Certificate. Without prejudice to this Clause 34.4, the Charterers shall be deemed to have accepted the Vessel under this Charter and the commencement of the Charter Period having started, on Delivery even if for whatever reason, the Acceptance Certificate is not signed and/or the Charterers do not take actual possession of the Vessel at that time.

34.5 Save where any of the events set out under Clause 44.1(f) (iv), (v), (vi) and (viii) below applies in relation to the Owners (and in the absence of a Termination Event or Potential Termination Event having occurred at the same time), the Charterers shall not be entitled for any reason whatsoever to refuse to accept delivery of the Vessel under this Charter once the Vessel has been delivered to and accepted by the Owners under the MOA from the Charterers as sellers, and the Owners shall not be liable for any losses, costs or expenses whatsoever or howsoever arising including, without limitation, any loss of profit or any loss or otherwise:

(a) resulting directly or indirectly from any defect or alleged defect in the Vessel or any failure of the Vessel; or

(b) arising from any delay in the commencement of the Charter Period or any failure of the Charter Period to commence.

34.6 The Owners will not and shall not be obliged to deliver the Vessel to the Charterers with any bunkers and unused lubricating oils and greases (whether in storage tanks and unopened drums or otherwise) except such items (including bunkers, lubricating oils, unbroached provisions, paints, ropes and other consumable stores) as are on the Vessel on Delivery.

34.7 The Charterers shall, following the Owners' delivery of items on board the Vessel on Delivery pursuant to Clause 34.6, keep all such items on board the Vessel for the Charterers' own use.

CLAUSE 35 – QUIET ENJOYMENT

35.1 Provided that no Potential Termination Event or Termination Event has occurred pursuant to the terms of this Charter, the Owners hereby agree not to disturb or interfere (or instruct or authorise another party to disturb or interfere) with the Charterers' lawful use, possession and quiet enjoyment of the Vessel during the Charter Period.

35.2 The Owners shall use best endeavors to procure that their financier(s) enter into a Quiet Enjoyment Agreement with the Charterers on such terms as may be mutually agreed between the Owners, the Owners' financier(s) and the Charterers.

35.3 Subject to Clause 35.1 above, the Charterers acknowledge that, at any time during the Charter Period:

(a) the Owners are entitled to enter into certain funding arrangements with their financier(s), (the "**Mortgagee**"), in order to finance in part or in full of the Purchase Price (such financing amount not to exceed the Outstanding Principal Balance at the relevant time), which funding arrangements may be secured, *inter alia*, by the relevant Financial Instruments;

(b) the Owners may do any of the following as security for the funding arrangements referred to in paragraph (a) above:

(i) execute a ship mortgage over the Vessel or any other Financial Instrument in favour of a Mortgagee;

(ii) assign their rights and interests to, in or in connection with this Charter and any other Leasing Document in favour of that Mortgagee;

(iii) assign their rights and interests to, in or in connection with the Insurances, the Earnings and the Requisition Compensation of the Vessel in favour of that Mortgagee; and

(iv) enter into any other document or arrangement which is necessary to give effect to such financing arrangements; and

(c) the Charterers undertake to comply, and provide such information and documents reasonably required to enable the Owners to comply, with all such instructions or directions in regard to the employment, insurances, operation, repairs and maintenance of the Vessel as laid down in any Financial Instrument or as may be directed from to time during the currency of this Charter by the Mortgagee in conformity with any Financial Instrument. The Charterers further agree and acknowledge all relevant terms, conditions and provisions of each Financial Instrument (if any) and agree to acknowledge this in writing in any form that may be reasonably required by the Mortgagee.

CLAUSE 36 – CHARTERHIRE

36.1 In consideration of the Owners agreeing to charter the Vessel to the Charterers under this Charter at the request of the Charterers, the Charterers hereby irrevocably and unconditionally agree to pay to the Owners, the Charterhire, the Advance Charterhire and the Purchase Obligation Price or, as the case may be, the Purchase Option Price.

36.2 The Charterers shall pay the Advance Charterhire to the Owners on the Commencement Date which amount shall be deemed paid on such date by it being set off against an equivalent portion of the Purchase Price payable by the Owners as buyers to the Charterers as sellers under the MOA on the Commencement Date pursuant to the terms thereof and which, for the avoidance of any doubt, shall be unsecured and non-refundable under all circumstances and no interest shall accrue on the Advance Charterhire.

36.3 Subject to the terms of this Clause 36, the Charterers shall pay the Charterhire quarterly in arrears in twenty four (24) consecutive instalments to the Owners under this Charter with the first instalment of the Charterhire payable on the date falling three months after the Commencement Date and the final instalment of the Charterhire payable on the last day of the Charter Period.

36.4 The Vessel shall not at any time be deemed off-hire and the Charterers' obligation to pay all Charterhire, Advance Charterhire and other amounts payable under the Leasing Documents shall be absolute and unconditional under any and all circumstances and shall not be affected by any circumstances of any nature whatsoever including but not limited to:

(a) any set-off (except in the case of the Advance Charterhire which shall be set off in accordance with Clause 36.2), counterclaim, recoupment, defence, claim or other right which the Charterers may at any time have against the Owners or any other person for any reason whatsoever including, without limitation, any act, omission or breach on the part of the Owners under this Charter or any other agreement at any time existing between the Owners and the Charterers;

(b) any change, extension, indulgence or other act or omission in respect of any indebtedness or obligation of the Charterers, or any sale, exchange, release or surrender of, or other dealing in, any security for any such indebtedness or obligation;

(c) any title defect or encumbrance or any dispossession of the Vessel by title paramount or otherwise;

(d) any defect in the seaworthiness, condition, value, design, merchantability, operation or fitness for use of the Vessel or the ineligibility of the Vessel for any particular trade;

(e) the Total Loss or any damage to or forfeiture or court marshall's or other sale of the Vessel;

(f) any libel, attachment, levy, detention, sequestration or taking into custody of the Vessel or any restriction or prevention of or interference with or interruption or cessation in, the use or possession thereof by the Charterers;

(g) any insolvency, bankruptcy, reorganization, arrangement, readjustment, dissolution, liquidation or similar proceedings by or against the Charterers;

(h) any invalidity, unenforceability, lack of due authorization or other defects, or any failure or delay in performing or complying with any of the terms and provisions of this Charter or the other Leasing Documents by any party to this Charter or any other person;

(i) any enforcement or attempted enforcement by the Owners of their rights under this Charter or any of the Leasing Documents executed or to be executed pursuant to this Charter; or

(j) any loss of use of the Vessel due to deficiency or default or strike of officers or crew, fire, breakdown, damage, accident, defective cargo or any other cause which would or might but for this provision have the effect of terminating or in any way affecting any obligation of the Charterers under this Charter.

36.5 Time of payment of the Charterhire, the Advance Charterhire and other payments by the Charterers shall be of the essence of this Charter and the other Leasing Documents.

36.6 All payments of the Charterhire, the Advance Charterhire and any other amounts payable under the Leasing Documents shall be made in Dollars and shall be received by the Owners in same day available funds and by not later than 6:00pm (Shanghai time) on the due date thereof.

36.7 All Charterhire and any moneys payable hereunder shall be payable by the Charterers to the Owners to such account as the Owners may notify the Charterers in writing.

36.8 Payment of the Charterhire and the Advance Charterhire shall be at the Charterers' risk until receipt by the Owners.

36.9 All stamp duty, value added tax, withholding or other taxes (not including taxes levied on the income of the Owners) and import and export duties and all other similar types of charges which may be levied or assessed on or in connection with:

(a) the operation of this Charter in respect of the hire and all other payments to be made pursuant to this Charter and the remittance thereof to the Owners; and

(b) the import, export, purchase, delivery and re-delivery of the Vessel,

shall be borne by the Charterers. The Charterers shall pay, if applicable, value added tax and other similar tax levied on any Charterhire and Advance Charterhire and other payments payable under this Charter by addition to, and at the time of payment of, such amounts.

36.10 If the Charterers fail to make any payment due under this Charter on the due date, they shall pay interest on such late payment at the default rate of 2 per cent. (2 %) per annum (for the avoidance of doubt, such default interest rate applies in addition to the applicable Interest Rate if no payment default were to occur) from the date on which such payment became due until the date of payment thereof.

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

36.12 Any payment which is due to be made on a day which is not a Business Day, shall be made on the preceding Business Day in the same calendar month.

CLAUSE 37 – POSSESSION OF VESSEL

37.1 The Charterers shall not, without the prior written consent of the Owners, assign, mortgage or pledge the Vessel or any interest therein and shall not permit the creation of any Security Interest thereon other than the Permitted Security Interests.

37.2 The Charterers shall promptly notify any party including any Approved Subcharterer (as the Owners may request), in writing that the Vessel is the property of the Owners and the Charterers shall provide the Owners with a copy of such written notification and reasonably satisfactory evidence that such party has received such written notification.

37.3 Other than in the circumstances specified in Clause 37.4, if the Vessel is arrested, seized, impounded, forfeited, detained or taken out of their possession or control (whether or not pursuant to any distress, execution or other legal process but other than due to piracy events which are insured against pursuant to Clause 38), the Charterers shall procure the immediate release of the Vessel (whether by providing bail or procuring the provision of security or otherwise do such lawful things as the circumstances may require) and shall (if it will or is likely to exceed 30 days) immediately notify the Owners of such event and shall indemnify the Owners against all losses, documented costs or documented charges incurred by the Owners by reason thereof in re-taking possession or otherwise in re-acquiring the Vessel. Without prejudice to the generality of the foregoing, the Charterers agree to indemnify the Owners against all consequences or liabilities arising from the master, officers or agents signing bills of lading or other documents.

37.4 If the Vessel is arrested or otherwise detained solely because of the Owners' direct actions or omissions and for reasons which are not in any part a consequence of a Relevant Person's (or its affiliate's) contributory negligence and/or wilful misconduct, the Owners shall at their own expense take all reasonable steps to procure that within a reasonable time the Vessel is released, including the provision of bail.

37.5 The Charterers shall pay and discharge or cause any Approved Subcharterer to pay and discharge all obligations and liabilities whatsoever which have given or may give rise to liens on or claims enforceable against the Vessel and take all steps to prevent (and in connection with procuring any Approved Subcharterer in doing the above, take all reasonable steps to procure any Approved Subcharterer to prevent) an arrest (threatened or otherwise) of the Vessel.

Clause 38 – INSURANCE

38.1 The Charterers shall procure that insurances are effected in form and substance satisfactory to the Owners:

(a) in Dollars;

(b) in the case of fire and usual hull and machinery, marine risks and war risks (including blocking and trapping), on an agreed value basis in an amount of 120% of the higher from time to time of: (i) the aggregate of the then Outstanding Principal Balance and (ii) the lower of the Certified Book Value and Market Value;

(c) in the case of oil pollution liability risks for the Vessel, for an aggregate amount equal to the highest level of cover from time to time available under protection and indemnity club entry and in the international marine insurance market and for an amount of not less than $1,000,000,000; and

(d) in relation to protection and indemnity risks in respect of the full tonnage of the Vessel;

(e) through approved brokers and with first class international insurers and/or underwriters reasonably acceptable to the Owners (including having a Standard & Poor's rating of BBB+ or above, a Moody's rating of A or above or an AM Best rating of A- or above) or, in the case of war risks and protection and indemnity risks, in a war risks and protection and indemnity risks associations reasonably acceptable to the Owners (including being a member of the International Group of Protection and Indemnity Clubs); and

(f) on no less favourable terms which the Charterers may be under an obligation (if any) to maintain under the terms of any Approved Bareboat Subcharter.

38.2 In addition to the terms set out in Clause 13(a), the Charterers shall procure that the obligatory insurances shall:

(a) subject always to paragraph (ii), name the Charterers, the Approved Manager and the Owners (if so required by the Owners) as the only named assureds unless the interest of every other named assured or co-assured is limited:

(ii) in respect of any obligatory insurances for hull and machinery and war risks;

(1) to any provable out-of-pocket expenses that they have incurred and which form part of any recoverable claim on underwriters; and

(2) to any third party liability claims where cover for such claims is provided by the policy (and then only in respect of discharge of any claims made against them); and

(iii) in respect of any obligatory insurances for protection and indemnity risks, to any recoveries they are entitled to make by way of reimbursement following discharge of any third party liability claims made specifically against them,

and every other named assured or co-assured has undertaken in writing to the Owners or their financiers reasonably that any deductible shall be apportioned between the Charterers and every other named assured or co-assured in proportion to the gross claims made by or paid to each of them and that they shall do all things necessary and provide all documents, evidence and information to enable the Owners and their financiers (if any) in accordance with the terms of the loss payable clause, to collect or recover any moneys which at any time become payable in respect of the obligatory insurances;

(b) whenever a financier of the Owners requires:

(i) in respect of fire and other usual marine risks and war risks, name (or be amended to name) the same as additional named assured for their rights and interests, warranted no operational interest and with full waiver of rights of subrogation against such financiers, but without such financiers thereby being liable to pay (but having the right to pay) premiums, calls or other assessments in respect of such insurance;

(ii) in relation to protection and indemnity risks, name (or be amended to name) the same as additional insured or co-assured for their rights and interests to the extent permissible under the relevant protection and indemnity club rules; and

(iii) name the Owners' financiers (as applicable) and the Owners (as applicable) as the first ranking loss payee and the second ranking loss payee respectively (and in the absence of any financiers, the Owners as first ranking loss payee) in accordance with the terms of the relevant loss payable clauses approved by the Owners' financiers and the Owners (such approval not to be unreasonably withheld) with such directions for payment in accordance with the terms of such relevant loss payable clause, as the Owners and their financiers (if any) may specify;

(c) provide that all payments by or on behalf of the insurers under the obligatory insurances to the Owners and/or their financiers (as applicable) shall be made without set-off, counterclaim or deductions or condition whatsoever;

(d) provide that such obligatory insurances shall be primary without right of contribution from other insurances which may be carried by the Owners or their financiers (if any);

(e) provide that the Owners and/or their financiers (if any) may make proof of loss if the Charterers fail to do so; and

(f) provide that if any obligatory insurance is cancelled, or if any substantial change is made in the coverage which adversely affects the interest of the Owners, or if any obligatory insurance is allowed to lapse for non-payment of premium, such cancellation, change or lapse shall not be effective with respect to the Owners and/or their financiers (if any) for fourteen (14) days (or seven (7) days in the case of war risks), or such other period as may be agreed by the Owners and/or their financiers (if any), after receipt by the Owners and/or their financiers (if any) of prior written notice from the insurers of such cancellation, change or lapse.

38.3 The Charterers shall:

(a) at least fourteen (14) days prior to Delivery (or such shorter period agreed by the parties), notify in writing the Owners (copied to their financiers (if any)) of the terms and conditions of all Insurances;

(b) at least fourteen (14) days before the expiry of any obligatory insurance notify the Owners (copied to their financiers (if any)) of the brokers (or other insurers) and any protection and indemnity or war risks association through or with whom the Charterers propose to renew that obligatory insurance and of the proposed terms of renewal and obtain the Owners' approval (such approval not to be unreasonably withheld and who shall have regard to the requirements as to insurance cover required under the provisions of this Clause 38);

(c) at least seven (7) days before the expiry of any obligatory insurance, procure that such obligatory insurance is renewed or to be renewed on its expiry date in accordance with the provisions of this Charter;

(d) procure that the approved brokers and/or the war risks and protection and indemnity associations with which such a renewal is effected shall promptly after the renewal or the effective date of the new insurance and protection and indemnity cover notify the Owners (copied to their financiers (if any)) in writing of the terms and conditions of the renewal; and

(e) as soon as practicable after the expiry of any obligatory insurance, deliver to the Owners a letter of undertaking as required by this Charter in respect of such Insurances for the Vessel as renewed pursuant to this Clause 38.3 together with copies of the relevant policies or cover notes or entry certificates duly endorsed with the interest of the Owners and/or their financiers (if any).

38.4 The Charterers shall ensure that all insurance companies and/or underwriters, and/or (if any) insurance brokers provide the Owners with all copies of policies, cover notes and certificates of entry (originals where so requested by the Owners following the occurrence of a Termination Event or Potential Termination Event) relating to the obligatory insurances which they are to effect or renew and of a letter or letters or undertaking in a form required by the Owners (which the Charterers shall procure the relevant insurance companies, underwriters and/or insurance brokers to provide upon renewal or receipt of the insurance companies, underwriters and/of insurance brokers of an executed notice of assignment). Such letter or letters of undertaking shall include undertakings by the insurance companies and/or underwriters that:

(a) they will have endorsed on each policy, immediately upon issue, a loss payable clause and a notice of assignment complying with the provisions of this Charter and the Financial Instruments;

(b) they will hold the benefit of such policies and such insurances, to the order of the Owners and/or their financiers (if any) and/or such other party in accordance with the said loss payable clause;

(c) they will advise the Owners and their financiers (if any) promptly of any material change to the terms of the obligatory insurances of which they are aware;

(d) (i) they will indicate in the letters of undertaking that they will immediately notify the Owners and their financiers (if any) when any cancellation, charge or lapse of the relevant obligatory insurance occur and (ii) following a written application from the Owners and/or their financiers (if any) not later than one (1) month before the expiry of the obligatory insurances they will notify the Owners and their financiers (if any) not less than fourteen (14) days before the expiry of the obligatory insurances, in the event of their not having received notice of renewal instructions from the Charterers and, in the event of their receiving instructions to renew, they will promptly notify the Owners and their financiers (if any) of the terms of the instructions; and

(e) if any of the obligatory insurances form part of any fleet cover, the Charterers shall use best endeavours to procure that the insurance broker(s), or leading insurer, as the case may be, undertakes to the Owners and their financiers (if any) that such insurance broker or insurer will not set off against any sum recoverable in respect of a claim relating to the Vessel under

such obligatory insurances any premiums due in respect of any other vessel under any fleet cover of which the Vessel forms a part or any premium due for other insurances, they waive any lien on the policies, or any sums received under them, which they might have in respect of such premiums, and they will not cancel such obligatory insurances by reason of non-payment of such premiums or other amounts, and will arrange for a separate policy to be issued in respect of the Vessel forthwith upon being so requested by the Owners and/or their financiers (if any) and where practicable.

38.5 The Charterers shall ensure that any protection and indemnity and/or war risks associations in which the Vessel is entered provides the Owners with:

(a) a copy of the certificate of entry for the Vessel as soon as such certificate of entry is issued;

(b) a letter or letters of undertaking in such form as may be required by the Owners or in such association's standard form (following the relevant association's receipt of an executed notice of assignment upon the effecting or renewal of insurances); and

(c) a copy of each certificate of financial responsibility for pollution by oil or other Environmentally Sensitive Material issued by the relevant certifying authority in relation to the Vessel.

38.6 The Charterers shall ensure that all policies relating to obligatory insurances are deposited with the approved brokers through which the insurances are effected or renewed.

38.7 The Charterers shall procure that all premiums or other sums payable in respect of the obligatory insurances are punctually paid and produce all relevant receipts when so required by the Owners.

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

38.9 The Charterers shall neither do nor omit to do (nor permit to be done or not to be done) any act or thing which would or might render any obligatory insurance invalid, void, voidable or unenforceable or render any sum payable under an obligatory insurance repayable in whole or in part; and, in particular:

(a) the Charterers shall procure that all necessary action is taken and all requirements are complied with which may from time to time be applicable to the obligatory insurances, and (without limiting the obligations contained in this Clause) ensure that the obligatory insurances are not made subject to any exclusions or qualifications to which the Owners have not given their prior approval (unless such exclusions or qualifications are made in accordance with the rules of a protection and indemnity association which is a member of the International Group of protection and indemnity associations), such approval not to be unreasonably withheld;

(b) the Charterers shall not make or permit any changes relating to the classification or classification society or manager or operator of the Vessel unless such changes have first been approved by the underwriters of the obligatory insurances or the Owners (such approval not to be unreasonably withheld by the Owners' but always subject to the Owners receiving credit approval on such changes);

(c) as may be applicable, the Charterers shall procure that all quarterly or other voyage declarations which may be required by the protection and indemnity risks association in which the Vessel is entered to maintain cover for trading to the United States of America and Exclusive Economic Zone (as defined in the United States Oil Pollution Act 1990 or any other applicable legislation) are made and the Charterers shall promptly provide the Owners with copies of such declarations and a copy of the certificate of financial responsibility; and

(d) the Charterers shall not employ the Vessel, nor allow it to be employed, otherwise than in conformity with the terms and conditions of the obligatory insurances, without first obtaining the consent of the insurers and complying with any requirements (as to extra premium or otherwise) which the insurers specify.

38.10 The Charterers shall not make or agree to any material alteration to the terms of any obligatory insurance (relating to the identity of the beneficiaries under such insurances or scope of cover) nor waive any right relating to any obligatory insurance without the prior written consent of the Owners (such consent to only be required where such amendment or waiver adversely affects or potentially adversely affects the Owners' interests under the Leasing Documents and which is not to be unreasonably withheld or delayed).

In this Clause 38.10 "material" alterations shall include, without limitation, reduction to the insured amount, limitation on the scope of the cover and any other amendment which would cause a breach under the terms of this Charter, any other Leasing Document or any Approved Bareboat Subcharter.

38.11 The Charterers shall not settle, compromise or abandon any claim under any obligatory insurance for a Total Loss or for a Major Casualty, and shall do all things necessary and provide all documents, evidence and information to enable the Owners to collect or recover any moneys which at any time become payable in respect of the obligatory insurances.

38.12 The Charterers shall provide the Owners, promptly upon the Owners' written request, copies of:

(a) all communications between the Charterers and:

(i) the approved brokers; and

(ii) the approved protection and indemnity and/or war risks associations; and

(iii) the approved international insurers and/or underwriters, which relate directly or indirectly to:

(A) the Charterers' obligations relating to the obligatory insurances including, without limitation, all requisite declarations and payments of additional premiums or calls; and

(B) any credit arrangements made between the Charterers and any of the persons referred to in paragraphs (i) or (ii) relating wholly or partly to the effecting or maintenance of the obligatory insurances; and

any communication with all parties involved in case of a claim under any of the Vessel's insurances.

38.13 The Charterers shall promptly provide the Owners (or any persons which they may designate) with any information which the Owners reasonably request for the purpose of:

(a) obtaining or preparing any report from an independent marine insurance broker as to the adequacy of the obligatory insurances effected or proposed to be effected; and/or

(b) effecting, maintaining or renewing any such insurances as are referred to in Clause 13(a) or dealing with or considering any matters relating to any such insurances.

38.14 If one or more of the obligatory insurances are not effected and maintained with first class international insurers or are effected with an insurance or captive subsidiary of the Owners or the Charterers, then the Charterers shall procure, at their own expense, that the relevant insurers maintain in full force and effect facultative reinsurances with reinsurers and

through brokers, in each case, of recognised standing and acceptable in all respects to the Owners. Any reinsurance policy shall include, if and when permitted by law, a cut-through clause in a form acceptable to the Owners. The Charterers shall procure that underwriters of the primary insurances assign each reinsurance to the relevant financiers in full, if required.

38.15 The Charterers shall upon demand fully indemnify the Owners in respect of all premiums and other expenses which are reasonably incurred by (i) the Owners in connection with or with a view to effecting, maintaining or renewing an innocent owners' interest insurance, mortgagee's interest insurance and a lessor's/mortgagee's additional perils (pollution) insurance that is taken out in respect of the Vessel and/or (ii) the financier(s) of the Owners (if any) in connection with or with a view to effecting, maintaining or renewing a mortgagee's interest insurance and a mortgagee's additional perils (pollution) insurance that is taken out in respect of the Vessel, in each case, with the Charterers' insurance brokers as approved by the Owners (in their sole discretion) and provided that the Charterers shall provide the Owners, as soon as these are dispatched, with copies of all communications between the Charterers and such insurance brokers. In each case, the amount of the cover under the insurances referred to this Clause 38.15 shall be equal to at least 120% of the higher from time to time of (i) the Outstanding Principal Balance; (ii) the lower of the Certified Book Value and the Market Value.

38.16 The Charterers shall be solely responsible for and indemnify the Owners in respect of all loss or damage to the Vessel (insofar as the Owners shall not be reimbursed by the proceeds of any insurance in respect thereof) however caused occurring at any time or times before physical possession thereof is retaken by the Owners, reasonable wear and tear to the Vessel only excepted.

38.17 The Charterers shall:

(a) reimburse the Owners any expenses incurred by the Owners in obtaining the reports described in Clause 38.13 (provided that such reimbursement obligation does not arise for the second or subsequent report obtained for any given 12-month period); and

(b) procure that there is delivered to the brokers, insurers, underwriters, associations described in Clause 38.1(e) such information in relation to the Insurances as they may require.

38.18 The Charterers shall keep the Vessel insured at their expense against such other risks which the Owners consider reasonable for a prudent shipowner or operator to insure against at the relevant time (as notified by the Owners) and which are, at that time, generally insured against by owners or operators of vessels similar to the Vessel.

38.19 The Charterers shall, in the event that the Approved Manager makes a claim under any obligatory insurances taken out in connection with this Clause 38 but is unable to or otherwise fails to pay in full any deductible in connection with such claim (in an amount as apportioned between the Charterers and every other assured in proportion to the gross claims made by or paid to each of them), pay such shortfall in deductible payable on behalf of the Approved Manager.

CLAUSE 39 – WARRANTIES RELATING TO VESSEL

39.1 It is expressly agreed and acknowledged that the Owners are not the manufacturer or original supplier of the Vessel which has been purchased by the Owners from the Charterers as sellers pursuant to the MOA for the purpose of then chartering the Vessel to the Charterers hereunder and that no condition, term, warranty or representation of any kind is or has been given to the Charterers by or on behalf of the Owners in respect of the Vessel (or any part thereof).

39.2 All conditions, terms or warranties express or implied by the law relating to the specifications, quality, description, merchantability or fitness for any purpose of the Vessel (or any part thereof) or otherwise are hereby expressly excluded.

39.3 The Charterers agree and acknowledge that the Owners shall not be liable for any claim, loss, damage, expense or other liability of any kind or nature caused directly or indirectly by the Vessel or by any inadequacy thereof or the use or performance thereof or any repairs thereto or servicing thereof and the Charterers shall not by reason thereof be released from any liability to pay any Charterhire or the Advance Charterhire or other payment due under this Charter or the other Leasing Documents.

CLAUSE 40 – TERMINATION, REDELIVERY AND TOTAL LOSS

40.1 If the Termination Purchase Price becomes payable in accordance with Clause 44.3, the same shall be payable in consideration of the purchase and transfer of the legal and beneficial title of the Vessel pursuant to Clause 40.4 and it is hereby agreed by the parties hereto that payment of the Termination Purchase Price shall not be construed as a penalty but shall represent an agreed estimate of the loss and damage suffered by the Owners in buying the Vessel and entering into this Charter upon the terms and conditions contained herein, in each case, at the request of the Charterers and shall therefore be paid as compensation to the Owners for early termination and acquisition of the Vessel by the Charterers.

40.2 Upon receipt of the Termination Purchase Price by the Owners pursuant to Clause 40.1 in full, this Charter shall terminate.

40.3

(a) If the Charterers fail to make any payment of the Termination Purchase Price on the due date,

(i) Clauses 36.10 and 36.11 shall apply;

(ii) the Charterers' right to possess and operate the Vessel shall immediately cease and (without in any way affecting the Charterers' obligation to pay the Termination Purchase Price) the Charterers shall, upon the Owners' request (at Owners' sole discretion), be obliged to immediately (and at the Charterers' own cost) redeliver the Vessel to the Owners at such ready and nearest safe port as the Owners may require; further and for the avoidance of doubt, the Owners shall be entitled (at Owners' sole discretion) to operate the Vessel as they may require and may create whatsoever interests thereon, including without limitation charterparties or any other form of employment contracts ("**Post-enforcement Interests**"); and

(iii) the Owners shall be entitled (at Owners' sole discretion) to sell the Vessel on terms they deem fit (an "**Owners' Sale**").

(b) Prior to effecting an Owners' Sale, the Owners shall notify the Charterers in writing and the Charterers may within seven (7) Business Days thereafter submit to the Owners evidence (to the satisfaction of the Owners, acting reasonably) of a purchaser offering by way of a firm offer (subject to customary closing conditions and Owners' investigation on know-your-client issues) (a "**Charterers' Offer**") an amount at least equal to the higher of (i) the purchase price contemplated by the Owners' Sale and (ii) the then current amount of the Termination Purchase Price, in either case following which the Owners will use reasonable endeavours to enter into a memorandum of agreement (in a form acceptable to the Owners and the relevant counterparty buyer) pursuant to such Charterers' Offer.

(c) Without prejudice to the other provisions of this Clause 40.3, the Charterers may at any time following the occurrence of any event set out in Clause 44.2 or 44.3 (as the case may be) submit to the Owners evidence (to the satisfaction of the Owners, acting reasonably) of a Charterers' Offer in an amount at least equal to the then current amount of the Termination Purchase Price, in which case the Owners will use reasonable endeavours to enter into a memorandum of agreement (in a form acceptable to the Owners and the relevant counterparty buyer) pursuant to such Charterers' Offer.

(d) The proceeds of any sale of the Vessel pursuant to Clause 40.3(a)(iii) or (b) or (c) shall be applied:

(i) first, towards the Owners' documented costs incurred in relation to such sale;

(ii) second, towards payment of the outstanding Termination Purchase Price and other sums then due and payable to the Owners under the Leasing Documents; and

(iii) third, any remaining balance to be paid to the Charterers subject to all actual and/or contingent liabilities incurred under any of the Leasing Documents being fully discharged; provided also in the case of an Owners' Sale that if such proceeds are not in an amount sufficient to discharge in full the aggregate amounts due to the Owners under (i) and (ii), the Charterers shall continue to be liable for the shortfall.

40.4 Concurrently with the Owners receiving irrevocable payment of the Termination Purchase Price in full pursuant to the terms of this Charter, the Owners shall (save in the event of Total Loss or where ownership has already been or agreed to be transferred pursuant to Clause 40.3) transfer the legal and beneficial ownership of the Vessel on an "as is where is" basis (and, for the avoidance of doubt but without prejudice to Clause 49.1(b), subject to any Post-enforcement Interests), and otherwise in accordance with the terms and conditions set out at Clause 49.1(a) and (b)), to the purchaser under the Charterers' Offer and shall (at the cost of the Charterers or the purchaser under the Charterers' Offer) execute a bill of sale and a protocol of delivery and acceptance evidencing the same and any other document strictly necessary to transfer the title of the Vessel to the purchaser under the Charterers' Offer (and to the extent required for such purposes, the Vessel shall be deemed first to have been redelivered to the Owners).

40.5 The Charterers hereby undertake to indemnify the Owners against any claims incurred in relation to the Vessel as a result of the Charterers' action or performance prior to such transfer of ownership. Any taxes, notarial, consular and other costs, charges and expenses connected with closing of the Owners' register shall be for the Charterers' account.

40.6 If the Charterers are required to redeliver the Vessel to the Owners pursuant to Clause 40.3, the Charterers shall ensure that the Vessel shall, at the time of redelivery to the Owners (at Charterers' cost and expense):

(a) be in compliance with its Insurances;

(b) be in an equivalent classification as she was as at the Commencement Date without any outstanding recommendation or condition, and with valid, unextended certificates for not less than three (3) months and free of average damage affecting the Vessel's classification and in the same or as good structure, state, condition and classification as that in which she was deemed on the Commencement Date, fair wear and tear not affecting the Vessel's classification excepted;

(c) have passed her 5-year and if applicable, 10-year special surveys, and subsequent second intermediate surveys and drydock at the Charterers' time and expense without any condition or outstanding issue and to the satisfaction of the Classification Society and with all the Vessel's classification, trading, national and international certificates that the Vessel had when she was delivered under this Charter and the log book and whatsoever necessary relating to the operation of the Vessel, valid and un-extended without conditions or recommendation falling due;

(d) have her survey cycles up to date and trading and classification certificate valid for at least six (6) months;

(e) be redelivered to the Owners together with all spare parts and spare equipment as were on board at the time of Delivery and to the extent not already expended in the operation of the Vessel, and any such spare parts and spare equipment on board at the time of re-delivery shall be taken over by the Owners free of charge;

(f) be free of any Security Interest (save for the Security Interests granted pursuant to the Financial Instruments) and the Charterer shall use their best endeavours to procure that the Vessel is free of any cargo;

(g) be redelivered to the Owners together with all material information generated during the Charter Period in respect of the use, possession, operation, navigation, utilization of lubricating oil and the physical condition of the Vessel, whether or not such information is contained in the Charterers' equipment, computer or property;

(h) be free of any charter (unless the Owners wish to retain the continuance of any then existing charter;

(i) be free of officers and crew (unless otherwise agreed by the Owners); and

(j) shall have had her underwater parts treated with ample anti-fouling to last for the ensuing period up to the next scheduled dry docking of the Vessel.

40.7 The Owners shall, at the time of the redelivery of the Vessel, take over all bunkers, lubricating oil, unbroached provisions, paints, ropes and other consumable stores in the Vessel at no cost to the Owners.

40.8 If the Vessel, for any reason, becomes a Total Loss after Delivery, the Charterers shall pay the Termination Purchase Price to the Owners on the earlier of:

(a) the date falling one hundred and twenty (120) days after such Total Loss has occurred; and

(b) the date of receipt by the Owners and/or their financiers (if any), in accordance with the terms of the relevant loss payable clause, of the proceeds of insurance relating to such Total Loss,

provided that it is hereby agreed that any insurance proceeds in respect of the Vessel received by the Owners and/or their financiers (if any) shall be applied in or towards discharging the Charterers' obligation to pay the Termination Purchase Price and any interest accrued thereon (and such application shall be deemed satisfaction of the Charterers' obligation to pay the Termination Purchase Price to the extent so satisfied) and in the event that the insurance proceeds received from the insurers exceed the Termination Purchase Price due (and any interest accrued thereon), the excess shall be firstly paid towards satisfying any amounts outstanding and owing by the Charterers or any of their Affiliates under any Other Charter and thereafter paid to the Charterers by way of rebate of hire.

For the avoidance of doubt, in the event that the Vessel becomes a Total Loss:

(A) payment of the Charterhire and all other sums payable under the Leasing Documents during such period shall continue to be made by the Charterers in accordance with the terms thereof unless and until the Owners receive in full the Termination Purchase Price;

(B) should insurance proceeds be received by the Owners from the insurers, the Charterers' obligations to pay the Termination Purchase Price shall be accordingly reduced by an amount corresponding to such insurance proceeds but in the event that such insurance proceeds are less than the amount of the Termination Purchase Price together with any interest accrued thereon, the Charterers remain obliged to pay to the Owners the balance so that the full amount of the Termination Purchase Price due together with any interest accrued thereon is received by the Owners; and

(C) the obligation of the Charterers to pay the Termination Purchase Price shall remain unaffected and exist regardless of whether any of the insurers have agreed or refused to meet or have disputed in good faith, the claim for Total Loss.

40.9 The Owners shall have no obligation to supply to the Charterers with a replacement vessel following the occurrence of a Total Loss.

CLAUSE 41 – FEES AND EXPENSES

41.1 In consideration of the Owners entering into this Charter, the Charterers shall pay to the Owners or their nominee a non-refundable arrangement fee at such time and in such amount to be set out in a fee letter.

41.2 Without prejudice to any other rights of the Owners under this Agreement, the Charterers shall promptly pay to the Owners on written demand on a full indemnity basis:

(a) all documented costs, charges and expenses incurred by the Owners in collecting any Charterhire or Advance Charterhire or other payments not paid on the due date under this Charter, in remedying any other failure of the Charterers to observe the terms and conditions of this Charter and in enforcing the Owners' rights under any Leasing Document; and

(b) all documented costs and expenses (including, but not limited to, legal costs) incurred by the Owners in the negotiation and execution of all documentation in relation to this Charter and the other Leasing Documents including, but not limited to, all documented costs incurred by the Owners and all documented legal costs, expenses and other disbursements incurred by the Owners' legal counsels in connection with the same.

CLAUSE 42 - NO WAIVER OF RIGHTS

42.1 No neglect, delay, act, omission or indulgence on the part of either party in enforcing the terms and conditions of this Charter shall prejudice the strict rights of that party or be construed as a waiver thereof nor shall any single or partial exercise of any right of either party preclude any other or further exercise thereof.

42.2 No right or remedy conferred upon either party by this Charter shall be exclusive of any other right or remedy provided for herein or by law and all such rights and remedies shall be cumulative.

CLAUSE 43 - NOTICES

43.1 Any notice, certificate, demand or other communication to be served, given made or sent under or in relation to this Charter shall be in English and in writing and (without prejudice to any other valid method or giving making or sending the same) shall be deemed sufficiently given or made or sent if sent by registered post, fax or by email to the following respective addresses:

(A) to the Owners: **c/o CMB FINANCIAL LEASING CO., LTD.**
Attention: Wang Wei
Email: wangwei17@cmbchina.com
Tel: +8621 6106 1735
Fax: +8621 6105 9911*1735

(B) to the Charterers: **c/o NAVIOS TANKERS MANAGEMENT INC.**
Attention: Vassiliki Papaefthymiou
Email: vpapaefthymiou@Navios.com
Tel: +30 210 41 72 050
Fax: +30 210 41 72 070

or, if a party hereto changes its address or fax number, to such other address or fax number as that party may notify to the other.

CLAUSE 44 – TERMINATION EVENTS

44.1 The Owners and the Charterers hereby agree that any of the following events shall constitute a Termination Event:

(a) any of the Charterers or the Guarantor fails to make any payment on its due date under this Charter or any other Leasing Document to which they are a party or the Guarantor fails to make any payment on its due date under the Leasing Documents to which it is a party and in each case, such non-payment fails to be rectified within seven (7) Business Days of the relevant due date; or

(b) the Charterers breach or omit to observe or perform any of their undertakings in Clause 46.1 (n), (o), (p), (q), (r) or (v) or the Guarantor breaches or omits to observe or perform its financial covenants contained in clause 11.20 of the Guarantee; or the Charterers fail to obtain and/or maintain the Insurances required under Clause 38 in accordance with the provisions thereof or any insurer in respect of such Insurances cancels the Insurances or disclaims liability with respect thereto; or

(c) the Charterers and/or the Guarantor commits any other breach of, or omits to observe or perform, any of their other obligations or undertakings in this Charter or any Leasing Document (other than a breach referred to in paragraph (a) or (b) above) unless such breach or omission is, in the reasonable opinion of the Owners, remediable and the Charterers remedy and/or the Guarantor remedies such breach or omission to the satisfaction of the Owners within fourteen (14) Business Days of notice thereof from the Owners (except that in the case of Clause 46.1(k), the relevant period shall be ten (10) Business Days of notice thereof from the Owners); or

(d) any representation or warranty made by the Charterers or the Guarantor or the Approved Manager in or pursuant to any Leasing Document proves to be untrue or misleading in a material way when made; or

(e) any of the following occurs in relation to any Financial Indebtedness of a Relevant Person:

(i) any Financial Indebtedness of a Relevant Person is not paid when due or, if so payable, on demand after any applicable grace period has expired; or

(ii) any Financial Indebtedness of a Relevant Person becomes due and payable, or capable of being declared due and payable, prior to its stated maturity date as a consequence of any event of default and not as a consequence of the exercise of any voluntary right of prepayment; or

(iii) a lease, hire purchase agreement or charter creating any Financial Indebtedness of a Relevant Person is terminated by the lessor or owner as a consequence of any termination event or event of default (howsoever defined); or

(iv) any overdraft, loan, note issuance, acceptance credit, letter of credit, guarantee, foreign exchange or other facility, or any swap or other derivative contract or transaction, relating to any Financial Indebtedness of a Relevant Person ceases to be available or becomes capable of being terminated or declared due and payable or cash cover is required or becomes capable of being required, as a result of any termination event or event of default (howsoever defined),

provided that no Termination Event will occur under this Clause 44.1(e) in respect of a Relevant Person or a subsidiary of the Guarantor if the aggregate amount of Financial Indebtedness or commitment for Financial Indebtedness falling within paragraphs (i) to (iv) above is less than (A) in the case of a Relevant Person (other than the Guarantor), $1,000,000 (or its equivalent in any other currency) in aggregate and (B) in the case of the Guarantor, less than $5,000,000 (or its equivalent in any other currency) in aggregate, and in each of (A) and (B) above, not including any Financial Indebtedness arising directly from a claim which is frivolous or vexatious and is discharged, stayed or dismissed within 14 days of commencement.

(f) any of the following occurs in relation to a Relevant Person:

(i) a Relevant Person becomes, in the reasonable opinion of the Owners, unable to pay their debts as they fall due; or

(ii) any assets of a Relevant Person, or any assets of the Guarantor exceeding the value of $10,000,000 (or its equivalent in any other currency) in aggregate, or the Vessel are subject to any form of execution, attachment, arrest, sequestration or distress which is not discharged within thirty (30) days (or such longer period agreed by the Owners); or

(iii) any administrative or other receiver is appointed over all or a substantial part of the assets of a Relevant Person unless as part of a solvent reorganisation which has been approved by the Owners; or

(iv) a Relevant Person makes any formal declaration of bankruptcy or any formal statement to the effect that they are insolvent or likely to become insolvent, or a winding up or administration order is made in relation to a Relevant Person, or the members or directors of a Relevant Person pass a resolution to the effect that they should be wound up, placed in administration or cease to carry on business; or

(v) a petition is presented in any Relevant Jurisdiction for the winding up or administration, or the appointment of a provisional liquidator, of a Relevant Person unless the petition is being contested in good faith and on substantial grounds and is dismissed or withdrawn within thirty (30) days of the presentation of the petition; or

(vi) a Relevant Person petitions a court, or presents any proposal for, any form of judicial or non-judicial suspension or deferral of payments, reorganisation of their debt (or certain of their debt) or arrangement with all or a substantial proportion (by number or value) of their creditors or of any class of them or any such suspension or deferral of payments, reorganisation or arrangement is effected by court order, contract or otherwise; or

(vii) any meeting of the members or directors of a Relevant Person is summoned for the purpose of proposing to authorise or take any action of a type described in paragraphs (iii) to (vi); or

(viii) in a country other than England and Wales, any event occurs or any procedure is commenced which, in the reasonable opinion of the Owners, is similar to any of the foregoing referred to in (ii) to (vii) above inclusive; or

(ix) any expropriation, attachment, sequestration, distress or execution (or any analogous process in any jurisdiction) affects any asset or assets of a Relevant Person; or

(g) a Relevant Person suspends or ceases carrying on its business; or

(h) any consent, approval, authorisation, license or permit necessary to enable the Charterers, any Approved Subcharterer or any Approved Manager to operate or charter the Vessel to enable them to comply with any provision of any Leasing Document, as the case may be, to ensure that the obligations of the Charterers, Approved Subcharterer or Approved Manager (as the case may be) are legal, valid, binding or enforceable is not granted, expires without being renewed, is revoked or becomes liable to revocation or any condition of such a consent, approval, authorisation, license or permit is not fulfilled; or

(i) any event or circumstance occurs which has or is likely to have a Material Adverse Effect; or

(j) this Charter or any Leasing Document or any Security Interest created by a Leasing Document is cancelled, terminated, rescinded or suspended or otherwise ceases to remain in full force and effect for any reason or no longer constitutes valid, binding and enforceable obligations of any party to that document for any reason whatsoever; or

(k) a Relevant Person or Approved Manager rescinds or purports to rescind or repudiates or purports to repudiate a Leasing Document; or

(l) it is or has become:

(i) unlawful or prohibited, whether as a result of the introduction of a new law, an amendment to an existing law or a change in the manner in which an existing law is or will be interpreted or applied; or

(ii) contrary to, or inconsistent with, any regulation,

for any Relevant Person or Approved Manager to maintain or give effect to any of its obligations under this Charter or any of the other Leasing Documents to which it is a party in the manner it is contemplated under such Leasing Document or any of the obligations of such Relevant Person or Approved Manager under any Leasing Document to which it is a party are not or cease to be legal, valid, binding and enforceable; or

(m) the Security Interest constituted by any Security Document is in any way imperilled or in jeopardy; or

(n) the Vessel is not delivered latest by the Cancelling Date; or

(o) there is a merger, amalgamation, demerger or corporation reconstructions of a Relevant Person (other than where, in the case of the Guarantor, the Guarantor remains the surviving legal entity following the occurrence of such event) or a change of control or legal or beneficial ownership of the Charterers from that set out in Clause 45.1(a) and (b) without disclosure to the Owners and the Owners' prior written consent;

(p) there is a change in control of the Guarantor from that set out in Clause 45.1(c) without disclosure to the Owners and the Owners' prior written consent;

(q) the Guarantor is de-listed from the New York Stock Exchange or has its shares trading at the New York Stock Exchange suspended for any reason;

(r) any Termination Event (as defined in any Other Charter) occurs under such Other Charter; or

(s) the occurrence of any of the following events;

(i) an event of default or termination event howsoever called under the terms of any Approved Bareboat Subcharter entitling the Charterers to terminate such Approved Bareboat Subcharter; or

(t) an event of default or termination event howsoever called under the terms of any Approved Bareboat Subcharter entitling the Approved Subcharterer of such Approved Bareboat Subcharter to terminate such Approved Bareboat Subcharter which has not been unconditionally waived by such Approved Bareboat Subcharterer.

44.2 Subject to Clause 44.3 below, upon the occurrence of a Termination Event which is continuing (other than pursuant to: (i) Clause (f), in which case the Owner's entitlement to issue the notice of termination to the Charterers under Clause 44.3 shall immediately arise), the Owners shall notify the Charterers of occurrence of the same (the "**Termination Event Notice**") whereupon the Charterers may, within three (3) Business Days of the date of the Termination Event Notice, provide to the Owners a written notice advising the Owners of their intention to pay the Charterer Termination Purchase Price to the Owners and terminate this Charter in accordance with the procedures set out in Clause 40.

44.3 If the Charterers do not notify the Owners of their intention to terminate this Charter pursuant to Clause 44.2 within three (3) Business Days of the date of the Termination Event Notice, or a Termination Event is continuing pursuant to Clause (f), then the Owners shall be entitled, provided the Termination Event is continuing, by notice to the Charterers to terminate this Charter at any time, and the Charterers shall be required to pay to the Owners the Termination Purchase Price in accordance with the procedures set out in Clause 40.

44.4 For the avoidance of doubt, notwithstanding any action taken by the Owners following a Termination Event, the Charterers shall remain liable for the outstanding obligations on their part to be performed under this Charter.

44.5 Without limiting the generality of the foregoing or any other rights of the Owners, upon the occurrence of a Termination Event which is continuing, the Owners shall have the sole and exclusive right and power to (i) settle, compromise, compound, adjust or defend any actions, suits or proceedings relating to or pertaining to the Vessel and this Charter, (ii) make proof of loss, appear in and prosecute any action arising from any policy or policies of insurance maintained pursuant to this Charter, and settle, adjust or compromise any claims for loss, damage or destruction under, or take any other action in respect of, any such policy or policies and (iii) change or appoint a new manager for the Vessel other than the Approved Manager and the appointment of the Approved Manager may be terminated immediately without any recourse to the Owners.

CLAUSE 45 – REPRESENTATIONS AND WARRANTIES

45.1 The Charterers represent and warrant to the Owners as of the date of this Charter, and on the first day of each Term as follows:

(a) the Charterers are wholly legally owned by the Shareholder and the Shareholder is wholly legally owned by the Guarantor;

(b) the Charterers are wholly beneficially owned by the Guarantor;

(c) Mrs Angeliki Frangou either directly or indirectly (through entities owned and controlled by her or trusts or foundations of which she is the beneficiary) and/or Navios Maritime Holdings Inc. is the ultimate beneficial owner of, or has ultimate control of the voting rights attaching to, 30 per cent. of all the issued shares in the Guarantor;

(d) each of the Relevant Persons and Approved Manager is duly incorporated and validly existing under the laws of its jurisdiction of its incorporation;

(e) each of the Relevant Persons and the Approved Manager has the corporate capacity, and has taken all corporate actions and obtained all consents, approvals, authorisations, licenses or permits necessary for it:

(i) to execute each of the Leasing Documents to which it is a party; and

(ii) to comply with and perform its obligations under each of the Leasing Documents to which it is a party;

(f) all the consents, approvals, authorisations, licenses or permits referred to in Clause 45.1(e) remain in force and nothing has occurred which makes any of them liable to revocation;

(g) each of the Leasing Documents to which a Relevant Person or Approved Manager is a party constitutes such Relevant Person's or Approved Manager's legal, valid and binding obligations enforceable against such party in accordance with its respective terms and any relevant insolvency laws affecting creditors' rights generally;

(h) no third party has any Security Interest, other than the Permitted Security Interests, or any other interest, right or claim over, in or in relation to the Vessel, this Charter or any moneys payable hereunder and/or any of the other Leasing Documents;

(i) all payments which a Relevant Person is liable to make under any Leasing Document to which such Relevant Person is a party may be made by such party without deduction or withholding for or on account of any tax payable under the laws of the jurisdiction of incorporation;

(j) no legal or administrative action involving a Relevant Person or Approved Manager has been commenced or taken which is likely to have a Material Adverse Effect;

(k) each of the Relevant Persons and Approved Manager has paid all taxes applicable to, or imposed on or in relation to it, its business or if applicable, the Vessel, except for those being contested in good faith with adequate reserves;

(l) the choice of governing law as stated in each Leasing Document to which a Relevant Person or Approved Manager is a party and the agreement by such party to refer disputes to the relevant courts or tribunals as stated in such Leasing Document are valid and binding against such Relevant Person or Approved Manager;

(m) no Relevant Person or Approved Manager nor any of their assets are entitled to immunity on the grounds of sovereignty or otherwise from any legal action or proceeding (which shall include, without limitation, suit, attachment prior to judgment, execution or other enforcement);

(n) the obligations of each Relevant Person or Approved Manager under each Leasing Document to which it is a party, are the direct, general and unconditional obligations of such Relevant Person and, rank at least *pari passu* with all other present and future unsecured and unsubordinated creditors of such Relevant Person save for any obligation which is mandatorily preferred by law and not by virtue of any contract;

(o) no Relevant Person or Approved Manager is a US Tax Obligor, and no Relevant Person has established a place of business in the United Kingdom or the United States of America;

(p) no Relevant Person, Approved Manager nor any of their respective directors, officers, employees or agents is a Restricted Person and to the best of the Charterers' knowledge and belief (after due and careful enquiry), no Approved Subcharterer nor any of its directors, officers, employees or agents is a Restricted Person;

(q) each Relevant Person and Approved Manager and their respective directors, officers, employees and agents, and to the best of the Charterers' knowledge and belief (after due and careful enquiry), the Approved Subcharterer and its directors, officers, employees and agents, is in compliance with all Sanctions laws, and none of them have been or are currently being investigated on compliance with Sanctions, they have not received notice or are aware of any claim, action, suit or proceeding against any of them with respect to Sanctions and they have not taken any action to evade the application of Sanctions;

(r) each Relevant Person and Approved Manager, and to the best of the Charterers' knowledge and belief (after due and careful enquiry) the Approved Subcharterer, is not in breach of Anti-Money Laundering Laws, Anti-Terrorism Financing Laws and/or Business Ethics Laws and each of the Relevant Persons and Approved Manager has instituted and maintained systems, controls, policies and procedures designed to:

(i) prevent and detect incidences of bribery and corruption, money laundering and terrorism financing; and

(ii) promote and achieve compliance with Anti-Money Laundering Laws, Anti-Terrorism Financing Laws and Business Ethics Laws.

(s) none of the Relevant Persons and the Approved Manager or any of their assets, in each case, has any right to immunity from set off, legal proceedings, attachment prior to judgment or other attachment or execution of judgment on the grounds of sovereign immunity or otherwise;

(t) none of the Relevant Persons and the Approved Manager is insolvent or in liquidation or administration or subject to any other formal or informal insolvency procedure, and no receiver, administrative receiver, administrator, liquidator, trustee or analogous officer has been appointed in respect of the Relevant Persons or the Approved Manager or all or material part of their assets;

(u) that in respect of any Approved Subcharter:

(i) the copy of such Approved Subcharter provided to the Owners (if required to be provided under the terms of this Charter) is a true and complete copy;

(ii) in the case of an Approved Bareboat Subcharter being a bareboat charter, the relevant Approved Subcharterer is fully aware of the transactions contemplated under this Charter;

(v) no Termination Event or Potential Termination Event is continuing or might reasonably be expected to result from the entry into and performance of this Charter or any other Leasing Document;

(w) as at the date of this Charter, the Charterers have not entered into any other investments, any sale or leaseback agreements, any off-balance sheet transaction or incur any other liability or obligation (including without limitation, any Financial Indebtedness of any obligations under a guarantee) except:

(i) liabilities and obligations under the Leasing Documents to which it is or, as the case may be, will be a party and under the relevant Indenture Guarantee; or

(ii) liabilities or obligations reasonably incurred in the normal course of its business of trading, operating and chartering, maintaining and repairing the Vessel; and

(x) any factual information provided by the Charterers (or on their behalf) to the Owners was true and accurate in all material respects as at the date it was provided or as the date at which such information was stated; and

(y) the entry by each Relevant Person into any Leasing Document does not in any way cause any breach, and is in all respects permitted, under the terms of the Indenture or any other document which is entered into under or in connection with the Indenture (including, without limitation, any Indenture Guarantee).

CLAUSE 46 – CHARTERERS' UNDERTAKINGS

46.1 The Charterers undertake that they shall comply or procure compliance with the following undertakings commencing from the date of this Charter and up to the last day of the Charter Period:

(a) there shall be sent to the Owners:

(i) as soon as possible, but in no event later than 90 days after the end of each financial half-year, the consolidated semi-annual accounts of the Guarantor certified as to their correctness by an officer of the Guarantor;

(ii) as soon as possible, but in no event later than 180 days after the end of each financial year of the Guarantor, the audited consolidated annual financial reports of the Guarantor;

(b) they will provide to the Owners, promptly at the Owners' request, copies of all notices and minutes relating to any of their extraordinary shareholders' meeting which are despatched to the Charterers' or the Guarantor's respective shareholders or any class of them, save that publicly disclosed notices and minutes not concerning the Vessel or these Leasing Documents need not be provided to the Owners under this clause;

(c) they will provide to the Owners, promptly at the Owners' requests, copies of all notices and and notices of meetings which are despatched to the Charterers' or Guarantors' other creditors (if any);

(d) they will provide or will procure that each Relevant Person and Approved Manager provides the Owners with details of any legal, arbitral or administrative action involving such Relevant Person or Approved Manager or the Vessel as soon as such action is instituted or it becomes apparent to such Relevant Person or Approved Manager that it is likely to be instituted and is likely to have a material adverse effect on the ability of a Relevant Person or Approved Manager to perform their obligations under each Leasing Document to which it is a party (and in the case of such Relevant Person being the Guarantor, where the claim under such legal, arbitral or administrative action exceeds the sum of US$5,000,000);

(e) they will, and will procure that each other Relevant Person and Approved Manager obtains and promptly renews or procure the obtainment or renewal of and provide copies of, from time to time, any necessary consents, approvals, authorisations, licenses or permits of any regulatory body or authority for the transactions contemplated under each Leasing Document to which it is a party (including without limitation to sell, charter and operate the Vessel);

(f) they will not, and will procure that each other Relevant Person and Approved Manager will not, create, assume or permit to exist any Security Interest of any kind upon any Leasing Document to which such Relevant Person or Approved Manager is a party, and if applicable, the Vessel, in each case other than the Permitted Security Interests;

(g) they will at their own cost, and will procure that each other Relevant Person and Approved Manager will:

(i) do all that such Relevant Person or Approved Manager reasonably can to ensure that any Leasing Document to which such Relevant Person or Approved Manager is a party validly creates the obligations and the Security Interests which such Relevant Person purports to create; and

(ii) without limiting the generality of paragraph (i), promptly register, file, record or enrol any Leasing Document to which such Relevant Person or Approved Manager is a party with any court or authority in all Relevant Jurisdictions, pay any stamp duty, registration or similar tax in all Relevant Jurisdictions in respect of any Leasing Document to which such Relevant Person or Approved Manager is a party, give any notice or take any other step which, is or has become necessary or desirable for any such Leasing Document to be valid, enforceable or admissible in evidence or to ensure or protect the priority of any Security Interest which such Relevant Person or Approved Manager creates;

(h) they will, and will procure that each other Relevant Person, notify the Owners immediately of the occurrence of:

(i) any damage and/or alteration caused to the Vessel by any reason whatsoever which results, or may be expected to result, in repairs on the Vessel which exceed $1,000,000;

(ii) any material safety incidents taking place on board the Vessel;

(iii) any Termination Event;

(iv) any default by either the Approved Bareboat Subcharterer or Charterers of the terms of any Approved Bareboat Subcharter;

(v) an event of default or termination event howsoever called under the terms of any Approved Bareboat Subcharter entitling either the Charterers to terminate such Approved Bareboat Subcharter; or

(vi) an event of default or termination event howsoever called under the terms of any Approved Bareboat Subcharter entitling the relevant Approved Subcharterer to terminate such Approved Bareboat Subcharter which has not been unconditionally waived by such Approved Bareboat Subcharterer,

and will keep the Owners fully up-to-date with all developments and the Charterers will, if so requested by the Owners, provide any such certificate signed by its director, confirming that there exists no Potential Termination Event or Termination Event;

(i) they will, and will procure that each other Relevant Person and Approved Manager will, as soon as practicable after receiving the request, provide the Owners with any additional financial or other information relating:

(i) to themselves and/or the Vessel (including, but not limited to the condition and location of the Vessel); or

(ii) to any other matter relevant to, or to any provision of any Leasing Document to which it is a party,

which may be reasonably requested by the Owners (or their financiers (if any)) at any time;

(j) without prejudice to Clause 46.1(n), comply, or procure compliance, and will procure that each other Relevant Person, Approved Subcharterer and Approved Manager will comply or procure compliance, with all laws or regulations relating to the Vessel and its ownership, employment, operation, management and registration, including the ISM Code, the ISPS Code, all Environmental Laws and the laws of the Vessel's registry;

(k) the Vessel shall be classed with the Classification Society and shall be free of all overdue recommendations and requirements;

(l) they will ensure and procure that:

(i) the Market Value of the Vessel shall be ascertained from time to time in the following circumstances:

(aa) upon the occurrence of a Potential Termination Event or a Termination Event which is continuing, at any time at the request of the Owners; and

(bb) in the absence of occurrence of a Potential Termination Event or Termination Event:

(i) no more than once every calendar year, with such report to be dated no more than 30 calendar days prior to every anniversary of the Commencement Date occurring within the Charter Period or on such other date as the Owners may request; and

(ii) at any time at the request of the Owners if the Owners have determined (in their sole discretion) that the Market Value of the Vessel falls below an amount equal to 110% of the Outstanding Principal Balance from time to time.

(ii) the Charterers shall pay the amount of the fees and expenses incurred by the Owners in connection with any matter arising out of this paragraph (l);

(m) they will notify the Owners immediately of:

(i) any Environmental Claim which is made against the Charterers, Approved Subcharterer or Manager in connection with the Vessel or any Environmental Incident;

(ii) any arrest or detention of the Vessel (that will or is likely to exceed 45 days), any exercise or purported exercise of any lien on that Vessel or its Earnings or any requisition of that Vessel for hire; and

(iii) any casualty or occurrence as a result of which the Vessel has become or is, by the passing of time or otherwise, likely to become, a Major Casualty;

(n) they shall comply, shall procure that each other Relevant Person and Approved Manager comply, and shall use all reasonable endeavours to procure that the Approved Subcharterer comply, with all laws and regulations in respect of Sanctions, and in particular, they shall effect and maintain a sanctions compliance policy to ensure compliance with all such laws and regulations implemented from time to time;

(o) the Vessel shall not be employed, operated or managed in any manner which (i) is contrary to any Sanctions and in particular, the Vessel shall not be used by or to benefit any party which is a target of Sanctions and/or is a Restricted Person or trade to any area or country where trading the Vessel to such area or country would constitute or reasonably be expected to constitute a breach of any Sanctions or published boycotts imposed by any of the United Nations, the European Union, the United States of America, the United Kingdom

or the People's Republic of China, (ii) would result or reasonably be expected to result in any Relevant Person, Approved Subcharterer, Approved Manager or the Owners becoming a Restricted Person or (iii) would trigger the operation of any sanctions limitation or exclusion clause in any insurance documentation;

(p) they shall, shall procure that each other Relevant Person and Approved Manager shall, and shall use all reasonable endeavours to procure that the Approved Subcharterer shall, promptly notify the Owners of any non-compliance, by any Relevant Person, Approved Subcharterer or Approved Manager or their respective officers, directors, employees, consultants, agents or intermediaries, with all laws and regulations relating to Sanctions, Anti-Money Laundering Laws, Anti-Terrorism Financing Laws and/or Business Ethics Laws (including but not limited to notifying the Owners in writing immediately upon being aware that any Relevant Person, Approved Subcharterer, Approved Manager or its shareholders, directors, officers or employees is a Restricted Person or has otherwise become a target of Sanctions) as well as provide all information (once available) in relation to its business and operations which may be relevant for the purposes of ascertaining whether any of the aforesaid parties are in compliance with such laws;

(q) they shall, shall procure that each other Relevant Person and Approved Manager shall, and shall use all reasonable endeavours to procure that the Approved Subcharterer shall, (in each case above, including procuring or as the case may be, using all reasonable endeavours to procure the respective officers, directors, employees, consultants, agents and/or intermediaries of the relevant entity to do the same) shall:

  (i) comply with all Anti-Money Laundering Laws, Anti-Terrorism Financing Laws and Business Ethics Laws;

  (ii) maintain systems, controls, policies and procedures designed to promote and achieve ongoing compliance with Anti-Money Laundering Laws, Anti-Terrorism Financing Laws and Business Ethics Laws; and

  (iii) in respect of the Charterers, not use, or permit or authorize any person to directly or indirectly use, the Financing Amount for any purpose that would breach any Anti- Money Laundering Laws, Anti-Terrorism Financing Laws or Business Ethics Laws;

(r) in respect of the Charterers, not lend, invest, contribute or otherwise make available the Financing Amount to or for any other person in a manner which would result in a violation of Anti-Money Laundering Laws, Anti-Terrorism Financing Laws or Business Ethics Laws;

(s) they shall not appoint or permit to be appointed any manager of the Vessel unless it is the Approved Manager appointed on terms acceptable to the Owners and their financiers (if any) and such Approved Manager has (prior to accepting its appointment) entered into a Manager's Undertaking;

(t) they shall ensure that all Earnings and any other amounts received by them in connection with the Vessel are paid into the Earnings Account;

(u) if at any time during the Charter Period, the Market Value of the Vessel falls below an amount equal to 110% of the Outstanding Principal Balance, the Charterers shall, upon request, promptly and in any event not later than the date falling 30 days after the Owners notify them of such circumstance to prepay such part of the Charterhire Principal Balance and such prepayment should be applied towards payment and satisfaction of Charterhire A (or part thereof) payable in inverse chronological order payable or, as the case may be, in the event of the Charterers' exercise of the Purchase Option under Clause 47, the Purchase Option Price (or part thereof) without prejudice to the terms of Clause 47.4.

(v) if at any time during the Charter Period, the most recent audited consolidated annual financial reports of the Guarantor provided under Clause 46.1(a)(ii) shows a Net Income Loss for two consecutive financial years of the Guarantor (for the avoidance of doubt, the financial year of the Guarantor ending on 31 December 2018 shall constitute the first such financial year of the Guarantor for the purposes of the determination under this Clause in the period from the commencement of the Charter to such date that the audited consolidated annual financial reports of the Guarantor for the financial year ending on 31 December 2018 are provided to the Owners under Clause 46.1(a)(ii)), the Charterers shall, upon request, promptly and in any event not later than the date falling 30 days of the filing of the most recent audited consolidated annual financial report of the Guarantor, prepay such part of the Charterhire Principal Balance equivalent to one instalment of Charterhire A and such prepayment should be applied towards payment and satisfaction of Charterhire A (or part thereof) payable in inverse chronological order payable, or as the case may be, in the event of the Charterers' exercise of the Purchase Option under Clause 47, the Purchase Option Price (or part thereof) without prejudice to the terms of Clause 47.4).

For the avoidance of doubt:

(i) the Owners shall not be liable for any claim by the Charterers for interest alleged to be accrued on any amount prepaid under this Clause 46.1(v); and

(ii) if a prepayment is made in accordance with this Clause 46.1(v) in respect of any two consecutive financial years during the Charter Period where a Net Income Loss has occurred, neither of such financial years shall be taken into account for any subsequent test to be applied in accordance with this Clause 46.1(v);

(w) upon request, they will provide or they will procure to be provided to the Owners the report(s) of the survey(s) conducted pursuant to Clause 7 of this Charter in form and substance satisfactory to the Owners;

(x) they shall not permit the sub-chartering of the Vessel (other than pursuant to the Subcharter) save for an Approved Subcharter provided that:

(i) in the case of a request from the Charterers for the Owners' written consent to the terms of an Approved Subcharter being a time charter exceeding or capable of exceeding twelve (12) months (taking into account any optional extension periods), the Owners shall respond to such request within one Business Day or any other longer period agreed between the Owners and the Charterers;

(ii) as a condition precedent to the execution of any Approved Subcharter being a bareboat charter or a time charter of a period exceeding or capable of exceeding twelve (12) months (taking into account any optional extension periods), the Charterers assign all their rights and interests under such Approved Subcharter and uses reasonable endeavours to procure such Approved Subcharter to give a written acknowledgment of such assignment and provide such documents as the Owners may reasonably require regarding the due execution of such Approved Subcharter;

(y) in respect of an Approved Subcharter (other than a Short Term Time Subcharter) which contains an option to extend the charter period, they shall notify the Owners as soon as they become aware that the relevant Approved Subcharterer does not intend to, or has not by the date falling 20 days prior to the date on which such Approved Subcharter will expire, exercise the relevant option to extend the time charter period of the Subcharter in accordance with the terms thereunder;

(z) in respect of an Approved Subcharter other than a Short Term Time Subcharter, save with the prior written consent of the Owners, they shall not, and shall procure that the relevant Approved Subcharterer shall not, agree or enter into any transaction, arrangement, document or do or omit to do anything which will have the effect of varying, amending, supplementing or waiving any material term of any such Approved Subcharter.

In this Clause 46.1(z), "**material term**" means, without limitation, terms regarding payment of hire (unless such amendment contemplates increase of hire rate), duration of charter period, off-hire and termination events;

(aa) they shall not make or pay any dividend or other distribution (in cash or in kind) in respect of its share capital following the occurrence of a Potential Termination Event or Termination Event or which would result in a Potential Termination Event or Termination Event;

(bb) the Vessel shall be registered under the Flag State at all times; and

(cc) they shall not enter into any other investments, any sale or leaseback agreements, any off-balance sheet transaction or incur any other liability or obligation (including without limitation, any Financial Indebtedness of any obligations under a guarantee) except:

(i) liabilities and obligations under the Leasing Documents to which it is or, as the case may be, will be a party and under the relevant Indenture Guarantee; or

(ii) liabilities or obligations reasonably incurred in the normal course of its business of trading, operating and chartering, maintaining and repairing the Vessel.

CLAUSE 47 PURCHASE OPTION

47.1 The Charterers shall have the option to purchase the Vessel on any date (the "**Purchase Option Date**") specified in such notice (the "**Purchase Option Notice**") at the Purchase Option Price on any of the following instances:

(a) on the occurrence of any of the events set out under Clause 44.1(f) (iv), (v), (vi) and (viii) in respect of the Owners;

(b) where the Owners cease to be under the control of the China Merchants Group; or

(c) on and from the second anniversary of the Commencement Date (subject always to giving the Owners not less than forty five (45) Business Days' prior written notice),

provided that in the case of paragraph (c) above, the Purchase Option Date shall fall on a Payment Date.

47.2 A Purchase Option Notice shall be signed by a duly authorised officer or attorney of the Charterers and, once delivered to the Owners, is irrevocable and the Charterers shall be bound to pay to the Owners the Purchase Option Price on the Purchase Option Date.

47.3 Only one Purchase Option Notice may be served throughout the duration of the Charter Period (unless otherwise agreed by the Owners in their absolute discretion).

47.4 Upon the Owners' receipt in full of the Purchase Option Price, the Owners shall (except in the case of Total Loss) transfer the legal and beneficial ownership of the Vessel on an "as is where is" basis (and otherwise in accordance with the terms and conditions set out at Clause 49.1(b)) to the Charterers or their nominees and shall execute a bill of sale and a protocol of delivery and acceptance evidencing the same and any other document strictly necessary to transfer the title of the Vessel to the Charterers (and to the extent required for such purposes the Vessel shall be deemed first to have been redelivered to the Owners).

CLAUSE 48 – PURCHASE OBLIGATION

48.1 Subject to other provisions of this Charter, in consideration of the Owners entering into this Charter, the Charterers shall:

(a) on the last day of the Charter Period; or

(b) in the event it becomes unlawful in any applicable jurisdiction for the Owners to perform any of their obligations as contemplated by the Leasing Documents,

be obliged to purchase from the Owners all of the Owners' beneficial and legal right, title and interest in the Vessel and all belonging to her and the Owners and the Charterers shall perform their obligations referred to in Clause 49 and the Charterer shall pay the Purchase Obligation Price on the Purchase Obligation Date unless this Charter is terminated before the natural expiration of this Charter or the Owners and the Charterers agree otherwise.

CLAUSE 49 – SALE OF THE VESSEL BY PURCHASE OPTION OR PURCHASE OBLIGATION

49.1 Completion of the exercise of the Purchase Option (by the Charterers) or the Purchase Obligation (by the Owners) shall respectively take place on the Purchase Option Date or the Purchase Obligation Date (as the case may be), whereupon the Owners will sell to the Charterers (or their nominee), and the Charterers (or their nominee) will purchase from the Owners, all the legal and beneficial interest and title in the Vessel, for the Purchase Option Price or the Purchase Obligation Price (as the case may be) on an "as is where is" basis and on the following terms and conditions:

(a) the Charterers expressly agree and acknowledge that no condition, warranty or representation of any kind is or has been given by or on behalf of the Owners in respect of the Vessel or any part thereof, and accordingly the Charterers confirm that they have not, in entering into this Charter, relied on any condition, warranty or representation by the Owners or any person on the Owners' behalf, express or implied, whether arising by law or otherwise in relation to the Vessel or any part thereof, including, without limitation, warranties or representations as to the description, suitability, quality, merchantability, fitness for any purpose, value, state, condition, appearance, safety, durability, design or operation of any kind or nature of the Vessel or any part thereof, and the benefit of any such condition, warranty or representation by the Owners is hereby irrevocably and unconditionally waived by the Charterers to the extent permissible under applicable law, the Charterers hereby also waive any rights which they may have in tort in respect of any of the matters referred to under this Clause and irrevocably agree that the Owners shall have no greater liability in tort in respect of any such matter than they would have in contract after taking account of all of the foregoing exclusions. No third party making any representation or warranty relating to the Vessel or any part thereof is the agent of the Owners nor has any such third party authority to bind the Owners thereby. Notwithstanding anything contained above, nothing contained herein is intended to obviate, remove or waive any rights or warranties or other claims relating thereto which the Charterers (or their nominee) or the Owners may have against the manufacturer or supplier of the Vessel or any third party;

(b) the Vessel shall be free from any registered mortgages, liens, encumbrances or debts incurred by the Owners and any other claims whatsoever (save for those mortgages, liens, encumbrances or debts arising out of or in connection with the Charter or the Leasing Documents);

(c) the Purchase Option Price or the Purchase Obligation Price (as the case may be) shall be paid by (or on behalf of) the Charterers to the Owners on respectively the Purchase Option Date or the Purchase Obligation Date, together with unpaid amounts of Charterhire and other moneys owing by or accrued or due from the Charterers under this Charter on or prior to the Purchase Option Date or Purchase Obligation Date (as the case may be) which remain unpaid; and

(d) upon the Purchase Obligation Price and all other moneys payable under this Charter being fully and irrevocably paid to the Owners on, and in accordance with, the terms set forth in this Charter, (except in the case of Total Loss) the Owners agree (at the cost of the Charterers) to enter into (i) a bill of sale and (ii) a protocol of delivery and acceptance (and to the extent required for such purposes the Vessel shall be deemed first to have been redelivered to the Owners).

CLAUSE 50 INDEMNITIES

50.1 The Charterers shall pay such amounts to the Owners, on the Owners' demand, in respect of all documented claims, expenses, liabilities, losses, fees (including, but not limited to, any vessel registration and tonnage fees) suffered or incurred by or imposed on the Owners arising from this Charter and any Leasing Document or in connection with delivery, possession, performance, control, registration, repair, survey, insurance, maintenance, manufacture, purchase, ownership and operation of the Vessel by the Owners and the costs related to the prevention or release of liens or detention of or requisition, use, operation or redelivery, sale or disposal of the Vessel or any part of it, enforcement of the Owners' rights under any Leasing Document, and whether prior to, during or after termination of the leasing of this Charter and whether or not the Vessel is in the possession or the control of the Charterers or otherwise. Without prejudice to its generality, this Clause covers any documented claims, expenses, liabilities and losses which arise, or are asserted, under or in connection with any law relating to safety at sea, the ISM Code, the ISPS Code, the MARPOL Protocol, any Environmental Law, any Sanctions, Anti-Money Laundering Laws, Anti-Terrorism Financing Laws or Business Ethics Laws .

50.2 Without prejudice to the above Clause 50.1, if any sum (a "**Sum**") due from a Relevant Person under the Leasing Documents, or any order, judgment or award given or made in relation to a Sum, has to be converted from the currency (the "**First Currency")** in which that Sum is payable into another currency (the "**Second Currency**") for the purpose of:

(a) making or filing a claim or proof against that Relevant Person; or

(b) obtaining or enforcing an order, judgment or award in relation to any litigation or arbitration proceedings,

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

50.3 The obligations of the Charterers under Clause 50 and in respect of any Security Interest created pursuant to the Security Documents will not be affected or discharged by an act, omission, matter or thing which would reduce, release or prejudice any of its obligations under Clause 50 or in respect of any Security Interest created pursuant to the Security Documents (without limitation and whether or not known to it or any Relevant Person or Approved Manager) including:

(a) any time, waiver or consent granted to, or composition with, any Relevant Person or Approved Manager other person;

(b) the release of any other Relevant Person or Approved Manager or any other person under the terms of any composition or arrangement with any creditor of the Guarantor or any of its affiliates;

(c) the taking, variation, compromise, exchange, renewal or release of, or refusal or neglect to perfect or delay in perfecting, or refusal or neglect to take up or enforce, or delay in taking or enforcing any rights against, or security over assets of, any Relevant Person or Approved Manager or other person or any non-presentation or non-observance of any formality or other requirement in respect of any instrument or any failure to realise the full value of any security;

(d) any incapacity or lack of power, authority or legal personality of or dissolution or change in the members or status of a Relevant Person or Approved Manager or any other person;

(e) any amendment, novation, supplement, extension, restatement (however fundamental and whether or not more onerous) or replacement of any Leasing Document or any other document or security;

(f) any unenforceability, illegality or invalidity of any obligation of any person under any Security Document or any other document or security; or

(g) any insolvency or similar proceedings.

50.4 Notwithstanding anything to the contrary under the Leasing Documents (but subject and without prejudice to Clause 33) and without prejudice to any right to damages or other claim which the Charterers may have at any time against the Owners under this Charter, the indemnities provided by the Charterers in favour of the Owners shall continue in full force and effect notwithstanding any breach of the terms of this Charter or such Leasing Document or termination or cancellation of this Charter or such Leasing Document pursuant to the terms hereof or thereof or termination of this Charter or such Leasing Document by the Owners.

50.5 In consideration of the Charterers requesting the Other Owners to charter the Other Vessels to the Other Charterers under the Other Charters, the Charterers hereby irrevocably and unconditionally undertake to pay immediately on demand from the Other Owners (or of them, as the case may be) such amounts in respect of all claims, expenses, liabilities, losses, fees of every kind and nature and all other moneys due, owing and/or payable to the Other Owners under or in connection with the Other Charters, and to indemnify and hold the Other Owners harmless against all such moneys, costs, fees and expenses.

50.6 All rights which the Charterers have at any time (whether in respect of this Charter or any other transaction) against the Other Charterers or the Guarantor or any of them shall be fully subordinated to the rights of the Owners under the Leasing Documents and until the end of this Charter and unless the Owners otherwise direct, the Charterers shall not exercise any rights which it may have (whether in respect of this Charter or any other transaction) by reason of performance by it of its obligations under the Leasing Documents or by reason of any amount becoming payable, or liability arising, under this Clause:

(a) to be indemnified by the Other Charterers or the Guarantor or any of them;

(b) to claim any contribution from any third party providing security for, or any other guarantor of, the Other Charterers' or the Guarantor's obligations under the Leasing Documents;

(c) to take any benefit (in whole or in part and whether by way of subrogation or otherwise) of any rights of the Other Charterers or the Guarantor or any of them under the Leasing Documents or of any other guarantee or security taken pursuant to, or in connection with, the Leasing Documents by any of the aforesaid parties;

(d) to bring legal or other proceedings for an order requiring any of the Other Charterers or the Guarantor or any of them to make any payment, or perform any obligation, in respect of any Leasing Document;

(e) to exercise any right of set-off against any of the Other Charterers or the Guarantor or any of them; and/or

(f) to claim or prove as a creditor of any of the Other Charterers or the Guarantor or any of them,

and if the Charterers receives any benefit, payment or distribution in relation to such rights it shall hold that benefit, payment or distribution to the extent necessary to enable all amounts which may be or become payable to the Owners or the Other Owners by the Other Charterers or the Guarantor or any of them under or in connection with the Leasing

Documents to be repaid in full on trust for the Owners or the Other Owners and shall promptly pay or transfer the same to the Owners or the Other Owners as may be directed by the Owners.

50.7 The Charterers hereby irrevocably agree to indemnify and hold harmless the Owners against any claim, expense, liability or loss reasonably incurred by the Owners in liquidating or employing deposits from their financiers or third parties to fund the acquisition of the Vessel pursuant to the MOA.

50.8 Notwithstanding anything to the contrary herein (but subject and without prejudice to Clause 33 (*Cancellation*)) and without prejudice to any right to damages or other claim which the Charterers may have at any time against the Owners under this Charter, the indemnities provided by the Charterers in favour of the Owners shall continue in full force and effect notwithstanding any breach of the terms of this Charter or termination of this Charter pursuant to the terms hereof or termination of this Charter by the Owners.

CLAUSE 51 – NO SET-OFF OR TAX DEDUCTION

51.1 All Charterhire, Advance Charterhire or payment of the Purchase Obligation Price or the Purchase Option Price and any other payment made from the Charterers to enable the Owners to pay all amounts under a Leasing Document shall be paid punctually:

(a) without any form of set-off (except in the case of the Advance Charterhire which shall be set off in accordance with Clause 36.2), cross-claim or condition and in the case of Charterhire or Advance Charterhire, without previous demand unless otherwise agreed with the Owners; and

(b) free and clear of any tax deduction or withholding unless required by law.

51.2 Without prejudice to Clause 51.1, if the Owners are required by law to make a tax deduction from any payment:

(a) the Owners shall notify the Charterers as soon as they become aware of the requirement; and

(b) the amount due in respect of the payment shall be increased by the amount necessary to ensure that the Owners receive and retain (free from any liability relating to the tax deduction) a net amount which, after the tax deduction, is equal to the full amount which they would otherwise have received.

51.3 In this Clause "**tax deduction**" means any deduction or withholding for or on account of any present or future tax, other than a FATCA Deduction.

CLAUSE 52 – INCREASED COSTS

52.1 This Clause 52 applies if the Owners notify the Charterers that they consider that as a result of:

(a) the introduction or alteration after the date of this Charter of a law or an alteration after the date of this Charter in the manner in which a law is interpreted or applied (disregarding any effect which relates to the application to payments under this Charter of a tax on the Owners' overall net income); or

(b) complying with any regulation (including any which relates to capital adequacy or liquidity controls or which affects the manner in which the Owners allocates capital resources to their obligations under this Charter) which is introduced, or altered, or the interpretation or application of which is altered, after the date of this Charter, the Owners (or a parent company of them) has incurred or will incur an "**increased cost**".

52.2 In this Clause 52, "**increased cost**" means, in relation to the Owners:

(a) an additional or increased cost incurred as a result of, or in connection with, the Owners having entered into, or being a party to, this Charter, of funding the acquisition of the Vessel pursuant to the MOA or performing their obligations under this Charter;

(b) a reduction in the amount of any payment to the Owners under this Charter or in the effective return which such a payment represents to the Owners on their capital;

(c) an additional or increased cost of funding the acquisition of the Vessel pursuant to the MOA; or

(d) a liability to make a payment, or a return foregone, which is calculated by reference to any amounts received or receivable by the Owners under this Charter,

(e) and for the purposes of this Clause 52.2 the Owners may in good faith allocate or spread costs and/or losses among their assets and liabilities (or any class of their assets and liabilities) on such basis as they consider appropriate.

52.3 Subject to the terms of Clause 52.1, the Charterers shall pay to the Owners, on the Owners' demand, the amounts which the Owners from time to time notify the Charterers to be necessary to compensate the Owners for the increased cost.

CLAUSE 53 – CONFIDENTIALITY

53.1 The Parties agree to keep the terms and conditions of this Charter and any other Leasing Documents (the "**Confidential Information**") strictly confidential, provided that a Party may disclose Confidential Information in the following cases:

(a) it is already known to the public or becomes available to the public other than through the act or omission of the disclosing Party;

(b) it is required to be disclosed under the applicable laws of any Relevant Jurisdiction, by a governmental order, decree, regulation or rule, by an order of a court, tribunal or listing exchange of the Relevant Jurisdiction (including but not limited to an order by the US Securities and Exchange Commission or the New York Stock Exchange), provided that the disclosing Party shall give written notice of such required disclosure to the other Party prior to the disclosure;

(c) in filings with a court or arbitral body in proceedings in which the Confidential Information is relevant and in discovery arising out of such proceedings;

(d) to (or through) whom a Party assigns or transfers (or may potentially assign or transfer) all or any of its rights and/or obligations under one or more Leasing Document (as permitted by the terms thereof), provided that such person receiving Confidential Information shall undertake that it would not disclose Confidential Information to any other party save for circumstances arising which are similar to those described under this Clause or such other circumstances as may be permitted by all Parties;

(e) to any of the following persons on a need to know basis:

  (i) a shareholder or an Affiliate of either Party or a party referred to in either paragraph (d) or (e) (including the employees, officers and directors thereof);

  (ii) professional advisers retained by a disclosing party; or

(iii) persons advising on, providing or considering the provision of financing to the disclosing party or an Affiliate,

provided that the disclosing party shall exercise due diligence to ensure that no such person shall disclose Confidential Information to any other party save for circumstances arising which are similar to those described under this Clause or such other circumstances as may be permitted by all Parties; or

(f) with the prior written consent of all Parties.

CLAUSE 54 – PARTIAL INVALIDITY

If, at any time, any provision of a Leasing Document is or becomes illegal, invalid or unenforceable in any respect under any law of any jurisdiction, neither the legality, validity or enforceability of the remaining provisions under the law of that jurisdiction nor the legality, validity or enforceability of such provision under the law of any other jurisdiction will in any way be affected or impaired.

CLAUSE 55 – SETTLEMENT OR DISCHARGE CONDITIONAL

55.1 Any settlement or discharge under any Leasing Document between the Owners and any Relevant Person or Approved Manager shall be conditional upon no security or payment to the Owners by any Relevant Person or Approved Manager any other person being set aside, adjusted or ordered to be repaid, whether under any insolvency law or otherwise.

55.2 If the Owners consider that an amount paid or discharged by, or on behalf of, a Relevant Person or Approved Manager by any other person in purported payment or discharge of an obligation of that Relevant Person or Approved Manager to the Owners under the Leasing Documents is capable of being avoided or otherwise set aside on the liquidation or administration of that Relevant Person or Approved Manager or otherwise, then that amount shall not be considered to have been unconditionally and irrevocably paid or discharged for the purposes of the Leasing Documents.

CLAUSE 56 – CHANGES TO THE PARTIES

56.1 Assignment or transfer by the Charterers

The Charterers shall not assign their rights or transfer by novation any of their rights and obligations under the Leasing Documents except with the prior consent in writing of the Owners.

56.2 Transfer by the Owners

(a) The Owners may transfer by novation any of its rights and obligations under the Leasing Documents:

(i) in the event of an occurrence of a Termination Event which is continuing; or

(ii) subject to the consent of such other party under the Leasing Document (which must not be unreasonably withheld or delayed), to another lessor or financial institution or trust, fund, leasing company or other entity which is regularly engaged in or established for the purpose of making, purchasing or investing in loans, securities or other financial assets,

(b) During the Charter Period, any change in the registered ownership of the Vessel (other than pursuant to paragraph (a)) above shall require the Charterers' prior approval which shall not be unreasonably withheld or delayed, provided always that, notwithstanding such change, this Charter would continue on identical terms (save for logical, consequential or mutually agreed amendments). The Guarantor and the Charterers shall remain jointly and severally liable to the aforesaid new owner of the Vessel for its performance of all obligations pursuant to this Charter after change of the registered ownership of the Vessel from the Owners to such new owner.

56.3 The Charterers agree and undertake to enter into any such usual documents as the Owners shall require to complete or perfect the transfer of the Vessel (with the benefit and burden of this Charter) pursuant to this Clause 56.2, with any documented costs or expenses whatsoever arising in relation thereto at no cost to the Charterers.

CLAUSE 57 – MISCELLANEOUS

57.1 The Charterers waive any rights of sovereign immunity which they or any of their assets may enjoy in any jurisdiction and subjects itself to civil and commercial law with respect to their obligations under this Charter.

57.2 No term of this Charter is enforceable under the Contracts (Rights of Third Parties) Act 1999 by a person who is not party to this Charter , save that the Other Owners may rely on the rights conferred on them under Clause 50.5 (*Indemnities*).

57.3 This Charter and each Leasing Document may be executed in any number of counterparts, and this has the same effect as if the signatures on the counterparts were on a single copy of this Charter or that Leasing Document, as the case may be.

CLAUSE 58 – FATCA

58.1 **Defined terms.** For the purposes of this Clause 58, the following terms shall have the following meanings:

"**Code**" means the United States Internal Revenue Code of 1986, as amended.

"**FATCA**" means sections 1471 through 1474 of the Code and any Treasury regulations thereunder.

"**FATCA Deduction**" means a deduction or withholding from a payment under this Charter or the Leasing Documents required by or under FATCA.

"**FATCA Exempt Party**" means a Relevant Party that is entitled under FATCA to receive payments free from any FATCA Deduction.

"**FATCA FFI**" means a foreign financial institution as defined in section 1471(d)(4) of the Code which, if a Relevant Party is not a FATCA Exempt Party, could be required to make a FATCA Deduction.

"**FATCA Non-Exempt Party**" means any Relevant Party who is not a FATCA Exempt Party.

"**IRS**" means the United States Internal Revenue Service or any successor taxing authority or agency of the United States government.

"**Relevant Party**" means any party to a Leasing Document except an Approved Subcharterer.

58.2 **FATCA Information.**

(a) Subject to paragraph (c) below, each Relevant Party shall, on the date of this Charter, and thereafter within ten Business Days of a reasonable request by another Relevant Party:

(i) confirm to that other party whether it is a FATCA Exempt Party or is not a FATCA Exempt Party; and

(ii) supply to the requesting party (with a copy to all other Relevant Parties) such other form or forms (including IRS Form W-8 or Form W-9 or any successor or substitute form, as applicable) and any other documentation and other information relating to its status under FATCA (including its applicable "pass thru percentage" or other information required under FATCA or other official guidance including intergovernmental agreements) as the requesting party reasonably requests for the purpose of the requesting party's compliance with FATCA .

(b) If a Relevant Party confirms to any other Relevant Party that it is a FATCA Exempt Party or provides an IRS Form W-8 or W-9 showing that it is a FATCA Exempt Party and it subsequently becomes aware that it is not, or has ceased to be a FATCA Exempt Party, that party shall so notify all other Relevant Parties reasonably promptly.

(c) Nothing in this clause shall oblige any Relevant Party to do anything which would or, in its reasonable opinion, might constitute a breach of any law or regulation, any policy of that party, any fiduciary duty or any duty of confidentiality, or to disclose any confidential information (including, without limitation, its tax returns and calculations); provided, however, that nothing in this paragraph shall excuse any Relevant Party from providing a true, complete and correct IRS Form W-8 or W-9 (or any successor or substitute form where applicable). Any information provided on such IRS Form W-8 or W-9 (or any successor or substitute forms) shall not be treated as confidential information of such party for purposes of this paragraph.

(d) If a Relevant Party fails to confirm its status or to supply forms, documentation or other information requested in accordance with the provisions of this Charter or the provided information is insufficient under FATCA, then:

(i) if that party failed to confirm whether it is (and/or remains) a FATCA Exempt Party then such party shall be treated for the purposes of this Charter and the Leasing Documents as if it is a FATCA Non-Exempt Party; and

(ii) if that party failed to confirm its applicable passthru percentage then such party shall be treated for the purposes of this Charter and the Leasing Documents (and payments made thereunder) as if its applicable passthru percentage is 100%,

until (in each case) such time as the party in question provides sufficient confirmation, forms, documentation or other information to establish the relevant facts.

58.3 FATCA Deduction and gross-up by Relevant Party

(a) If the representation made by the Charterers under Clause 45.1(o) proves to be untrue or misleading such that the Charterers are required to make a FATCA Deduction, the Charterers shall make the FATCA Deduction and any payment required in connection with that FATCA Deduction within the time allowed and in the minimum amount required by FATCA.

(b) If the Charterers are required to make a FATCA Deduction then the Charterers shall increase the payment due from them to the Owners to an amount which (after making any FATCA Deduction) leaves an amount equal to the payment which would have been due if no FATCA Deduction had been required.

(c) The Charterers shall promptly upon becoming aware that they must make a FATCA Deduction (or that there is any change in the rate or basis of a FATCA Deduction) notify the Owners accordingly. Within thirty (30) days of the Charterers making either a FATCA Deduction or any payment required in connection with that FATCA Deduction, the Charterers shall deliver to the Owners evidence reasonably satisfactory to the Owners that the FATCA Deduction has been made or (as applicable) any appropriate payment paid to the relevant governmental or taxation authority.

58.4 FATCA Deduction by Owners

The Owners may make any FATCA Deduction they are required by FATCA to make, and any payment required in connection with that FATCA Deduction, and the Owners shall not be required to increase any payment in respect of which they make such a FATCA Deduction or otherwise compensate the recipient for that FATCA Deduction.

58.5 FATCA Mitigation

Notwithstanding any other provision to this Charter, if a FATCA Deduction is or will be required to be made by any party under Clause 58.3 in respect of a payment to the Owners as a result of the Owners not being a FATCA Exempt Party, the Owners shall have the right to transfer their interest in the Vessel (and this Charter) to any person nominated by the Owners and all costs in relation to such transfer shall be for the account of the Charterers.

CLAUSE 59 - DEFINITIONS

59.1 In this Charter the following terms shall have the meanings ascribed to them below:

"**Acceptance Certificate**" means a certificate substantially in the form set out in Schedule I to be signed by the Charterers at Delivery.

"**Account Bank**" means HSH Nordbank AG acting through its office at Gerhart-Hauptmann-Platz 50, 20095 Hamburg, Germany.

"**Account Security**" means the document creating security over the Earnings Account executed by the Charterers in favour of the Owners, in the agreed form.

"**Advance Charterhire**" means the amount by which the Purchase Price exceeds the Financing Amount.

"**Affiliate**" means in relation to any person, a subsidiary of that person or a Holding Company of that person or any other subsidiary of that Holding Company.

"**Anti-Money Laundering Laws**" means all applicable financial record-keeping and reporting requirements, anti-money laundering statutes (including all applicable rules and regulations thereunder) and all applicable related or similar laws, rules, regulations or guidelines, of all jurisdictions including and without limitation, the United States of America, the European Union and the People's Republic of China and which in each case are (a) issued, administered or enforced by any governmental agency having jurisdiction over any Relevant Person, Approved Subcharterer, Approved Manager or the Owners; (b) of any jurisdiction in which any Relevant Person, Approved Subcharterer, Approved Manager or the Owners conduct business; or (c) to which any Relevant Person, Approved Subcharterer, Approved Manager or Owner is subjected or subject to.

"**Anti-Terrorism Financing Laws**" means all applicable anti-terrorism laws, rules, regulations or guidelines of any jurisdiction, including and not limited to the United States of America or the People's Republic of China which are: (a) issued, administered or enforced by any governmental agency, having jurisdiction over any Relevant Person, Approved Subcharterer, Approved Manager or the Owners; (b) of any jurisdiction in which any Relevant Person, Approved Subcharterer, Approved Manager or the Owners conduct business; or (c) to which any Relevant Person, Approved Subcharterer, Approved Manager or the Owners are subjected or subject to.

"**Approved Bareboat Subcharter**" means an Approved Subcharter as described under paragraph (b)(i) of the definition of an Approved Subcharter and consented to by the Owners.

"**Approved Manager**" means Navios Tankers Management Inc. a corporation incorporated under the laws of the Marshall Islands having its registered office at Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, Marshall Islands MH96960 or Affiliate of Navios Maritime Holdings Inc. or any other ship management company approved in writing by the Owners.

"**Approved Subcharter**" means the Subcharter or:

(a) any Short Term Time Subcharter;

(b) subject to prior written consent of the Owners:

(i) a subcharter of the Vessel on a bareboat charter basis; or

(ii) a subcharter of the Vessel on a time charter basis with a charter period exceeding or capable of exceeding twelve (12) months (taking into account any optional extension period).

"**Approved Subcharterer**" means the Subcharterer or in the case of any other Approved Subcharter falling within paragraph (b) of the definition of Approved Subcharter above, any subcharterer of the Vessel approved by the Owners in writing (such approval not to be unreasonably withheld or delayed).

"**Approved Valuer**" means Clarksons, Maersk Brokers, Howe Robinson, Arrow, Lorentzen & Stemoco, Simpson Spence Young, Braemar Seascope or any other shipbroker nominated by the Charterers and approved by the Owners.

"**Breakfunding Costs**" means all breakfunding costs and expenses incurred or payable by the Owners when a repayment or prepayment under the relevant funding arrangement entered into by the Owners for the purpose of financing the Purchase Price do not fall on a Payment Date.

"**Business Day**" means a day on which banks are open for business in the principal business centres of Hong Kong, Shanghai, Hamburg and Athens and in respect of a day on which a payment is required to be made or other dealing is due to take place under a Leasing Document in Dollars, also a day on which commercial banks are open in New York City.

"**Business Ethics Law**" means any laws, regulations and/or other legally binding requirements or determinations in relation to corruption, fraud, collusion, bid-rigging or anti-trust, human rights violations (including forced labour and human trafficking) which are applicable to any Relevant Person, Approved Subcharterer, Approved Manager or the Owners or to any jurisdiction where activities are performed and which shall include but not be limited to (i) the United Kingdom Bribery Act 2010 and (ii) the United States Foreign Corrupt Practices Act 1977 and all rules and regulations under each of (i) and (ii).

"**Cancelling Date**" has the meaning given to that term in the MOA.

"**Certified Book Value**" means the book value of the Vessel from time to time, which as at the date of this Charter is $30,950,458.97 as evidenced and certified in a manner acceptable to the Owners.

"**Charterers' Offer**" has the meaning given to that term in Clause 40.3(b).

"**Charterhire**" means each of, as the context may require, all of the quarterly instalments of hire payable hereunder comprising in each case:

(a) a component of Charterhire A; and

(b) a component of Charterhire B.

"**Charterhire A**" means, in relation to a Payment Date, an amount equal to one twenty fourth (1/24) of the difference between the Financing Amount and the Purchase Obligation Price.

"**Charterhire B**" means, in relation to a Payment Date, the interest component calculated in accordance with Schedule III at the applicable Interest Rate for the Term commencing on that Payment Date on the Outstanding Principal Balance.

"**Charterhire Principal**" means the aggregate amount of Charterhire A payable under this Charter.

"**Charterhire Principal Balance**" means the Charterhire Principal outstanding under this Charter from time to time, as may be reduced by payments or prepayments by the Charterers to the Owners of Charterhire A under this Charter.

"**CISADA**" means the United States Comprehensive Iran Sanctions, Accountability and Divestment Act of 2010 as it applies to non-US persons.

"**Charter Period**" means the period commencing on the Commencement Date and described in Clause 32.2 unless it is either terminated earlier or extended in accordance with the provisions of this Charter.

"**China Merchants Group**" means China Merchants Group Limited, a company incorporated under the laws of the People's Republic of China acting through its office at China Merchants Tower, 39-40 Floor, Shun Tak Centre, 168-200 Connaught Road, Central, Hong Kong.

"**Classification Society**" means ABS or DNV GL or any classification society being a member of the International Association of Classification Societies which is approved by the Owners.

"**Commencement Date**" means the date on which Delivery takes place.

"**Delivery**" means the delivery of the legal and beneficial interest in the Vessel from the Owners to the Charterers pursuant to the terms of the MOA.

"**Dollars**" or "**$**" have the meanings given to those terms in the MOA.

"**Earnings**" means all moneys whatsoever which are now, or later become, payable (actually or contingently) and which arise out of the use or operation of the Vessel, including (but not limited to):

(a) all freight, hire and passage moneys, compensation payable in the event of requisition of the Vessel for hire, all moneys which are at any time payable under any Insurances in respect of loss of hire, remuneration for salvage and towage services, demurrage and detention moneys and damages for breach (or payments for variation or termination) of any charterparty or other contract for the employment of the Vessel; and

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

"**Earnings Account**" means, an account in the name of the Charterers with Account Bank or such bank as the Owners may approve.

"**Environmental Claim**" means:

(c) any claim by any governmental, judicial or regulatory authority which arises out of an Environmental Incident or which relates to any Environmental Law; or

(d) any claim by any other person which relates to an Environmental Incident,

and "**claim**" means a claim for damages, compensation, fines, penalties or any other payment (exceeding $1,000,000 in each of the above cases); an order or direction to take, or not to take, certain action or to desist from or suspend certain action; and any form of enforcement or regulatory action, including the arrest or attachment of any asset;

"**Environmental Incident**" means:

(a) any release of Environmentally Sensitive Material from the Vessel; or

(b) any incident in which Environmentally Sensitive Material is released from a vessel other than the Vessel and which involves a collision between the Vessel and such other vessel or some other incident of navigation or operation, in either case, in connection with which the Vessel is actually liable to be arrested, attached, detained or injuncted and/or the Vessel and/or the Owners and/or the Charterers and/or any other operator or manager of the Vessel is at fault or otherwise liable to any legal or administrative action; or

(c) any other incident involving the Vessel in which Environmentally Sensitive Material is released otherwise than from the Vessel and in connection with which the Vessel is actually arrested and/or where the Owners and/or the Charterers and/or any other operator or manager of the Vessel is at fault or otherwise liable to any legal or administrative action.

"**Environmental Law**" means any law relating to pollution or protection of the environment, to the carriage or releases of Environmentally Sensitive Material.

"**Environmentally Sensitive Material**" means oil, oil products and any other substances (including any chemical, gas or other hazardous or noxious substance) which are (or are capable of being or becoming) polluting, toxic or hazardous.

"**Fee Letter**" means the fee letter referred to under Clause 41.1.

"**Financial Indebtedness**" means, in relation to a person (the "**debtor**"), a liability of the debtor:

(a) for principal, interest or any other sum payable in respect of any moneys borrowed or raised by the debtor;

(b) under any loan stock, bond, note or other security issued by the debtor;

(c) under any acceptance credit, guarantee or letter of credit facility made available to the debtor;

(d) under a lease, a deferred purchase consideration arrangement (other than deferred payments for assets or services obtained on normal commercial terms in the ordinary course of business) or any other agreement having the commercial effect of a borrowing or raising of money by the debtor;

(e) under any foreign exchange transaction, any interest or currency swap or any other kind of derivative transaction entered into by the debtor or, if the agreement under which any such transaction is entered into requires netting of mutual liabilities, the liability of the debtor for the net amount; or

(f) under a guarantee, indemnity or similar obligation entered into by the debtor in respect of a liability of another person which would fall within paragraphs (a) to (e) if the references to the debtor referred to the other person.

"**Financial Instruments**" means the mortgage, deed of covenant, the general assignment or such other financial security instruments granted to the Owners' financiers as security for the obligations of the Owners in relation to the financing of the acquisition of the Vessel.

"**Financing Amount**" means an amount equal to the lower of (i) seventy five per cent. (75%) of the Purchase Price and (ii) $18,485,000.

"**Flag State**" means Republic of Panama, the Republic of the Marshall Islands, Republic of Malta, Republic of Liberia, Hong Kong, the Cayman Islands or any other flag state approved by the Owners in writing.

"**Fleet Vessel**" has the meaning give to it under clause 11.20(c) of the Guarantee.

"**General Assignment**" means the general assignment executed or to be executed between the Charterers and the Owners in respect of the Vessel, pursuant to which the Charterers shall, *inter alia,* assign their rights under the Insurances, Earnings and Requisition Compensation and any sub-charters having a duration of at least twelve (12) months (or which are capable of exceeding twelve (12) months) in respect of the Vessel, in favour of the Owners and in the agreed form.

"**Guarantor**" means Navios Maritime Acquisition Corporation, a corporation incorporated under the laws of the Marshall Islands having its registered office at Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, MH96960, Marshall Islands.

"**Guarantee**" means a guarantee executed by the Guarantor in favour of the Owners dated on or around the date of this Charter.

"**Holding Company**" means, in relation to a person, any other person in relation to which it is a subsidiary.

"**IAPPC**" means a valid international air pollution prevention certificate for the Vessel issued pursuant to the MARPOL Protocol.

"**Indenture**" means the indenture dated as of 13 November 2013, as amended and supplemented by including as supplemented a supplemental indenture dated 31 March 2014 and as the same may be further amended and supplemented from time to time in accordance with the terms thereof, entered into by the Guarantor and Navios Acquisition Finance (US) Inc. as co-issuers and Wells Fargo Bank, National Association, as trustee and collateral trustee, in respect of certain 8.125% first priority ship mortgage notes due in 2021.

"**Indenture Guarantee**" means a guarantee executed, or as the case may be, to be executed by the Charterers as security for the obligations and liability of the Guarantor under the Indenture.

"**Initial Market Value**" means, in relation to the Vessel at any relevant time, the arithmetic mean of two (2) valuations, each prepared:

(a) on a date no earlier than thirty (30) days prior to the Commencement Date;

(b) with or without physical inspection of the Vessel;

(c) on the basis of a sale for prompt delivery for cash on normal arm's length commercial terms as between a willing and a willing buyer, free of any existing charter or other contract of employment; and

(d) after deducting the estimated amount of the usual and reasonable expenses which would be incurred in connection with the sale,

and such valuations shall be prepared by one Approved Valuer selected and appointed by the Owners and one Approved Valuer selected by the Charterers (but appointed by the Owners) provided that if the difference in the two valuations obtained is more than five per cent. (5%) of the lower valuation obtained, a third Approved Valuer shall be selected and appointed by the Owners and the Initial Market Value shall be the arithmetic mean of the two lowest valuations out of the three valuations obtained.

"**Insurances**" means:

(a) all policies and contracts of insurance, including entries of the Vessel in any protection and indemnity or war risks association, which are effected in respect of the Vessel or otherwise in relation to it whether before, on or after the date of this Charter; and

(b) all rights and other assets relating to, or derived from, any of the foregoing, including any rights to a return of a premium and any rights in respect of any claim whether or not the relevant policy, contract of insurance or entry has expired on or before the date of this Charter.

"**Interest Rate**" means, in relation to Charterhire B, the rate of interest determined in accordance with Schedule III plus the Margin.

"**ISM Code**" means the International Safety Management Code (including the guidelines on its implementation), adopted by the International Maritime Organisation Assembly as Resolutions A.741 (18) and A.788 (19), as the same may be amended or supplemented from time to time (and the terms "**safety management system**", "**Safety Management Certificate**" and "**Document of Compliance**" have the same meanings as are given to them in the ISM Code).

"**ISPS Code**" means the International Ship and Port Security Code as adopted by the Conference of Contracting Governments to the Safety of Life at Sea Convention 1974 on 13 December 2002 and incorporated as Chapter XI-2 of the Safety of Life at Sea Convention 1974, as the same may be supplemented or amended from time to time.

"**Leasing Documents**" means this Charter, the MOA, any Approved Subcharter, the Fee Letter, the Security Documents and the Trust Deed.

"**LIBOR**" means, in relation to a Term, the London Interbank offered rate administered by ICE Benchmark Administration Limited (or any other person which takes over the administration of that rate) for Dollars commencing on the first day of that Term displayed on page LIBOR 01 of the Thomson Reuters screen (or any replacement Thomson Reuters page which displays that rate) or on the appropriate page of such other information service which publishes that rate from time to time in place of Thomson Reuters, and if such page or service ceases to be available the Owners may specify another page or service displaying the relevant rate on the Quotation Day (if the rate as determined above is less than zero, LIBOR shall be deemed to be zero).

"**Major Casualty**" means any casualty to the Vessel in respect of which the claim or the aggregate of the claims against all insurers, before adjustment for any relevant franchise or deductible, exceeds $1,000,000 or the equivalent in any other currency.

"**Manager's Undertaking**" means, in relation to an Approved Manager, the letter of undertaking from the Approved Manager, inter alia, subordinating the rights of such Approved Manager against the Vessel and the Charterers to the rights of the Owners and their financiers (if any) in an agreed form.

“**Margin**”means 3.05% per annum.

“**Market Value**” means, in relation to the Vessel at any relevant time, the valuation prepared:

(a) on a date no earlier than thirty (30) days previously;

(b) with or without physical inspection of the Vessel; and

(c) on the basis of a sale for prompt delivery for cash on normal arm’s length commercial terms as between a willing and a willing buyer, free of any existing charter or other contract of employment

and such valuations shall be prepared by one Approved Valuer selected by the Charterers (but appointed by the Owners).

“**MARPOL Protocol**” means Annex VI (Regulations for the Prevention of Air Pollution from Ships) to the International Convention for the Prevention of Pollution from Ships 1973 (as amended in 1978 and 1997).

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

(a) the business, operations, property, condition (financial or otherwise) or prospects of the Charterers or the Guarantor and its subsidiaries as a whole; or

(b) the ability of any Relevant Person or Approved Manager to perform its obligations under any Leasing Document to which it is a party; or

(c) the validity or enforceability of, or the effectiveness or ranking of any Security Interests granted pursuant to any of the Leasing Documents or the rights or remedies of the Owners under any of the Leasing Documents.

“**MOA**” means the memorandum of agreement entered into by the Charterers as sellers and the Owners as buyers dated on the date of this Charter in relation to the sale and purchase of the Vessel.

“**Mortgagee**” has the meaning given to that term in Clause 35.3.

“Net Income Loss” means, at the relevant time, the net income loss (if any) as shown in the most recent audited consolidated annual financial reports of the Guarantor adjusted to exclude impairment losses.

“Original Financial Statements” means the Guarantor’s audited financial statements for the financial year ended 31 December 2016 and its unaudited consolidated management accounts for the financial year ended 31 December 2017.

“**Original Jurisdiction**” means, in relation to any Relevant Person, Approved Subcharterer or Approved Manager (as the case may be), the jurisdiction under whose laws they are respectively incorporated as at the date of this Charter.

“**Other Charter**” means the bareboat charterparty entered into between the relevant Other Owner and the relevant Other Charterer In respect of any of the Other Vessels.

“**Other Charterer**” means Mytilene Shipping Corporation, Antiparos Shipping Corporation or Ikaria Shipping Corporation (and “**Other Charterers**” mean all of them).

"**Other Owner**" means Sea 66 Leasing Co. Limited, Sea 67 Leasing Co. Limited or Sea 69 Leasing Co. Limited (and "**Other Owners**" means all of them).

"Other Vessel" means 49,992 DWT MR tanker named Nave Atria, 49,4991 DWT MR tanker named Nave Aquila, or the 49,999 DWT MR tanker named Nave Orion (and "**Other Vessels**" means all of them).

"**Outstanding Principal Balance**" means the aggregate of:

(a) the Charterhire Principal Balance; and

(b) the Purchase Obligation Price.

"**Owners' Sale**" has the meaning given to that term in Clause 40.3(a)(iii).

"**Party**" means either party to this Charter.

"**Payment Date**" means each of the twenty four (24) dates upon which Charterhire is to be paid by the Charterers to the Owners pursuant to Clause 36.

"**Permitted Security Interests**" means:

(a) Security Interests created by a Leasing Document or a Financial Instrument;

(b) other Security Interests Permitted by the Owners in writing;

(c) liens for unpaid master's and crew's wages in accordance with the ordinary course of operation of the Vessel or in accordance with usual reputable maritime practice;

(d) liens for salvage;

(e) liens for master's disbursements incurred in the ordinary course of trading;

(f) any other liens arising by operation of law or otherwise in the ordinary course of the operation, repair or maintenance of the Vessel provided such liens do not secure amounts more than 30 days overdue;

(g) any Security Interest created in favour of a plaintiff or defendant in any action of the court or tribunal before whom such action is brought as security for costs and expenses where the Owners are prosecuting or defending such action in good faith by appropriate steps; and

(h) Security Interests arising by operation of law in respect of taxes which are not overdue or for payment of taxes which are overdue for payment but which are being contested by the Owners or the Charterers in good faith by appropriate steps and in respect of which adequate reserves have been made.

"**Post-enforcement Interests**" has the meaning given to that term in 40.3(a)(ii).

"**Potential Termination Event**" means, an event or circumstance which, with the giving of any notice, the lapse of time, a determination of the Owners and/or the satisfaction of any other condition, would constitute a Termination Event.

"**Purchase Obligation**" means the purchase obligation referred to in Clause 48.1.

"**Purchase Obligation Date**" means the date on which the Owners shall transfer the legal and beneficial interest in the Vessel to the Charterers, and the Charterers shall purchase the Vessel, being the date falling on the last day of the Charter Period.

"**Purchase Obligation Price**" means fifty per cent. (50%) of the Financing Amount.

"**Purchase Price**" has the meaning given to that term in the MOA.

"**Purchase Option**" means the early termination option which the Charterers are entitled to pursuant to Clause 47.

"**Purchase Option Date**" has the meaning given to that term in Clause 47.1.

"**Purchase Option Notice**" has the meaning given to that term in Clause 47.1.

"**Purchase Option Price**" means the aggregate of:

(a) the Outstanding Principal Balance as at the Purchase Option Date together with a fee calculated at the rate of (i) one per cent. (1%) thereon for any prepayment made before the fourth anniversary of the Commencement Date, (ii) zero point five per cent. (0.5%) thereon for any payment made on and after the fourth anniversary of the Commencement Date and before the fifth anniversary of the Commencement Date and (iii) zero per cent. (0%) for any prepayment made thereafter;

(b) any Charterhire B accrued as at the Purchase Option Date;

(c) any Breakfunding Costs;

(d) any legal costs incurred by the Owners in connection with the exercise of the Purchase Option under Clause 47; and

(e) all other amounts payable under this Charter and the other Leasing Documents together with any applicable interest thereon.

"**Quiet Enjoyment Agreement**" means the quiet enjoyment agreement executed or to be executed between, amongst others, the Charterers, the Owners and the Owners' financiers in the agreed form.

"**Quotation Day**" means in relation to any period for which an Interest Rate is to be determined, two Business Days before the first day of that period unless market practice differs in the Relevant Interbank Market in which case the Quotation Day will be determined by the Owners in accordance with market practice in the Relevant Interbank Market (and if quotations would normally be given by leading banks in the Relevant Interbank Market on more than one day, the Quotation Day will be the last of those days).

"**Relevant Interbank Market**" means the London interbank market.

"**Relevant Person**" means the Charterers, the Other Charterers, the Guarantor, the Shareholder and such other party providing security to the Owners for the Charterers' obligations under this Charter pursuant to a Security Document or otherwise (but not including the Subcharterer, any Approved Subcharterer and the Manager).

"**Relevant Jurisdiction**" means, in relation to any Relevant Person, Approved Subcharterer or Approved Manager (as the case may be):

(b) its Original Jurisdiction;

(c) any jurisdiction where any property owned by it and charged under a Leasing Document is situated;

(d) any jurisdiction where it conducts its business; and

(e) any jurisdiction whose laws govern the perfection of any of the Leasing Documents entered into by it creating a Security Interest.

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

"**Restricted Countries**" means those countries subject to country-wide or territory-wide Sanctions and/or trade embargoes, in particular but not limited to pursuant to the U.S.'s Office of Foreign Asset Control of the U.S. Department of Treasury ("**OFAC**") including at the date of this Charter, but without limitation, Iran, North Korea and Syria and any additional countries based on respective country-wide or territory-wide Sanctions being imposed by OFAC or any of the regulative bodies referred to in the definition of Restricted Persons.

"**Restricted Person**" means a person, entity or any other parties (i) located, domiciled, resident or incorporated in Restricted Countries, and/or (ii) subject to any sanction administrated by the United Nations, the European Union, Switzerland, the United States and the U.S. Department of Treasury's Office of Foreign Assets Control ("**OFAC**"), the United Kingdom, Her Majesty's Treasury ("**HMT**") and the Foreign and Commonwealth Office of the United Kingdom, the People's Republic of China and/or (iii) owned or controlled by or affiliated with persons, entities or any other parties as referred to in (i) and (ii).

"**Sanctions**" means any sanctions, embargoes, freezing provisions, prohibitions or other restrictions relating to trading, doing business, investment, exporting, financing or making assets available (or other activities similar to or connected with any of the foregoing) imposed by law or regulation of United Kingdom, the United States of America (including, without limitation, CISADA and OFAC), the People's Republic of China or the Council of the European Union.

"**Security Documents**" means the Guarantee, the Account Security, the General Assignment, the Shares Pledge, the Manager's Undertaking and any other security documents granted as security for the obligations of the Charterers under or in connection with this Charter.

"**Security Interest**" means:

(a) a mortgage, charge (whether fixed or floating) or pledge, any maritime or other lien or any other security interest of any kind;

(b) the security rights of a plaintiff under an action *in rem*; or

(c) any other right which confers on a creditor or potential creditor a right or privilege to receive the amount actually or contingently due to it ahead of the general unsecured creditors of the debtor concerned; however this paragraph (c) does not apply to a right of set off or combination of accounts conferred by the standard terms of business of a bank or financial institution.

"**Shareholder**" means Aegean Sea Maritime Holdings Inc., a corporation incorporated and existing under the laws of the Republic of the Marshall Islands having its registered office at Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, MH96960, Marshall Islands.

"**Shares Pledge**" means the shares pledge over the shares in the Charterers to be executed by the Shareholder in favour of the Owners on or around the date of this Charter.

"**Short Term Time Subcharter**" means a subcharter of the Vessel on a time charter basis with a charter period not exceeding and not capable of exceeding twelve (12) months (taking into account any optional extension period)

"**Subcharter"**means the subcharter with the particulars set out under Schedule IV.

"**Subcharterer Assignment**" means the subcharterer of the Vessel named under Schedule IV;

"**Term**" means, in relation to the definitions of "Charterhire A" and "Charterhire B", a period of three (3) month's duration provided that:

(a) the first Term shall commence on the Commencement Date;

(b) each subsequent Term shall commence on the last day of the preceding Term;

(c) any Term which would otherwise end on a non-Business Day shall instead end on the next following Business Day or, if that Business Day is in another calendar month, on the immediately preceding Business Day;

(d) if any Term commences on the last Business Day of a calendar month or on a day for which there is no numerically corresponding day in the calendar month three (3) months thereafter, as the case may be, that Term shall, subject to paragraphs (c), (e) and (f), end on the last Business Day of such later calendar month;

(e) any Term which would otherwise overrun a Payment Date shall instead end on that Payment Date; and

(f) any Term which would otherwise extend beyond the Charter Period shall instead end on the last day of the Charter Period.

"**Termination Event**" means any event described in Clause 44.

"**Termination Purchase Price**" means, in respect of any date (for the purposes of this definition only, the "**Relevant Date**"), the aggregate of:

(a) the Outstanding Principal Balance as at the Relevant Date together with a fee calculated at the rate of (i) one per cent. (1%) thereon for any termination of this Charter occurring before the fourth anniversary of the Commencement Date, (ii) zero point five per cent. (0.5%) thereon for any termination of this Charter occurring on and after the fourth anniversary of the Commencement Date and before the fifth anniversary of the Commencement Date and (iii) zero per cent. (0%) for any prepayment made thereafter;

(b) and any accrued but unpaid Charterhire B as at the Relevant Date;

(c) any Breakfunding Costs;

(d) any costs incurred and expenses incurred by the Owners (and their financiers (if any)) in locating, repossessing or recovering the Vessel or collecting any payments due under this Charter or in obtaining the due performance of the obligations of the Charterers under this Charter or the other Leasing Documents and any default interest in relation thereto;

(e) any legal costs incurred by the Owners in connection with the termination of this Charter under Clause 44;

(f) all other outstanding amounts payable under this Charter together with any applicable interest thereon.

"**Total Loss**" means:

(a) actual, constructive, compromised, agreed or arranged total loss of the Vessel;

(b) any expropriation, confiscation, requisition or acquisition of the Vessel, whether for full consideration, a consideration less than its proper value, a nominal consideration or without any consideration, which is effected by any government or official authority or by any person or persons claiming to be or to represent a government or official authority (excluding a requisition for hire for a fixed period not exceeding 1 year without any right to an extension) unless it is redelivered within twenty-one (21) days to the full control of the Owners or the Charterers; or

(c) any arrest, capture, seizure or detention of the Vessel (including any hijacking or theft but excluding any event specified in paragraph (b) of this definition) unless it is redelivered within thirty (30) days to the full control of the Owners or the Charterers.

"**Trust Deed**" means a trust deed dated on or around the date of this Charter entered into between the Owners, the Other Owners, the Charterers, the Other Charterers, the Guarantor and the Approved Manager which, inter alia, sets out the obligations of the Owners in respect of holding on trust all moneys or other assets received or recovered by or on behalf of the Owners by virtue of any Security Interest or other rights granted to the Owners under or by virtue of the Security Documents.

"US Tax Obligor" means (a) a person which is resident for tax purposes in the United States of America or (b) a person some or all of whose payments under the Leasing Documents are from sources within the United States for United States federal income tax purposes.

"**Vessel**" means the MR tanker m.v. "NAVE BELLATRIX" with IMO No. 9459084 with particulars stated in Boxes 6 to 12 of this Charter and which is to be registered under the name of the Owners with the Panama registry upon Delivery.

59.2 In this Charter:

"**Approved Manager**", "**Approved Subcharterer**", "**Charterers", "Other Charterers", "Other Owners**", **"Owners**", **"Relevant Person", "Shareholder", "Subcharterer**" or any other person shall be construed so as to include its successors in title, permitted assigns and permitted transferees to, or of, its rights and/or obligations under the Leasing Documents.

"**agreed form**" means, in relation to a document, such document in a form agreed in writing by the Owners;

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

"**company**" includes any partnership, joint venture and unincorporated association;

"**consent**" includes an authorisation, consent, approval, resolution, licence, exemption, filing, registration, notarisation and legalisation;

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

"**continuing**" means, in relation to any Termination Event, a Termination Event which has not been waived by the Owners and in relation to any Potential Termination Event, a Potential Termination Event which has not been waived by the Owners;

"**control**" over a particular company means the power (whether by way of ownership of shares, proxy, contract, agency or otherwise) to:

(a) cast, or control the casting of, more than 51 per cent, of the maximum number of votes that might be cast at a general meeting of such company; or

(b) appoint or remove all, or the majority, of the directors or other equivalent officers of such company; or

(c) give directions with respect to the operating and financial policies of such company with which the directors or other equivalent officers of such company are obliged to comply;

"**document**" includes a deed; also a letter, fax or telex;

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

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

"**legal or administrative action**" means any legal proceeding or arbitration and any administrative or regulatory action or investigation;

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

"**months**" shall be construed in accordance with Clause 59.3;

"**person**" includes any company; any state, political sub-division of a state and local or municipal authority; and any international organisation;

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

"**protection and indemnity risks**" means the usual risks covered by a protection and indemnity association which is a member of the International Group of P&I Clubs including pollution risks, freight, demurrage and defence cover, extended passenger cover and the proportion (if any) of any sums payable to any other person or persons in case of collision which are not recoverable under the hull and machinery policies by reason of the incorporation in them of clause 6 of the International Hull Clauses (1/11/02 or 1/11/03), clause 8 of the Institute Time Clauses (Hulls)(1/10/83) or clause 8 of the Institute Time Clauses (Hulls) (1/11/1995) or the Institute Amended Running Down Clause (1/10/71) or any equivalent provision;

"**regulation**" includes any regulation, rule, official directive, request or guideline whether or not having the force of law of any governmental, intergovernmental or supranational body, agency, department or regulatory, self-regulatory or other authority or organisation;

"**subsidiary**" has the meaning given in Clause 59.4; and

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

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

(a) on the Business Day following the numerically corresponding day if the numerically corresponding day is not a Business Day or, if there is no later Business Day in the same calendar month, on the Business Day preceding the numerically corresponding day; or

(b) on the last Business Day in the relevant calendar month, if the period started on the last Business Day in a calendar month or if the last calendar month of the period has no numerically corresponding day;

and "**month**" and "**monthly**" shall be construed accordingly.

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

A company (S) is a subsidiary of another company (U) if S is a subsidiary of P and P is in turn a subsidiary of U.

For the purposes of this Charter and other Leasing Documents, references to the subsidiaries of the Guarantor shall exclude any subsidiary of the Guarantor which is publicly listed on any stock exchange.

59.5 In this Charter:

(a) references to a Leasing Document or any other document being in the form of a particular appendix or to any document referred to in the recitals include references to that form with any modifications to that form which the Owners approve;

(b) references to, or to a provision of, a Leasing Document or any other document are references to it as amended or supplemented, whether before the date of this Charter or otherwise;

(c) references to, or to a provision of, any law include any amendment, extension, re-enactment or replacement, whether made before the date of this Charter or otherwise; and

(d) words denoting the singular number shall include the plural and vice versa.

59.6 **Headings.** In interpreting a Leasing Document or any provision of a Leasing Document, all clauses, sub-clauses and other headings in that and any other Leasing Document shall be entirely disregarded.

EXECUTION PAGE

OWNERS

SIGNED)
by)
as an attorney-in-fact)
for and on behalf of)
SEA 68 LEASING CO. LIMITED)
in the presence of:)

Witness' signature:)
Witness' name: Liu Haiyang)
Witness' address: 21F, No.1088 Lujiazui Ring Road) Shanghai China

CHARTERERS

SIGNED)
by)
for and on behalf of)
KOS SHIPPING CORPORATION)
as)
in the presence of:)

Witness' signature:)
Witness' name:)
Witness' address:)

EXECUTION PAGE

OWNERS

SIGNED)
by)
as an attorney-in-fact)
for and on behalf of)
SEA 68 LEASING CO. LIMITED)
in the presence of:)

Witness' signature:)
Witness' name:)
Witness' address:)

CHARTERERS

SIGNED)
by ALEXANDROS LAIOS)
for and on behalf of)
KOS SHIPPING CORPORATION)
as Attorney-in-fact)
in the presence of: Francisco G.Tazelaar)
Abogado / Attorney-at-law
Witness' signature: Tº 127 Fº 127 CPACF)
Witness' name:)
Witness' address: Akti Miaouli 85, Piraeus, Greece)

MEMORANDUM OF AGREEMENT

Norwegian Shipbrokers' Association's Memorandum of Agreement for sale and purchase of ships. Adopted by BIMCO in 1956.
Code-name
SALEFORM 2012
Revised 1966, 1983 and 1986/87, 1993 and 2012

Dated: 31 March **2018** 1

Kos Shipping Corporation, a corporation incorporated and existing under the laws of the Marshall Islands having its registered office at Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, MH96960, Marshall Islands(*Name of sellers*), hereinafter called the "Sellers", have agreed to sell, and 2

Sea 68 Leasing Co. Limited, a company incorporated and existing under the laws of Hong Kong having its registered office at Room 1803-1804, 18/F Bank of America Tower, 12 Harcourt Road, Central, Hong Kong (*Name of buyers*), hereinafter called the "Buyers", have agreed to buy: 3

Name of vessel: **NAVE BELLATRIX** 4

IMO Number: **9459084** 5

Classification Society: **Nippon Kaiji Kyokai** 6

Class Notation: **NS*** **(CSR, Tanker, Oils-Flashpoint on and below 60 degree C and Chemicals Type II and III, Performance Standard for Protective Coatings for Dedicated Seawater Ballast Tanks in All Types of Ships and Double-side Skin Spaces of Bulk Carriers) (ESP)(IWS)(PSCM)(EA + VOC)** 7

Year of Build: **2013** Builder/Yard: **Dae Sun Shipbuilding & Engineering Co., Ltd.** 8

Flag: **Panama** Place of Registration: **Panama** GT/NT: **30,052 /13,255** 9

hereinafter called the "Vessel", on the following terms and conditions: 10

Definitions – see also Clause 28 11

"Agreement" means this memorandum of agreement which shall for the avoidance of doubt, include the rider provisions from Clauses 19 to 28.

~~"Banking Days" are days on which banks are open both in the country of the currency stipulated for the Purchase Price in Clause 1 (Purchase Price) and in the place of closing stipulated in Clause 8 (Documentation) and ______ (add additional jurisdictions as appropriate).~~ 12 13 14

"Buyers' Nominated Flag State" means **Panama** (*state flag state*). 15

"Cancelling Date" has the meaning given to that term in Clause 5. 16

"Conditions Precedent" has the meaning given to that term in Clause 8(a).

"Class" means the class notation referred to above. 17

"Classification Society" means the **Classification** Society referred to above.

"Dollars" or "$" mean United States dollars, being the lawful currency of the United States of America.~~Deposit" shall have the meaning given in Clause 2 (Deposit)~~ 18

~~"Deposit Holder" means ______ (state name and location of Deposit Holder) or, if left blank, the Sellers' Bank, which shall hold and release the Deposit in accordance with this Agreement.~~ 19 20

"In writing" or "written" means a letter handed over from the Sellers to the Buyers or vice versa, a registered letter, e-mail or telefax. 21 22

"Parties" means the Sellers and the Buyers. 23

~~"Purchase Price" means the price for the Vessel as stated in Clause 1 (Purchase Price).~~ 24

~~"Sellers' Account" means ______ (state details of bank account) at the Sellers' Bank.~~ 25

~~"Sellers' Bank" means (state name of bank, branch and details) or, if left blank, the bank notified by the Sellers to the Buyers for receipt of the balance of the Purchase Price.~~ 26 27

1. **Purchase Price** 28

See Clause 19~~The Purchase Price is ______ (state currency and amount both in words and figures).~~ 29

2. **Deposit** – **intentionally omitted**
~~As security for the correct fulfilment of this Agreement the Buyers shall lodge a deposit of ______% (______per cent) or, if left blank, 10% (ten per cent), of the Purchase Price (the "Deposit") in an interest bearing account for the Parties with the Deposit Holder within three (3) Banking Days after the date that:~~

~~(i) this Agreement has been signed by the Parties and exchanged in original or by e-mail or telefax; and~~

~~(ii) the Deposit Holder has confirmed in writing to the Parties that the account has been opened.~~

~~The Deposit shall be released in accordance with joint written instructions of the Parties. Interest, if any, shall be credited to the Buyers. Any fee charged for holding and releasing the Deposit shall be borne equally by the Parties. The Parties shall provide to the Deposit Holder all necessary documentation to open and maintain the account without delay.~~

3. **Payment**
See Clause 19~~On delivery of the Vessel, but not later than three (3) Banking Days after the date that Notice of Readiness has been given in accordance with Clause 5 (Time and place of delivery and notices):~~

~~(i) the Deposit shall be released to the Sellers; and~~

~~(ii) the balance of the Purchase Price and all other sums payable on delivery by the Buyers to the Sellers under this Agreement shall be paid in full free of bank charges to the Sellers' Account.~~

4. **Inspection** – **intentionally omitted**
~~(a)* The Buyers have inspected and accepted the Vessel's classification records. The Buyers have also inspected the Vessel at/in ______ (state place) on ______ (state date) and have accepted the Vessel following this inspection and the sale is outright and definite, subject only to the terms and conditions of this Agreement.~~

~~(b)* The Buyers shall have the right to inspect the Vessel's classification records and declare whether same are accepted or not within ______ (state date/period).~~

~~The Sellers shall make the Vessel available for inspection at/in ______ (state place/range) within ______ (state date/period).~~

~~The Buyers shall undertake the inspection without undue delay to the Vessel. Should the Buyers cause undue delay they shall compensate the Sellers for the losses thereby incurred.~~

~~The Buyers shall inspect the Vessel without opening up and without cost to the Sellers.~~

~~During the inspection, the Vessel's deck and engine log books shall be made available for examination by the Buyers.~~

~~The sale shall become outright and definite, subject only to the terms and conditions of this Agreement, provided that the Sellers receive written notice of acceptance of the Vessel from the Buyers within seventy-two (72) hours after completion of such inspection or after the date/last day of the period stated in Line 59, whichever is earlier.~~

~~Should the Buyers fail to undertake the inspection as scheduled and/or notice of acceptance of the Vessel's classification records and/or of the Vessel not be received by the Sellers as aforesaid, the Deposit together with interest earned, if any, shall be released immediately to the Buyers, whereafter this Agreement shall be null and void.~~

~~*4(a) and 4(b) are alternatives; delete whichever is not applicable. In the absence of deletions, alternative 4(a) shall apply.~~

5. **Time and place of delivery and notices**
(a) The Vessel shall be delivered and taken over safely afloat **in (i) international waters or (ii) such other place**~~at a safe and accessible berth or anchorage at/in ______ (state place/range) in the Sellers' option~~ **and subject to such conditions as may be agreed by the Buyers**.
~~Notice of Readiness shall not be tendered before: ______ (date)~~

Cancelling Date (see Clauses 5(c) ~~, 6 (a)(i), 6 (a) (iii)~~ and 14): **30 April 2018 (or such later date as may be agreed by the Sellers and the Buyers in writing) (the "Cancelling Date")**
(b) The Sellers shall keep the Buyers well informed of the Vessel's itinerary and shall

provide the Buyers with ~~twenty (20), ten (10),~~ five (5) and three (3) days' notice of the date the Sellers intend to tender Notice of Readiness and of the intended place of delivery.

When the Vessel is**, on a day being a Business Day,** at the place of delivery and physically ready for delivery in accordance with this Agreement, the Sellers shall give the Buyers a written Notice of Readiness for delivery.

(c) If the Sellers anticipate that, notwithstanding the exercise of due diligence by them, the Vessel will not be ready for delivery by the Cancelling Date they may notify the Buyers in writing stating the date when they anticipate that the Vessel will be ready for delivery and proposing a new Cancelling Date. Upon receipt of such notification the Buyers shall have the option of either cancelling this Agreement in accordance with Clause 14 (Sellers' Default) within three (3) ~~Banking~~ **Business** Days of receipt of the notice or of accepting the new date as the new Cancelling Date.

If the Buyers have not declared their option within three (3) ~~Banking~~ **Business** Days of receipt of the Sellers' notification or if the Buyers accept the new date, the date proposed in the Sellers' notification shall be deemed to be the new Cancelling Date and shall be substituted for the Cancelling Date stipulated in line 79.

If this Agreement is maintained with ~~the~~ **a** new Cancelling Date all other terms and conditions hereof including those contained in Clauses 5(b) and 5(d) shall remain unaltered and in full force and effect.

(d) Cancellation, failure to cancel or acceptance of ~~the~~ **a** new Cancelling Date shall be entirely without prejudice to any claim for damages the Buyers may have under Clause 14 (Sellers' Default) for the Vessel not being ready by the original Cancelling Date.

(e) Should the Vessel become a~~n actual, constructive or compromised t~~ **T**otal ~~l~~**L**oss before delivery ~~the Deposit together with interest earned, if any, shall be released immediately to the Buyers whereafter~~ this Agreement shall ~~be null and void~~**terminate (provided that any provision hereof expressed to survive such termination shall do so in accordance with its terms)**.

6. Divers Inspection / Drydocking – intentionally omitted

~~(a)*~~

~~(i) The Buyers shall have the option at their cost and expense to arrange for an underwater inspection by a diver approved by the Classification Society prior to the delivery of the Vessel. Such option shall be declared latest nine (9) days prior to the Vessel's intended date of readiness for delivery as notified by the Sellers pursuant to Clause 5(b) of this Agreement. The Sellers shall at their cost and expense make the Vessel available for such inspection. This inspection shall be carried out without undue delay and in the presence of a Classification Society surveyor arranged for by the Sellers and paid for by the Buyers. The Buyers' representative(s) shall have the right to be present at the diver's inspection as observer(s) only without interfering with the work or decisions of the Classification Society surveyor. The extent of the inspection and the conditions under which it is performed shall be to the satisfaction of the Classification Society. If the conditions at the place of delivery are unsuitable for such inspection, the Sellers shall at their cost and expense make the Vessel available at a suitable alternative place near to the delivery port, in which event the Cancelling Date shall be extended by the additional time required for such positioning and the subsequent re-positioning. The Sellers may not tender Notice of Readiness prior to completion of the underwater inspection.~~

~~(ii) If the rudder, propeller, bottom or other underwater parts below the deepest load line are found broken, damaged or defective so as to affect the Vessel's class, then (1) unless repairs can be carried out afloat to the satisfaction of the Classification Society, the Sellers shall arrange for the Vessel to be drydocked at their expense for inspection by the Classification Society of the Vessel's underwater parts below the deepest load line, the extent of the inspection being in accordance with the Classification Society's rules (2) such defects shall be made good by the Sellers at their cost and expense to the satisfaction of the Classification Society without condition/recommendation** and (3) the Sellers shall pay for the underwater inspection and the Classification Society's attendance.~~

~~Notwithstanding anything to the contrary in this Agreement, if the Classification Society do not require the aforementioned defects to be rectified before the next class drydocking survey, the Sellers shall be entitled to deliver the Vessel with these defects against a deduction from the Purchase Price of the estimated direct cost (of labour and materials) of carrying out the repairs to the satisfaction of the Classification Society, whereafter the Buyers shall have no further rights whatsoever in respect of the defects and/or repairs. The estimated direct cost of the repairs shall be the average of quotes for the repair work obtained from two reputable independent shipyards at or in the~~

~~vicinity of the port of delivery, one to be obtained by each of the Parties within two (2) Banking Days from the date of the imposition of the condition/recommendation, unless the Parties agree otherwise. Should either of the Parties fail to obtain such a quote within the stipulated time then the quote duly obtained by the other Party shall be the sole basis for the estimate of the direct repair costs. The Sellers may not tender Notice of Readiness prior to such estimate having been established.~~

~~**(iii)** If the Vessel is to be drydocked pursuant to Clause 6(a)(ii) and no suitable dry-docking facilities are available at the port of delivery, the Sellers shall take the Vessel to a port where suitable drydocking facilities are available, whether within or outside the delivery range as per Clause 5(a). Once drydocking has taken place the Sellers shall deliver the Vessel at a port within the delivery range as per Clause 5(a) which shall, for the purpose of this Clause, become the new port of delivery. In such event the Cancelling Date shall be extended by the additional time required for the drydocking and extra steaming, but limited to a maximum of fourteen (14) days.~~

~~**(b)*** The Sellers shall place the Vessel in drydock at the port of delivery for inspection by the Classification Society of the Vessel's underwater parts below the deepest load line, the extent of the inspection being in accordance with the Classification Society's rules. If the rudder, propeller, bottom or other underwater parts below the deepest load line are found broken, damaged or defective so as to affect the Vessel's class, such defects shall be made good at the Sellers' cost and expense to the satisfaction of the Classification Society without condition/recommendation**. In such event the Sellers are also to pay for the costs and expenses in connection with putting the Vessel in and taking her out of drydock, including the drydock dues and the Classification Society's fees. The Sellers shall also pay for these costs and expenses if parts of the tailshaft system are condemned or found defective or broken so as to affect the Vessel's class. In all other cases, the Buyers shall pay the aforesaid costs and expenses, dues and fees.~~

~~**(c)** If the Vessel is drydocked pursuant to Clause 6 (a)(ii) or 6 (b) above:~~

~~**(i)** The Classification Society may require survey of the tailshaft system, the extent of the survey being to the satisfaction of the Classification surveyor. If such survey is not required by the Classification Society, the Buyers shall have the option to require the tailshaft to be drawn and surveyed by the Classification Society, the extent of the survey being in accordance with the Classification Society's rules for tailshaft survey and consistent with the current stage of the Vessel's survey cycle. The Buyers shall declare whether they require the tailshaft to be drawn and surveyed not later than by the completion of the inspection by the Classification Society. The drawing and refitting of the tailshaft shall be arranged by the Sellers. Should any parts of the tailshaft system be condemned or found defective so as to affect the Vessel's class, those parts shall be renewed or made good at the Sellers' cost and expense to the satisfaction of Classification Society without condition/recommendation**.~~

~~**(ii)** The costs and expenses relating to the survey of the tailshaft system shall be borne by the Buyers unless the Classification Society requires such survey to be carried out or if parts of the system are condemned or found defective or broken so as to affect the Vessel's class, in which case the Sellers shall pay these costs and expenses.~~

~~**(iii)** The Buyers' representative(s) shall have the right to be present in the drydock, as observer(s) only without interfering with the work or decisions of the Classification Society surveyor.~~

~~**(iv)** The Buyers shall have the right to have the underwater parts of the Vessel cleaned and painted at their risk, cost and expense without interfering with the Sellers' or the Classification Society surveyor's work, if any, and without affecting the Vessel's timely delivery. If, however, the Buyers' work in drydock is still in progress when the Sellers have completed the work which the Sellers are required to do, the additional docking time needed to complete the Buyers' work shall be for the Buyers' risk, cost and expense. In the event that the Buyers' work requires such additional time, the Sellers may upon completion of the Sellers' work tender Notice of Readiness for delivery whilst the Vessel is still in drydock and, notwithstanding Clause 5(a), the Buyers shall be obliged to take delivery in accordance with Clause 3 (Payment), whether the Vessel is in drydock or not.~~

~~**6 (a) and 6 (b) are alternatives; delete whichever is not applicable. In the absence of deletions, alternative 6 (a) shall apply.*~~

~~***Notes or memoranda, if any, in the surveyor's report which are accepted by the Classification*~~

~~*Society without condition/recommendation are not to be taken into account.*~~

7. Spares, bunkers and other items

The Sellers shall deliver the Vessel to the Buyers with everything belonging to her on board and on shore. All spare parts and spare equipment including spare tail-end shaft(s) and/or spare propeller(s)/propeller blade(s), if any, belonging to the Vessel at the time of ~~inspection~~**delivery** used or unused, whether on board or not shall become the Buyers' property, but spares on order are excluded. ~~Forwarding charges, if any, shall be for the Buyers' account.~~ The Sellers are not required to replace spare parts including spare tail-end shaft(s) and spare propeller(s)/propeller blade(s) which are taken out of spare and used as replacement prior to delivery, but the replaced items shall be the property of the Buyers. Unused stores and provisions shall be included in the sale and be taken over by the Buyers without extra payment.

~~Library and forms exclusively for use in the Sellers' vessel(s) and captain's, officers' and crew's personal belongings including the slop chest are excluded from the sale without compensation, as well as the following additional items: ______ *(include list)*~~

~~Items on board which are on hire or owned by third parties, listed as follows, are excluded from the sale without compensation: ______ *(include list)*~~

~~Items on board at the time of inspection which are on hire or owned by third parties, not listed above, shall be replaced or procured by the Sellers prior to delivery at their cost and expense.~~

The Buyers shall take over remaining bunkers and unused lubricating and hydraulic oils and greases in storage tanks and unopened drums **at no extra cost.**~~and pay either~~

~~(a) *the actual net price (excluding barging expenses) as evidenced by invoices or vouchers; or~~

~~(b) *the current net market price (excluding barging expenses) at the port and date of delivery of the Vessel or, if unavailable, at the nearest bunkering port,~~

~~for the quantities taken over.~~

~~Payment under this Clause shall be made at the same time and place and in the same currency as the Purchase Price.~~

~~"inspection" in this Clause 7, shall mean the Buyers' inspection according to Clause 4(a) or 4(b) (Inspection), if applicable. If the Vessel is taken over without inspection, the date of this Agreement shall be the relevant date.~~

~~**(a) and (b) are alternatives, delete whichever is not applicable. In the absence of deletions alternative (a) shall apply.*~~

8. Documentation

The place of closing: **To be mutually agreed between the Sellers and the Buyers**

(a) ~~In exchange for p~~**P**ayment of the Purchase Price **by the Buyers to** the Sellers shall **be subject to Clause 20 and conditional on the Buyers having on or prior to delivery of the Vessel on the Delivery Date received, or being satisfied as to,** ~~provide the Buyers with~~ the following ~~delivery documents~~**items**:

(i) Legal Bill(s) of Sale in a form recordable in the Buyers' Nominated Flag State, transferring title of the Vessel and stating that the Vessel is free from all mortgages, encumbrances and ~~maritime~~ liens **(whether maritime or otherwise)** or any other debts whatsoever, duly notarially attested and legalised or apostilled, as required by the Buyers' Nominated Flag State;

(ii) Acceptance of Sale in a form recordable in the Buyers' Nominated Flag State, duly notarially attested and legalised or apostilled, as required by the Buyers' Nominated Flag State.

(~~ii~~**iii**) Evidence that all necessary corporate, shareholder and other action has been taken by the Sellers to authorise the execution, delivery and performance of this Agreement;

(~~iii~~**iv**) Power of Attorney of the Sellers appointing one or more representatives to act on behalf of the Sellers in the performance of this Agreement, duly notarially attested and legalised or apostilled (as appropriate);

(~~iv~~**v**) Certificate or Transcript of Registry issued by the competent authorities of the flag state on the date of delivery evidencing the Sellers' ownership of the Vessel and that the Vessel is free from registered encumbrances and mortgages, to be faxed or e-mailed by such authority to the closing meeting with the original to be sent to the Buyers as soon as possible after delivery of the Vessel;

(~~v~~vi) Declaration of Class or (depending on the Classification Society) a Class Maintenance Certificate issued within three (3) **Business** ~~Banking~~ Days prior to delivery confirming that the Vessel is in Class free of **overdue** condition/recommendation;

~~(vi) Certificate of Deletion of the Vessel from the Vessel's registry or other official evidence of deletion appropriate to the Vessel's registry at the time of delivery, or, in the event that the registry does not as a matter of practice issue such documentation immediately, a written undertaking by the Sellers to effect deletion from the Vessel's registry forthwith and provide a certificate or other official evidence of deletion to the Buyers promptly and latest within four (4) weeks after the Purchase Price has been paid and the Vessel has been delivered;~~

~~(vii) A copy of the Vessel's Continuous Synopsis Record certifying the date on which the Vessel ceased to be registered with the Vessel's registry, or, in the event that the registry does not as a matter of practice issue such certificate immediately, a written undertaking from the Sellers to provide the copy of this certificate promptly upon it being issued together with evidence of submission by the Sellers of a duly executed Form 2 stating the date on which the Vessel shall cease to be registered with the Vessel's registry;~~

(~~viii~~vii) Commercial Invoice for the Vessel;

~~(ix) Commercial Invoice(s) for bunkers, lubricating and hydraulic oils and greases;~~

~~(x) A copy of the Sellers' letter to their satellite communication provider cancelling the Vessel's communications contract which is to be sent immediately after delivery of the Vessel;~~

(~~xi~~viii) Any additional documents as may reasonably be required by the competent authorities of the Buyers' Nominated Flag State for the purpose of registering the Vessel, **each in a form acceptable to the Buyers' Nominated Flag State, duly notarially attested and legalised or apostilled (if required)** ~~provided the Buyers notify the Sellers of any such documents as soon as possible after the date of this Agreement~~; and

(~~xii~~ix) The Sellers' letter of confirmation that to the best of their knowledge, the Vessel is not black listed by any nation or international organisation.

(x) The items set out in Clause 20.

The items set out in this Clause 8(a) (together the "Conditions Precedent") are inserted for the sole benefit of the Buyers and may be waived in whole or in part with or without conditions by the Buyers.

(b) At the time of delivery the Buyers shall provide the Sellers with:

(i) Evidence that all necessary corporate~~, shareholder~~ and other action has been taken by the Buyers to authorise the execution, delivery and performance of this Agreement; and

(ii) Power of Attorney of the Buyers **(if any)** appointing one or more representatives to act on behalf of the Buyers in the performance of this Agreement.~~, duly notarially attested and legalised or apostilled (as appropriate).~~

(c) If any of the documents listed in Sub-clauses (a) and (b) above are not in the English language they shall be accompanied by an English translation by an authorised translator or certified by a lawyer qualified to practice in the country of the translated language.

(d) The Parties shall to the extent possible exchange copies, drafts or samples of the documents listed in Sub-clause (a) and Sub-clause (b) above for review and comment by the other party not later than **two (2) Business Days (or such later date as the Buyers may agree) prior to the Vessel's intended date of readiness for delivery as notified by the Sellers pursuant to Clause 5(b) of this Agreement.** ~~(*state number of days*), or if left blank, nine (9) days prior to the Vessel's intended date of readiness for delivery as notified by the Sellers pursuant to Clause 5(b) of this Agreement.~~

(e) **On delivery,** ~~Concurrent with the exchange of documents in Sub-clause (a) and Sub-clause (b) above,~~ the Sellers shall also hand to the Buyers **copies of** the classification certificate(s) as well as all plans, drawings and manuals, (excluding ISM/ISPS manuals), which are on board the Vessel. Other certificates which are on board the Vessel shall also be handed over to the Buyers unless the Sellers are required to retain same, in which case the Buyers have the right to take copies.

(f) Other technical documentation which may be in the Sellers' possession shall promptly after delivery be forwarded to the Buyers at ~~their~~ **Sellers'** expense, if they so request. The Sellers may keep the Vessel's log books but the Buyers have the right to take copies of same.

(g) The Parties shall sign and deliver to each other a Protocol of Delivery and Acceptance confirming the date and time of delivery of the Vessel from the Sellers to the Buyers.

9. Encumbrances

The Sellers warrant that the Vessel, at the time of delivery, is free from all charters **(other than the Bareboat Charter and any time charter permitted by the terms of the Leasing Documents)**, encumbrances, mortgages and ~~maritime~~ liens **(whether maritime or otherwise)** or any other debts whatsoever, and is not subject to Port State or other administrative detentions. The Sellers hereby undertake to indemnify the Buyers against all consequences of claims made against the Vessel which have been incurred prior to the time of delivery.

10. Taxes, fees and expenses

Any taxes, fees and expenses in connection with the purchase **of the Vessel** and registration in the Buyers' Nominated Flag State ~~shall be for the Buyers' account, whereas similar charges~~ **and** in connection with the closing of the Sellers' register shall be for the Sellers' account.

11. Condition on delivery

The Vessel with everything belonging to her shall be at the Sellers' risk and expense until she is delivered to the Buyers~~, but subject~~ **pursuant** to the terms and conditions of this Agreement ~~she shall be delivered and taken over as she was at the time of inspection, fair wear and tear excepted~~.

However, the Vessel shall be delivered ~~free of cargo~~ and free of stowaways with her Class maintained without condition/recommendation~~*~~, free of average damage affecting the Vessel's class, and with her classification certificates and national certificates, as well as all other certificates the Vessel had at the time of ~~inspection~~**delivery**, valid ~~and unextended~~ without **overdue** condition/recommendation~~*~~ by the Classification Society or the relevant authorities at the time of delivery.

~~"inspection" in this Clause 11, shall mean the Buyers' inspection according to Clause 4(a) or 4(b) (Inspections), if applicable. If the Vessel is taken over without inspection, the date of this Agreement shall be the relevant date.~~

~~*Notes and memoranda, if any, in the surveyor's report which are accepted by the Classification Society without condition/recommendation are not to be taken into account.~~

12. Name/markings – intentionally omitted

~~Upon delivery the Buyers undertake to change the name of the Vessel and alter funnel markings.~~

13. Buyers' default

~~Should the Deposit not be lodged in accordance with Clause 2 (Deposit), the Sellers have the right to cancel this Agreement, and they shall be entitled to claim compensation for their losses and for all expenses incurred together with interest.~~

Should the Purchase Price not be paid in accordance with ~~Clause 3 (Payment)~~**this Agreement**, the Sellers have the right to cancel this Agreement, in which case **it shall terminate whereupon all the Buyers' liabilities hereunder shall be extinguished.** ~~the Deposit together with interest earned, if any, shall be released to the Sellers. If the Deposit does not cover their loss, the Sellers shall be entitled to claim further compensation for their losses and for all expenses incurred together with interest.~~

14. Sellers' default

Should the Sellers fail to give Notice of Readiness in accordance with Clause 5(b) or fail to be ready to validly complete a legal transfer by the Cancelling Date the Buyers shall have the option of cancelling this Agreement. If after Notice of Readiness has been given but before the Buyers have taken delivery, the Vessel ceases to be physically ready for delivery and is not made physically ready again by the Cancelling Date and new Notice of Readiness given, the Buyers shall retain their option to cancel. ~~In the event that the Buyers elect to cancel this Agreement, the Deposit together with interest earned, if any, shall be released to them immediately.~~

Without prejudice to any of the rights the Buyers may have under the Leasing Documents, at law or otherwise, ~~S~~should the Sellers fail to give Notice of Readiness by the Cancelling Date or fail to be ready to validly complete a legal transfer as aforesaid they shall make due compensation to the Buyers for their **direct and documented** loss and for all **documented** expenses together with interest ~~if their failure is due to proven negligence~~ and whether or not the Buyers cancel this Agreement.

15. Buyers' representatives – intentionally omitted

~~After this Agreement has been signed by the Parties and the Deposit has been lodged, the Buyers have the right to place two (2) representatives on board the Vessel at their sole risk and expense.~~

~~These representatives are on board for the purpose of familiarisation and in the capacity of observers only, and they shall not interfere in any respect with the operation of the Vessel. The Buyers and the Buyers' representatives shall sign the Sellers' P&I Club's standard letter of indemnity prior to their embarkation.~~

16. Law and Arbitration See Clause 25

~~(a) *This Agreement shall be governed by and construed in accordance with English law and any dispute arising out of or in connection with this Agreement shall be referred to arbitration in London in accordance with the Arbitration Act 1996 or any statutory modification or re-enactment thereof save to the extent necessary to give effect to the provisions of this Clause.~~

~~The arbitration shall be conducted in accordance with the London Maritime Arbitrators Association (LMAA) Terms current at the time when the arbitration proceedings are commenced.~~

~~The reference shall be to three arbitrators. A party wishing to refer a dispute to arbitration shall appoint its arbitrator and send notice of such appointment in writing to the other party requiring the other party to appoint its own arbitrator within fourteen (14) calendar days of that notice and stating that it will appoint its arbitrator as sole arbitrator unless the other party appoints its own arbitrator and gives notice that it has done so within the fourteen (14) days specified. If the other party does not appoint its own arbitrator and give notice that it has done so within the fourteen (14) days specified, the party referring a dispute to arbitration may, without the requirement of any further prior notice to the other party, appoint its arbitrator as sole arbitrator and shall advise the other party accordingly. The award of a sole arbitrator shall be binding on both Parties as if the sole arbitrator had been appointed by agreement.~~

~~In cases where neither the claim nor any counterclaim exceeds the sum of US$100,000 the arbitration shall be conducted in accordance with the LMAA Small Claims Procedure current at the time when the arbitration proceedings are commenced.~~

~~(b) *This Agreement shall be governed by and construed in accordance with Title 9 of the United States Code and the substantive law (not including the choice of law rules) of the State of New York and any dispute arising out of or in connection with this Agreement shall be referred to three (3) persons at New York, one to be appointed by each of the parties hereto, and the third by the two so chosen; their decision or that of any two of them shall be final, and for the purposes of enforcing any award, judgment may be entered on an award by any court of competent jurisdiction. The proceedings shall be conducted in accordance with the rules of the Society of Maritime Arbitrators, Inc.~~

~~In cases where neither the claim nor any counterclaim exceeds the sum of US$ 100,000 the arbitration shall be conducted in accordance with the Shortened Arbitration Procedure of the Society of Maritime Arbitrators, Inc.~~

~~(c) This Agreement shall be governed by and construed in accordance with the laws of ______ (state place) and any dispute arising out of or in connection with this Agreement shall be referred to arbitration at ______ (state place), subject to the procedures applicable there.~~

~~**16(a), 16(b) and 16(c) are alternatives; delete whichever is not applicable. In the absence of deletions, alternative 16(a) shall apply.*~~

17. Notices See Clause 27

~~All notices to be provided under this Agreement shall be in writing.~~

~~Contact details for recipients of notices are as follows:~~

~~For the Buyers:~~

~~For the Sellers:~~

18. Entire Agreement

The written terms of this Agreement **(together with the other Leasing Documents)** comprise the entire agreement between the Buyers and the Sellers in relation to the sale and purchase of the Vessel and supersede all previous agreements whether oral or written between the Parties in relation thereto.

Each of the Parties acknowledges that in entering into this Agreement it has not relied on and shall have no right or remedy in respect of any statement, representation, assurance or warranty (whether or not made negligently) other than as is expressly set out in this Agreement.

Any terms implied into this Agreement by any applicable statute or law are hereby excluded to the extent that such exclusion can legally be made. Nothing in this Clause shall limit or exclude any liability for fraud.

For and on behalf of the Sellers Name: ______	For and on behalf of the Buyers Name: ______
Title: ______	Title: ______

18. Entire Agreement

The written terms of this Agreement **(together with the other Leasing Documents)** comprise the entire agreement between the Buyers and the Sellers in relation to the sale and purchase of the Vessel and supersede all previous agreements whether oral or written between the Parties in relation thereto.

Each of the Parties acknowledges that in entering into this Agreement it has not relied on and shall have no right or remedy in respect of any statement, representation, assurance or warranty (whether or not made negligently) other than as is expressly set out in this Agreement.

Any terms implied into this Agreement by any applicable statute or law are hereby excluded to the extent that such exclusion can legally be made. Nothing in this Clause shall limit or exclude any liability for fraud.

For and on behalf of the Sellers	For and on behalf of the Buyers
Name: ALEXANDROS LAIOS	Name: ______
Title: Attorney-in-fact	Title: ______

18. Entire Agreement

The written terms of this Agreement **(together with the other Leasing Documents)** comprise the entire agreement between the Buyers and the Sellers in relation to the sale and purchase of the Vessel and supersede all previous agreements whether oral or written between the Parties in relation thereto.

Each of the Parties acknowledges that in entering into this Agreement it has not relied on and shall have no right or remedy in respect of any statement, representation, assurance or warranty (whether or not made negligently) other than as is expressly set out in this Agreement.

Any terms implied into this Agreement by any applicable statute or law are hereby excluded to the extent that such exclusion can legally be made. Nothing in this Clause shall limit or exclude any liability for fraud.

For and on behalf of the Sellers	For and on behalf of the Buyers
Name: ______	Name: ______ Wang Wei
Title: ______	Title: ______

RIDER CLAUSES TO

MEMORANDUM OF AGREEMENT

DATED 31 MARCH 2018

Clause 19 – Payment of Purchase Price

(a) The Purchase Price of the Vessel shall be the lowest of:

(i) $24,646,667; and

(ii) the Certified Book Value; and

(iii) the Market Value.

(b) Subject always to Clause 21 and the Conditions Precedent having been satisfied, the Purchase Price of the Vessel shall be paid by the Buyers to the Sellers on delivery of the Vessel on the Delivery Date in the following manner:

(i) an amount of the Purchase Price equivalent to the amount of the Advance Charterhire (payable by the Sellers as bareboat charterers of the Vessel to the Buyers as owners under the Bareboat Charter on the Delivery Date) shall be set off against the Sellers' payment of such Advance Charterhire; and

(ii) the balance of the Purchase Price shall be paid free of bank charges into the Sellers' Account.

Clause 20 – Further conditions precedent

The items referred to in Clause 8(a)(x) are:

(a) the certificate of incorporation, articles of incorporation and by-laws or other constitutional documents of the Sellers along with an up-to-date certificate of goodstanding;

(b) such other documents as the Buyers may reasonably notify the Sellers as being necessary in relation to the Vessel and/or its status (including without limitation, such confirmation of no liens and/or indemnity thereto which the Buyers may require the Sellers to provide or procure in respect of the Vessel);

(c) a certificate of an authorized signatory of the Sellers certifying that each copy document provided by Sellers to Buyers pursuant to this Agreement is correct, complete and in full force and effect as at a date no earlier than the Delivery Date; and

(d) the Buyers being satisfied that the conditions precedent set out in the Bareboat Charter, have been, or will be capable of being, satisfied on the Delivery Date.

Clause 21 – Obligation to sell / purchase the Vessel

The Parties' obligation to sell / purchase the Vessel under this Agreement is conditional upon the simultaneous delivery to and acceptance by the Sellers as bareboat charterers of the Vessel under the Bareboat Charter and that no Potential Termination Event or Termination Event has occurred or will occur as a result of the performance by the Parties of their obligations under this Agreement.

Clause 22 – Physical Presence

If the Buyers' Nominated Flag State requires the Buyers to have a physical presence or office in the Buyers' Nominated Flag State, all fees, costs and expenses arising out of or in connection with the establishment and maintenance of such physical presence or office by the Buyers shall be borne by the Sellers.

Clause 23 – Costs and Expense

(a) The Sellers shall pay such amounts to the Buyers in respect of all costs, claims, expenses, liabilities, losses and fees (including but not limited to any legal fees, vessel registration and tonnage fees) suffered or incurred by or imposed on the Buyers arising from this Agreement or in connection with the delivery, registration and purchase of the Vessel by the Buyers whether prior to, during or after termination of this Agreement and whether or not the Vessel is in the possession of or the control of the Sellers or otherwise.

(b) Notwithstanding anything to the contrary under the Leasing Documents and without prejudice to any right to damages or other claim which the Buyers may have at any time against the Sellers under this Agreement, the indemnities provided by the Sellers in favour of the Buyers shall continue in full force and effect notwithstanding any breach of the terms of this Agreement or such Leasing Document or termination or cancellation of this Agreement or such Leasing Document pursuant to the terms hereof or thereof or termination of this Agreement or such Leasing Document by the Buyers.

Clause 24 – Sanctions

The Sellers represent and warrant to the Buyers as of the date hereof and at the Delivery Date that:

(a) they:

  (i) are not a Restricted Person;

  (ii) are not owned or controlled by or acting directly or indirectly on behalf of or for the benefit of, a Restricted Person;

  (iii) do not own or control a Restricted Person; or

  (iv) do not have a Restricted Person serving as a director, officer or employee; and

(b) no proceeds of the Purchase Price shall be made available, directly or indirectly, to or for the benefit of a Restricted Person nor shall they be otherwise directly or indirectly, applied in a manner or for a purpose prohibited by Sanctions.

Clause 25 – Governing Law and Jurisdiction

This Agreement and any non-contractual obligations arising under or in connection with it, shall be governed by and construed in accordance with English law.

Any dispute arising out of or in connection with this Agreement (including a dispute regarding the existence, validity or termination of this Agreement or any non-contractual obligation arising out of or in connection with this Agreement) (a "**Dispute**")) shall be referred to and finally resolved by arbitration in London in accordance with the Arbitration Act 1996 or any statutory modification or re-enactment thereof save to the extent necessary to give effect to the provisions of this Clause 25. The arbitration shall be conducted in accordance with the London Maritime Arbitrators Association ("**LMAA**") Terms current at the time when the arbitration proceedings are commenced.

The reference shall be to three arbitrators. A party wishing to refer a Dispute to arbitration shall appoint its arbitrator and send notice of such appointment in writing to the other party requiring the other party to appoint its own arbitrator within 14 calendar days of that notice and stating that it will appoint its arbitrator as sole arbitrator unless the other party appoints its own arbitrator and gives notice that it has done so within the 14 days specified. If the other party does not appoint its own arbitrator and give notice that it has done so within the 14 days specified, the party referring a Dispute to arbitration may, without the requirement of any further prior notice to the other party, appoint its arbitrator as sole arbitrator and shall advise the other party accordingly. The award of a sole arbitrator shall be binding on both parties as if he had been appointed by agreement. Nothing herein shall prevent the parties agreeing in writing to vary these provisions to provide for the appointment of a sole arbitrator.

Where the reference is to three arbitrators the procedure for making appointments shall be in accordance with the procedure for full arbitration stated above.

The language of the arbitration shall be English.

Clause 26 – Counterparts

This Agreement may be executed in any number of counterparts, and this has the same effect as if the signatures on the counterparts were on a single copy of this Agreement.

Clause 27 – Notices

All notices to be provided under this Agreement shall be in writing.

Contact details for recipients of notices are as follows:

For the Sellers:
85 Akti Miaouli
Piraeus 185 38
Greece
c/o NAVIOS TANKERS MANAGEMENT INC.
Attention: Vassiliki Papaefthymiou
Email: vpapaefthymiou@navios.com
Tel: +30 210 41 72 050
Fax: +30 210 41 72 070

For the Buyers:
CMB Financial Leasing Co., Ltd
21F, China Merchants Bank Buiolding
No. 1088, Lujiazui Ring Road
Shanghai
China
Attention: Wang Wei
Email: wangwei17@cmbchina.com
Tel: +8621 6106 1735
Fax: +8621 6015 9911*1735

Clause 28 – Definitions

Unless otherwise specified herein, capitalised terms in this Agreement shall have the same meaning as in the Bareboat Charter. Furthermore, in this Agreement:

"**Approved Valuer**" means Clarksons, Maersk Brokers, Howe Robinson, Arrow, Lorentzen & Stemoco, Simpson Spence Young, Braemar Seascope or any other shipbroker nominated by the Charterers and approved by the Owners.

"**Bareboat Charter**" means the bareboat charter in respect of the Vessel dated on or about the date hereof and made between the Buyers as owners and the Sellers as bareboat charterers.

"**Certified Book Value**" means the book value of the Vessel, which as at the date of this Agreement is $30,950,458.97.

"**Delivery Date"** means the date (being a Business Day) on which the Vessel is delivered to the Buyers pursuant to the terms of this Agreement and thereafter immediately delivered to the Sellers as bareboat charterers pursuant to the terms of the Bareboat Charter.

"**Market Value**" means, in relation to the Vessel, the arithmetic mean of two (2) valuations, each prepared:

(a) on a date no earlier than thirty (30) days prior to the Delivery Date;

(b) with or without physical inspection of the Vessel; and

(c) on the basis of a sale for prompt delivery for cash on normal arm's length commercial terms as between a willing seller and a willing buyer, free of any existing charter or other contract of employment,

and such valuations shall be prepared by one Approved Valuer selected and appointed by the Buyers and one Approved Valuer selected by the Sellers (but appointed by the Buyers) provided that if the difference in the two valuations obtained is more than five per cent. (5%) of the lower valuation obtained, a third Approved Valuer shall be selected and appointed by the Buyers and the Market Value shall be the arithmetic mean of the two lowest valuations out of the three valuations obtained.

"**Purchase Price**" means the purchase price of the Vessel payable by the Buyers to the Sellers pursuant to Clause 19 above.

"**Restricted Countries**" means those countries subject to country-wide or territory-wide Sanctions and/or trade embargoes, in particular but not limited to pursuant to the U.S.'s Office of Foreign Asset Control of the U.S. Department of Treasury ("**OFAC**") including at the date of this Charter, but without limitation, Iran, North Korea and Syria and any additional countries based on respective country-wide or territory-wide Sanctions being imposed by OFAC or any of the regulative bodies referred to in the definition of Restricted Persons.

"**Restricted Person**" means a person, entity or any other parties (i) located, domiciled, resident or incorporated in Restricted Countries, and/or (ii) subject to any sanction administrated by the United Nations, the European Union, Switzerland, the United States and the OFAC, the United Kingdom, Her Majesty's Treasury ("**HMT**") and the Foreign and Commonwealth Office of the United Kingdom, the People's Republic of China and/or (iii) owned or controlled by or affiliated with persons, entities or any other parties as referred to in (i) and (ii).

"**Sanctions**" means any sanctions, embargoes, freezing provisions, prohibitions or other restrictions relating to trading, doing business, investment, exporting, financing or making assets available (or other activities similar to or connected with any of the foregoing) imposed by law or regulation of United Kingdom, the United States of America (including, without limitation, CISADA and OFAC), the People's Republic of China or the Council of the European Union.

"**Sellers' Account**" means the account in the name of the Seller with HSH Nordbank AG in USD with the account number 1200048523 and IBAN DE23210500001200048523.

EXECUTION PAGE

BUYERS

SIGNED	)
by	)
as an attorney-in-fact	)
for and on behalf of	)
SEA 68 LEASING CO. LIMITED	)
in the presence of:	)
Witness' signature:	)
Witness' name:	)
Witness' address:	)

SELLERS

SIGNED	)
by	)
for and on behalf of	)
KOS SHIPPING CORPORATION	)
as	)
in the presence of:	)
Witness' signature:	)
Witness' name:	)
Witness' address:	)

EXECUTION PAGE

BUYERS

SIGNED)
by) [illegible] Wang Wei.
as an attorney-in-fact)
for and on behalf of)
SEA 68 LEASING CO. LIMITED)
in the presence of:)

Witness' signature: [illegible])
Witness' name: Liu Haiyang)
Witness' address: 21F. No.1688 Lujiazui Ring Road Shanghai China

SELLERS

SIGNED)
by)
for and on behalf of)
KOS SHIPPING CORPORATION)
as)
in the presence of:)

Witness' signature:)
Witness' name:)
Witness' address:)

EXECUTION PAGE

BUYERS

SIGNED)
by)
as an attorney-in-fact)
for and on behalf of)
SEA 68 LEASING CO. LIMITED)
in the presence of:)

Witness' signature:)
Witness' name:)
Witness' address:)

SELLERS

SIGNED)
by ALEXANDROS LAIOS)
for and on behalf of)
KOS SHIPPING CORPORATION)
as Attorney-in-fact)
in the presence of:)

Francisco G.Tazelaar
Abogado / Attorney-at-law
Tº 127 Fº 127 CPACF

Witness' signature:)
Witness' name:)
Witness' address: Akti Miaouli 85, Piraeus. Greece

BIMCO STANDARD BAREBOAT CHARTER CODE NAME: "BARECON 2001"

PART I

1. Shipbroker N/A	2. Place and date 31 March 2018
3. Owners/Place of business (Cl. 1) Sea 69 Leasing Co. Limited / Room 1803-1804, 18/F Bank of America Tower, 12 Harcourt Road, Central, Hong Kong	4. Bareboat Charterers/Place of business (Cl. 1) Mytilene Shipping Corporation / Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, MH96960, Marshall Islands
5. Vessel's name, call sign and flag (Cl. 1 and 3) NAVE ORION / 3FHW4 / Panama or any other Flag State	
6. Type of Vessel MR Tanker	7. GT/NT 30,052 / 13,255
8. When/Where built 2013, Dae Sun Shipping & Engineering Co., Ltd., Korea	9. Total DWT (abt.) in metric tons on summer freeboard 49,999
10. Classification Society (Cl. 3) Nippon Kaiji Kyokai or any other Classification Society	11. Date of last special survey by the Vessel's classification society N/A
12. Further particulars of Vessel (also indicate minimum number of months' validity of class certificates agreed acc. to Cl. 3) IMO No.: 9459096 Length: 174.00 metres Breadth: 32.20 metres Depth: 19.10 metres	
13. Port or Place of delivery (Cl. 3) The place of delivery specified under Clause 5(a) of the MOA	14. Time for delivery (Cl. 4) See Clause 34 15. Cancelling date (Cl. 5) See Clause 33
16. Port or Place of redelivery (Cl. 15) At a safe, ice free port where the Vessel would be afloat at all times	17. No. of months' validity of trading and class certificates upon redelivery (Cl. 15) See Clause 40
18. Running days' notice if other than stated in Cl. 4 N/A	19. Frequency of dry-docking (Cl. 10(g)) In accordance with Classification Society or Flag State requirements
20. Trading limits (Cl. 6) Worldwide within Institute Warranty Limits	
21. Charter period (Cl. 2) See Clause 32	22. Charter hire (Cl. 11) See Clause 36
23. New class and other safety requirements (state percentage of Vessel's insurance value acc. to Box 29)(Cl. 10(a)(ii)) N/A	
24. Rate of interest payable acc. to Cl. 11 (f) and, if applicable, acc. to PART IV See Clause 36.11 - neither Clause 11(f) nor Part IV applies	25. Currency and method of payment (Cl. 11) Dollars/bank transfer

"BARECON 2001" STANDARD BAREBOAT CHARTER PART I

26. Place of payment; also state beneficiary and bank account (Cl. 11)

Beneficiary: Mytilene Shipping Corporation

Account No.: 1200048508

Beneficiary bank: HSH Nordbank AG

SWIFT Code: HSHNDEHH

27. ~~Bank~~ Corporate guarantee/~~bond~~ (sum and place) (Cl. 24) (optional)

See Clause 24

28. Mortgage(s), if any (state whether 12(a) or (b) applies; if 12(b) applies state date of Financial Instrument and name of Mortgagee(s)/Place of business) (Cl. 12)

See Clause 35

29. Insurance (hull and machinery and war risks) (state value acc. to Cl. 13(f) or, if applicable, acc. to Cl. 14(k)) (also state if Cl. 14 applies)

See Clause 38 – CLAUSE 14 DOES NOT APPLY

30. Additional insurance cover, if any, for Owners' account limited to (Cl. 13(b) or, if applicable, Cl. 14(g))

See Clause 38

31. Additional insurance cover, if any, for Charterers' account limited to (Cl. 13(b) or, if applicable, Cl. 14(g))

See Clause 38

32. Latent defects (only to be filled in if period other than stated in Cl. 3)

N/A

33. Brokerage commission and to whom payable (Cl. 27)

N/A

34. Grace period (state number of clear ~~banking days~~Business Days) (Cl. 28)

See Clause 44

35. Dispute Resolution (state 30(a), 30(b) or 30(c); if 30(c) agreed Place of Arbitration must be stated (Cl. 30)

See Clause 30(a)

36. War cancellation (indicate countries agreed) (Cl. 26(f))

N/A

37. Newbuilding Vessel (indicate with "yes" or "no" whether PART III applies) (optional)

No, Part III does not apply

38. Name and place of Builders (only to be filled in if PART III applies)

N/A

39. Vessel's Yard Building No. (only to be filled in if PART III applies)

N/A

40. Date of Building Contract (only to be filled in if PART III applies)

N/A

41. Liquidated damages and costs shall accrue to (state party acc. to Cl. 1)

a) **N/A**

b) **N/A**

c) **N/A**

42. Hire/Purchase agreement (indicate with "yes" or "no" whether PART IV applies) (optional)

No, Part IV does not apply

43. Bareboat Charter Registry (indicate with "yes" or "no" whether PART V applies) (optional)

No, Part V does not apply

44. Flag and Country of the Bareboat Charter Registry (only to be filled in if PART V applies)

N/A

45. Country of the Underlying Registry (only to be filled in if PART V applies)

N/A

46. Number of additional clauses covering special provisions, if agreed

Clause 32 to Clause 59

PREAMBLE - It is mutually agreed that this Contract shall be performed subject to the conditions contained in this Charter which shall include PART I and PART II. In the event of a conflict of conditions, the provisions of PART I shall prevail over those of PART II to the extent of such conflict but no further. It is further mutually agreed that PART III and/or PART IV and/or PART V shall only apply and only form part of this Charter if expressly agreed and stated in Boxes 37, 42 and 43. If PART III and/or PART IV and/or PART V apply, it is further agreed that in the event of a conflict of conditions, the provisions of PART I and PART II shall prevail over those of PART III and/or PART IV and/or PART V to the extent of such conflict but no further.

Signature (Owners)	Signature (Charterers)
For and on behalf of the Owners **Name:** **Title:**	**For and on behalf of the Charterers** **Name:** **Title:**

PART II
"BARECON 2001" Standard Bareboat Charter

1. Definitions **See also Clause 59**

In this Charter, the following terms shall have the meanings hereby assigned to them:

"*The Owners*" shall mean the party identified in Box 3;

"*The Charterers*" shall mean the party identified in Box 4;

~~"*The Vessel*" shall mean the vessel named in Box 5 and with particulars as stated in Boxes 6 to 12.~~

~~"*Financial Instrument*" means the mortgage, deed of covenant or other such financial security instrument as annexed to this Charter and stated in Box 28.~~

2. Charter Period

In consideration of the hire detailed in Box 22, the Owners have agreed to let and the Charterers have agreed to hire the Vessel for the period stated in Box 21 ~~("The Charter Period")~~. **See also Clause 32 and Clause 36.**

3. Delivery

(not applicable when Part III applies, as indicated in Box 37)

~~**(a)** The Owners shall before and at the time of delivery exercise due diligence to make the Vessel seaworthy And in every respect ready in hull, machinery and equipment for service under this Charter.~~

The Vessel shall be delivered by the Owners and taken over by the Charterers at the port or place indicated in Box 13 ~~in such ready safe berth as the Charterers may direct~~.

(b) The Vessel ~~shall be~~is properly documented on delivery in accordance with the laws of the ~~f~~Flag State indicated in Box 5 and the requirements of the ~~c~~Classification ~~s~~Society stated in Box 10. ~~The Vessel upon delivery shall have her survey cycles up to date and trading and class certificates valid for at least the number of months agreed in Box 12.~~

(c) The delivery of the Vessel by the Owners and the taking over of the Vessel by the Charterers shall constitute a full performance by the Owners of all the Owners' obligations under this Clause 3, and thereafter the Charterers shall not be entitled to make or assert any claim against the Owners on account of any conditions, representations or warranties expressed or implied with respect to the Vessel ~~but the Owners shall be liable for the cost of but not the time for repairs or renewals occasioned by latent defects in the Vessel, her machinery or appurtenances, existing at the time of delivery under this Charter, provided such defects have manifested themselves within twelve (12) months after delivery unless otherwise provided in Box 32~~.

4. Time for Delivery **See Clauses 32 and 34**

~~*(not applicable when Part III applies, as indicated in Box 37)*~~

~~The Vessel shall not be delivered before the date indicated in Box 14 without the Charterers' consent and the Owners shall exercise due diligence to deliver the Vessel not later than the date indicated in Box 15.~~

~~Unless otherwise agreed in Box 18, the Owners shall give the Charterers not less than thirty (30) running days' preliminary and not less than fourteen (14) running days' definite notice of the date on which the Vessel is expected to be ready for delivery.~~

~~The Owners shall keep the Charterers closely advised of possible changes in the Vessel's position.~~

5. Cancelling **See Clause 33**

~~*(not applicable when Part III applies, as indicated in Box 37)*~~

~~**(a)** Should the Vessel not be delivered latest by the cancelling date indicated in Box 15, the Charterers shall have the option of cancelling this Charter by giving the Owners notice of cancellation within thirty-six (36) running hours after the cancelling date stated in Box 15, failing which this Charter shall remain in full force and effect.~~

~~**(b)** If it appears that the Vessel will be delayed beyond the cancelling date, the Owners may, as soon as they are in a position to state with reasonable certainty the day on which the Vessel should be ready, give notice thereof to the Charterers asking whether they will exercise their option of cancelling, and the option must then be declared within one hundred and sixty-eight (168) running hours of the receipt by the Charterers of such notice or within thirty-six (36) running hours after the cancelling date, whichever is the earlier. If the Charterers do not then exercise their option of cancelling, the seventh day after the readiness date stated in the Owners' notice shall be substituted for the cancelling date indicated in Box 15 for the purpose of this Clause 5.~~

~~**(c)** Cancellation under this Clause 5 shall be without prejudice to any claim the Charterers may otherwise have on the Owners under this Charter.~~

6. Trading Restrictions **See also Clauses 46.1(m) and 46.1(n)**

The Vessel shall be employed in lawful trades for the carriage of suitable lawful merchandise within the trading limits indicated in Box 20.

The Charterers undertake not to employ the Vessel or suffer the Vessel to be employed otherwise than in conformity with the terms of the contracts of insurance (including any warranties expressed or implied therein) without first obtaining the consent of the insurers to such employment and complying with such requirements as to extra premium or otherwise as the insurers may prescribe.

The Charterers also undertake not to employ the Vessel or suffer her employment in any trade or business which is forbidden by the law of any country to which the Vessel may sail or is otherwise illicit or in carrying illicit or prohibited goods or in any manner whatsoever which may render her liable to condemnation, destruction, seizure or confiscation.

Notwithstanding any other provisions contained in this Charter it is agreed that nuclear fuels or radioactive products or waste are specifically excluded from the cargo permitted to be loaded or carried under this Charter. This exclusion does not apply to radio-isotopes used or intended to be used for any industrial, commercial, agricultural, medical or scientific purposes provided the Owners' prior approval has been obtained to loading thereof.

7. Surveys on ~~Delivery and~~ Redelivery

~~*(not applicable when Part III applies, as indicated in Box 37)*~~

The Owners ~~and Charterers~~ shall ~~each~~ appoint surveyors for the purpose of determining and agreeing in writing the condition of the Vessel at the time of ~~delivery and~~ redelivery **pursuant to Clause 40.3 (with the relevant costs paid by the Charterers).**~~hereunder. The Owners shall bear all expenses of the On-hire Survey including loss of time, if any, and the Charterers shall bear all expenses of the Off-hire Survey including loss of time, if any, at the daily equivalent to the rate of hire or pro rata thereof.~~

8. Inspection

The Owners shall have the right ~~at any time~~ **either (i) once every calendar year provided no Potential Termination Event or Termination Event has occurred (after giving reasonable notice to the Charterers and provided that the Owners do not unduly interfere with or cause delay to the commercial operation of the Vessel) or (ii) at any time following the occurrence of a Potential Termination Event or Termination Event and for as long as it is continuing** (after giving ~~reasonable~~ notice to the Charterers), to inspect or survey the Vessel or instruct a duly authorised surveyor to carry out such survey on their behalf:-

(a) to ascertain the condition of the Vessel and satisfy themselves that the Vessel is being properly repaired and maintained. The costs and fees for such inspection or survey shall be paid by the **Charterers, subject to the above conditions as may be applicable from lines 125**

PART II
"BARECON 2001" Standard Bareboat Charter

to 128.~~Owners unless the Vessel is found to require repairs or maintenance in order to achieve the condition so provided~~;

(b) in dry-dock if the Charterers have not dry-docked Her in accordance with Clause 10(g). The costs and fees for such inspection or survey shall be paid by the Charterers**, subject to the above conditions as may be applicable from lines 125 to 128**; and

(c) for any other commercial reason they consider necessary ~~(provided it does not unduly interfere with the commercial operation of the Vessel)~~. The costs and fees for such inspection and survey shall be paid by the ~~Owners~~**Charterers, subject to the above conditions as may be applicable from lines 125 to 128**.

All time used in respect of inspection, survey or repairs shall be for the Charterers' account and form part of the Charter Period.

The Charterers shall also permit the Owners to inspect the Vessel's log books whenever requested and shall whenever required by the Owners furnish them with full information regarding any casualties or other accidents or damage to the Vessel.

The Charterers shall provide such necessary assistance to the Owners, their representatives or agents in respect of any inspection hereunder.

9. Inventories, Oil and Stores See Clause 34.7

~~A complete inventory of the Vessel's entire equipment, outfit including spare parts, appliances and of all consumable stores on board the Vessel shall be made by the Charterers in conjunction with the Owners on delivery and again on redelivery of the Vessel. The Charterers and the Owners, respectively, shall at the time of delivery and redelivery take over and pay for all bunkers, lubricating oil, unbroached provisions, paints, ropes and other consumable stores (excluding spare parts) in the said Vessel at the then current market prices at the ports of delivery and redelivery, respectively. The Charterers shall ensure that all spare parts listed in the inventory and used during the Charter Period are replaced at their expense prior to redelivery of the Vessel.~~

10. Maintenance and Operation

(a)(i) Maintenance and Repairs - During the Charter Period the Vessel shall be in the full possession and at the absolute disposal for all purposes of the Charterers and under their complete control in every respect. The Charterers shall maintain the Vessel, her machinery, boilers, appurtenances and spare parts in a good state of repair, in efficient operating condition and in accordance with good commercial maintenance practice and, ~~except as provided for in Clause 14(l),~~ if applicable, at their own expense they shall at all times keep the Vessel's ~~Class~~ **classification** fully up to date with the Classification Society indicated in Box 10 and maintain all other necessary certificates in force at all times.

(ii) New Class and Other Safety Requirements - In the event of any improvement, structural changes or new equipment becoming necessary for the continued operation of the Vessel by reason of new class requirements or by compulsory legislation ~~costing (excluding the Charterers' loss of time) more than the percentage stated in Box 23, or if Box 23 is left blank, 5 per cent. of the Vessel's insurance value as stated in Box 29, then the extent, if any, to which the rate of hire shall be varied and the ratio in which the cost of compliance shall be shared between the parties concerned in order to achieve a reasonable distribution thereof as between the Owners and the Charterers having regard, inter alia, to the length of the period remaining under this Charter shall, in the absence of agreement, be referred to the dispute resolution method agreed in Clause 30.~~**, the Charterers shall ensure that the same are complied with and the time and costs of compliance shall be for the Charterers' account.**

(iii) Financial Security - The Charterers shall maintain financial security or responsibility in respect of third party liabilities as required by any government, including federal, state or municipal or other division or authority thereof, to enable the Vessel, without penalty or charge, lawfully to enter, remain at, or leave any port, place, territorial or contiguous waters of any country, state or municipality in performance of this Charter without any delay. This obligation shall apply whether or not such requirements have been lawfully imposed by such government or division or authority thereof.

The Charterers shall make and maintain all arrangements by bond or otherwise as may be necessary to satisfy such requirements at the Charterers' sole expense and the Charterers shall indemnify the Owners against all consequences whatsoever (including loss of time) for any failure or inability to do so.

(b) Operation of the Vessel - The Charterers shall at their own expense and by their own procurement man, victual, navigate, operate, supply, fuel and, whenever required, repair the Vessel during the Charter Period and they shall pay all charges and expenses of every kind and nature whatsoever incidental to their use and operation of the Vessel under this Charter, including annual ~~flag~~ **Flag** State fees and any foreign general municipality and/or state taxes. The Master, officers and crew of the Vessel shall be the servants of the Charterers for all purposes whatsoever, even if for any reason appointed by the Owners.

Charterers shall comply with the regulations regarding officers and crew in force in the country of the Vessel's flag or any other applicable law.

(c) The Charterers shall keep the Owners and the mortgagee(s) advised of the intended employment **(other than in respect of sub time charters which are less than 12 months in duration (after including any optional extension periods)**, planned dry-docking **(other than the periodical dry-docking referred to under paragraph (g) below)** and major repairs ~~of the Vessel~~, as reasonably required.

(d) Flag and Name of Vessel – During the Charter Period, the Charterers shall have the liberty to paint the Vessel in their own colours, install and display their funnel insignia and fly their own house flag **(with all fees, costs and expenses arising in relation thereto for the Charterers account)**. The Charterers shall also have the liberty~~, with the Owners' consent, which shall not be unreasonably withheld~~, to change the flag **of the Vessel to that of another Flag State (with all fees, costs and expenses arising in relation thereto for the Charterers' account)** and/or **with the Owners' consent,** the name of the Vessel **(with all fees, costs and expenses arising in relation thereto for the Charterers' account)** during the Charter Period. **Any** ~~P~~painting and re-painting, instalment and re-instalment, registration **(including maintenance and renewal thereof)** and re-registration~~, if required by the Owners,~~ shall be at the Charterers' expense and time. **If the Flag State requires the Owners to establish a physical presence or office in the jurisdiction of such Flag State, all fees, costs and expenses payable by the Owners to establish and maintain such physical presence or office shall be for the account of the Charterers.**

(e) Changes to the Vessel – Subject to Clause 10(a)(ii) **and Clause 10(b)**, the Charterers shall make no structural changes in the

Vessel ~~or changes~~ **which materially adversely affect the Vessel's classification or value** in the machinery, boilers, appurtenances ~~or spare parts thereof~~ without in each instance first securing the Owners' approval thereof. If the Owners so agree, the Charterers shall, if the Owners so require, restore the Vessel to its former condition ~~before the termination of this Charter~~.

(f) Use of the Vessel's Outfit, Equipment and Appliances - The Charterers shall have the use of all outfit, equipment, and appliances on board the Vessel at the time of delivery, provided the same or their substantial equivalent shall be returned to the Owners on redelivery **(without prejudice to Clauses 40.6 and 40.7 and if redelivery is required pursuant to this Charter)** in the same good order and condition as when received, ordinary wear and tear excepted. The Charterers shall from time to time during the Charter Period replace such items of equipment as shall be so damaged or worn as to be unfit for use. The Charterers are to procure that all repairs to or replacement of any damaged, worn or lost parts or equipment be effected in such manner (both as regards workmanship and quality of materials) as not to diminish the value of the Vessel. **Title of any equipment so replaced shall vest in and remain with the Owners.** The Charterers have the right to fit additional equipment at their expense and risk **(provided that no permanent structural damage is caused to the Vessel by reason of such installation) and**~~but~~ the Charterers shall, **at their expense,** remove such equipment **and make good any damage caused by the fitting or removal of such additional equipment before the Vessel is redelivered to the Owners pursuant to Clause 40.3 and without prejudice to Clauses 40.6 and 40.7,**~~at the end of the period~~ if requested by the Owners. Any equipment including radio equipment on hire on the Vessel at time of delivery shall be kept and maintained by the Charterers and the Charterers shall assume the obligations and liabilities of the Owners under any lease contracts in connection therewith and shall reimburse the Owners for all expenses incurred in connection therewith, also for any new equipment required in order to comply with radio regulations.

(g) Periodical Dry-Docking - The Charterers shall dry-dock the Vessel and clean and paint her underwater parts whenever the same may be necessary, but not less than once during the period stated in Box 19 or, if Box 19 has been left blank, every sixty (60) calendar months after delivery or such other period as may be required by the Classification Society or ~~f~~**F**lag State.

11. Hire **See Clause 36**

~~**(a)** The Charterers shall pay hire due to the Owners punctually in accordance with the terms of this Charter in respect of which time shall be of the essence.~~

~~**(b)** The Charterers shall pay to the Owners for the hire of the Vessel a lump sum in the amount indicated in Box 22 which shall be payable not later than every thirty (30) running days in advance, the first lump sum being payable on the date and hour of the Vessel's delivery to the Charterers. Hire shall be paid continuously throughout the Charter Period.~~

~~**(c)** Payment of hire shall be made in cash without discount in the currency and in the manner indicated in Box 25 and at the place mentioned in Box 26.~~

~~**(d)** Final payment of hire, if for a period of less than thirty (30) running days, shall be calculated proportionally according to the number of days and hours remaining before redelivery and advance payment to be effected accordingly.~~

~~**(e)** Should the Vessel be lost or missing, hire shall cease from the date and time when she was lost or last heard of. The date upon which the Vessel is to be treated as lost or missing shall be ten (10) days after the Vessel was last reported or when the Vessel is posted as missing by Lloyd's, whichever occurs first. Any hire paid in advance to be adjusted accordingly.~~

~~**(f)** Any delay in payment of hire shall entitle the Owners to interest at the rate per annum as agreed in Box 24. If Box 24 has not been filled in, the three months Interbank offered rate in London (LIBOR or its successor) for the currency stated in Box 25, as quoted by the British Bankers' Association (BBA) on the date when the hire fell due, increased by 2 per cent., shall apply.~~

~~**(g)** Payment of interest due under sub-clause 11(f) shall be made within seven (7) running days of the date of the Owners' invoice specifying the amount payable or, in the absence of an invoice, at the time of the next hire payment date.~~

12. Mortgage **See Clause 35**

~~*(only to apply if Box 28 has been appropriately filled in)*~~

~~*) **(a)** The Owners warrant that they have not effected any mortgage(s) of the Vessel and that they shall not effect any mortgage(s) without the prior consent of the Charterers, which shall not be unreasonably withheld.~~

~~*) **(b)** The Vessel chartered under this Charter is financed by a mortgage according to the Financial Instrument. The Charterers undertake to comply, and provide such information and documents to enable the Owners to comply, with all such instructions or directions in regard to the employment, insurances, operation, repairs and maintenance of the Vessel as laid down in the Financial Instrument or as may be directed from time to time during the currency of the Charter by the mortgagee(s) in conformity with the Financial Instrument. The Charterers confirm that, for this purpose, they have acquainted themselves with all relevant terms, conditions and provisions of the Financial Instrument and agree to acknowledge this in writing in any form that may be required by the mortgagee(s). The Owners warrant that they have not effected any mortgage(s) other than stated in Box 28 and that they shall not agree to any amendment of the mortgage(s) referred to in Box 28 or effect any other mortgage(s) without the prior consent of the Charterers, which shall not be unreasonably withheld.~~

~~*) *(Optional, Clauses 12(a) and 12(b) are alternatives; indicate alternative agreed in Box 28).*~~

13. Insurance and Repairs **See also Clause 38**

(a) **Subject and without prejudice to Clause 38,** ~~D~~**d**uring the Charter Period the Vessel shall be kept insured by the Charterers at their expense against hull and machinery, **marine and** war **(including blocking and trapping)** and Protection and Indemnity risks **and freight, demurrage and defence risks** (and any risks against which it is compulsory to insure for the operation of the Vessel, including **but not limited to** maintaining financial security in accordance with sub-clause 10(a)(iii)) ~~in such form as the Owners shall in writing approve, which approval shall not be un-reasonably withheld~~. **During the Charter Period, the Charterers shall procure (at Charterers' expense) that there are in place Innocent Owners' interest insurance, Owner's additional perils (pollution) insurance and if applicable Mortgagees' interest insurance and Mortgagees' additional perils (pollution) insurance.** Such insurances **as specified in this Clause 13** shall be arranged by the Charterers to protect the interests of both the Owners and the Charterers and the ~~mortgagee~~**Mortgagee**(s) (if any)~~,~~. ~~and~~

The Charterers shall be at liberty to protect under such insurances the interests of any managers they may appoint. Insurance policies shall cover the Owners and the Charterers **and the Mortgagees (if any)** according to

their respective interests.

Subject to the provisions of the Financial Instruments (if any)~~, if~~ and the agreed loss payable clauses, ~~any,~~ and the approval of the Owners and the insurers, the Charterers shall effect all insured repairs and shall undertake settlement and reimbursement from the insurers of all costs in connection with such repairs as well as insured charges, expenses and liabilities to the extent of coverage under the insurances herein provided for.

The Charterers also to remain responsible for and to effect repairs and settlement of costs and expenses incurred thereby in respect of all other repairs not covered by the insurances and/or not exceeding any possible franchise(s) or deductibles provided for in the insurances.

All time used for repairs under the provisions of sub-clause 13(a) ~~and for repairs of latent defects according to Clause 3(c) above~~, including any deviation, shall be for the Charterers' account.

(b) ~~If the conditions of the above insurances permit additional insurance to be placed by the parties, such cover shall be limited to the amount for each party set out in Box 30 and Box 31, respectively.~~ The ~~Owners or the~~ Charterers ~~as the case may be~~ shall immediately furnish the ~~other party~~**Owners** with particulars of any additional insurance effected, including copies of any cover notes or policies and the written consent of the insurers of any such required insurance in any case where the consent of such insurers is necessary.

(c) The Charterers shall upon the request of the Owners, provide information and promptly execute such documents as may be required to enable the Owners to comply with the insurance provisions of ~~the~~ **each** Financial Instrument (if any).

(d) Subject to the provisions of the Financial Instruments, if any, **and Clause 38 and Clause 40**, should the Vessel become ~~an actual, constructive, compromised or agreed~~ a ~~t~~Total ~~l~~Loss ~~under the insurances required under sub-clause 13(a)~~, all insurance payments for such loss shall be paid to the Owners **(or if applicable, their financiers) in accordance with the agreed loss payable clauses** ~~who shall distribute the moneys between the Owners and the Charterers according to their respective interests~~. The Charterers undertake to notify the Owners and the ~~mortgagee~~**Mortgagee**(s), if any, of any occurrences in consequence of which the Vessel is likely to become a T~~t~~otal L~~l~~oss ~~as defined in this Clause~~.

(e) The Owners shall upon the request of the Charterers **and subject to the Owners' approval of such request**, promptly execute such documents as may be required to enable the Charterers to abandon the Vessel to insurers and claim a constructive total loss.

(f) For the purpose of insurance coverage against hull and machinery and war risks under the provisions of sub-clause 13(a), the value of the Vessel is the sum indicated in ~~Box 29~~**Clause 38**.

14. Insurance, Repairs and Classification – intentionally omitted

~~*(Optional, only to apply if expressly agreed and stated in Box 29, in which event Clause 13 shall be considered deleted).*~~

~~**(a)** During the Charter Period the Vessel shall be kept insured by the Owners at their expense against hull and machinery and war risks under the form of policy or policies attached hereto. The Owners and/or insurers shall not have any right of recovery or subrogation against the Charterers on account of loss of or any damage to the Vessel or her machinery or appurtenances covered by such insurance, or on account of payments made to discharge claims against or liabilities of the Vessel or the Owners covered by such insurance. Insurance policies shall cover the Owners and the Charterers according to their respective interests.~~

~~**(b)** During the Charter Period the Vessel shall be kept insured by the Charterers at their expense against Protection and Indemnity risks (and any risks against which it is compulsory to insure for the operation of the Vessel, including maintaining financial security in accordance with sub-clause 10(a)(iii)) in such form as the Owners shall in writing approve which approval shall not be unreasonably withheld.~~

~~**(c)** In the event that any act or negligence of the Charterers shall vitiate any of the insurance herein provided, the Charterers shall pay to the Owners all losses and indemnify the Owners against all claims and demands which would otherwise have been covered by such insurance.~~

~~**(d)** The Charterers shall, subject to the approval of the Owners or Owners' Underwriters, effect all insured repairs, and the Charterers shall undertake settlement of all miscellaneous expenses in connection with such repairs as well as all insured charges, expenses and liabilities, to the extent of coverage under the insurances provided for under the provisions of sub-clause 14(a). The Charterers to be secured reimbursement through the Owners' Underwriters for such expenditures upon presentation of accounts.~~

~~**(e)** The Charterers to remain responsible for and to effect repairs and settlement of costs and expenses incurred thereby in respect of all other repairs not covered by the insurances and/or not exceeding any possible franchise(s) or deductibles provided for in the insurances.~~

~~**(f)** All time used for repairs under the provisions of sub-clauses 14(d) and 14(e) and for repairs of latent defects according to Clause 3 above, including any deviation, shall be for the Charterers' account and shall form part of the Charter Period.~~

~~The Owners shall not be responsible for any expenses as are incident to the use and operation of the Vessel for such time as may be required to make such repairs.~~

~~**(g)** If the conditions of the above insurances permit additional insurance to be placed by the parties such cover shall be limited to the amount for each party set out in Box 30 and Box 31, respectively. The Owners or the Charterers as the case may be shall immediately furnish the other party with particulars of any additional insurance effected, including copies of any cover notes or policies and the written consent of the insurers of any such required insurance in any case where the consent of such insurers is necessary.~~

~~**(h)** Should the Vessel become an actual, constructive, compromised or agreed total loss under the insurances required under sub-clause 14(a), all insurance payments for such loss shall be paid to the Owners, who shall distribute the moneys between themselves and the Charterers according to their respective interests.~~

~~**(i)** If the Vessel becomes an actual, constructive, compromised or agreed total loss under the insurances arranged by the Owners in accordance with sub-clause 14(a), this Charter shall terminate as of the date of such loss.~~

~~**(j)** The Charterers shall upon the request of the Owners, promptly execute such documents as may be required to enable the Owners to abandon the Vessel to the insurers and claim a constructive total loss.~~

~~**(k)** For the purpose of insurance coverage against hull and machinery and war risks under the provisions of sub-clause 14(a), the value of the Vessel is the sum indicated in Box 29.~~

~~**(l)** Notwithstanding anything contained in sub-clause 10(a), it is agreed that under the provisions of Clause 14, if applicable, the Owners shall keep the Vessel's Class fully up to date with the Classification Society~~

~~indicated in Box 10 and maintain all other necessary certificates in force at all times.~~

15. Redelivery **See Clause 40**
~~At the expiration of the Charter Period the Vessel shall be redelivered by the Charterers to the Owners at a safe and ice-free port or place as indicated in Box 16, in such ready safe berth as the Owners may direct. The Charterers shall give the Owners not less than thirty (30) running days' preliminary notice of expected date, range of ports of redelivery or port or place of redelivery and not less than fourteen (14) running days' definite notice of expected date and port or place of redelivery. Any changes thereafter in the Vessel's position shall be notified immediately to the Owners.~~
~~The Charterers warrant that they will not permit the Vessel to commence a voyage (including any preceding ballast voyage) which cannot reasonably be expected to be completed in time to allow redelivery of the Vessel within the Charter Period. Notwithstanding the above, should the Charterers fail to redeliver the Vessel within The Charter Period, the Charterers shall pay the daily equivalent to the rate of hire stated in Box 22 plus 10 per cent. or to the market rate, whichever is the higher, for the number of days by which the Charter Period is exceeded. All other terms, conditions and provisions of this Charter shall continue to apply.~~
~~Subject to the provisions of Clause 10, the Vessel shall be redelivered to the Owners in the same or as good structure, state, condition and class as that in which she was delivered, fair wear and tear not affecting class excepted.~~
~~The Vessel upon redelivery shall have her survey cycles up to date and trading and class certificates valid for at least the number of months agreed in Box 17.~~

16. Non-Lien
Other than Permitted Security Interests, ~~T~~the Charterers will not suffer, nor permit to be continued, any lien or encumbrance incurred by them or their agents, which might have priority over the title and interest of the Owners in the Vessel. The Charterers further agree to fasten to the Vessel in a conspicuous place and to keep so fastened during the Charter Period a notice reading as follows:
"This Vessel is the property of (name of Owners). It is under charter to (name of Charterers) and by the terms of the Charter Party neither the Charterers nor the Master have any right, power or authority to create, incur or permit to be imposed on the Vessel any lien whatsoever."
or a notice in such form as required by any Mortgagee(s).

17. Indemnity **See Clauses 37.3, 38.5, 38.15, 38.16, 40.5, 41.2 and 50**
~~(a) The Charterers shall indemnify the Owners against any loss, damage or expense incurred by the Owners arising out of or in relation to the operation of the Vessel by the Charterers, and against any lien of whatsoever nature arising out of an event occurring during the Charter Period. If the Vessel be arrested or otherwise detained by reason of claims or liens arising out of her operation hereunder by the Charterers, the Charterers shall at their own expense take all reasonable steps to secure that within a reasonable time the Vessel is released, including the provision of bail.~~
~~Without prejudice to the generality of the foregoing, the Charterers agree to indemnify the Owners against all consequences or liabilities arising from the Master, officers or agents signing Bills of Lading or other documents.~~
~~(b) If the Vessel be arrested or otherwise detained by reason of a claim or claims against the Owners, the Owners shall at their own expense take all reasonable steps to secure that within a reasonable time the Vessel is released, including the provision of bail.~~
~~In such circumstances the Owners shall indemnify the Charterers against any loss, damage or expense incurred by the Charterers (including hire paid under this Charter) as a direct consequence of such arrest or detention.~~

18. Lien
The Owners to have a lien upon all cargoes, sub-hires and sub-freights belonging or due to the Charterers or any sub-charterers and any Bill of Lading freight for all claims under this Charter~~, and the Charterers to have a lien on the Vessel for all moneys paid in advance and not earned~~.

19. Salvage
All salvage and towage performed by the Vessel shall be for the Charterers' benefit and the cost of repairing damage occasioned thereby shall be borne by the Charterers.

20. Wreck Removal
In the event of the Vessel becoming a wreck or obstruction to navigation the Charterers shall indemnify the Owners against any sums whatsoever which the Owners shall become liable to pay and shall pay in consequence of the Vessel becoming a wreck or obstruction to navigation.

21. General Average
The Owners shall not contribute to General Average.

22. Assignment~~, Sub-Charter and Sale~~
(a) The Charterers shall not assign this Charter ~~nor sub-charter the Vessel on a bareboat basis~~ except with the prior consent in writing of the Owners~~, which shall not be unreasonably withheld,~~ and subject to such terms and conditions as the Owners shall approve.
~~(b) The Owners shall not sell the Vessel during the currency of this Charter except with the prior written consent of the Charterers, which shall not be unreasonably withheld, and subject to the buyer accepting an assignment of this Charter.~~

23. Contracts of Carriage
*) (a) The Charterers are to procure that all documents issued during the Charter Period evidencing the terms and conditions agreed in respect of carriage of goods shall contain a paramount clause incorporating any legislation relating to carrier's liability for cargo compulsorily applicable in the trade; if no such legislation exists, the documents shall incorporate the Hague-Visby Rules. The documents shall also contain the New Jason Clause and the Both-to-Blame Collision Clause.
~~*) (b) The Charterers are to procure that all passenger tickets issued during the Charter Period for the carriage of passengers and their luggage under this Charter shall contain a paramount clause incorporating any legislation relating to carrier's liability for passengers and their luggage compulsorily applicable in the trade; if no such legislation exists, the passenger tickets shall incorporate the Athens Convention Relating to the Carriage of Passengers and their Luggage by Sea, 1974, and any protocol thereto.~~
~~*) *Delete as applicable.*~~

24. ~~Bank~~ Corporate Guarantee
~~*(Optional, only to apply if Box 27 filled in)*~~
The Charterers undertake to furnish~~,~~ **on or about the date of this Charter** ~~before delivery of the Vessel, a first class bank~~ **a corporate** guarantee **from the Guarantor** ~~or bond in the sum and at the place as indicated in Box 27~~ as guarantee**, and on or about the date of this Charter the other Security Documents (as the case may be) as security, in each case** for full performance of their obligations under this

Charter.

25. Requisition/Acquisition

(a) **Subject to the provisions of the Financial Instruments (if any) and the General Assignment, i**~~I~~n the event of the Requisition for Hire of the Vessel by any governmental or other competent authority (hereinafter referred to as "Requisition for Hire") irrespective of the date during the Charter Period when "Requisition for Hire" may occur and irrespective of the length thereof and whether or not it be for an indefinite or a limited period of time, and irrespective of whether it may or will remain in force for the remainder of the Charter Period, this Charter shall not be deemed thereby or thereupon to be frustrated or otherwise terminated and the Charterers shall continue to pay the stipulated hire in the manner provided by this Charter until the time when the Charter would have terminated pursuant to any of the provisions hereof always provided however that **if all hire has been paid by the Charterers hereunder then** in the event of "Requisition for Hire" any Requisition Hire or compensation **is** received or receivable by the Owners**, the same** shall be payable to the Charterers during the remainder of the Charter Period or the period of the "Requisition for Hire" whichever be the shorter.

~~(b) In the event of the Owners being deprived of their ownership in the Vessel by any Compulsory Acquisition of the Vessel or requisition for title by any governmental or other competent authority (hereinafter referred to as "Compulsory Acquisition"), then, irrespective of the date during the Charter Period when "Compulsory Acquisition" may occur, this Charter shall be deemed terminated as of the date of such "Compulsory Acquisition". In such event Charter Hire to be considered as earned and to be paid up to the date and time of such "Compulsory Acquisition".~~

26. War

(a) **Subject to the provisions of the Financial Instruments (if any), f**~~F~~or the purpose of this Clause, the words "War Risks" shall include any war (whether actual or threatened), act of war, civil war, hostilities, revolution, rebellion, civil commotion, warlike operations, the laying of mines (whether actual or reported), acts of piracy, acts of terrorists, acts of hostility or malicious damage, blockades (whether imposed against all vessels or imposed selectively against vessels of certain flags or ownership, or against certain cargoes or crews or otherwise howsoever), by any person, body, terrorist or political group, or the Government of any state whatsoever, which may be dangerous or are likely to be or to become dangerous to the Vessel, her cargo, crew or other persons on board the Vessel.

(b) **Without first obtaining the consent of the insurers to such employment and complying with the terms of Clause 38 and such other requirements as to extra insurance premiums or any other requirements as may be prescribed by the insurers, t**~~T~~he Vessel~~, unless the written consent of the Owners be first obtained,~~ shall not continue to or go through any port, place, area or zone (whether of land or sea), or any waterway or canal, where it reasonably appears that the Vessel, her cargo, crew or other persons on board the Vessel, in the reasonable judgement of the Owners, may be, or are likely to be, exposed to War Risks. Should the Vessel be within any such place as aforesaid, which only becomes dangerous, or is likely to be or to become dangerous, after her entry into it, the Owners shall have the right to require the Vessel to leave such area.

(c) The Vessel shall not load contraband cargo, or to pass through any blockade, whether such blockade be imposed on all vessels, or is imposed selectively in any way whatsoever against vessels of certain flags or ownership, or against certain cargoes or crews or otherwise howsoever, or to proceed to an area where she shall be subject, or is likely to be subject to a belligerent's right of search and/or confiscation.

~~(d) If the insurers of the war risks insurance, when Clause 14 is applicable, should require payment of premiums and/or calls because, pursuant to the Charterers' orders, the Vessel is within, or is due to enter and remain within, any area or areas which are specified by such insurers as being subject to additional premiums because of War Risks, then such premiums and/or calls shall be reimbursed by the Charterers to the Owners at the same time as the next payment of hire is due.~~

(e) The Charterers shall have the liberty:

(i) to comply with all orders, directions, recommendations or advice as to departure, arrival, routes, sailing in convoy, ports of call, stoppages, destinations, discharge of cargo, delivery, or in any other way whatsoever, which are given by the Government of the Nation under whose flag the Vessel sails, or any other Government, body or group whatsoever acting with the power to compel compliance with their orders or directions;

(ii) to comply with the orders, directions or recommendations of any war risks underwriters who have the authority to give the same under the terms of the war risks insurance;

(iii) to comply with the terms of any resolution of the Security Council of the United Nations, any directives of the European Community, the effective orders of any other Supranational body which has the right to issue and give the same, and with national laws aimed at enforcing the same to which the Owners are subject, and to obey the orders and directions of those who are charged with their enforcement.

(f) In the event of outbreak of war ~~(whether there be a declaration of war or not) (i) between any two or more of the following countries: the United States of America; Russia; the United Kingdom; France; and the People's Republic of China, (ii) between any two or more of the countries stated in Box 36, both the Owners and the Charterers shall have the right to cancel this Charter, whereupon the Charterers shall redeliver the Vessel to the Owners in accordance with Clause 15, if the Vessel has cargo on board after discharge thereof at destination, or if debarred under this Clause from reaching or entering it at a near, open and safe port as directed by the Owners, or if the Vessel has no cargo on board, at the port at which the Vessel then is or if at sea at a near, open and safe port as directed by the Owners. In all cases~~ hire shall continue to be paid in accordance with Clause 11 and except as aforesaid all other provisions of this Charter shall apply until ~~redelivery~~**the end of the Charter Period**.

27. Commission – intentionally omitted

~~The Owners to pay a commission at the rate indicated in Box 33 to the Brokers named in Box 33 on any hire paid under the Charter. If no rate is indicated in Box 33, the commission to be paid by the Owners shall cover the actual expenses of the Brokers and a reasonable fee for their work.~~

~~If the full hire is not paid owing to breach of the Charter by either of the parties the party liable therefor shall indemnify the Brokers against their loss of commission. Should the parties agree to cancel the Charter, the Owners shall indemnify the Brokers against any loss of commission but in such case the commission shall not exceed the brokerage on one year's hire.~~

28. Termination **See Clauses 40 and 44**

~~(a) Charterers' Default~~

PART II
"BARECON 2001" Standard Bareboat Charter

~~The Owners shall be entitled to withdraw the Vessel from the service of the Charterers and terminate the Charter with immediate effect by written notice to the Charterers if:~~

~~(i) the Charterers fail to pay hire in accordance with Clause 11. However, where there is a failure to make punctual payment of hire due to oversight, negligence, errors or omissions on the part of the Charterers or their bankers, the Owners shall give the Charterers written notice of the number of clear banking days stated in Box 34 (as recognised at the agreed place of payment) in which to rectify the failure, and when so rectified within such number of days following the Owners' notice, the payment shall stand as regular and punctual. Failure by the Charterers to pay hire within the number of days stated in Box 34 of their receiving the Owners' notice as provided herein, shall entitle the Owners to withdraw the Vessel from the service of the Charterers and terminate the Charter without further notice;~~

~~(ii) the Charterers fail to comply with the requirements of:~~
~~(1) Clause 6 (Trading Restrictions)~~
~~(2) Clause 13(a) (Insurance and Repairs)~~
~~provided that the Owners shall have the option, by written notice to the Charterers, to give the Charterers a specified number of days grace within which to rectify the failure without prejudice to the Owners' right to withdraw and terminate under this Clause if the Charterers fail to comply with such notice;~~

~~(iii) the Charterers fail to rectify any failure to comply with the requirements of sub-clause 10(a)(i) (Maintenance and Repairs) as soon as practically possible after the Owners have requested them in writing so to do and in any event so that the Vessel's insurance cover is not prejudiced.~~

~~(b) Owners' Default~~
~~If the Owners shall by any act or omission be in breach of their obligations under this Charter to the extent that the Charterers are deprived of the use of the Vessel and such breach continues for a period of fourteen (14) running days after written notice thereof has been given by the Charterers to the Owners, the Charterers shall be entitled to terminate this Charter with immediate effect by written notice to the Owners.~~

~~(c) Loss of Vessel~~
~~This Charter shall be deemed to be terminated if the Vessel becomes a total loss or is declared as a constructive or compromised or arranged total loss. For the purpose of this sub-clause, the Vessel shall not be deemed to be lost unless she has either become an actual total loss or agreement has been reached with her underwriters in respect of her constructive, compromised or arranged total loss or if such agreement with her underwriters is not reached it is adjudged by a competent tribunal that a constructive loss of the Vessel has occurred.~~

~~(d) Either party shall be entitled to terminate this Charter with immediate effect by written notice to the other party in the event of an order being made or resolution passed for the winding up, dissolution, liquidation or bankruptcy of the other party (otherwise than for the purpose of reconstruction or amalgamation) or if a receiver is appointed, or if it suspends payment, ceases to carry on business or makes any special arrangement or composition with its creditors.~~

~~(e) The termination of this Charter shall be without prejudice to all rights accrued due between the parties prior to the date of termination and to any claim that either party might have.~~

29. Repossession

In the event ~~of the~~ **Owners have made a request for redelivery of the Vessel** ~~termination of this Charter~~ in accordance with the applicable provisions of Clause ~~28~~**Clause 40.3**, the Owners shall **in addition** have the right to repossess the Vessel from the Charterers at her current or next port of call, or at a port or place convenient to them without hindrance or interference by the Charterers, courts or local authorities. Pending physical repossession of the Vessel in accordance with this Clause 29 **and/or Clause 40**, the Charterers shall hold the Vessel as gratuitous bailee only to the Owners **and the Charterers shall procure that the master and crew follow the orders and directions of the Owners**. ~~The Owners shall arrange for an authorised representative to board the Vessel as soon as reasonably practicable following the termination of the Charter. The Vessel shall be deemed to be repossessed by the Owners from the Charterers upon the boarding of the Vessel by the Owners' representative.~~ All arrangements and expenses relating to the settling of wages, disembarkation and repatriation of the Charterers' Master, officers and crew shall be the sole responsibility of the Charterers.

30. Dispute Resolution

*) **(a)** This ~~Contract~~ **Charter and any non-contractual obligations arising out of or in connection with it** shall be governed by and construed in accordance with English law and any dispute arising out of or in connection with this ~~Contract~~ **Charter** shall be referred to arbitration in London in accordance with the Arbitration Act 1996 or any statutory modification or re-enactment thereof save to the extent necessary to give effect to the provisions of this Clause.

The arbitration shall be conducted in accordance with the London Maritime Arbitrators Association (LMAA) Terms current at the time when the arbitration proceedings are commenced.

The reference shall be to three arbitrators. A party wishing to refer a dispute to arbitration shall appoint its arbitrator and send notice of such appointment in writing to the other party requiring the other party to appoint its own arbitrator within 14 calendar days of that notice and stating that it will appoint its arbitrator as sole arbitrator unless the other party appoints its own arbitrator and gives notice that it has done so within the 14 days specified. If the other party does not appoint its own arbitrator and give notice that it has done so within the 14 days specified, the party referring a dispute to arbitration may, without the requirement of any further prior notice to the other party, appoint its arbitrator as sole arbitrator and shall advise the other party accordingly. The award of a sole arbitrator shall be binding on both parties as if he had been appointed by agreement.

Nothing herein shall prevent the parties agreeing in writing to vary these provisions to provide for the appointment of a sole arbitrator.

In cases where neither the claim nor any counterclaim exceeds the sum of US$50,000 (or such other sum as the parties may agree) the arbitration shall be conducted in accordance with the LMAA Small Claims Procedure current at the time when the arbitration proceedings are commenced. **The language or any arbitration proceedings shall be English.**

~~*) (b) This Contract shall be governed by and construed in accordance with Title 9 of the United States Code and the Maritime Law of the United States and any dispute arising out of or in connection with this Contract shall be referred to three persons at New York, one to be appointed by each of the parties hereto, and the third by the two so chosen; their decision or that of any two of them shall be final, and for the purposes of enforcing any award, judgement may be entered on an award by any court of competent jurisdiction. The proceedings~~

~~shall be conducted in accordance with the rules of the Society of Maritime Arbitrators, Inc.~~

~~In cases where neither the claim nor any counterclaim exceeds the sum of US$50,000 (or such other sum as the parties may agree) the arbitration shall be conducted in accordance with the Shortened Arbitration Procedure of the Society of Maritime Arbitrators, Inc. current at the time when the arbitration proceedings are commenced.~~

~~*) **(c)** This Contract shall be governed by and construed in accordance with the laws of the place mutually agreed by the parties and any dispute arising out of or in connection with this Contract shall be referred to arbitration at a mutually agreed place, subject to the procedures applicable there.~~

~~**(d)** Notwithstanding (a), (b) or (c) above, the parties may agree at any time to refer to mediation any difference and/or dispute arising out of or in connection with this Contract.~~

~~In the case of a dispute in respect of which arbitration has been commenced under (a), (b) or (c) above, the following shall apply:-~~

~~**(i)** Either party may at any time and from time to time elect to refer the dispute or part of the dispute to mediation by service on the other party of a written notice (the "Mediation Notice") calling on the other party to agree to mediation.~~

~~**(ii)** The other party shall thereupon within 14 calendar days of receipt of the Mediation Notice confirm that they agree to mediation, in which case the parties shall thereafter agree a mediator within a further 14 calendar days, failing which on the application of either party a mediator will be appointed promptly by the Arbitration Tribunal ("the Tribunal") or such person as the Tribunal may designate for that purpose. The mediation shall be conducted in such place and in accordance with such procedure and on such terms as the parties may agree or, in the event of disagreement, as may be set by the mediator.~~

~~**(iii)** If the other party does not agree to mediate, that fact may be brought to the attention of the Tribunal and may be taken into account by the Tribunal when allocating the costs of the arbitration as between the parties.~~

~~**(iv)** The mediation shall not affect the right of either party to seek such relief or take such steps as it considers necessary to protect its interest.~~

~~**(v)** Either party may advise the Tribunal that they have agreed to mediation. The arbitration procedure shall continue during the conduct of the mediation but the Tribunal may take the mediation timetable into account when setting the timetable for steps in the arbitration.~~

~~**(vi)** Unless otherwise agreed or specified in the mediation terms, each party shall bear its own costs incurred in the mediation and the parties shall share equally the mediator's costs and expenses.~~

~~**(vii)** The mediation process shall be without prejudice and confidential and no information or documents disclosed during it shall be revealed to the Tribunal except to the extent that they are disclosable under the law and procedure governing the arbitration.~~

~~*(Note: The parties should be aware that the mediation process may not necessarily interrupt time limits.)*~~

~~**(e)** If Box 35 in Part I is not appropriately filled in, sub-clause 30(a) of this Clause shall apply. Sub-clause 30(d) shall apply in all cases.~~

~~*) *Sub-clauses 30(a), 30(b) and 30(c) are alternatives; indicate alternative agreed in Box 35.*~~

31. Notices **See Clause 43**

~~**(a)** Any notice to be given by either party to the other party shall be in writing and may be sent by fax, telex, registered or recorded mail or by personal service.~~

~~**(b)** The address of the Parties for service of such communication shall be as stated in Boxes 3 and 4 respectively.~~

PART III
PROVISIONS TO APPLY FOR NEWBUILDING VESSELS ONLY

OPTIONAL PART

(Optional, only to apply if expressly agreed and stated in Box 37)

~~**1. Specifications and Building Contract**~~

~~**(a)** The Vessel shall be constructed in accordance with the Building Contract (hereafter called "the Building Contract") as annexed to this Charter, made between the Builders and the Owners and in accordance with the specifications and plans annexed thereto, such Building Contract, specifications and plans having been counter-signed as approved by the Charterers.~~

~~**(b)** No change shall be made in the Building Contract or in the specifications or plans of the Vessel as approved by the Charterers as aforesaid, without the Charterers' consent.~~

~~**(c)** The Charterers shall have the right to send their representative to the Builders' Yard to inspect the Vessel during the course of her construction to satisfy themselves that construction is in accordance with such approved specifications and plans as referred to under sub-clause (a) of this Clause.~~

~~**(d)** The Vessel shall be built in accordance with the Building Contract and shall be of the description set out therein. Subject to the provisions of sub-clause 2(c)(ii) hereunder, the Charterers shall be bound to accept the Vessel from the Owners, completed and constructed in accordance with the Building Contract, on the date of delivery by the Builders. The Charterers undertake that having accepted the Vessel they will not thereafter raise any claims against the Owners in respect of the Vessel's performance or specification or defects, if any. Nevertheless, in respect of any repairs, replacements or defects which appear within the first 12 months from delivery by the Builders, the Owners shall endeavour to compel the Builders to repair, replace or remedy any defects or to recover from the Builders any expenditure incurred in carrying out such repairs, replacements or remedies. However, the Owners' liability to the Charterers shall be limited to the extent the Owners have a valid claim against the Builders under the guarantee clause of the Building Contract (a copy whereof has been supplied to the Charterers). The Charterers shall be bound to accept such sums as the Owners are reasonably able to recover under this Clause and shall make no further claim on the Owners for the difference between the amount(s) so recovered and the actual expenditure on repairs, replacement or remedying defects or for any loss of time incurred. Any liquidated damages for physical defects or deficiencies shall accrue to the account of the party stated in Box 41(a) or if not filled in shall be shared equally between the parties. The costs of pursuing a claim or claims against the Builders under this Clause (including any liability to the Builders) shall be borne by the party stated in Box 41(b) or if not filled in shall be shared equally between the parties.~~

~~**2. Time and Place of Delivery**~~

~~**(a)** Subject to the Vessel having completed her acceptance trials including trials of cargo equipment in accordance with the Building Contract and specifications to the satisfaction of the Charterers, the Owners shall give and the Charterers shall take delivery of the Vessel afloat when ready for delivery and properly documented at the Builders' Yard or some other safe and readily accessible dock, wharf or place as may be agreed between the parties hereto and the Builders. Under the Building Contract the Builders have estimated that the Vessel will be ready for delivery to the Owners as therein provided but the delivery date for the purpose of this Charter shall be the date when the Vessel is in fact ready for delivery by the Builders after completion of trials whether that be before or after as indicated in the Building Contract. The Charterers shall not be entitled to refuse acceptance of delivery of the Vessel and upon and after such acceptance, subject to Clause 1(d), the Charterers shall not be entitled to make any claim against the Owners in respect of any conditions, representations or warranties, whether express or implied, as to the seaworthiness of the Vessel or in respect of delay in delivery.~~

~~**(b)** If for any reason other than a default by the Owners under the Building Contract, the Builders become entitled under that Contract not to deliver the Vessel to the Owners, the Owners shall upon giving to the Charterers written notice of Builders becoming so entitled, be excused from giving delivery of the Vessel to the Charterers and upon receipt of such notice by the Charterers this Charter shall cease to have effect.~~

~~**(c)** If for any reason the Owners become entitled under the Building Contract to reject the Vessel the Owners shall, before exercising such right of rejection, consult the Charterers and thereupon~~

~~**(i)** if the Charterers do not wish to take delivery of the Vessel they shall inform the Owners within seven (7) running days by notice in writing and upon receipt by the Owners of such notice this Charter shall cease to have effect; or~~

~~**(ii)** if the Charterers wish to take delivery of the Vessel they may by notice in writing within seven (7) running days require the Owners to negotiate with the Builders as to the terms on which delivery should be taken and/or refrain from exercising their right to rejection and upon receipt of such notice the Owners shall commence such negotiations and/or take delivery of the Vessel from the Builders and deliver her to the Charterers;~~

~~**(iii)** in no circumstances shall the Charterers be entitled to reject the Vessel unless the Owners are able to reject the Vessel from the Builders;~~

~~**(iv)** if this Charter terminates under sub-clause (b) or (c) of this Clause, the Owners shall thereafter not be liable to the Charterers for any claim under or arising out of this Charter or its termination.~~

~~**(d)** Any liquidated damages for delay in delivery under the Building Contract and any costs incurred in pursuing a claim therefor shall accrue to the account of the party stated in Box 41(c) or if not filled in shall be shared equally between the parties.~~

~~**3. Guarantee Works**~~

~~If not otherwise agreed, the Owners authorise the Charterers to arrange for the guarantee works to be performed in accordance with the building contract terms, and hire to continue during the period of guarantee works. The Charterers have to advise the Owners about the performance to the extent the Owners may request.~~

~~**4. Name of Vessel**~~

~~The name of the Vessel shall be mutually agreed between the Owners and the Charterers and the Vessel shall be painted in the colours, display the funnel insignia and fly the house flag as required by the Charterers.~~

~~**5. Survey on Redelivery**~~

~~The Owners and the Charterers shall appoint surveyors for the purpose of determining and agreeing in writing the condition of the Vessel at the time of re-delivery. Without prejudice to Clause 15 (Part II), the Charterers shall bear all survey expenses and all other costs, if any, including the cost of docking and undocking, if required, as well as all repair costs incurred. The Charterers shall also bear all loss of time spent in connection with any docking and undocking as well as repairs, which shall be paid at the rate of hire per day or pro rata.~~

OPTIONAL PART

PART IV
HIRE/PURCHASE AGREEMENT

(Optional, only to apply if expressly agreed and stated in Box 42)

~~On expiration of this Charter and provided the Charterers have fulfilled their obligations according to Part I and II as well as Part III, if applicable, it is agreed, that on payment of the final payment of hire as per Clause 11 the Charterers have purchased the Vessel with everything belonging to her and the Vessel is fully paid for.~~

~~*In the following paragraphs the Owners are referred to as the Sellers and the Charterers as the Buyers.*~~

~~The Vessel shall be delivered by the Sellers and taken over by the Buyers on expiration of the Charter.~~

~~The Sellers guarantee that the Vessel, at the time of delivery, is free from all encumbrances and maritime liens or any debts whatsoever other than those arising from anything done or not done by the Buyers or any existing mortgage agreed not to be paid off by the time of delivery. Should any claims, which have been incurred prior to the time of delivery be made against the Vessel, the Sellers hereby undertake to indemnify the Buyers against all consequences of such claims to the extent it can be proved that the Sellers are responsible for such claims. Any taxes, notarial, consular and other charges and expenses connected with the purchase and registration under Buyers' flag, shall be for Buyers' account. Any taxes, consular and other charges and expenses connected with closing of the Sellers' register, shall be for Sellers' account.~~

~~In exchange for payment of the last month's hire instalment the Sellers shall furnish the Buyers with a Bill of Sale duly attested and legalized, together with a certificate setting out the registered encumbrances, if any. On delivery of the Vessel the Sellers shall provide for deletion of the Vessel from the Ship's Register and deliver a certificate of deletion to the Buyers.~~
~~The Sellers shall, at the time of delivery, hand to the Buyers all classification certificates (for hull, engines, anchors, chains, etc.), as well as all plans which may be in Sellers' possession.~~

~~The Wireless Installation and Nautical Instruments, unless on hire, shall be included in the sale without any extra payment.~~

~~The Vessel with everything belonging to her shall be at Sellers' risk and expense until she is delivered to the Buyers, subject to the conditions of this Contract and the Vessel with everything belonging to her shall be delivered and taken over as she is at the time of delivery, after which the Sellers shall have no responsibility for possible faults or deficiencies of any description.~~

~~The Buyers undertake to pay for the repatriation of the Master, officers and other personnel if appointed by the Sellers to the port where the Vessel entered the Bareboat Charter as per Clause 3 (Part II) or to pay the equivalent cost for their journey to any other place.~~

OPTIONAL PART

PART V
PROVISIONS TO APPLY FOR VESSELS REGISTERED IN A BAREBOAT CHARTER REGISTRY

(Optional, only to apply if expressly agreed and stated in Box 43)

~~**1. Definitions**~~
~~For the purpose of this PART V, the following terms shall have the meanings hereby assigned to them:~~
~~"The Bareboat Charter Registry" shall mean the registry of the State whose flag the Vessel will fly and in which the Charterers are registered as the bareboat charterers during the period of the Bareboat Charter.~~
~~"The Underlying Registry" shall mean the registry of the state in which the Owners of the Vessel are registered as Owners and to which jurisdiction and control of the Vessel will revert upon termination of the Bareboat Charter Registration.~~

~~**2. Mortgage**~~
~~The Vessel chartered under this Charter is financed by a mortgage and the provisions of Clause 12(b) (Part II) shall apply.~~

~~**3. Termination of Charter by Default**~~
~~If the Vessel chartered under this Charter is registered in a Bareboat Charter Registry as stated in Box 44, and if the Owners shall default in the payment of any amounts due under the mortgage(s) specified in Box 28, the Charterers shall, if so required by the mortgagee, direct the Owners to re-register the Vessel in the Underlying Registry as shown in Box 45.~~
~~In the event of the Vessel being deleted from the Bareboat Charter Registry as stated in Box 44, due to a default by the Owners in the payment of any amounts due under the mortgage(s), the Charterers shall have the right to terminate this Charter forthwith and without prejudice to any other claim they may have against the Owners under this Charter.~~

26. Place of payment; also state beneficiary and bank account (Cl. 11) **Beneficiary: Mytilene Shipping Corporation** **Account No.: 1200048508** **Beneficiary bank: HSH Nordbank AG** **SWIFT Code: HSHNDEHH**	27. ~~Bank-Corporate guarantee/bond~~ (sum and place) (Cl. 24) (optional) **See Clause 24**
28. Mortgage(s), if any (state whether 12(a) or (b) applies; if 12(b) applies state date of Financial Instrument and name of Mortgagee(s)/Place of business) (Cl. 12) **See Clause 35**	29. Insurance (hull and machinery and war risks) (state value acc. to Cl. 13(f) or, if applicable, acc. to Cl. 14(k)) (also state if Cl. 14 applies) **See Clause 38 – CLAUSE 14 DOES NOT APPLY**
30. Additional insurance cover, if any, for Owners' account limited to (Cl. 13(b) or, if applicable, Cl. 14(g)) **See Clause 38**	31. Additional insurance cover, if any, for Charterers' account limited to (Cl. 13(b) or, if applicable, Cl. 14(g)) **See Clause 38**
32. Latent defects (only to be filled in if period other than stated in Cl. 3) **N/A**	33. Brokerage commission and to whom payable (Cl. 27) **N/A**
34. Grace period (state number of clear ~~banking days~~Business Days) (Cl. 28) **See Clause 44**	35. Dispute Resolution (state 30(a), 30(b) or 30(c); if 30(c) agreed Place of Arbitration must be stated (Cl. 30) **See Clause 30(a)**
36. War cancellation (indicate countries agreed) (Cl. 26(f)) **N/A**	
37. Newbuilding Vessel (indicate with "yes" or "no" whether PART III applies) (optional) **No, Part III does not apply**	38. Name and place of Builders (only to be filled in if PART III applies) **N/A**
39. Vessel's Yard Building No. (only to be filled in if PART III applies) **N/A**	40. Date of Building Contract (only to be filled in if PART III applies) **N/A**
41. Liquidated damages and costs shall accrue to (state party acc. to Cl. 1) a) **N/A** b) **N/A** c) **N/A**	
42. Hire/Purchase agreement (indicate with "yes" or "no" whether PART IV applies) (optional) **No, Part IV does not apply**	43. Bareboat Charter Registry (indicate with "yes" or "no" whether PART V applies) (optional) **No, Part V does not apply**
44. Flag and Country of the Bareboat Charter Registry (only to be filled in if PART V applies) **N/A**	45. Country of the Underlying Registry (only to be filled in if PART V applies) **N/A**
46. Number of additional clauses covering special provisions, if agreed **Clause 32 to Clause 59**	

PREAMBLE - It is mutually agreed that this Contract shall be performed subject to the conditions contained in this Charter which shall include PART I and PART II. In the event of a conflict of conditions, the provisions of PART I shall prevail over those of PART II to the extent of such conflict but no further. It is further mutually agreed that PART III and/or PART IV and/or PART V shall only apply and only form part of this Charter if expressly agreed and stated in Boxes 37, 42 and 43. If PART III and/or PART IV and/or PART V apply, it is further agreed that in the event of a conflict of conditions, the provisions of PART I and PART II shall prevail over those of PART III and/or PART IV and/or PART V to the extent of such conflict but no further.

Signature (Owners) **For and on behalf of the Owners** **Name:** **Title:**	Signature (Charterers) **For and on behalf of the Charterers** **Name:** **Title:**

"BARECON 2001" STANDARD BAREBOAT CHARTER PART I

26. Place of payment; also state beneficiary and bank account (Cl. 11) **Beneficiary: Mytilene Shipping Corporation** **Account No.: 1200048508** **Beneficiary bank: HSH Nordbank AG** **SWIFT Code: HSHNDEHH**	27. ~~Bank~~ Corporate guarantee~~/bond~~ (sum and place) (Cl. 24) (optional) **See Clause 24**
28. Mortgage(s), if any (state whether 12(a) or (b) applies; if 12(b) applies state date of Financial Instrument and name of Mortgagee(s)/Place of business) (Cl. 12) **See Clause 35**	29. Insurance (hull and machinery and war risks) (state value acc. to Cl. 13(f) or, if applicable, acc. to Cl. 14(k)) (also state if Cl. 14 applies) **See Clause 38 – CLAUSE 14 DOES NOT APPLY**
30. Additional insurance cover, if any, for Owners' account limited to (Cl. 13(b) or, if applicable, Cl. 14(g)) **See Clause 38**	31. Additional insurance cover, if any, for Charterers' account limited to (Cl. 13(b) or, if applicable, Cl. 14(g)) **See Clause 38**
32. Latent defects (only to be filled in if period other than stated in Cl. 3) **N/A**	33. Brokerage commission and to whom payable (Cl. 27) **N/A**
34. Grace period (state number of clear ~~banking days~~Business Days) (Cl. 28) **See Clause 44**	35. Dispute Resolution (state 30(a), 30(b) or 30(c); if 30(c) agreed Place of Arbitration must be stated (Cl. 30) **See Clause 30(a)**
36. War cancellation (indicate countries agreed) (Cl. 26(f)) **N/A**	
37. Newbuilding Vessel (indicate with "yes" or "no" whether PART III applies) (optional) **No, Part III does not apply**	38. Name and place of Builders (only to be filled in if PART III applies) **N/A**
39. Vessel's Yard Building No. (only to be filled in if PART III applies) **N/A**	40. Date of Building Contract (only to be filled in if PART III applies) **N/A**
41. Liquidated damages and costs shall accrue to (state party acc. to Cl. 1) a) **N/A** b) **N/A** c) **N/A**	
42. Hire/Purchase agreement (indicate with "yes" or "no" whether PART IV applies) (optional) **No, Part IV does not apply**	43. Bareboat Charter Registry (indicate with "yes" or "no" whether PART V applies) (optional) **No, Part V does not apply**
44. Flag and Country of the Bareboat Charter Registry (only to be filled in if PART V applies) **N/A**	45. Country of the Underlying Registry (only to be filled in if PART V applies) **N/A**
46. Number of additional clauses covering special provisions, if agreed **Clause 32 to Clause 59**	

PREAMBLE - It is mutually agreed that this Contract shall be performed subject to the conditions contained in this Charter which shall include PART I and PART II. In the event of a conflict of conditions, the provisions of PART I shall prevail over those of PART II to the extent of such conflict but no further. It is further mutually agreed that PART III and/or PART IV and/or PART V shall only apply and only form part of this Charter if expressly agreed and stated in Boxes 37, 42 and 43. If PART III and/or PART IV and/or PART V apply, it is further agreed that in the event of a conflict of conditions, the provisions of PART I and PART II shall prevail over those of PART III and/or PART IV and/or PART V to the extent of such conflict but no further.

Signature (Owners) **For and on behalf of the Owners** **Name:** **Title:**	Signature (Charterers) **For and on behalf of the Charterers** **Name:** ALEXANDROS LAIOS **Title:** Attorney-in-fact

ADDITIONAL CLAUSES TO BARECON 2001 DATED 31 MARCH 2018

CLAUSE 32 – CHARTER PERIOD

32.1 For the avoidance of doubt, notwithstanding the fact that the Charter Period shall commence on the Commencement Date, this Charter shall be:

(a) in full force and effect; and

(b) valid, binding and enforceable against the parties hereto,

(c) with effect from the date of this Charter until the end of the Charter Period (subject to the terms of this Charter).

32.2 The Charter Period shall, subject to the terms of this Charter, continue for a period of seventy two (72) months from the Commencement Date.

CLAUSE 33 – CANCELLATION

33.1 If:

(a) a Termination Event occurs prior to the delivery of the Vessel by the Charterers as sellers to Owners as buyers under the MOA;

(b) it becomes unlawful for the Owners (as buyers) to perform or comply with any or all of their obligations under the MOA or any of the obligations of the Owners under the MOA are not or cease to be legal, valid, binding and enforceable; and/or

(c) the MOA expires, is cancelled, terminated, rescinded or suspended or otherwise ceases to remain in full force and effect for any reason,

then this Charter shall immediately terminate and be cancelled (provided that any provision hereof expressed to survive such termination or cancellation shall so do in accordance with its terms) without the need for either of the Owners or the Charterers to take any action whatsoever.

CLAUSE 34 – DELIVERY OF VESSEL

34.1

(a) This Charter is part of a transaction involving the sale, purchase and charter back of the Vessel and constitutes one of the Leasing Documents.

(b) The obligation of the Owners to charter the Vessel to the Charterers hereunder is subject to and conditional upon:

(i) the delivery of the Vessel by the Charterers as sellers to the Owners as buyers in accordance with the terms of the MOA with such Delivery occurring on or before the Cancelling Date(and, for the purposes of this Charter, the Vessel shall be deemed delivered to the Charterers simultaneously with delivery of the Vessel to the Owners pursuant to the MOA);

(ii) no Potential Termination Event or Termination Event having occurred and being continuing as at the Commencement Date;

(iii) the representations and warranties contained in Clause 45 being true and correct on the date of this Charter and each day thereafter until and including the last day of the Charter Period;

(iv) the Owners having received from the Charterers:

(A) on or prior to Delivery, the documents or evidence set out in Part A of Schedule II in form and substance satisfactory to them; and

(B) after Delivery, the documents or evidence set out in Part B of Schedule II in form and substance satisfactory to them within the time periods set out thereunder;

and if any of the documents listed in sub-paragraph (iv) above are not in the English language then they shall be accompanied by a certified English translation.

34.2 The conditions precedent or conditions subsequent specified in Clause (b)(iv) are inserted for the sole benefit of the Owners and may be waived or deferred in whole or in part and with or without conditions by the Owners.

34.3 On delivery to and acceptance by the Owners of the Vessel under the MOA from the Charterers as sellers and subject to the provisions of this Clause 34, the Vessel shall be deemed to have been delivered to, and accepted without reservation by, the Charterers under this Charter and the Charterers shall become and be entitled to the possession and use of the Vessel on and subject to the terms and conditions of this Charter.

34.4 On Delivery, as evidence of the commencement of the Charter Period the Charterers shall sign and deliver to the Owners the Acceptance Certificate. Without prejudice to this Clause 34.4, the Charterers shall be deemed to have accepted the Vessel under this Charter and the commencement of the Charter Period having started, on Delivery even if for whatever reason, the Acceptance Certificate is not signed and/or the Charterers do not take actual possession of the Vessel at that time.

34.5 Save where any of the events set out under Clause 44.1(f) (iv), (v), (vi) and (viii) below applies in relation to the Owners (and in the absence of a Termination Event or Potential Termination Event having occurred at the same time), the Charterers shall not be entitled for any reason whatsoever to refuse to accept delivery of the Vessel under this Charter once the Vessel has been delivered to and accepted by the Owners under the MOA from the Charterers as sellers, and the Owners shall not be liable for any losses, costs or expenses whatsoever or howsoever arising including, without limitation, any loss of profit or any loss or otherwise:

(a) resulting directly or indirectly from any defect or alleged defect in the Vessel or any failure of the Vessel; or

(b) arising from any delay in the commencement of the Charter Period or any failure of the Charter Period to commence.

34.6 The Owners will not and shall not be obliged to deliver the Vessel to the Charterers with any bunkers and unused lubricating oils and greases (whether in storage tanks and unopened drums or otherwise) except such items (including bunkers, lubricating oils, unbroached provisions, paints, ropes and other consumable stores) as are on the Vessel on Delivery.

34.7 The Charterers shall, following the Owners' delivery of items on board the Vessel on Delivery pursuant to Clause 34.6, keep all such items on board the Vessel for the Charterers' own use.

CLAUSE 35 – QUIET ENJOYMENT

35.1 Provided that no Potential Termination Event or Termination Event has occurred pursuant to the terms of this Charter, the Owners hereby agree not to disturb or interfere (or instruct or authorise another party to disturb or interfere) with the Charterers' lawful use, possession and quiet enjoyment of the Vessel during the Charter Period.

35.2 The Owners shall use best endeavors to procure that their financier(s) enter into a Quiet Enjoyment Agreement with the Charterers on such terms as may be mutually agreed between the Owners, the Owners' financier(s) and the Charterers.

35.3 Subject to Clause 35.1 above, the Charterers acknowledge that, at any time during the Charter Period:

(a) the Owners are entitled to enter into certain funding arrangements with their financier(s), (the "**Mortgagee**"), in order to finance in part or in full of the Purchase Price (such financing amount not to exceed the Outstanding Principal Balance at the relevant time), which funding arrangements may be secured, *inter alia*, by the relevant Financial Instruments;

(b) the Owners may do any of the following as security for the funding arrangements referred to in paragraph (a) above:

(i) execute a ship mortgage over the Vessel or any other Financial Instrument in favour of a Mortgagee;

(ii) assign their rights and interests to, in or in connection with this Charter and any other Leasing Document in favour of that Mortgagee;

(iii) assign their rights and interests to, in or in connection with the Insurances, the Earnings and the Requisition Compensation of the Vessel in favour of that Mortgagee; and

(iv) enter into any other document or arrangement which is necessary to give effect to such financing arrangements; and

(c) the Charterers undertake to comply, and provide such information and documents reasonably required to enable the Owners to comply, with all such instructions or directions in regard to the employment, insurances, operation, repairs and maintenance of the Vessel as laid down in any Financial Instrument or as may be directed from to time during the currency of this Charter by the Mortgagee in conformity with any Financial Instrument. The Charterers further agree and acknowledge all relevant terms, conditions and provisions of each Financial Instrument (if any) and agree to acknowledge this in writing in any form that may be reasonably required by the Mortgagee.

CLAUSE 36 – CHARTERHIRE

36.1 In consideration of the Owners agreeing to charter the Vessel to the Charterers under this Charter at the request of the Charterers, the Charterers hereby irrevocably and unconditionally agree to pay to the Owners, the Charterhire, the Advance Charterhire and the Purchase Obligation Price or, as the case may be, the Purchase Option Price.

36.2 The Charterers shall pay the Advance Charterhire to the Owners on the Commencement Date which amount shall be deemed paid on such date by it being set off against an equivalent portion of the Purchase Price payable by the Owners as buyers to the Charterers as sellers under the MOA on the Commencement Date pursuant to the terms thereof and which, for the avoidance of any doubt, shall be unsecured and non-refundable under all circumstances and no interest shall accrue on the Advance Charterhire.

36.3 Subject to the terms of this Clause 36, the Charterers shall pay the Charterhire quarterly in arrears in twenty four (24) consecutive instalments to the Owners under this Charter with the first instalment of the Charterhire payable on the date falling three months after the Commencement Date and the final instalment of the Charterhire payable on the last day of the Charter Period.

36.4 The Vessel shall not at any time be deemed off-hire and the Charterers' obligation to pay all Charterhire, Advance Charterhire and other amounts payable under the Leasing Documents shall be absolute and unconditional under any and all circumstances and shall not be affected by any circumstances of any nature whatsoever including but not limited to:

(a) any set-off (except in the case of the Advance Charterhire which shall be set off in accordance with Clause 36.2), counterclaim, recoupment, defence, claim or other right which the Charterers may at any time have against the Owners or any other person for any reason whatsoever including, without limitation, any act, omission or breach on the part of the Owners under this Charter or any other agreement at any time existing between the Owners and the Charterers;

(b) any change, extension, indulgence or other act or omission in respect of any indebtedness or obligation of the Charterers, or any sale, exchange, release or surrender of, or other dealing in, any security for any such indebtedness or obligation;

(c) any title defect or encumbrance or any dispossession of the Vessel by title paramount or otherwise;

(d) any defect in the seaworthiness, condition, value, design, merchantability, operation or fitness for use of the Vessel or the ineligibility of the Vessel for any particular trade;

(e) the Total Loss or any damage to or forfeiture or court marshall's or other sale of the Vessel;

(f) any libel, attachment, levy, detention, sequestration or taking into custody of the Vessel or any restriction or prevention of or interference with or interruption or cessation in, the use or possession thereof by the Charterers;

(g) any insolvency, bankruptcy, reorganization, arrangement, readjustment, dissolution, liquidation or similar proceedings by or against the Charterers;

(h) any invalidity, unenforceability, lack of due authorization or other defects, or any failure or delay in performing or complying with any of the terms and provisions of this Charter or the other Leasing Documents by any party to this Charter or any other person;

(i) any enforcement or attempted enforcement by the Owners of their rights under this Charter or any of the Leasing Documents executed or to be executed pursuant to this Charter; or

(j) any loss of use of the Vessel due to deficiency or default or strike of officers or crew, fire, breakdown, damage, accident, defective cargo or any other cause which would or might but for this provision have the effect of terminating or in any way affecting any obligation of the Charterers under this Charter.

36.5 Time of payment of the Charterhire, the Advance Charterhire and other payments by the Charterers shall be of the essence of this Charter and the other Leasing Documents.

36.6 All payments of the Charterhire, the Advance Charterhire and any other amounts payable under the Leasing Documents shall be made in Dollars and shall be received by the Owners in same day available funds and by not later than 6:00pm (Shanghai time) on the due date thereof.

36.7 All Charterhire and any moneys payable hereunder shall be payable by the Charterers to the Owners to such account as the Owners may notify the Charterers in writing.

36.8 Payment of the Charterhire and the Advance Charterhire shall be at the Charterers' risk until receipt by the Owners.

36.9 All stamp duty, value added tax, withholding or other taxes (not including taxes levied on the income of the Owners) and import and export duties and all other similar types of charges which may be levied or assessed on or in connection with:

(a) the operation of this Charter in respect of the hire and all other payments to be made pursuant to this Charter and the remittance thereof to the Owners; and

(b) the import, export, purchase, delivery and re-delivery of the Vessel,

shall be borne by the Charterers. The Charterers shall pay, if applicable, value added tax and other similar tax levied on any Charterhire and Advance Charterhire and other payments payable under this Charter by addition to, and at the time of payment of, such amounts.

36.10 If the Charterers fail to make any payment due under this Charter on the due date, they shall pay interest on such late payment at the default rate of 2 per cent. (2 %) per annum (for the avoidance of doubt, such default interest rate applies in addition to the applicable Interest Rate if no payment default were to occur) from the date on which such payment became due until the date of payment thereof.

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

36.12 Any payment which is due to be made on a day which is not a Business Day, shall be made on the preceding Business Day in the same calendar month.

CLAUSE 37 – POSSESSION OF VESSEL

37.1 The Charterers shall not, without the prior written consent of the Owners, assign, mortgage or pledge the Vessel or any interest therein and shall not permit the creation of any Security Interest thereon other than the Permitted Security Interests.

37.2 The Charterers shall promptly notify any party including any Approved Subcharterer (as the Owners may request), in writing that the Vessel is the property of the Owners and the Charterers shall provide the Owners with a copy of such written notification and reasonably satisfactory evidence that such party has received such written notification.

37.3 Other than in the circumstances specified in Clause 37.4, if the Vessel is arrested, seized, impounded, forfeited, detained or taken out of their possession or control (whether or not pursuant to any distress, execution or other legal process but other than due to piracy events which are insured against pursuant to Clause 38), the Charterers shall procure the immediate release of the Vessel (whether by providing bail or procuring the provision of security or otherwise do such lawful things as the circumstances may require) and shall (if it will or is likely to exceed 30 days) immediately notify the Owners of such event and shall indemnify the Owners against all losses, documented costs or documented charges incurred by the Owners by reason thereof in re-taking possession or otherwise in re-acquiring the Vessel. Without prejudice to the generality of the foregoing, the Charterers agree to indemnify the Owners against all consequences or liabilities arising from the master, officers or agents signing bills of lading or other documents.

37.4 If the Vessel is arrested or otherwise detained solely because of the Owners' direct actions or omissions and for reasons which are not in any part a consequence of a Relevant Person's (or its affiliate's) contributory negligence and/or wilful misconduct, the Owners shall at their own expense take all reasonable steps to procure that within a reasonable time the Vessel is released, including the provision of bail.

37.5 The Charterers shall pay and discharge or cause any Approved Subcharterer to pay and discharge all obligations and liabilities whatsoever which have given or may give rise to liens on or claims enforceable against the Vessel and take all steps to prevent (and in connection with procuring any Approved Subcharterer in doing the above, take all reasonable steps to procure any Approved Subcharterer to prevent) an arrest (threatened or otherwise) of the Vessel.

Clause 38 – INSURANCE

38.1 The Charterers shall procure that insurances are effected in form and substance satisfactory to the Owners:

(a) in Dollars;

(b) in the case of fire and usual hull and machinery, marine risks and war risks (including blocking and trapping), on an agreed value basis in an amount of 120% of the higher from time to time of: (i) the aggregate of the then Outstanding Principal Balance and (ii) the lower of the Certified Book Value and Market Value;

(c) in the case of oil pollution liability risks for the Vessel, for an aggregate amount equal to the highest level of cover from time to time available under protection and indemnity club entry and in the international marine insurance market and for an amount of not less than $1,000,000,000; and

(d) in relation to protection and indemnity risks in respect of the full tonnage of the Vessel;

(e) through approved brokers and with first class international insurers and/or underwriters reasonably acceptable to the Owners (including having a Standard & Poor's rating of BBB+ or above, a Moody's rating of A or above or an AM Best rating of A- or above) or, in the case of war risks and protection and indemnity risks, in a war risks and protection and indemnity risks associations reasonably acceptable to the Owners (including being a member of the International Group of Protection and Indemnity Clubs); and

(f) on no less favourable terms which the Charterers may be under an obligation (if any) to maintain under the terms of any Approved Bareboat Subcharter.

38.2 In addition to the terms set out in Clause 13(a), the Charterers shall procure that the obligatory insurances shall:

(a) subject always to paragraph (ii), name the Charterers, the Approved Manager and the Owners (if so required by the Owners) as the only named assureds unless the interest of every other named assured or co-assured is limited:

(ii) in respect of any obligatory insurances for hull and machinery and war risks;

(1) to any provable out-of-pocket expenses that they have incurred and which form part of any recoverable claim on underwriters; and

(2) to any third party liability claims where cover for such claims is provided by the policy (and then only in respect of discharge of any claims made against them); and

(iii) in respect of any obligatory insurances for protection and indemnity risks, to any recoveries they are entitled to make by way of reimbursement following discharge of any third party liability claims made specifically against them,

and every other named assured or co-assured has undertaken in writing to the Owners or their financiers reasonably that any deductible shall be apportioned between the Charterers and every other named assured or co-assured in proportion to the gross claims made by or paid to each of them and that they shall do all things necessary and provide all documents, evidence and information to enable the Owners and their financiers (if any) in accordance with the terms of the loss payable clause, to collect or recover any moneys which at any time become payable in respect of the obligatory insurances;

(b) whenever a financier of the Owners requires:

(i) in respect of fire and other usual marine risks and war risks, name (or be amended to name) the same as additional named assured for their rights and interests, warranted no operational interest and with full waiver of rights of subrogation against such financiers, but without such financiers thereby being liable to pay (but having the right to pay) premiums, calls or other assessments in respect of such insurance;

(ii) in relation to protection and indemnity risks, name (or be amended to name) the same as additional insured or co-assured for their rights and interests to the extent permissible under the relevant protection and indemnity club rules; and

(iii) name the Owners' financiers (as applicable) and the Owners (as applicable) as the first ranking loss payee and the second ranking loss payee respectively (and in the absence of any financiers, the Owners as first ranking loss payee) in accordance with the terms of the relevant loss payable clauses approved by the Owners' financiers and the Owners (such approval not to be unreasonably withheld) with such directions for payment in accordance with the terms of such relevant loss payable clause, as the Owners and their financiers (if any) may specify;

(c) provide that all payments by or on behalf of the insurers under the obligatory insurances to the Owners and/or their financiers (as applicable) shall be made without set-off, counterclaim or deductions or condition whatsoever;

(d) provide that such obligatory insurances shall be primary without right of contribution from other insurances which may be carried by the Owners or their financiers (if any);

(e) provide that the Owners and/or their financiers (if any) may make proof of loss if the Charterers fail to do so; and

(f) provide that if any obligatory insurance is cancelled, or if any substantial change is made in the coverage which adversely affects the interest of the Owners, or if any obligatory insurance is allowed to lapse for non-payment of premium, such cancellation, change or lapse shall not be effective with respect to the Owners and/or their financiers (if any) for fourteen (14) days (or seven (7) days in the case of war risks), or such other period as may be agreed by the Owners and/or their financiers (if any), after receipt by the Owners and/or their financiers (if any) of prior written notice from the insurers of such cancellation, change or lapse.

38.3 The Charterers shall:

(a) at least fourteen (14) days prior to Delivery (or such shorter period agreed by the parties), notify in writing the Owners (copied to their financiers (if any)) of the terms and conditions of all Insurances;

(b) at least fourteen (14) days before the expiry of any obligatory insurance notify the Owners (copied to their financiers (if any)) of the brokers (or other insurers) and any protection and indemnity or war risks association through or with whom the Charterers propose to renew that obligatory insurance and of the proposed terms of renewal and obtain the Owners' approval (such approval not to be unreasonably withheld and who shall have regard to the requirements as to insurance cover required under the provisions of this Clause 38);

(c) at least seven (7) days before the expiry of any obligatory insurance, procure that such obligatory insurance is renewed or to be renewed on its expiry date in accordance with the provisions of this Charter;

(d) procure that the approved brokers and/or the war risks and protection and indemnity associations with which such a renewal is effected shall promptly after the renewal or the effective date of the new insurance and protection and indemnity cover notify the Owners (copied to their financiers (if any)) in writing of the terms and conditions of the renewal; and

(e) as soon as practicable after the expiry of any obligatory insurance, deliver to the Owners a letter of undertaking as required by this Charter in respect of such Insurances for the Vessel as renewed pursuant to this Clause 38.3 together with copies of the relevant policies or cover notes or entry certificates duly endorsed with the interest of the Owners and/or their financiers (if any).

38.4 The Charterers shall ensure that all insurance companies and/or underwriters, and/or (if any) insurance brokers provide the Owners with all copies of policies, cover notes and certificates of entry (originals where so requested by the Owners following the occurrence of a Termination Event or Potential Termination Event) relating to the obligatory insurances which they are to effect or renew and of a letter or letters or undertaking in a form required by the Owners (which the Charterers shall procure the relevant insurance companies, underwriters and/or insurance brokers to provide upon renewal or receipt of the insurance companies, underwriters and/of insurance brokers of an executed notice of assignment). Such letter or letters of undertaking shall include undertakings by the insurance companies and/or underwriters that:

(a) they will have endorsed on each policy, immediately upon issue, a loss payable clause and a notice of assignment complying with the provisions of this Charter and the Financial Instruments;

(b) they will hold the benefit of such policies and such insurances, to the order of the Owners and/or their financiers (if any) and/or such other party in accordance with the said loss payable clause;

(c) they will advise the Owners and their financiers (if any) promptly of any material change to the terms of the obligatory insurances of which they are aware;

(d) (i) they will indicate in the letters of undertaking that they will immediately notify the Owners and their financiers (if any) when any cancellation, charge or lapse of the relevant obligatory insurance occur and (ii) following a written application from the Owners and/or their financiers (if any) not later than one (1) month before the expiry of the obligatory insurances they will notify the Owners and their financiers (if any) not less than fourteen (14) days before the expiry of the obligatory insurances, in the event of their not having received notice of renewal instructions from the Charterers and, in the event of their receiving instructions to renew, they will promptly notify the Owners and their financiers (if any) of the terms of the instructions; and

(e) if any of the obligatory insurances form part of any fleet cover, the Charterers shall use best endeavours to procure that the insurance broker(s), or leading insurer, as the case may be, undertakes to the Owners and their financiers (if any) that such insurance broker or insurer will not set off against any sum recoverable in respect of a claim relating to the Vessel under

such obligatory insurances any premiums due in respect of any other vessel under any fleet cover of which the Vessel forms a part or any premium due for other insurances, they waive any lien on the policies, or any sums received under them, which they might have in respect of such premiums, and they will not cancel such obligatory insurances by reason of non-payment of such premiums or other amounts, and will arrange for a separate policy to be issued in respect of the Vessel forthwith upon being so requested by the Owners and/or their financiers (if any) and where practicable.

38.5 The Charterers shall ensure that any protection and indemnity and/or war risks associations in which the Vessel is entered provides the Owners with:

(a) a copy of the certificate of entry for the Vessel as soon as such certificate of entry is issued;

(b) a letter or letters of undertaking in such form as may be required by the Owners or in such association's standard form (following the relevant association's receipt of an executed notice of assignment upon the effecting or renewal of insurances); and

(c) a copy of each certificate of financial responsibility for pollution by oil or other Environmentally Sensitive Material issued by the relevant certifying authority in relation to the Vessel.

38.6 The Charterers shall ensure that all policies relating to obligatory insurances are deposited with the approved brokers through which the insurances are effected or renewed.

38.7 The Charterers shall procure that all premiums or other sums payable in respect of the obligatory insurances are punctually paid and produce all relevant receipts when so required by the Owners.

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

38.9 The Charterers shall neither do nor omit to do (nor permit to be done or not to be done) any act or thing which would or might render any obligatory insurance invalid, void, voidable or unenforceable or render any sum payable under an obligatory insurance repayable in whole or in part; and, in particular:

(a) the Charterers shall procure that all necessary action is taken and all requirements are complied with which may from time to time be applicable to the obligatory insurances, and (without limiting the obligations contained in this Clause) ensure that the obligatory insurances are not made subject to any exclusions or qualifications to which the Owners have not given their prior approval (unless such exclusions or qualifications are made in accordance with the rules of a protection and indemnity association which is a member of the International Group of protection and indemnity associations), such approval not to be unreasonably withheld;

(b) the Charterers shall not make or permit any changes relating to the classification or classification society or manager or operator of the Vessel unless such changes have first been approved by the underwriters of the obligatory insurances or the Owners (such approval not to be unreasonably withheld by the Owners' but always subject to the Owners receiving credit approval on such changes);

(c) as may be applicable, the Charterers shall procure that all quarterly or other voyage declarations which may be required by the protection and indemnity risks association in which the Vessel is entered to maintain cover for trading to the United States of America and Exclusive Economic Zone (as defined in the United States Oil Pollution Act 1990 or any other applicable legislation) are made and the Charterers shall promptly provide the Owners with copies of such declarations and a copy of the certificate of financial responsibility; and

(d) the Charterers shall not employ the Vessel, nor allow it to be employed, otherwise than in conformity with the terms and conditions of the obligatory insurances, without first obtaining the consent of the insurers and complying with any requirements (as to extra premium or otherwise) which the insurers specify.

38.10 The Charterers shall not make or agree to any material alteration to the terms of any obligatory insurance (relating to the identity of the beneficiaries under such insurances or scope of cover) nor waive any right relating to any obligatory insurance without the prior written consent of the Owners (such consent to only be required where such amendment or waiver adversely affects or potentially adversely affects the Owners' interests under the Leasing Documents and which is not to be unreasonably withheld or delayed).

In this Clause 38.10 "material" alterations shall include, without limitation, reduction to the insured amount, limitation on the scope of the cover and any other amendment which would cause a breach under the terms of this Charter, any other Leasing Document or any Approved Bareboat Subcharter.

38.11 The Charterers shall not settle, compromise or abandon any claim under any obligatory insurance for a Total Loss or for a Major Casualty, and shall do all things necessary and provide all documents, evidence and information to enable the Owners to collect or recover any moneys which at any time become payable in respect of the obligatory insurances.

38.12 The Charterers shall provide the Owners, promptly upon the Owners' written request, copies of:

(a) all communications between the Charterers and:

(i) the approved brokers; and

(ii) the approved protection and indemnity and/or war risks associations; and

(iii) the approved international insurers and/or underwriters, which relate directly or indirectly to:

(A) the Charterers' obligations relating to the obligatory insurances including, without limitation, all requisite declarations and payments of additional premiums or calls; and

(B) any credit arrangements made between the Charterers and any of the persons referred to in paragraphs (i) or (ii) relating wholly or partly to the effecting or maintenance of the obligatory insurances; and

any communication with all parties involved in case of a claim under any of the Vessel's insurances.

38.13 The Charterers shall promptly provide the Owners (or any persons which they may designate) with any information which the Owners reasonably request for the purpose of:

(a) obtaining or preparing any report from an independent marine insurance broker as to the adequacy of the obligatory insurances effected or proposed to be effected; and/or

(b) effecting, maintaining or renewing any such insurances as are referred to in Clause 13(a) or dealing with or considering any matters relating to any such insurances.

38.14 If one or more of the obligatory insurances are not effected and maintained with first class international insurers or are effected with an insurance or captive subsidiary of the Owners or the Charterers, then the Charterers shall procure, at their own expense, that the relevant insurers maintain in full force and effect facultative reinsurances with reinsurers and

through brokers, in each case, of recognised standing and acceptable in all respects to the Owners. Any reinsurance policy shall include, if and when permitted by law, a cut-through clause in a form acceptable to the Owners. The Charterers shall procure that underwriters of the primary insurances assign each reinsurance to the relevant financiers in full, if required.

38.15 The Charterers shall upon demand fully indemnify the Owners in respect of all premiums and other expenses which are reasonably incurred by (i) the Owners in connection with or with a view to effecting, maintaining or renewing an innocent owners' interest insurance, mortgagee's interest insurance and a lessor's/mortgagee's additional perils (pollution) insurance that is taken out in respect of the Vessel and/or (ii) the financier(s) of the Owners (if any) in connection with or with a view to effecting, maintaining or renewing a mortgagee's interest insurance and a mortgagee's additional perils (pollution) insurance that is taken out in respect of the Vessel, in each case, with the Charterers' insurance brokers as approved by the Owners (in their sole discretion) and provided that the Charterers shall provide the Owners, as soon as these are dispatched, with copies of all communications between the Charterers and such insurance brokers. In each case, the amount of the cover under the insurances referred to this Clause 38.15 shall be equal to at least 120% of the higher from time to time of (i) the Outstanding Principal Balance; (ii) the lower of the Certified Book Value and the Market Value.

38.16 The Charterers shall be solely responsible for and indemnify the Owners in respect of all loss or damage to the Vessel (insofar as the Owners shall not be reimbursed by the proceeds of any insurance in respect thereof) however caused occurring at any time or times before physical possession thereof is retaken by the Owners, reasonable wear and tear to the Vessel only excepted.

38.17 The Charterers shall:

(a) reimburse the Owners any expenses incurred by the Owners in obtaining the reports described in Clause 38.13 (provided that such reimbursement obligation does not arise for the second or subsequent report obtained for any given 12-month period); and

(b) procure that there is delivered to the brokers, insurers, underwriters, associations described in Clause 38.1(e) such information in relation to the Insurances as they may require.

38.18 The Charterers shall keep the Vessel insured at their expense against such other risks which the Owners consider reasonable for a prudent shipowner or operator to insure against at the relevant time (as notified by the Owners) and which are, at that time, generally insured against by owners or operators of vessels similar to the Vessel.

38.19 The Charterers shall, in the event that the Approved Manager makes a claim under any obligatory insurances taken out in connection with this Clause 38 but is unable to or otherwise fails to pay in full any deductible in connection with such claim (in an amount as apportioned between the Charterers and every other assured in proportion to the gross claims made by or paid to each of them), pay such shortfall in deductible payable on behalf of the Approved Manager.

CLAUSE 39 – WARRANTIES RELATING TO VESSEL

39.1 It is expressly agreed and acknowledged that the Owners are not the manufacturer or original supplier of the Vessel which has been purchased by the Owners from the Charterers as sellers pursuant to the MOA for the purpose of then chartering the Vessel to the Charterers hereunder and that no condition, term, warranty or representation of any kind is or has been given to the Charterers by or on behalf of the Owners in respect of the Vessel (or any part thereof).

39.2 All conditions, terms or warranties express or implied by the law relating to the specifications, quality, description, merchantability or fitness for any purpose of the Vessel (or any part thereof) or otherwise are hereby expressly excluded.

39.3 The Charterers agree and acknowledge that the Owners shall not be liable for any claim, loss, damage, expense or other liability of any kind or nature caused directly or indirectly by the Vessel or by any inadequacy thereof or the use or performance thereof or any repairs thereto or servicing thereof and the Charterers shall not by reason thereof be released from any liability to pay any Charterhire or the Advance Charterhire or other payment due under this Charter or the other Leasing Documents.

CLAUSE 40 – TERMINATION, REDELIVERY AND TOTAL LOSS

40.1 If the Termination Purchase Price becomes payable in accordance with Clause 44.3, the same shall be payable in consideration of the purchase and transfer of the legal and beneficial title of the Vessel pursuant to Clause 40.4 and it is hereby agreed by the parties hereto that payment of the Termination Purchase Price shall not be construed as a penalty but shall represent an agreed estimate of the loss and damage suffered by the Owners in buying the Vessel and entering into this Charter upon the terms and conditions contained herein, in each case, at the request of the Charterers and shall therefore be paid as compensation to the Owners for early termination and acquisition of the Vessel by the Charterers.

40.2 Upon receipt of the Termination Purchase Price by the Owners pursuant to Clause 40.1 in full, this Charter shall terminate.

40.3

(a) If the Charterers fail to make any payment of the Termination Purchase Price on the due date,

(i) Clauses 36.10 and 36.11 shall apply;

(ii) the Charterers' right to possess and operate the Vessel shall immediately cease and (without in any way affecting the Charterers' obligation to pay the Termination Purchase Price) the Charterers shall, upon the Owners' request (at Owners' sole discretion), be obliged to immediately (and at the Charterers' own cost) redeliver the Vessel to the Owners at such ready and nearest safe port as the Owners may require; further and for the avoidance of doubt, the Owners shall be entitled (at Owners' sole discretion) to operate the Vessel as they may require and may create whatsoever interests thereon, including without limitation charterparties or any other form of employment contracts (**"Post-enforcement Interests");** and

(iii) the Owners shall be entitled (at Owners' sole discretion) to sell the Vessel on terms they deem fit (an **"Owners' Sale")**.

(b) Prior to effecting an Owners' Sale, the Owners shall notify the Charterers in writing and the Charterers may within seven (7) Business Days thereafter submit to the Owners evidence (to the satisfaction of the Owners, acting reasonably) of a purchaser offering by way of a firm offer (subject to customary closing conditions and Owners' investigation on know-your-client issues) (a **"Charterers' Offer")** an amount at least equal to the higher of (i) the purchase price contemplated by the Owners' Sale and (ii) the then current amount of the Termination Purchase Price, in either case following which the Owners will use reasonable endeavours to enter into a memorandum of agreement (in a form acceptable to the Owners and the relevant counterparty buyer) pursuant to such Charterers' Offer.

(c) Without prejudice to the other provisions of this Clause 40.3, the Charterers may at any time following the occurrence of any event set out in Clause 44.2 or 44.3 (as the case may be) submit to the Owners evidence (to the satisfaction of the Owners, acting reasonably) of a Charterers' Offer in an amount at least equal to the then current amount of the Termination Purchase Price, in which case the Owners will use reasonable endeavours to enter into a memorandum of agreement (in a form acceptable to the Owners and the relevant counterparty buyer) pursuant to such Charterers' Offer.

(d) The proceeds of any sale of the Vessel pursuant to Clause 40.3(a)(iii) or (b) or (c) shall be applied:

(i) first, towards the Owners' documented costs incurred in relation to such sale;

(ii) second, towards payment of the outstanding Termination Purchase Price and other sums then due and payable to the Owners under the Leasing Documents; and

(iii) third, any remaining balance to be paid to the Charterers subject to all actual and/or contingent liabilities incurred under any of the Leasing Documents being fully discharged; provided also in the case of an Owners' Sale that if such proceeds are not in an amount sufficient to discharge in full the aggregate amounts due to the Owners under (i) and (ii), the Charterers shall continue to be liable for the shortfall.

40.4 Concurrently with the Owners receiving irrevocable payment of the Termination Purchase Price in full pursuant to the terms of this Charter, the Owners shall (save in the event of Total Loss or where ownership has already been or agreed to be transferred pursuant to Clause 40.3) transfer the legal and beneficial ownership of the Vessel on an "as is where is" basis (and, for the avoidance of doubt but without prejudice to Clause 49.1(b), subject to any Post-enforcement Interests), and otherwise in accordance with the terms and conditions set out at Clause 49.1(a) and (b)), to the purchaser under the Charterers' Offer and shall (at the cost of the Charterers or the purchaser under the Charterers' Offer) execute a bill of sale and a protocol of delivery and acceptance evidencing the same and any other document strictly necessary to transfer the title of the Vessel to the purchaser under the Charterers' Offer (and to the extent required for such purposes, the Vessel shall be deemed first to have been redelivered to the Owners).

40.5 The Charterers hereby undertake to indemnify the Owners against any claims incurred in relation to the Vessel as a result of the Charterers' action or performance prior to such transfer of ownership. Any taxes, notarial, consular and other costs, charges and expenses connected with closing of the Owners' register shall be for the Charterers' account.

40.6 If the Charterers are required to redeliver the Vessel to the Owners pursuant to Clause 40.3, the Charterers shall ensure that the Vessel shall, at the time of redelivery to the Owners (at Charterers' cost and expense):

(a) be in compliance with its Insurances;

(b) be in an equivalent classification as she was as at the Commencement Date without any outstanding recommendation or condition, and with valid, unextended certificates for not less than three (3) months and free of average damage affecting the Vessel's classification and in the same or as good structure, state, condition and classification as that in which she was deemed on the Commencement Date, fair wear and tear not affecting the Vessel's classification excepted;

(c) have passed her 5-year and if applicable, 10-year special surveys, and subsequent second intermediate surveys and drydock at the Charterers' time and expense without any condition or outstanding issue and to the satisfaction of the Classification Society and with all the Vessel's classification, trading, national and international certificates that the Vessel had when she was delivered under this Charter and the log book and whatsoever necessary relating to the operation of the Vessel, valid and un-extended without conditions or recommendation falling due;

(d) have her survey cycles up to date and trading and classification certificate valid for at least six (6) months;

(e) be redelivered to the Owners together with all spare parts and spare equipment as were on board at the time of Delivery and to the extent not already expended in the operation of the Vessel, and any such spare parts and spare equipment on board at the time of re-delivery shall be taken over by the Owners free of charge;

(f) be free of any Security Interest (save for the Security Interests granted pursuant to the Financial Instruments) and the Charterer shall use their best endeavours to procure that the Vessel is free of any cargo;

(g) be redelivered to the Owners together with all material information generated during the Charter Period in respect of the use, possession, operation, navigation, utilization of lubricating oil and the physical condition of the Vessel, whether or not such information is contained in the Charterers' equipment, computer or property;

(h) be free of any charter (unless the Owners wish to retain the continuance of any then existing charter;

(i) be free of officers and crew (unless otherwise agreed by the Owners); and

(j) shall have had her underwater parts treated with ample anti-fouling to last for the ensuing period up to the next scheduled dry docking of the Vessel.

40.7 The Owners shall, at the time of the redelivery of the Vessel, take over all bunkers, lubricating oil, unbroached provisions, paints, ropes and other consumable stores in the Vessel at no cost to the Owners.

40.8 If the Vessel, for any reason, becomes a Total Loss after Delivery, the Charterers shall pay the Termination Purchase Price to the Owners on the earlier of:

(a) the date falling one hundred and twenty (120) days after such Total Loss has occurred; and

(b) the date of receipt by the Owners and/or their financiers (if any), in accordance with the terms of the relevant loss payable clause, of the proceeds of insurance relating to such Total Loss,

provided that it is hereby agreed that any insurance proceeds in respect of the Vessel received by the Owners and/or their financiers (if any) shall be applied in or towards discharging the Charterers' obligation to pay the Termination Purchase Price and any interest accrued thereon (and such application shall be deemed satisfaction of the Charterers' obligation to pay the Termination Purchase Price to the extent so satisfied) and in the event that the insurance proceeds received from the insurers exceed the Termination Purchase Price due (and any interest accrued thereon), the excess shall be firstly paid towards satisfying any amounts outstanding and owing by the Charterers or any of their Affiliates under any Other Charter and thereafter paid to the Charterers by way of rebate of hire.

For the avoidance of doubt, in the event that the Vessel becomes a Total Loss:

(A) payment of the Charterhire and all other sums payable under the Leasing Documents during such period shall continue to be made by the Charterers in accordance with the terms thereof unless and until the Owners receive in full the Termination Purchase Price;

(B) should insurance proceeds be received by the Owners from the insurers, the Charterers' obligations to pay the Termination Purchase Price shall be accordingly reduced by an amount corresponding to such insurance proceeds but in the event that such insurance proceeds are less than the amount of the Termination Purchase Price together with any interest accrued thereon, the Charterers remain obliged to pay to the Owners the balance so that the full amount of the Termination Purchase Price due together with any interest accrued thereon is received by the Owners; and

(C) the obligation of the Charterers to pay the Termination Purchase Price shall remain unaffected and exist regardless of whether any of the insurers have agreed or refused to meet or have disputed in good faith, the claim for Total Loss.

40.9 The Owners shall have no obligation to supply to the Charterers with a replacement vessel following the occurrence of a Total Loss.

CLAUSE 41 – FEES AND EXPENSES

41.1 In consideration of the Owners entering into this Charter, the Charterers shall pay to the Owners or their nominee a non-refundable arrangement fee at such time and in such amount to be set out in a fee letter.

41.2 Without prejudice to any other rights of the Owners under this Agreement, the Charterers shall promptly pay to the Owners on written demand on a full indemnity basis:

(a) all documented costs, charges and expenses incurred by the Owners in collecting any Charterhire or Advance Charterhire or other payments not paid on the due date under this Charter, in remedying any other failure of the Charterers to observe the terms and conditions of this Charter and in enforcing the Owners' rights under any Leasing Document; and

(b) all documented costs and expenses (including, but not limited to, legal costs) incurred by the Owners in the negotiation and execution of all documentation in relation to this Charter and the other Leasing Documents including, but not limited to, all documented costs incurred by the Owners and all documented legal costs, expenses and other disbursements incurred by the Owners' legal counsels in connection with the same.

CLAUSE 42 – NO WAIVER OF RIGHTS

42.1 No neglect, delay, act, omission or indulgence on the part of either party in enforcing the terms and conditions of this Charter shall prejudice the strict rights of that party or be construed as a waiver thereof nor shall any single or partial exercise of any right of either party preclude any other or further exercise thereof.

42.2 No right or remedy conferred upon either party by this Charter shall be exclusive of any other right or remedy provided for herein or by law and all such rights and remedies shall be cumulative.

CLAUSE 43 – NOTICES

43.1 Any notice, certificate, demand or other communication to be served, given made or sent under or in relation to this Charter shall be in English and in writing and (without prejudice to any other valid method or giving making or sending the same) shall be deemed sufficiently given or made or sent if sent by registered post, fax or by email to the following respective addresses:

(A) to the Owners: **c/o CMB FINANCIAL LEASING CO., LTD.**
Attention: Wang Wei
Email: wangwei17@cmbchina.com
Tel: +8621 6106 1735
Fax: +8621 6105 9911*1735

(B) to the Charterers: **c/o NAVIOS TANKERS MANAGEMENT INC.**
Attention: Vassiliki Papaefthymiou
Email: vpapaefthymiou@Navios.com
Tel: +30 210 41 72 050
Fax: +30 210 41 72 070

or, if a party hereto changes its address or fax number, to such other address or fax number as that party may notify to the other.

CLAUSE 44 – TERMINATION EVENTS

44.1 The Owners and the Charterers hereby agree that any of the following events shall constitute a Termination Event:

(a) any of the Charterers or the Guarantor fails to make any payment on its due date under this Charter or any other Leasing Document to which they are a party or the Guarantor fails to make any payment on its due date under the Leasing Documents to which it is a party and in each case, such non-payment fails to be rectified within seven (7) Business Days of the relevant due date; or

(b) the Charterers breach or omit to observe or perform any of their undertakings in Clause 46.1 (n), (o), (p), (q), (r) or (v) or the Guarantor breaches or omits to observe or perform its financial covenants contained in clause 11.20 of the Guarantee; or the Charterers fail to obtain and/or maintain the Insurances required under Clause 38 in accordance with the provisions thereof or any insurer in respect of such Insurances cancels the Insurances or disclaims liability with respect thereto; or

(c) the Charterers and/or the Guarantor commits any other breach of, or omits to observe or perform, any of their other obligations or undertakings in this Charter or any Leasing Document (other than a breach referred to in paragraph (a) or (b) above) unless such breach or omission is, in the reasonable opinion of the Owners, remediable and the Charterers remedy and/or the Guarantor remedies such breach or omission to the satisfaction of the Owners within fourteen (14) Business Days of notice thereof from the Owners (except that in the case of Clause 46.1(k), the relevant period shall be ten (10) Business Days of notice thereof from the Owners); or

(d) any representation or warranty made by the Charterers or the Guarantor or the Approved Manager in or pursuant to any Leasing Document proves to be untrue or misleading in a material way when made; or

(e) any of the following occurs in relation to any Financial Indebtedness of a Relevant Person:

(i) any Financial Indebtedness of a Relevant Person is not paid when due or, if so payable, on demand after any applicable grace period has expired; or

(ii) any Financial Indebtedness of a Relevant Person becomes due and payable, or capable of being declared due and payable, prior to its stated maturity date as a consequence of any event of default and not as a consequence of the exercise of any voluntary right of prepayment; or

(iii) a lease, hire purchase agreement or charter creating any Financial Indebtedness of a Relevant Person is terminated by the lessor or owner as a consequence of any termination event or event of default (howsoever defined); or

(iv) any overdraft, loan, note issuance, acceptance credit, letter of credit, guarantee, foreign exchange or other facility, or any swap or other derivative contract or transaction, relating to any Financial Indebtedness of a Relevant Person ceases to be available or becomes capable of being terminated or declared due and payable or cash cover is required or becomes capable of being required, as a result of any termination event or event of default (howsoever defined),

provided that no Termination Event will occur under this Clause 44.1(e) in respect of a Relevant Person or a subsidiary of the Guarantor if the aggregate amount of Financial Indebtedness or commitment for Financial Indebtedness falling within paragraphs (i) to (iv) above is less than (A) in the case of a Relevant Person (other than the Guarantor), $1,000,000 (or its equivalent in any other currency) in aggregate and (B) in the case of the Guarantor, less than $5,000,000 (or its equivalent in any other currency) in aggregate, and in each of (A) and (B) above, not including any Financial Indebtedness arising directly from a claim which is frivolous or vexatious and is discharged, stayed or dismissed within 14 days of commencement.

(f) any of the following occurs in relation to a Relevant Person:

(i) a Relevant Person becomes, in the reasonable opinion of the Owners, unable to pay their debts as they fall due; or

(ii) any assets of a Relevant Person, or any assets of the Guarantor exceeding the value of $10,000,000 (or its equivalent in any other currency) in aggregate, or the Vessel are subject to any form of execution, attachment, arrest, sequestration or distress which is not discharged within thirty (30) days (or such longer period agreed by the Owners); or

(iii) any administrative or other receiver is appointed over all or a substantial part of the assets of a Relevant Person unless as part of a solvent reorganisation which has been approved by the Owners; or

(iv) a Relevant Person makes any formal declaration of bankruptcy or any formal statement to the effect that they are insolvent or likely to become insolvent, or a winding up or administration order is made in relation to a Relevant Person, or the members or directors of a Relevant Person pass a resolution to the effect that they should be wound up, placed in administration or cease to carry on business; or

(v) a petition is presented in any Relevant Jurisdiction for the winding up or administration, or the appointment of a provisional liquidator, of a Relevant Person unless the petition is being contested in good faith and on substantial grounds and is dismissed or withdrawn within thirty (30) days of the presentation of the petition; or

(vi) a Relevant Person petitions a court, or presents any proposal for, any form of judicial or non-judicial suspension or deferral of payments, reorganisation of their debt (or certain of their debt) or arrangement with all or a substantial proportion (by number or value) of their creditors or of any class of them or any such suspension or deferral of payments, reorganisation or arrangement is effected by court order, contract or otherwise; or

(vii) any meeting of the members or directors of a Relevant Person is summoned for the purpose of proposing to authorise or take any action of a type described in paragraphs (iii) to (vi); or

(viii) in a country other than England and Wales, any event occurs or any procedure is commenced which, in the reasonable opinion of the Owners, is similar to any of the foregoing referred to in (ii) to (vii) above inclusive; or

(ix) any expropriation, attachment, sequestration, distress or execution (or any analogous process in any jurisdiction) affects any asset or assets of a Relevant Person; or

(g) a Relevant Person suspends or ceases carrying on its business; or

(h) any consent, approval, authorisation, license or permit necessary to enable the Charterers, any Approved Subcharterer or any Approved Manager to operate or charter the Vessel to enable them to comply with any provision of any Leasing Document, as the case may be, to ensure that the obligations of the Charterers, Approved Subcharterer or Approved Manager (as the case may be) are legal, valid, binding or enforceable is not granted, expires without being renewed, is revoked or becomes liable to revocation or any condition of such a consent, approval, authorisation, license or permit is not fulfilled; or

(i) any event or circumstance occurs which has or is likely to have a Material Adverse Effect; or

(j) this Charter or any Leasing Document or any Security Interest created by a Leasing Document is cancelled, terminated, rescinded or suspended or otherwise ceases to remain in full force and effect for any reason or no longer constitutes valid, binding and enforceable obligations of any party to that document for any reason whatsoever; or

(k) a Relevant Person or Approved Manager rescinds or purports to rescind or repudiates or purports to repudiate a Leasing Document; or

(l) it is or has become:

(i) unlawful or prohibited, whether as a result of the introduction of a new law, an amendment to an existing law or a change in the manner in which an existing law is or will be interpreted or applied; or

(ii) contrary to, or inconsistent with, any regulation,

for any Relevant Person or Approved Manager to maintain or give effect to any of its obligations under this Charter or any of the other Leasing Documents to which it is a party in the manner it is contemplated under such Leasing Document or any of the obligations of such Relevant Person or Approved Manager under any Leasing Document to which it is a party are not or cease to be legal, valid, binding and enforceable; or

(m) the Security Interest constituted by any Security Document is in any way imperilled or in jeopardy; or

(n) the Vessel is not delivered latest by the Cancelling Date; or

(o) there is a merger, amalgamation, demerger or corporation reconstructions of a Relevant Person (other than where, in the case of the Guarantor, the Guarantor remains the surviving legal entity following the occurrence of such event) or a change of control or legal or beneficial ownership of the Charterers from that set out in Clause 45.1(a) and (b) without disclosure to the Owners and the Owners' prior written consent;

(p) there is a change in control of the Guarantor from that set out in Clause 45.1(c) without disclosure to the Owners and the Owners' prior written consent;

(q) the Guarantor is de-listed from the New York Stock Exchange or has its shares trading at the New York Stock Exchange suspended for any reason;

(r) any Termination Event (as defined in any Other Charter) occurs under such Other Charter; or

(s) the occurrence of any of the following events;

(i) an event of default or termination event howsoever called under the terms of any Approved Bareboat Subcharter entitling the Charterers to terminate such Approved Bareboat Subcharter; or

(t) an event of default or termination event howsoever called under the terms of any Approved Bareboat Subcharter entitling the Approved Subcharterer of such Approved Bareboat Subcharter to terminate such Approved Bareboat Subcharter which has not been unconditionally waived by such Approved Bareboat Subcharterer.

44.2 Subject to Clause 44.3 below, upon the occurrence of a Termination Event which is continuing (other than pursuant to: (i) Clause (f), in which case the Owner's entitlement to issue the notice of termination to the Charterers under Clause 44.3 shall immediately arise), the Owners shall notify the Charterers of occurrence of the same (the "**Termination Event Notice**") whereupon the Charterers may, within three (3) Business Days of the date of the Termination Event Notice, provide to the Owners a written notice advising the Owners of their intention to pay the Charterer Termination Purchase Price to the Owners and terminate this Charter in accordance with the procedures set out in Clause 40.

44.3 If the Charterers do not notify the Owners of their intention to terminate this Charter pursuant to Clause 44.2 within three (3) Business Days of the date of the Termination Event Notice, or a Termination Event is continuing pursuant to Clause (f), then the Owners shall be entitled, provided the Termination Event is continuing, by notice to the Charterers to terminate this Charter at any time, and the Charterers shall be required to pay to the Owners the Termination Purchase Price in accordance with the procedures set out in Clause 40.

44.4 For the avoidance of doubt, notwithstanding any action taken by the Owners following a Termination Event, the Charterers shall remain liable for the outstanding obligations on their part to be performed under this Charter.

44.5 Without limiting the generality of the foregoing or any other rights of the Owners, upon the occurrence of a Termination Event which is continuing, the Owners shall have the sole and exclusive right and power to (i) settle, compromise, compound, adjust or defend any actions, suits or proceedings relating to or pertaining to the Vessel and this Charter, (ii) make proof of loss, appear in and prosecute any action arising from any policy or policies of insurance maintained pursuant to this Charter, and settle, adjust or compromise any claims for loss, damage or destruction under, or take any other action in respect of, any such policy or policies and (iii) change or appoint a new manager for the Vessel other than the Approved Manager and the appointment of the Approved Manager may be terminated immediately without any recourse to the Owners.

CLAUSE 45 – REPRESENTATIONS AND WARRANTIES

45.1 The Charterers represent and warrant to the Owners as of the date of this Charter, and on the first day of each Term as follows:

(a) the Charterers are wholly legally owned by the Shareholder and the Shareholder is wholly legally owned by the Guarantor;

(b) the Charterers are wholly beneficially owned by the Guarantor;

(c) Mrs Angeliki Frangou either directly or indirectly (through entities owned and controlled by her or trusts or foundations of which she is the beneficiary) and/or Navios Maritime Holdings Inc. is the ultimate beneficial owner of, or has ultimate control of the voting rights attaching to, 30 per cent. of all the issued shares in the Guarantor;

(d) each of the Relevant Persons and Approved Manager is duly incorporated and validly existing under the laws of its jurisdiction of its incorporation;

(e) each of the Relevant Persons and the Approved Manager has the corporate capacity, and has taken all corporate actions and obtained all consents, approvals, authorisations, licenses or permits necessary for it:

(i) to execute each of the Leasing Documents to which it is a party; and

(ii) to comply with and perform its obligations under each of the Leasing Documents to which it is a party;

(f) all the consents, approvals, authorisations, licenses or permits referred to in Clause 45.1(e) remain in force and nothing has occurred which makes any of them liable to revocation;

(g) each of the Leasing Documents to which a Relevant Person or Approved Manager is a party constitutes such Relevant Person's or Approved Manager's legal, valid and binding obligations enforceable against such party in accordance with its respective terms and any relevant insolvency laws affecting creditors' rights generally;

(h) no third party has any Security Interest, other than the Permitted Security Interests, or any other interest, right or claim over, in or in relation to the Vessel, this Charter or any moneys payable hereunder and/or any of the other Leasing Documents;

(i) all payments which a Relevant Person is liable to make under any Leasing Document to which such Relevant Person is a party may be made by such party without deduction or withholding for or on account of any tax payable under the laws of the jurisdiction of incorporation;

(j) no legal or administrative action involving a Relevant Person or Approved Manager has been commenced or taken which is likely to have a Material Adverse Effect;

(k) each of the Relevant Persons and Approved Manager has paid all taxes applicable to, or imposed on or in relation to it, its business or if applicable, the Vessel, except for those being contested in good faith with adequate reserves;

(l) the choice of governing law as stated in each Leasing Document to which a Relevant Person or Approved Manager is a party and the agreement by such party to refer disputes to the relevant courts or tribunals as stated in such Leasing Document are valid and binding against such Relevant Person or Approved Manager;

(m) no Relevant Person or Approved Manager nor any of their assets are entitled to immunity on the grounds of sovereignty or otherwise from any legal action or proceeding (which shall include, without limitation, suit, attachment prior to judgment, execution or other enforcement);

(n) the obligations of each Relevant Person or Approved Manager under each Leasing Document to which it is a party, are the direct, general and unconditional obligations of such Relevant Person and, rank at least *pari passu* with all other present and future unsecured and unsubordinated creditors of such Relevant Person save for any obligation which is mandatorily preferred by law and not by virtue of any contract;

(o) no Relevant Person or Approved Manager is a US Tax Obligor, and no Relevant Person has established a place of business in the United Kingdom or the United States of America;

(p) no Relevant Person, Approved Manager nor any of their respective directors, officers, employees or agents is a Restricted Person and to the best of the Charterers' knowledge and belief (after due and careful enquiry), no Approved Subcharterer nor any of its directors, officers, employees or agents is a Restricted Person;

(q) each Relevant Person and Approved Manager and their respective directors, officers, employees and agents, and to the best of the Charterers' knowledge and belief (after due and careful enquiry), the Approved Subcharterer and its directors, officers, employees and agents, is in compliance with all Sanctions laws, and none of them have been or are currently being investigated on compliance with Sanctions, they have not received notice or are aware of any claim, action, suit or proceeding against any of them with respect to Sanctions and they have not taken any action to evade the application of Sanctions;

(r) each Relevant Person and Approved Manager, and to the best of the Charterers' knowledge and belief (after due and careful enquiry) the Approved Subcharterer, is not in breach of Anti-Money Laundering Laws, Anti-Terrorism Financing Laws and/or Business Ethics Laws and each of the Relevant Persons and Approved Manager has instituted and maintained systems, controls, policies and procedures designed to:

   (i) prevent and detect incidences of bribery and corruption, money laundering and terrorism financing; and

   (ii) promote and achieve compliance with Anti-Money Laundering Laws, Anti-Terrorism Financing Laws and Business Ethics Laws.

(s) none of the Relevant Persons and the Approved Manager or any of their assets, in each case, has any right to immunity from set off, legal proceedings, attachment prior to judgment or other attachment or execution of judgment on the grounds of sovereign immunity or otherwise;

(t) none of the Relevant Persons and the Approved Manager is insolvent or in liquidation or administration or subject to any other formal or informal insolvency procedure, and no receiver, administrative receiver, administrator, liquidator, trustee or analogous officer has been appointed in respect of the Relevant Persons or the Approved Manager or all or material part of their assets;

(u) that in respect of any Approved Subcharter:

   (i) the copy of such Approved Subcharter provided to the Owners (if required to be provided under the terms of this Charter) is a true and complete copy;

   (ii) in the case of an Approved Bareboat Subcharter being a bareboat charter, the relevant Approved Subcharterer is fully aware of the transactions contemplated under this Charter;

(v) no Termination Event or Potential Termination Event is continuing or might reasonably be expected to result from the entry into and performance of this Charter or any other Leasing Document;

(w) as at the date of this Charter, the Charterers have not entered into any other investments, any sale or leaseback agreements, any off-balance sheet transaction or incur any other liability or obligation (including without limitation, any Financial Indebtedness of any obligations under a guarantee) except:

   (i) liabilities and obligations under the Leasing Documents to which it is or, as the case may be, will be a party and under the relevant Indenture Guarantee; or

   (ii) liabilities or obligations reasonably incurred in the normal course of its business of trading, operating and chartering, maintaining and repairing the Vessel; and

(x) any factual information provided by the Charterers (or on their behalf) to the Owners was true and accurate in all material respects as at the date it was provided or as the date at which such information was stated; and

(y) the entry by each Relevant Person into any Leasing Document does not in any way cause any breach, and is in all respects permitted, under the terms of the Indenture or any other document which is entered into under or in connection with the Indenture (including, without limitation, any Indenture Guarantee).

CLAUSE 46 – CHARTERERS' UNDERTAKINGS

46.1 The Charterers undertake that they shall comply or procure compliance with the following undertakings commencing from the date of this Charter and up to the last day of the Charter Period:

(a) there shall be sent to the Owners:

(i) as soon as possible, but in no event later than 90 days after the end of each financial half-year, the consolidated semi-annual accounts of the Guarantor certified as to their correctness by an officer of the Guarantor;

(ii) as soon as possible, but in no event later than 180 days after the end of each financial year of the Guarantor, the audited consolidated annual financial reports of the Guarantor;

(b) they will provide to the Owners, promptly at the Owners' request, copies of all notices and minutes relating to any of their extraordinary shareholders' meeting which are despatched to the Charterers' or the Guarantor's respective shareholders or any class of them, save that publicly disclosed notices and minutes not concerning the Vessel or these Leasing Documents need not be provided to the Owners under this clause;

(c) they will provide to the Owners, promptly at the Owners' requests, copies of all notices and and notices of meetings which are despatched to the Charterers' or Guarantors' other creditors (if any);

(d) they will provide or will procure that each Relevant Person and Approved Manager provides the Owners with details of any legal, arbitral or administrative action involving such Relevant Person or Approved Manager or the Vessel as soon as such action is instituted or it becomes apparent to such Relevant Person or Approved Manager that it is likely to be instituted and is likely to have a material adverse effect on the ability of a Relevant Person or Approved Manager to perform their obligations under each Leasing Document to which it is a party (and in the case of such Relevant Person being the Guarantor, where the claim under such legal, arbitral or administrative action exceeds the sum of US$5,000,000);

(e) they will, and will procure that each other Relevant Person and Approved Manager obtains and promptly renews or procure the obtainment or renewal of and provide copies of, from time to time, any necessary consents, approvals, authorisations, licenses or permits of any regulatory body or authority for the transactions contemplated under each Leasing Document to which it is a party (including without limitation to sell, charter and operate the Vessel);

(f) they will not, and will procure that each other Relevant Person and Approved Manager will not, create, assume or permit to exist any Security Interest of any kind upon any Leasing Document to which such Relevant Person or Approved Manager is a party, and if applicable, the Vessel, in each case other than the Permitted Security Interests;

(g) they will at their own cost, and will procure that each other Relevant Person and Approved Manager will:

   (i) do all that such Relevant Person or Approved Manager reasonably can to ensure that any Leasing Document to which such Relevant Person or Approved Manager is a party validly creates the obligations and the Security Interests which such Relevant Person purports to create; and

   (ii) without limiting the generality of paragraph (i), promptly register, file, record or enrol any Leasing Document to which such Relevant Person or Approved Manager is a party with any court or authority in all Relevant Jurisdictions, pay any stamp duty, registration or similar tax in all Relevant Jurisdictions in respect of any Leasing Document to which such Relevant Person or Approved Manager is a party, give any notice or take any other step which, is or has become necessary or desirable for any such Leasing Document to be valid, enforceable or admissible in evidence or to ensure or protect the priority of any Security Interest which such Relevant Person or Approved Manager creates;

(h) they will, and will procure that each other Relevant Person, notify the Owners immediately of the occurrence of:

   (i) any damage and/or alteration caused to the Vessel by any reason whatsoever which results, or may be expected to result, in repairs on the Vessel which exceed $1,000,000;

   (ii) any material safety incidents taking place on board the Vessel;

   (iii) any Termination Event;

   (iv) any default by either the Approved Bareboat Subcharterer or Charterers of the terms of any Approved Bareboat Subcharter;

   (v) an event of default or termination event howsoever called under the terms of any Approved Bareboat Subcharter entitling either the Charterers to terminate such Approved Bareboat Subcharter; or

   (vi) an event of default or termination event howsoever called under the terms of any Approved Bareboat Subcharter entitling the relevant Approved Subcharterer to terminate such Approved Bareboat Subcharter which has not been unconditionally waived by such Approved Bareboat Subcharterer,

   and will keep the Owners fully up-to-date with all developments and the Charterers will, if so requested by the Owners, provide any such certificate signed by its director, confirming that there exists no Potential Termination Event or Termination Event;

(i) they will, and will procure that each other Relevant Person and Approved Manager will, as soon as practicable after receiving the request, provide the Owners with any additional financial or other information relating:

   (i) to themselves and/or the Vessel (including, but not limited to the condition and location of the Vessel); or

   (ii) to any other matter relevant to, or to any provision of any Leasing Document to which it is a party,

   which may be reasonably requested by the Owners (or their financiers (if any)) at any time;

(j) without prejudice to Clause 46.1(n), comply, or procure compliance, and will procure that each other Relevant Person, Approved Subcharterer and Approved Manager will comply or procure compliance, with all laws or regulations relating to the Vessel and its ownership, employment, operation, management and registration, including the ISM Code, the ISPS Code, all Environmental Laws and the laws of the Vessel's registry;

(k) the Vessel shall be classed with the Classification Society and shall be free of all overdue recommendations and requirements;

(l) they will ensure and procure that:

(i) the Market Value of the Vessel shall be ascertained from time to time in the following circumstances:

(aa) upon the occurrence of a Potential Termination Event or a Termination Event which is continuing, at any time at the request of the Owners; and

(bb) in the absence of occurrence of a Potential Termination Event or Termination Event:

(i) no more than once every calendar year, with such report to be dated no more than 30 calendar days prior to every anniversary of the Commencement Date occurring within the Charter Period or on such other date as the Owners may request; and

(ii) at any time at the request of the Owners if the Owners have determined (in their sole discretion) that the Market Value of the Vessel falls below an amount equal to 110% of the Outstanding Principal Balance from time to time.

(ii) the Charterers shall pay the amount of the fees and expenses incurred by the Owners in connection with any matter arising out of this paragraph (l);

(m) they will notify the Owners immediately of:

(i) any Environmental Claim which is made against the Charterers, Approved Subcharterer or Manager in connection with the Vessel or any Environmental Incident;

(ii) any arrest or detention of the Vessel (that will or is likely to exceed 45 days), any exercise or purported exercise of any lien on that Vessel or its Earnings or any requisition of that Vessel for hire; and

(iii) any casualty or occurrence as a result of which the Vessel has become or is, by the passing of time or otherwise, likely to become, a Major Casualty;

(n) they shall comply, shall procure that each other Relevant Person and Approved Manager comply, and shall use all reasonable endeavours to procure that the Approved Subcharterer comply, with all laws and regulations in respect of Sanctions, and in particular, they shall effect and maintain a sanctions compliance policy to ensure compliance with all such laws and regulations implemented from time to time;

(o) the Vessel shall not be employed, operated or managed in any manner which (i) is contrary to any Sanctions and in particular, the Vessel shall not be used by or to benefit any party which is a target of Sanctions and/or is a Restricted Person or trade to any area or country where trading the Vessel to such area or country would constitute or reasonably be expected to constitute a breach of any Sanctions or published boycotts imposed by any of the United Nations, the European Union, the United States of America, the United Kingdom

or the People's Republic of China, (ii) would result or reasonably be expected to result in any Relevant Person, Approved Subcharterer, Approved Manager or the Owners becoming a Restricted Person or (iii) would trigger the operation of any sanctions limitation or exclusion clause in any insurance documentation;

(p) they shall, shall procure that each other Relevant Person and Approved Manager shall, and shall use all reasonable endeavours to procure that the Approved Subcharterer shall, promptly notify the Owners of any non-compliance, by any Relevant Person, Approved Subcharterer or Approved Manager or their respective officers, directors, employees, consultants, agents or intermediaries, with all laws and regulations relating to Sanctions, Anti-Money Laundering Laws, Anti-Terrorism Financing Laws and/or Business Ethics Laws (including but not limited to notifying the Owners in writing immediately upon being aware that any Relevant Person, Approved Subcharterer, Approved Manager or its shareholders, directors, officers or employees is a Restricted Person or has otherwise become a target of Sanctions) as well as provide all information (once available) in relation to its business and operations which may be relevant for the purposes of ascertaining whether any of the aforesaid parties are in compliance with such laws;

(q) they shall, shall procure that each other Relevant Person and Approved Manager shall, and shall use all reasonable endeavours to procure that the Approved Subcharterer shall, (in each case above, including procuring or as the case may be, using all reasonable endeavours to procure the respective officers, directors, employees, consultants, agents and/or intermediaries of the relevant entity to do the same) shall:

(i) comply with all Anti-Money Laundering Laws, Anti-Terrorism Financing Laws and Business Ethics Laws;

(ii) maintain systems, controls, policies and procedures designed to promote and achieve ongoing compliance with Anti-Money Laundering Laws, Anti-Terrorism Financing Laws and Business Ethics Laws; and

(iii) in respect of the Charterers, not use, or permit or authorize any person to directly or indirectly use, the Financing Amount for any purpose that would breach any Anti-Money Laundering Laws, Anti-Terrorism Financing Laws or Business Ethics Laws;

(r) in respect of the Charterers, not lend, invest, contribute or otherwise make available the Financing Amount to or for any other person in a manner which would result in a violation of Anti-Money Laundering Laws, Anti-Terrorism Financing Laws or Business Ethics Laws;

(s) they shall not appoint or permit to be appointed any manager of the Vessel unless it is the Approved Manager appointed on terms acceptable to the Owners and their financiers (if any) and such Approved Manager has (prior to accepting its appointment) entered into a Manager's Undertaking;

(t) they shall ensure that all Earnings and any other amounts received by them in connection with the Vessel are paid into the Earnings Account;

(u) if at any time during the Charter Period, the Market Value of the Vessel falls below an amount equal to 110% of the Outstanding Principal Balance, the Charterers shall, upon request, promptly and in any event not later than the date falling 30 days after the Owners notify them of such circumstance to prepay such part of the Charterhire Principal Balance and such prepayment should be applied towards payment and satisfaction of Charterhire A (or part thereof) payable in inverse chronological order payable or, as the case may be, in the event of the Charterers' exercise of the Purchase Option under Clause 47, the Purchase Option Price (or part thereof) without prejudice to the terms of Clause 47.4.

(v) if at any time during the Charter Period, the most recent audited consolidated annual financial reports of the Guarantor provided under Clause 46.1(a)(ii) shows a Net Income Loss for two consecutive financial years of the Guarantor (for the avoidance of doubt, the financial year of the Guarantor ending on 31 December 2018 shall constitute the first such financial year of the Guarantor for the purposes of the determination under this Clause in the period from the commencement of the Charter to such date that the audited consolidated annual financial reports of the Guarantor for the financial year ending on 31 December 2018 are provided to the Owners under Clause 46.1(a)(ii)), the Charterers shall, upon request, promptly and in any event not later than the date falling 30 days of the filing of the most recent audited consolidated annual financial report of the Guarantor, prepay such part of the Charterhire Principal Balance equivalent to one instalment of Charterhire A and such prepayment should be applied towards payment and satisfaction of Charterhire A (or part thereof) payable in inverse chronological order payable, or as the case may be, in the event of the Charterers' exercise of the Purchase Option under Clause 47, the Purchase Option Price (or part thereof) without prejudice to the terms of Clause 47.4).

For the avoidance of doubt:

(i) the Owners shall not be liable for any claim by the Charterers for interest alleged to be accrued on any amount prepaid under this Clause 46.1(v); and

(ii) if a prepayment is made in accordance with this Clause 46.1(v) in respect of any two consecutive financial years during the Charter Period where a Net Income Loss has occurred, neither of such financial years shall be taken into account for any subsequent test to be applied in accordance with this Clause 46.1(v);

(w) upon request, they will provide or they will procure to be provided to the Owners the report(s) of the survey(s) conducted pursuant to Clause 7 of this Charter in form and substance satisfactory to the Owners;

(x) they shall not permit the sub-chartering of the Vessel (other than pursuant to the Subcharter) save for an Approved Subcharter provided that:

(i) in the case of a request from the Charterers for the Owners' written consent to the terms of an Approved Subcharter being a time charter exceeding or capable of exceeding twelve (12) months (taking into account any optional extension periods), the Owners shall respond to such request within one Business Day or any other longer period agreed between the Owners and the Charterers;

(ii) as a condition precedent to the execution of any Approved Subcharter being a bareboat charter or a time charter of a period exceeding or capable of exceeding twelve (12) months (taking into account any optional extension periods), the Charterers assign all their rights and interests under such Approved Subcharter and uses reasonable endeavours to procure such Approved Subcharter to give a written acknowledgment of such assignment and provide such documents as the Owners may reasonably require regarding the due execution of such Approved Subcharter;

(y) in respect of an Approved Subcharter (other than a Short Term Time Subcharter) which contains an option to extend the charter period, they shall notify the Owners as soon as they become aware that the relevant Approved Subcharterer does not intend to, or has not by the date falling 20 days prior to the date on which such Approved Subcharter will expire, exercise the relevant option to extend the time charter period of the Subcharter in accordance with the terms thereunder;

(z) in respect of an Approved Subcharter other than a Short Term Time Subcharter, save with the prior written consent of the Owners, they shall not, and shall procure that the relevant Approved Subcharterer shall not, agree or enter into any transaction, arrangement, document or do or omit to do anything which will have the effect of varying, amending, supplementing or waiving any material term of any such Approved Subcharter.

In this Clause 46.1(z), "**material term**" means, without limitation, terms regarding payment of hire (unless such amendment contemplates increase of hire rate), duration of charter period, off-hire and termination events;

(aa) they shall not make or pay any dividend or other distribution (in cash or in kind) in respect of its share capital following the occurrence of a Potential Termination Event or Termination Event or which would result in a Potential Termination Event or Termination Event;

(bb) the Vessel shall be registered under the Flag State at all times; and

(cc) they shall not enter into any other investments, any sale or leaseback agreements, any off-balance sheet transaction or incur any other liability or obligation (including without limitation, any Financial Indebtedness of any obligations under a guarantee) except:

(i) liabilities and obligations under the Leasing Documents to which it is or, as the case may be, will be a party and under the relevant Indenture Guarantee; or

(ii) liabilities or obligations reasonably incurred in the normal course of its business of trading, operating and chartering, maintaining and repairing the Vessel.

CLAUSE 47 PURCHASE OPTION

47.1 The Charterers shall have the option to purchase the Vessel on any date (the "**Purchase Option Date**") specified in such notice (the "**Purchase Option Notice**") at the Purchase Option Price on any of the following instances:

(a) on the occurrence of any of the events set out under Clause 44.1(f) (iv), (v), (vi) and (viii) in respect of the Owners;

(b) where the Owners cease to be under the control of the China Merchants Group; or

(c) on and from the second anniversary of the Commencement Date (subject always to giving the Owners not less than forty five (45) Business Days' prior written notice),

provided that in the case of paragraph (c) above, the Purchase Option Date shall fall on a Payment Date.

47.2 A Purchase Option Notice shall be signed by a duly authorised officer or attorney of the Charterers and, once delivered to the Owners, is irrevocable and the Charterers shall be bound to pay to the Owners the Purchase Option Price on the Purchase Option Date.

47.3 Only one Purchase Option Notice may be served throughout the duration of the Charter Period (unless otherwise agreed by the Owners in their absolute discretion).

47.4 Upon the Owners' receipt in full of the Purchase Option Price, the Owners shall (except in the case of Total Loss) transfer the legal and beneficial ownership of the Vessel on an "as is where is" basis (and otherwise in accordance with the terms and conditions set out at Clause 49.1(b)) to the Charterers or their nominees and shall execute a bill of sale and a protocol of delivery and acceptance evidencing the same and any other document strictly necessary to transfer the title of the Vessel to the Charterers (and to the extent required for such purposes the Vessel shall be deemed first to have been redelivered to the Owners).

CLAUSE 48 – PURCHASE OBLIGATION

48.1 Subject to other provisions of this Charter, in consideration of the Owners entering into this Charter, the Charterers shall:

(a) on the last day of the Charter Period; or

(b) in the event it becomes unlawful in any applicable jurisdiction for the Owners to perform any of their obligations as contemplated by the Leasing Documents,

be obliged to purchase from the Owners all of the Owners' beneficial and legal right, title and interest in the Vessel and all belonging to her and the Owners and the Charterers shall perform their obligations referred to in Clause 49 and the Charterer shall pay the Purchase Obligation Price on the Purchase Obligation Date unless this Charter is terminated before the natural expiration of this Charter or the Owners and the Charterers agree otherwise.

CLAUSE 49 – SALE OF THE VESSEL BY PURCHASE OPTION OR PURCHASE OBLIGATION

49.1 Completion of the exercise of the Purchase Option (by the Charterers) or the Purchase Obligation (by the Owners) shall respectively take place on the Purchase Option Date or the Purchase Obligation Date (as the case may be), whereupon the Owners will sell to the Charterers (or their nominee), and the Charterers (or their nominee) will purchase from the Owners, all the legal and beneficial interest and title in the Vessel, for the Purchase Option Price or the Purchase Obligation Price (as the case may be) on an "as is where is" basis and on the following terms and conditions:

(a) the Charterers expressly agree and acknowledge that no condition, warranty or representation of any kind is or has been given by or on behalf of the Owners in respect of the Vessel or any part thereof, and accordingly the Charterers confirm that they have not, in entering into this Charter, relied on any condition, warranty or representation by the Owners or any person on the Owners' behalf, express or implied, whether arising by law or otherwise in relation to the Vessel or any part thereof, including, without limitation, warranties or representations as to the description, suitability, quality, merchantability, fitness for any purpose, value, state, condition, appearance, safety, durability, design or operation of any kind or nature of the Vessel or any part thereof, and the benefit of any such condition, warranty or representation by the Owners is hereby irrevocably and unconditionally waived by the Charterers to the extent permissible under applicable law, the Charterers hereby also waive any rights which they may have in tort in respect of any of the matters referred to under this Clause and irrevocably agree that the Owners shall have no greater liability in tort in respect of any such matter than they would have in contract after taking account of all of the foregoing exclusions. No third party making any representation or warranty relating to the Vessel or any part thereof is the agent of the Owners nor has any such third party authority to bind the Owners thereby. Notwithstanding anything contained above, nothing contained herein is intended to obviate, remove or waive any rights or warranties or other claims relating thereto which the Charterers (or their nominee) or the Owners may have against the manufacturer or supplier of the Vessel or any third party;

(b) the Vessel shall be free from any registered mortgages, liens, encumbrances or debts incurred by the Owners and any other claims whatsoever (save for those mortgages, liens, encumbrances or debts arising out of or in connection with the Charter or the Leasing Documents);

(c) the Purchase Option Price or the Purchase Obligation Price (as the case may be) shall be paid by (or on behalf of) the Charterers to the Owners on respectively the Purchase Option Date or the Purchase Obligation Date, together with unpaid amounts of Charterhire and other moneys owing by or accrued or due from the Charterers under this Charter on or prior to the Purchase Option Date or Purchase Obligation Date (as the case may be) which remain unpaid; and

(d) upon the Purchase Obligation Price and all other moneys payable under this Charter being fully and irrevocably paid to the Owners on, and in accordance with, the terms set forth in this Charter, (except in the case of Total Loss) the Owners agree (at the cost of the Charterers) to enter into (i) a bill of sale and (ii) a protocol of delivery and acceptance (and to the extent required for such purposes the Vessel shall be deemed first to have been redelivered to the Owners).

CLAUSE 50 INDEMNITIES

50.1 The Charterers shall pay such amounts to the Owners, on the Owners' demand, in respect of all documented claims, expenses, liabilities, losses, fees (including, but not limited to, any vessel registration and tonnage fees) suffered or incurred by or imposed on the Owners arising from this Charter and any Leasing Document or in connection with delivery, possession, performance, control, registration, repair, survey, insurance, maintenance, manufacture, purchase, ownership and operation of the Vessel by the Owners and the costs related to the prevention or release of liens or detention of or requisition, use, operation or redelivery, sale or disposal of the Vessel or any part of it, enforcement of the Owners' rights under any Leasing Document, and whether prior to, during or after termination of the leasing of this Charter and whether or not the Vessel is in the possession or the control of the Charterers or otherwise. Without prejudice to its generality, this Clause covers any documented claims, expenses, liabilities and losses which arise, or are asserted, under or in connection with any law relating to safety at sea, the ISM Code, the ISPS Code, the MARPOL Protocol, any Environmental Law, any Sanctions, Anti-Money Laundering Laws, Anti-Terrorism Financing Laws or Business Ethics Laws .

50.2 Without prejudice to the above Clause 50.1, if any sum (a "**Sum**") due from a Relevant Person under the Leasing Documents, or any order, judgment or award given or made in relation to a Sum, has to be converted from the currency (the "**First Currency**") in which that Sum is payable into another currency (the "**Second Currency**") for the purpose of:

(a) making or filing a claim or proof against that Relevant Person; or

(b) obtaining or enforcing an order, judgment or award in relation to any litigation or arbitration proceedings,

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

50.3 The obligations of the Charterers under Clause 50 and in respect of any Security Interest created pursuant to the Security Documents will not be affected or discharged by an act, omission, matter or thing which would reduce, release or prejudice any of its obligations under Clause 50 or in respect of any Security Interest created pursuant to the Security Documents (without limitation and whether or not known to it or any Relevant Person or Approved Manager) including:

(a) any time, waiver or consent granted to, or composition with, any Relevant Person or Approved Manager other person;

(b) the release of any other Relevant Person or Approved Manager or any other person under the terms of any composition or arrangement with any creditor of the Guarantor or any of its affiliates;

(c) the taking, variation, compromise, exchange, renewal or release of, or refusal or neglect to perfect or delay in perfecting, or refusal or neglect to take up or enforce, or delay in taking or enforcing any rights against, or security over assets of, any Relevant Person or Approved Manager or other person or any non-presentation or non-observance of any formality or other requirement in respect of any instrument or any failure to realise the full value of any security;

(d) any incapacity or lack of power, authority or legal personality of or dissolution or change in the members or status of a Relevant Person or Approved Manager or any other person;

(e) any amendment, novation, supplement, extension, restatement (however fundamental and whether or not more onerous) or replacement of any Leasing Document or any other document or security;

(f) any unenforceability, illegality or invalidity of any obligation of any person under any Security Document or any other document or security; or

(g) any insolvency or similar proceedings.

50.4 Notwithstanding anything to the contrary under the Leasing Documents (but subject and without prejudice to Clause 33) and without prejudice to any right to damages or other claim which the Charterers may have at any time against the Owners under this Charter, the indemnities provided by the Charterers in favour of the Owners shall continue in full force and effect notwithstanding any breach of the terms of this Charter or such Leasing Document or termination or cancellation of this Charter or such Leasing Document pursuant to the terms hereof or thereof or termination of this Charter or such Leasing Document by the Owners.

50.5 In consideration of the Charterers requesting the Other Owners to charter the Other Vessels to the Other Charterers under the Other Charters, the Charterers hereby irrevocably and unconditionally undertake to pay immediately on demand from the Other Owners (or of them, as the case may be) such amounts in respect of all claims, expenses, liabilities, losses, fees of every kind and nature and all other moneys due, owing and/or payable to the Other Owners under or in connection with the Other Charters, and to indemnify and hold the Other Owners harmless against all such moneys, costs, fees and expenses.

50.6 All rights which the Charterers have at any time (whether in respect of this Charter or any other transaction) against the Other Charterers or the Guarantor or any of them shall be fully subordinated to the rights of the Owners under the Leasing Documents and until the end of this Charter and unless the Owners otherwise direct, the Charterers shall not exercise any rights which it may have (whether in respect of this Charter or any other transaction) by reason of performance by it of its obligations under the Leasing Documents or by reason of any amount becoming payable, or liability arising, under this Clause:

(a) to be indemnified by the Other Charterers or the Guarantor or any of them;

(b) to claim any contribution from any third party providing security for, or any other guarantor of, the Other Charterers' or the Guarantor's obligations under the Leasing Documents;

(c) to take any benefit (in whole or in part and whether by way of subrogation or otherwise) of any rights of the Other Charterers or the Guarantor or any of them under the Leasing Documents or of any other guarantee or security taken pursuant to, or in connection with, the Leasing Documents by any of the aforesaid parties;

(d) to bring legal or other proceedings for an order requiring any of the Other Charterers or the Guarantor or any of them to make any payment, or perform any obligation, in respect of any Leasing Document;

(e) to exercise any right of set-off against any of the Other Charterers or the Guarantor or any of them; and/or

(f) to claim or prove as a creditor of any of the Other Charterers or the Guarantor or any of them,

and if the Charterers receives any benefit, payment or distribution in relation to such rights it shall hold that benefit, payment or distribution to the extent necessary to enable all amounts which may be or become payable to the Owners or the Other Owners by the Other Charterers or the Guarantor or any of them under or in connection with the Leasing Documents to be repaid in full on trust for the Owners or the Other Owners and shall promptly pay or transfer the same to the Owners or the Other Owners as may be directed by the Owners.

50.7 The Charterers hereby irrevocably agree to indemnify and hold harmless the Owners against any claim, expense, liability or loss reasonably incurred by the Owners in liquidating or employing deposits from their financiers or third parties to fund the acquisition of the Vessel pursuant to the MOA.

50.8 Notwithstanding anything to the contrary herein (but subject and without prejudice to Clause 33 (*Cancellation*)) and without prejudice to any right to damages or other claim which the Charterers may have at any time against the Owners under this Charter, the indemnities provided by the Charterers in favour of the Owners shall continue in full force and effect notwithstanding any breach of the terms of this Charter or termination of this Charter pursuant to the terms hereof or termination of this Charter by the Owners.

CLAUSE 51 – NO SET-OFF OR TAX DEDUCTION

51.1 All Charterhire, Advance Charterhire or payment of the Purchase Obligation Price or the Purchase Option Price and any other payment made from the Charterers to enable the Owners to pay all amounts under a Leasing Document shall be paid punctually:

(a) without any form of set-off (except in the case of the Advance Charterhire which shall be set off in accordance with Clause 36.2), cross-claim or condition and in the case of Charterhire or Advance Charterhire, without previous demand unless otherwise agreed with the Owners; and

(b) free and clear of any tax deduction or withholding unless required by law.

51.2 Without prejudice to Clause 51.1, if the Owners are required by law to make a tax deduction from any payment:

(a) the Owners shall notify the Charterers as soon as they become aware of the requirement; and

(b) the amount due in respect of the payment shall be increased by the amount necessary to ensure that the Owners receive and retain (free from any liability relating to the tax deduction) a net amount which, after the tax deduction, is equal to the full amount which they would otherwise have received.

51.3 In this Clause "**tax deduction**" means any deduction or withholding for or on account of any present or future tax, other than a FATCA Deduction.

CLAUSE 52 – INCREASED COSTS

52.1 This Clause 52 applies if the Owners notify the Charterers that they consider that as a result of:

(a) the introduction or alteration after the date of this Charter of a law or an alteration after the date of this Charter in the manner in which a law is interpreted or applied (disregarding any effect which relates to the application to payments under this Charter of a tax on the Owners' overall net income); or

(b) complying with any regulation (including any which relates to capital adequacy or liquidity controls or which affects the manner in which the Owners allocates capital resources to their obligations under this Charter) which is introduced, or altered, or the interpretation or application of which is altered, after the date of this Charter, the Owners (or a parent company of them) has incurred or will incur an "**increased cost**".

52.2 In this Clause 52, "**increased cost**" means, in relation to the Owners:

(a) an additional or increased cost incurred as a result of, or in connection with, the Owners having entered into, or being a party to, this Charter, of funding the acquisition of the Vessel pursuant to the MOA or performing their obligations under this Charter;

(b) a reduction in the amount of any payment to the Owners under this Charter or in the effective return which such a payment represents to the Owners on their capital;

(c) an additional or increased cost of funding the acquisition of the Vessel pursuant to the MOA; or

(d) a liability to make a payment, or a return foregone, which is calculated by reference to any amounts received or receivable by the Owners under this Charter,

(e) and for the purposes of this Clause 52.2 the Owners may in good faith allocate or spread costs and/or losses among their assets and liabilities (or any class of their assets and liabilities) on such basis as they consider appropriate.

52.3 Subject to the terms of Clause 52.1, the Charterers shall pay to the Owners, on the Owners' demand, the amounts which the Owners from time to time notify the Charterers to be necessary to compensate the Owners for the increased cost.

CLAUSE 53 – CONFIDENTIALITY

53.1 The Parties agree to keep the terms and conditions of this Charter and any other Leasing Documents (the "**Confidential Information**") strictly confidential, provided that a Party may disclose Confidential Information in the following cases:

(a) it is already known to the public or becomes available to the public other than through the act or omission of the disclosing Party;

(b) it is required to be disclosed under the applicable laws of any Relevant Jurisdiction, by a governmental order, decree, regulation or rule, by an order of a court, tribunal or listing exchange of the Relevant Jurisdiction (including but not limited to an order by the US Securities and Exchange Commission or the New York Stock Exchange), provided that the disclosing Party shall give written notice of such required disclosure to the other Party prior to the disclosure;

(c) in filings with a court or arbitral body in proceedings in which the Confidential Information is relevant and in discovery arising out of such proceedings;

(d) to (or through) whom a Party assigns or transfers (or may potentially assign or transfer) all or any of its rights and/or obligations under one or more Leasing Document (as permitted by the terms thereof), provided that such person receiving Confidential Information shall undertake that it would not disclose Confidential Information to any other party save for circumstances arising which are similar to those described under this Clause or such other circumstances as may be permitted by all Parties;

(e) to any of the following persons on a need to know basis:

   (i) a shareholder or an Affiliate of either Party or a party referred to in either paragraph (d) or (e) (including the employees, officers and directors thereof);

   (ii) professional advisers retained by a disclosing party; or

(iii) persons advising on, providing or considering the provision of financing to the disclosing party or an Affiliate,

provided that the disclosing party shall exercise due diligence to ensure that no such person shall disclose Confidential Information to any other party save for circumstances arising which are similar to those described under this Clause or such other circumstances as may be permitted by all Parties; or

(f) with the prior written consent of all Parties.

CLAUSE 54 – PARTIAL INVALIDITY

If, at any time, any provision of a Leasing Document is or becomes illegal, invalid or unenforceable in any respect under any law of any jurisdiction, neither the legality, validity or enforceability of the remaining provisions under the law of that jurisdiction nor the legality, validity or enforceability of such provision under the law of any other jurisdiction will in any way be affected or impaired.

CLAUSE 55 – SETTLEMENT OR DISCHARGE CONDITIONAL

55.1 Any settlement or discharge under any Leasing Document between the Owners and any Relevant Person or Approved Manager shall be conditional upon no security or payment to the Owners by any Relevant Person or Approved Manager any other person being set aside, adjusted or ordered to be repaid, whether under any insolvency law or otherwise.

55.2 If the Owners consider that an amount paid or discharged by, or on behalf of, a Relevant Person or Approved Manager by any other person in purported payment or discharge of an obligation of that Relevant Person or Approved Manager to the Owners under the Leasing Documents is capable of being avoided or otherwise set aside on the liquidation or administration of that Relevant Person or Approved Manager or otherwise, then that amount shall not be considered to have been unconditionally and irrevocably paid or discharged for the purposes of the Leasing Documents.

CLAUSE 56 – CHANGES TO THE PARTIES

56.1 Assignment or transfer by the Charterers

The Charterers shall not assign their rights or transfer by novation any of their rights and obligations under the Leasing Documents except with the prior consent in writing of the Owners.

56.2 Transfer by the Owners

(a) The Owners may transfer by novation any of its rights and obligations under the Leasing Documents:

(i) in the event of an occurrence of a Termination Event which is continuing; or

(ii) subject to the consent of such other party under the Leasing Document (which must not be unreasonably withheld or delayed), to another lessor or financial institution or trust, fund, leasing company or other entity which is regularly engaged in or established for the purpose of making, purchasing or investing in loans, securities or other financial assets,

(b) During the Charter Period, any change in the registered ownership of the Vessel (other than pursuant to paragraph (a)) above shall require the Charterers' prior approval which shall not be unreasonably withheld or delayed, provided always that, notwithstanding such change, this Charter would continue on identical terms (save for logical, consequential or mutually agreed amendments). The Guarantor and the Charterers shall remain jointly and severally liable to the aforesaid new owner of the Vessel for its performance of all obligations pursuant to this Charter after change of the registered ownership of the Vessel from the Owners to such new owner.

56.3 The Charterers agree and undertake to enter into any such usual documents as the Owners shall require to complete or perfect the transfer of the Vessel (with the benefit and burden of this Charter) pursuant to this Clause 56.2, with any documented costs or expenses whatsoever arising in relation thereto at no cost to the Charterers.

CLAUSE 57 – MISCELLANEOUS

57.1 The Charterers waive any rights of sovereign immunity which they or any of their assets may enjoy in any jurisdiction and subjects itself to civil and commercial law with respect to their obligations under this Charter.

57.2 No term of this Charter is enforceable under the Contracts (Rights of Third Parties) Act 1999 by a person who is not party to this Charter , save that the Other Owners may rely on the rights conferred on them under Clause 50.5 (*Indemnities*).

57.3 This Charter and each Leasing Document may be executed in any number of counterparts, and this has the same effect as if the signatures on the counterparts were on a single copy of this Charter or that Leasing Document, as the case may be.

CLAUSE 58 – FATCA

58.1 **Defined terms.** For the purposes of this Clause 58, the following terms shall have the following meanings:

"**Code**" means the United States Internal Revenue Code of 1986, as amended.

"**FATCA**" means sections 1471 through 1474 of the Code and any Treasury regulations thereunder.

"**FATCA Deduction**" means a deduction or withholding from a payment under this Charter or the Leasing Documents required by or under FATCA.

"**FATCA Exempt Party**" means a Relevant Party that is entitled under FATCA to receive payments free from any FATCA Deduction.

"**FATCA FFI**" means a foreign financial institution as defined in section 1471(d)(4) of the Code which, if a Relevant Party is not a FATCA Exempt Party, could be required to make a FATCA Deduction.

"**FATCA Non-Exempt Party**" means any Relevant Party who is not a FATCA Exempt Party.

"**IRS**" means the United States Internal Revenue Service or any successor taxing authority or agency of the United States government.

"**Relevant Party**" means any party to a Leasing Document except an Approved Subcharterer.

58.2 **FATCA Information.**

(a) Subject to paragraph (c) below, each Relevant Party shall, on the date of this Charter, and thereafter within ten Business Days of a reasonable request by another Relevant Party:

(i) confirm to that other party whether it is a FATCA Exempt Party or is not a FATCA Exempt Party; and

(ii) supply to the requesting party (with a copy to all other Relevant Parties) such other form or forms (including IRS Form W-8 or Form W-9 or any successor or substitute form, as applicable) and any other documentation and other information relating to its status under FATCA (including its applicable "pass thru percentage" or other information required under FATCA or other official guidance including intergovernmental agreements) as the requesting party reasonably requests for the purpose of the requesting party's compliance with FATCA .

(b) If a Relevant Party confirms to any other Relevant Party that it is a FATCA Exempt Party or provides an IRS Form W-8 or W-9 showing that it is a FATCA Exempt Party and it subsequently becomes aware that it is not, or has ceased to be a FATCA Exempt Party, that party shall so notify all other Relevant Parties reasonably promptly.

(c) Nothing in this clause shall oblige any Relevant Party to do anything which would or, in its reasonable opinion, might constitute a breach of any law or regulation, any policy of that party, any fiduciary duty or any duty of confidentiality, or to disclose any confidential information (including, without limitation, its tax returns and calculations); provided, however, that nothing in this paragraph shall excuse any Relevant Party from providing a true, complete and correct IRS Form W-8 or W-9 (or any successor or substitute form where applicable). Any information provided on such IRS Form W-8 or W-9 (or any successor or substitute forms) shall not be treated as confidential information of such party for purposes of this paragraph.

(d) If a Relevant Party fails to confirm its status or to supply forms, documentation or other information requested in accordance with the provisions of this Charter or the provided information is insufficient under FATCA, then:

(i) if that party failed to confirm whether it is (and/or remains) a FATCA Exempt Party then such party shall be treated for the purposes of this Charter and the Leasing Documents as if it is a FATCA Non-Exempt Party; and

(ii) if that party failed to confirm its applicable passthru percentage then such party shall be treated for the purposes of this Charter and the Leasing Documents (and payments made thereunder) as if its applicable passthru percentage is 100%,

until (in each case) such time as the party in question provides sufficient confirmation, forms, documentation or other information to establish the relevant facts.

58.3 FATCA Deduction and gross-up by Relevant Party

(a) If the representation made by the Charterers under Clause 45.1(o) proves to be untrue or misleading such that the Charterers are required to make a FATCA Deduction, the Charterers shall make the FATCA Deduction and any payment required in connection with that FATCA Deduction within the time allowed and in the minimum amount required by FATCA.

(b) If the Charterers are required to make a FATCA Deduction then the Charterers shall increase the payment due from them to the Owners to an amount which (after making any FATCA Deduction) leaves an amount equal to the payment which would have been due if no FATCA Deduction had been required.

(c) The Charterers shall promptly upon becoming aware that they must make a FATCA Deduction (or that there is any change in the rate or basis of a FATCA Deduction) notify the Owners accordingly. Within thirty (30) days of the Charterers making either a FATCA Deduction or any payment required in connection with that FATCA Deduction, the Charterers shall deliver to the Owners evidence reasonably satisfactory to the Owners that the FATCA Deduction has been made or (as applicable) any appropriate payment paid to the relevant governmental or taxation authority.

58.4 FATCA Deduction by Owners

The Owners may make any FATCA Deduction they are required by FATCA to make, and any payment required in connection with that FATCA Deduction, and the Owners shall not be required to increase any payment in respect of which they make such a FATCA Deduction or otherwise compensate the recipient for that FATCA Deduction.

58.5 FATCA Mitigation

Notwithstanding any other provision to this Charter, if a FATCA Deduction is or will be required to be made by any party under Clause 58.3 in respect of a payment to the Owners as a result of the Owners not being a FATCA Exempt Party, the Owners shall have the right to transfer their interest in the Vessel (and this Charter) to any person nominated by the Owners and all costs in relation to such transfer shall be for the account of the Charterers.

CLAUSE 59 - DEFINITIONS

59.1 In this Charter the following terms shall have the meanings ascribed to them below:

"**Acceptance Certificate**" means a certificate substantially in the form set out in Schedule I to be signed by the Charterers at Delivery.

"**Account Bank**" means HSH Nordbank AG acting through its office at Gerhart-Hauptmann-Platz 50, 20095 Hamburg, Germany.

"**Account Security**" means the document creating security over the Earnings Account executed by the Charterers in favour of the Owners, in the agreed form.

"**Advance Charterhire**" means the amount by which the Purchase Price exceeds the Financing Amount.

"**Affiliate**" means in relation to any person, a subsidiary of that person or a Holding Company of that person or any other subsidiary of that Holding Company.

"**Anti-Money Laundering Laws**" means all applicable financial record-keeping and reporting requirements, anti-money laundering statutes (including all applicable rules and regulations thereunder) and all applicable related or similar laws, rules, regulations or guidelines, of all jurisdictions including and without limitation, the United States of America, the European Union and the People's Republic of China and which in each case are (a) issued, administered or enforced by any governmental agency having jurisdiction over any Relevant Person, Approved Subcharterer, Approved Manager or the Owners; (b) of any jurisdiction in which any Relevant Person, Approved Subcharterer, Approved Manager or the Owners conduct business; or (c) to which any Relevant Person, Approved Subcharterer, Approved Manager or Owner is subjected or subject to.

"**Anti-Terrorism Financing Laws**" means all applicable anti-terrorism laws, rules, regulations or guidelines of any jurisdiction, including and not limited to the United States of America or the People's Republic of China which are: (a) issued, administered or enforced by any governmental agency, having jurisdiction over any Relevant Person, Approved Subcharterer, Approved Manager or the Owners; (b) of any jurisdiction in which any Relevant Person, Approved Subcharterer, Approved Manager or the Owners conduct business; or (c) to which any Relevant Person, Approved Subcharterer, Approved Manager or the Owners are subjected or subject to.

"**Approved Bareboat Subcharter**" means an Approved Subcharter as described under paragraph (b)(i) of the definition of an Approved Subcharter and consented to by the Owners.

“**Approved Manager**” means Navios Tankers Management Inc. a corporation incorporated under the laws of the Marshall Islands having its registered office at Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, Marshall Islands MH96960 or Affiliate of Navios Maritime Holdings Inc. or any other ship management company approved in writing by the Owners.

“**Approved Subcharter**” means the Subcharter or:

(a) any Short Term Time Subcharter;

(b) subject to prior written consent of the Owners:

(i) a subcharter of the Vessel on a bareboat charter basis; or

(ii) a subcharter of the Vessel on a time charter basis with a charter period exceeding or capable of exceeding twelve (12) months (taking into account any optional extension period).

“**Approved Subcharterer**” means the Subcharterer or in the case of any other Approved Subcharter falling within paragraph (b) of the definition of Approved Subcharter above, any subcharterer of the Vessel approved by the Owners in writing (such approval not to be unreasonably withheld or delayed).

“**Approved Valuer**” means Clarksons, Maersk Brokers, Howe Robinson, Arrow, Lorentzen & Stemoco, Simpson Spence Young, Braemar Seascope or any other shipbroker nominated by the Charterers and approved by the Owners.

“**Breakfunding Costs**” means all breakfunding costs and expenses incurred or payable by the Owners when a repayment or prepayment under the relevant funding arrangement entered into by the Owners for the purpose of financing the Purchase Price do not fall on a Payment Date.

“**Business Day**” means a day on which banks are open for business in the principal business centres of Hong Kong, Shanghai, Hamburg and Athens and in respect of a day on which a payment is required to be made or other dealing is due to take place under a Leasing Document in Dollars, also a day on which commercial banks are open in New York City.

“**Business Ethics Law**” means any laws, regulations and/or other legally binding requirements or determinations in relation to corruption, fraud, collusion, bid-rigging or anti-trust, human rights violations (including forced labour and human trafficking) which are applicable to any Relevant Person, Approved Subcharterer, Approved Manager or the Owners or to any jurisdiction where activities are performed and which shall include but not be limited to (i) the United Kingdom Bribery Act 2010 and (ii) the United States Foreign Corrupt Practices Act 1977 and all rules and regulations under each of (i) and (ii).

“**Cancelling Date**” has the meaning given to that term in the MOA.

“**Certified Book Value**” means the book value of the Vessel from time to time, which as at the date of this Charter is $31,218,263.11 as evidenced and certified in a manner acceptable to the Owners.

“**Charterers’ Offer**” has the meaning given to that term in Clause 40.3(b).

“**Charterhire**” means each of, as the context may require, all of the quarterly instalments of hire payable hereunder comprising in each case:

(a) a component of Charterhire A; and

(b) a component of Charterhire B.

"**Charterhire A**" means, in relation to a Payment Date, an amount equal to one twenty fourth (1/24) of the difference between the Financing Amount and the Purchase Obligation Price.

"**Charterhire B**" means, in relation to a Payment Date, the interest component calculated in accordance with Schedule III at the applicable Interest Rate for the Term commencing on that Payment Date on the Outstanding Principal Balance.

"**Charterhire Principal**" means the aggregate amount of Charterhire A payable under this Charter.

"**Charterhire Principal Balance**" means the Charterhire Principal outstanding under this Charter from time to time, as may be reduced by payments or prepayments by the Charterers to the Owners of Charterhire A under this Charter.

"**CISADA**" means the United States Comprehensive Iran Sanctions, Accountability and Divestment Act of 2010 as it applies to non-US persons.

"**Charter Period**" means the period commencing on the Commencement Date and described in Clause 32.2 unless it is either terminated earlier or extended in accordance with the provisions of this Charter.

"**China Merchants Group**" means China Merchants Group Limited, a company incorporated under the laws of the People's Republic of China acting through its office at China Merchants Tower, 39-40 Floor, Shun Tak Centre, 168-200 Connaught Road, Central, Hong Kong.

"**Classification Society**" means ABS or DNV GL or any classification society being a member of the International Association of Classification Societies which is approved by the Owners.

"**Commencement Date**" means the date on which Delivery takes place.

"**Delivery**" means the delivery of the legal and beneficial interest in the Vessel from the Owners to the Charterers pursuant to the terms of the MOA.

"**Dollars**" or "**$**" have the meanings given to those terms in the MOA.

"**Earnings**" means all moneys whatsoever which are now, or later become, payable (actually or contingently) and which arise out of the use or operation of the Vessel, including (but not limited to):

(a) all freight, hire and passage moneys, compensation payable in the event of requisition of the Vessel for hire, all moneys which are at any time payable under any Insurances in respect of loss of hire, remuneration for salvage and towage services, demurrage and detention moneys and damages for breach (or payments for variation or termination) of any charterparty or other contract for the employment of the Vessel; and

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

"**Earnings Account**" means, an account in the name of the Charterers with Account Bank or such bank as the Owners may approve.

"**Environmental Claim**" means:

(c) any claim by any governmental, judicial or regulatory authority which arises out of an Environmental Incident or which relates to any Environmental Law; or

(d) any claim by any other person which relates to an Environmental Incident,

and "**claim**" means a claim for damages, compensation, fines, penalties or any other payment (exceeding $1,000,000 in each of the above cases); an order or direction to take, or not to take, certain action or to desist from or suspend certain action; and any form of enforcement or regulatory action, including the arrest or attachment of any asset;

"**Environmental Incident**" means:

(a) any release of Environmentally Sensitive Material from the Vessel; or

(b) any incident in which Environmentally Sensitive Material is released from a vessel other than the Vessel and which involves a collision between the Vessel and such other vessel or some other incident of navigation or operation, in either case, in connection with which the Vessel is actually liable to be arrested, attached, detained or injuncted and/or the Vessel and/or the Owners and/or the Charterers and/or any other operator or manager of the Vessel is at fault or otherwise liable to any legal or administrative action; or

(c) any other incident involving the Vessel in which Environmentally Sensitive Material is released otherwise than from the Vessel and in connection with which the Vessel is actually arrested and/or where the Owners and/or the Charterers and/or any other operator or manager of the Vessel is at fault or otherwise liable to any legal or administrative action.

"**Environmental Law**" means any law relating to pollution or protection of the environment, to the carriage or releases of Environmentally Sensitive Material.

"**Environmentally Sensitive Material**" means oil, oil products and any other substances (including any chemical, gas or other hazardous or noxious substance) which are (or are capable of being or becoming) polluting, toxic or hazardous.

"**Fee Letter**" means the fee letter referred to under Clause 41.1.

"**Financial Indebtedness**" means, in relation to a person (the "**debtor**"), a liability of the debtor:

(a) for principal, interest or any other sum payable in respect of any moneys borrowed or raised by the debtor;

(b) under any loan stock, bond, note or other security issued by the debtor;

(c) under any acceptance credit, guarantee or letter of credit facility made available to the debtor;

(d) under a lease, a deferred purchase consideration arrangement (other than deferred payments for assets or services obtained on normal commercial terms in the ordinary course of business) or any other agreement having the commercial effect of a borrowing or raising of money by the debtor;

(e) under any foreign exchange transaction, any interest or currency swap or any other kind of derivative transaction entered into by the debtor or, if the agreement under which any such transaction is entered into requires netting of mutual liabilities, the liability of the debtor for the net amount; or

(f) under a guarantee, indemnity or similar obligation entered into by the debtor in respect of a liability of another person which would fall within paragraphs (a) to (e) if the references to the debtor referred to the other person.

"**Financial Instruments**" means the mortgage, deed of covenant, the general assignment or such other financial security instruments granted to the Owners' financiers as security for the obligations of the Owners in relation to the financing of the acquisition of the Vessel.

"**Financing Amount**" means an amount equal to the lower of (i) seventy five per cent. (75%) of the Purchase Price and (ii) $18,485,000.

"**Flag State**" means Republic of Panama, the Republic of the Marshall Islands, Republic of Malta, Republic of Liberia, Hong Kong, the Cayman Islands or any other flag state approved by the Owners in writing.

"**Fleet Vessel**" has the meaning give to it under clause 11.20(c) of the Guarantee.

"**General Assignment**" means the general assignment executed or to be executed between the Charterers and the Owners in respect of the Vessel, pursuant to which the Charterers shall, *inter alia,* assign their rights under the Insurances, Earnings and Requisition Compensation and any sub-charters having a duration of at least twelve (12) months (or which are capable of exceeding twelve (12) months) in respect of the Vessel, in favour of the Owners and in the agreed form.

"**Guarantor**" means Navios Maritime Acquisition Corporation, a corporation incorporated under the laws of the Marshall Islands having its registered office at Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, MH96960, Marshall Islands.

"**Guarantee**" means a guarantee executed by the Guarantor in favour of the Owners dated on or around the date of this Charter.

"**Holding Company**" means, in relation to a person, any other person in relation to which it is a subsidiary.

"**IAPPC**" means a valid international air pollution prevention certificate for the Vessel issued pursuant to the MARPOL Protocol.

"**Indenture**" means the indenture dated as of 13 November 2013, as amended and supplemented by including as supplemented a supplemental indenture dated 31 March 2014 and as the same may be further amended and supplemented from time to time in accordance with the terms thereof, entered into by the Guarantor and Navios Acquisition Finance (US) Inc. as co-issuers and Wells Fargo Bank, National Association, as trustee and collateral trustee, in respect of certain 8.125% first priority ship mortgage notes due in 2021.

"**Indenture Guarantee**" means a guarantee executed, or as the case may be, to be executed by the Charterers as security for the obligations and liability of the Guarantor under the Indenture.

"**Initial Market Value**" means, in relation to the Vessel at any relevant time, the arithmetic mean of two (2) valuations, each prepared:

(a) on a date no earlier than thirty (30) days prior to the Commencement Date;

(b) with or without physical inspection of the Vessel;

(c) on the basis of a sale for prompt delivery for cash on normal arm's length commercial terms as between a willing and a willing buyer, free of any existing charter or other contract of employment; and

(d) after deducting the estimated amount of the usual and reasonable expenses which would be incurred in connection with the sale,

and such valuations shall be prepared by one Approved Valuer selected and appointed by the Owners and one Approved Valuer selected by the Charterers (but appointed by the Owners) provided that if the difference in the two valuations obtained is more than five per cent. (5%) of the lower valuation obtained, a third Approved Valuer shall be selected and appointed by the Owners and the Initial Market Value shall be the arithmetic mean of the two lowest valuations out of the three valuations obtained.

"**Insurances**" means:

(a) all policies and contracts of insurance, including entries of the Vessel in any protection and indemnity or war risks association, which are effected in respect of the Vessel or otherwise in relation to it whether before, on or after the date of this Charter; and

(b) all rights and other assets relating to, or derived from, any of the foregoing, including any rights to a return of a premium and any rights in respect of any claim whether or not the relevant policy, contract of insurance or entry has expired on or before the date of this Charter.

"**Interest Rate**" means, in relation to Charterhire B, the rate of interest determined in accordance with Schedule III plus the Margin.

"**ISM Code**" means the International Safety Management Code (including the guidelines on its implementation), adopted by the International Maritime Organisation Assembly as Resolutions A.741 (18) and A.788 (19), as the same may be amended or supplemented from time to time (and the terms "**safety management system**", "**Safety Management Certificate**" and "**Document of Compliance**" have the same meanings as are given to them in the ISM Code).

"**ISPS Code**" means the International Ship and Port Security Code as adopted by the Conference of Contracting Governments to the Safety of Life at Sea Convention 1974 on 13 December 2002 and incorporated as Chapter XI-2 of the Safety of Life at Sea Convention 1974, as the same may be supplemented or amended from time to time.

"**Leasing Documents**" means this Charter, the MOA, any Approved Subcharter, the Fee Letter, the Security Documents and the Trust Deed.

"**LIBOR**" means, in relation to a Term, the London Interbank offered rate administered by ICE Benchmark Administration Limited (or any other person which takes over the administration of that rate) for Dollars commencing on the first day of that Term displayed on page LIBOR 01 of the Thomson Reuters screen (or any replacement Thomson Reuters page which displays that rate) or on the appropriate page of such other information service which publishes that rate from time to time in place of Thomson Reuters, and if such page or service ceases to be available the Owners may specify another page or service displaying the relevant rate on the Quotation Day (if the rate as determined above is less than zero, LIBOR shall be deemed to be zero).

"**Major Casualty**" means any casualty to the Vessel in respect of which the claim or the aggregate of the claims against all insurers, before adjustment for any relevant franchise or deductible, exceeds $1,000,000 or the equivalent in any other currency.

"**Manager's Undertaking**" means, in relation to an Approved Manager, the letter of undertaking from the Approved Manager, inter alia, subordinating the rights of such Approved Manager against the Vessel and the Charterers to the rights of the Owners and their financiers (if any) in an agreed form.

"**Margin**" means 3.05% per annum.

"**Market Value**" means, in relation to the Vessel at any relevant time, the valuation prepared:

(a) on a date no earlier than thirty (30) days previously;

(b) with or without physical inspection of the Vessel; and

(c) on the basis of a sale for prompt delivery for cash on normal arm's length commercial terms as between a willing and a willing buyer, free of any existing charter or other contract of employment

and such valuations shall be prepared by one Approved Valuer selected by the Charterers (but appointed by the Owners).

"**MARPOL Protocol**" means Annex VI (Regulations for the Prevention of Air Pollution from Ships) to the International Convention for the Prevention of Pollution from Ships 1973 (as amended in 1978 and 1997).

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

(a) the business, operations, property, condition (financial or otherwise) or prospects of the Charterers or the Guarantor and its subsidiaries as a whole; or

(b) the ability of any Relevant Person or Approved Manager to perform its obligations under any Leasing Document to which it is a party; or

(c) the validity or enforceability of, or the effectiveness or ranking of any Security Interests granted pursuant to any of the Leasing Documents or the rights or remedies of the Owners under any of the Leasing Documents.

"**MOA**" means the memorandum of agreement entered into by the Charterers as sellers and the Owners as buyers dated on the date of this Charter in relation to the sale and purchase of the Vessel.

"**Mortgagee**" has the meaning given to that term in Clause 35.3.

"**Net Income Loss**" means, at the relevant time, the net income loss (if any) as shown in the most recent audited consolidated annual financial reports of the Guarantor adjusted to exclude impairment losses.

"**Original Financial Statements**" means the Guarantor's audited financial statements for the financial year ended 31 December 2016 and its unaudited consolidated management accounts for the financial year ended 31 December 2017.

"**Original Jurisdiction**" means, in relation to any Relevant Person, Approved Subcharterer or Approved Manager (as the case may be), the jurisdiction under whose laws they are respectively incorporated as at the date of this Charter.

"**Other Charter**" means the bareboat charterparty entered into between the relevant Other Owner and the relevant Other Charterer In respect of any of the Other Vessels.

"**Other Charterer**" means Antiparos Shipping Corporation, Ikaria Shipping Corporation or Kos Shipping Corporation (and "**Other Charterers**" mean all of them).

"**Other Owner**" means Sea 66 Leasing Co. Limited, Sea 67 Leasing Co. Limited or Sea 68 Leasing Co. Limited (and "**Other Owners**" means all of them).

"**Other Vessel**" means 49,992 DWT MR tanker named Nave Atria, 49,991 DWT MR tanker named Nave Aquila, or the 49,999 DWT MR tanker named Nave Bellatrix (and "**Other Vessels**" means all of them).

"**Outstanding Principal Balance**" means the aggregate of:

(a) the Charterhire Principal Balance; and

(b) the Purchase Obligation Price.

"**Owners' Sale**" has the meaning given to that term in Clause 40.3(a)(iii).

"**Party**" means either party to this Charter.

"**Payment Date**" means each of the twenty four (24) dates upon which Charterhire is to be paid by the Charterers to the Owners pursuant to Clause 36.

"**Permitted Security Interests**" means:

(a) Security Interests created by a Leasing Document or a Financial Instrument;

(b) other Security Interests Permitted by the Owners in writing;

(c) liens for unpaid master's and crew's wages in accordance with the ordinary course of operation of the Vessel or in accordance with usual reputable maritime practice;

(d) liens for salvage;

(e) liens for master's disbursements incurred in the ordinary course of trading;

(f) any other liens arising by operation of law or otherwise in the ordinary course of the operation, repair or maintenance of the Vessel provided such liens do not secure amounts more than 30 days overdue;

(g) any Security Interest created in favour of a plaintiff or defendant in any action of the court or tribunal before whom such action is brought as security for costs and expenses where the Owners are prosecuting or defending such action in good faith by appropriate steps; and

(h) Security Interests arising by operation of law in respect of taxes which are not overdue or for payment of taxes which are overdue for payment but which are being contested by the Owners or the Charterers in good faith by appropriate steps and in respect of which adequate reserves have been made.

"**Post-enforcement Interests**" has the meaning given to that term in 40.3(a)(ii).

"**Potential Termination Event**" means, an event or circumstance which, with the giving of any notice, the lapse of time, a determination of the Owners and/or the satisfaction of any other condition, would constitute a Termination Event.

"**Purchase Obligation**" means the purchase obligation referred to in Clause 48.1.

“**Purchase Obligation Date**” means the date on which the Owners shall transfer the legal and beneficial interest in the Vessel to the Charterers, and the Charterers shall purchase the Vessel, being the date falling on the last day of the Charter Period.

“**Purchase Obligation Price**” means fifty per cent. (50%) of the Financing Amount.

“**Purchase Price**” has the meaning given to that term in the MOA.

“**Purchase Option**” means the early termination option which the Charterers are entitled to pursuant to Clause 47.

“**Purchase Option Date**” has the meaning given to that term in Clause 47.1.

“**Purchase Option Notice**” has the meaning given to that term in Clause 47.1.

“**Purchase Option Price**” means the aggregate of:

(a) the Outstanding Principal Balance as at the Purchase Option Date together with a fee calculated at the rate of (i) one per cent. (1%) thereon for any prepayment made before the fourth anniversary of the Commencement Date, (ii) zero point five per cent. (0.5%) thereon for any payment made on and after the fourth anniversary of the Commencement Date and before the fifth anniversary of the Commencement Date and (iii) zero per cent. (0%) for any prepayment made thereafter;

(b) any Charterhire B accrued as at the Purchase Option Date;

(c) any Breakfunding Costs;

(d) any legal costs incurred by the Owners in connection with the exercise of the Purchase Option under Clause 47; and

(e) all other amounts payable under this Charter and the other Leasing Documents together with any applicable interest thereon.

“**Quiet Enjoyment Agreement**” means the quiet enjoyment agreement executed or to be executed between, amongst others, the Charterers, the Owners and the Owners’ financiers in the agreed form.

“**Quotation Day**” means in relation to any period for which an Interest Rate is to be determined, two Business Days before the first day of that period unless market practice differs in the Relevant Interbank Market in which case the Quotation Day will be determined by the Owners in accordance with market practice in the Relevant Interbank Market (and if quotations would normally be given by leading banks in the Relevant Interbank Market on more than one day, the Quotation Day will be the last of those days).

“**Relevant Interbank Market**” means the London interbank market.

“**Relevant Person**” means the Charterers, the Other Charterers, the Guarantor, the Shareholder and such other party providing security to the Owners for the Charterers’ obligations under this Charter pursuant to a Security Document or otherwise (but not including the Subcharterer, any Approved Subcharterer and the Manager).

“**Relevant Jurisdiction**” means, in relation to any Relevant Person, Approved Subcharterer or Approved Manager (as the case may be):

(b) its Original Jurisdiction;

(c) any jurisdiction where any property owned by it and charged under a Leasing Document is situated;

(d) any jurisdiction where it conducts its business; and

(e) any jurisdiction whose laws govern the perfection of any of the Leasing Documents entered into by it creating a Security Interest.

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

"**Restricted Countries**" means those countries subject to country-wide or territory-wide Sanctions and/or trade embargoes, in particular but not limited to pursuant to the U.S.'s Office of Foreign Asset Control of the U.S. Department of Treasury ("**OFAC**") including at the date of this Charter, but without limitation, Iran, North Korea and Syria and any additional countries based on respective country-wide or territory-wide Sanctions being imposed by OFAC or any of the regulative bodies referred to in the definition of Restricted Persons.

"**Restricted Person**" means a person, entity or any other parties (i) located, domiciled, resident or incorporated in Restricted Countries, and/or (ii) subject to any sanction administrated by the United Nations, the European Union, Switzerland, the United States and the U.S. Department of Treasury's Office of Foreign Assets Control ("**OFAC**"), the United Kingdom, Her Majesty's Treasury ("**HMT**") and the Foreign and Commonwealth Office of the United Kingdom, the People's Republic of China and/or (iii) owned or controlled by or affiliated with persons, entities or any other parties as referred to in (i) and (ii).

"**Sanctions**" means any sanctions, embargoes, freezing provisions, prohibitions or other restrictions relating to trading, doing business, investment, exporting, financing or making assets available (or other activities similar to or connected with any of the foregoing) imposed by law or regulation of United Kingdom, the United States of America (including, without limitation, CISADA and OFAC), the People's Republic of China or the Council of the European Union.

"**Security Documents**" means the Guarantee, the Account Security, the General Assignment, the Shares Pledge, the Manager's Undertaking and any other security documents granted as security for the obligations of the Charterers under or in connection with this Charter.

"**Security Interest**" means:

(a) a mortgage, charge (whether fixed or floating) or pledge, any maritime or other lien or any other security interest of any kind;

(b) the security rights of a plaintiff under an action *in rem;* or

(c) any other right which confers on a creditor or potential creditor a right or privilege to receive the amount actually or contingently due to it ahead of the general unsecured creditors of the debtor concerned; however this paragraph (c) does not apply to a right of set off or combination of accounts conferred by the standard terms of business of a bank or financial institution.

"**Shareholder**" means Aegean Sea Maritime Holdings Inc., a corporation incorporated and existing under the laws of the Republic of the Marshall Islands having its registered office at Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, MH96960, Marshall Islands.

"**Shares Pledge**" means the shares pledge over the shares in the Charterers to be executed by the Shareholder in favour of the Owners on or around the date of this Charter.

"**Short Term Time Subcharter**" means a subcharter of the Vessel on a time charter basis with a charter period not exceeding and not capable of exceeding twelve (12) months (taking into account any optional extension period)

"**Subcharter**" means the subcharter with the particulars set out under Schedule IV.

"**Subcharterer Assignment**" means the subcharterer of the Vessel named under Schedule IV;

"**Term**" means, in relation to the definitions of "Charterhire A" and "Charterhire B", a period of three (3) month's duration provided that:

(a) the first Term shall commence on the Commencement Date;

(b) each subsequent Term shall commence on the last day of the preceding Term;

(c) any Term which would otherwise end on a non-Business Day shall instead end on the next following Business Day or, if that Business Day is in another calendar month, on the immediately preceding Business Day;

(d) if any Term commences on the last Business Day of a calendar month or on a day for which there is no numerically corresponding day in the calendar month three (3) months thereafter, as the case may be, that Term shall, subject to paragraphs (c), (e) and (f), end on the last Business Day of such later calendar month;

(e) any Term which would otherwise overrun a Payment Date shall instead end on that Payment Date; and

(f) any Term which would otherwise extend beyond the Charter Period shall instead end on the last day of the Charter Period.

"**Termination Event**" means any event described in Clause 44.

"**Termination Purchase Price**" means, in respect of any date (for the purposes of this definition only, the "**Relevant Date**"), the aggregate of:

(a) the Outstanding Principal Balance as at the Relevant Date together with a fee calculated at the rate of (i) one per cent. (1%) thereon for any termination of this Charter occurring before the fourth anniversary of the Commencement Date, (ii) zero point five per cent. (0.5%) thereon for any termination of this Charter occurring on and after the fourth anniversary of the Commencement Date and before the fifth anniversary of the Commencement Date and (iii) zero per cent. (0%) for any prepayment made thereafter;

(b) and any accrued but unpaid Charterhire B as at the Relevant Date;

(c) any Breakfunding Costs;

(d) any costs incurred and expenses incurred by the Owners (and their financiers (if any)) in locating, repossessing or recovering the Vessel or collecting any payments due under this Charter or in obtaining the due performance of the obligations of the Charterers under this Charter or the other Leasing Documents and any default interest in relation thereto;

(e) any legal costs incurred by the Owners in connection with the termination of this Charter under Clause 44;

(f) all other outstanding amounts payable under this Charter together with any applicable interest thereon.

"**Total Loss**" means:

(a) actual, constructive, compromised, agreed or arranged total loss of the Vessel;

(b) any expropriation, confiscation, requisition or acquisition of the Vessel, whether for full consideration, a consideration less than its proper value, a nominal consideration or without any consideration, which is effected by any government or official authority or by any person or persons claiming to be or to represent a government or official authority (excluding a requisition for hire for a fixed period not exceeding 1 year without any right to an extension) unless it is redelivered within twenty-one (21) days to the full control of the Owners or the Charterers; or

(c) any arrest, capture, seizure or detention of the Vessel (including any hijacking or theft but excluding any event specified in paragraph (b) of this definition) unless it is redelivered within thirty (30) days to the full control of the Owners or the Charterers.

"**Trust Deed**" means a trust deed dated on or around the date of this Charter entered into between the Owners, the Other Owners, the Charterers, the Other Charterers, the Guarantor and the Approved Manager which, inter alia, sets out the obligations of the Owners in respect of holding on trust all moneys or other assets received or recovered by or on behalf of the Owners by virtue of any Security Interest or other rights granted to the Owners under or by virtue of the Security Documents.

"**US Tax Obligor**" means (a) a person which is resident for tax purposes in the United States of America or (b) a person some or all of whose payments under the Leasing Documents are from sources within the United States for United States federal income tax purposes.

"**Vessel**" means the MR tanker m.v. "NAVE ORION" with IMO No. 9459096 with particulars stated in Boxes 6 to 12 of this Charter and which is to be registered under the name of the Owners with the Panama registry upon Delivery.

59.2 In this Charter:

"**Approved Manager**", "**Approved Subcharterer**", "**Charterers**", "**Other Charterers**", "**Other Owners**", "**Owners**", "**Relevant Person**", "**Shareholder**", "**Subcharterer**" or any other person shall be construed so as to include its successors in title, permitted assigns and permitted transferees to, or of, its rights and/or obligations under the Leasing Documents.

"**agreed form**" means, in relation to a document, such document in a form agreed in writing by the Owners;

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

"**company**" includes any partnership, joint venture and unincorporated association;

"**consent**" includes an authorisation, consent, approval, resolution, licence, exemption, filing, registration, notarisation and legalisation;

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

"**continuing**" means, in relation to any Termination Event, a Termination Event which has not been waived by the Owners and in relation to any Potential Termination Event, a Potential Termination Event which has not been waived by the Owners;

"**control**" over a particular company means the power (whether by way of ownership of shares, proxy, contract, agency or otherwise) to:

(a) cast, or control the casting of, more than 51 per cent, of the maximum number of votes that might be cast at a general meeting of such company; or

(b) appoint or remove all, or the majority, of the directors or other equivalent officers of such company; or

(c) give directions with respect to the operating and financial policies of such company with which the directors or other equivalent officers of such company are obliged to comply;

"**document**" includes a deed; also a letter, fax or telex;

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

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

"**legal or administrative action**" means any legal proceeding or arbitration and any administrative or regulatory action or investigation;

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

"**months**" shall be construed in accordance with Clause 59.3;

"**person**" includes any company; any state, political sub-division of a state and local or municipal authority; and any international organisation;

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

"**protection and indemnity risks**" means the usual risks covered by a protection and indemnity association which is a member of the International Group of P&I Clubs including pollution risks, freight, demurrage and defence cover, extended passenger cover and the proportion (if any) of any sums payable to any other person or persons in case of collision which are not recoverable under the hull and machinery policies by reason of the incorporation in them of clause 6 of the International Hull Clauses (1/11/02 or 1/11/03), clause 8 of the Institute Time Clauses (Hulls)(1/10/83) or clause 8 of the Institute Time Clauses (Hulls) (1/11/1995) or the Institute Amended Running Down Clause (1/10/71) or any equivalent provision;

"**regulation**" includes any regulation, rule, official directive, request or guideline whether or not having the force of law of any governmental, intergovernmental or supranational body, agency, department or regulatory, self-regulatory or other authority or organisation;

"**subsidiary**" has the meaning given in Clause 59.4; and

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

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

(a) on the Business Day following the numerically corresponding day if the numerically corresponding day is not a Business Day or, if there is no later Business Day in the same calendar month, on the Business Day preceding the numerically corresponding day; or

(b) on the last Business Day in the relevant calendar month, if the period started on the last Business Day in a calendar month or if the last calendar month of the period has no numerically corresponding day;

and "**month**" and "**monthly**" shall be construed accordingly.

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

A company (S) is a subsidiary of another company (U) if S is a subsidiary of P and P is in turn a subsidiary of U.

For the purposes of this Charter and other Leasing Documents, references to the subsidiaries of the Guarantor shall exclude any subsidiary of the Guarantor which is publicly listed on any stock exchange.

59.5 In this Charter:

(a) references to a Leasing Document or any other document being in the form of a particular appendix or to any document referred to in the recitals include references to that form with any modifications to that form which the Owners approve;

(b) references to, or to a provision of, a Leasing Document or any other document are references to it as amended or supplemented, whether before the date of this Charter or otherwise;

(c) references to, or to a provision of, any law include any amendment, extension, re-enactment or replacement, whether made before the date of this Charter or otherwise; and

(d) words denoting the singular number shall include the plural and vice versa.

59.6 **Headings.** In interpreting a Leasing Document or any provision of a Leasing Document, all clauses, sub-clauses and other headings in that and any other Leasing Document shall be entirely disregarded.

EXECUTION PAGE

OWNERS

SIGNED)
by)
as an attorney-in-fact)
for and on behalf of)
SEA 69 LEASING CO. LIMITED)
in the presence of:)

Witness' signature:)
Witness' name: Lin Hangang)
Witness' address: 2F, No.1056, Lujiazui Ring Road) Shanghai China

CHARTERERS

SIGNED)
by)
for and on behalf of)
MYTILENE SHIPPING CORPORATION)
as)
in the presence of:)

Witness' signature:)
Witness' name:)
Witness' address:)

EXECUTION PAGE

OWNERS

SIGNED)
by)
as an attorney-in-fact)
for and on behalf of)
SEA 69 LEASING CO. LIMITED)
in the presence of:)

Witness' signature:)
Witness' name:)
Witness' address:)

CHARTERERS

SIGNED)
by ALEXANDROS LAIOS)
for and on behalf of)
MYTILENE SHIPPING CORPORATION)
as Attorney-in-fact)
in the presence of:)

Witness' signature: Francisco G.Tazelaar)
Witness' name: Abogado / Attorney-at-law)
Witness' address: Tº 127 Fº 127 CPACF)
Akti Miaouli 85, Piraeus, Greece

MEMORANDUM OF AGREEMENT

Norwegian Shipbrokers' Association's Memorandum of Agreement for sale and purchase of ships. Adopted by BIMCO in 1956.
Code-name

SALEFORM 2012

Revised 1966, 1983 and 1986/87, 1993 and 2012

Dated: 31 March **2018** 1

Mytilene Shipping Corporation, a corporation incorporated and existing under the laws of the Marshall Islands having its registered office at Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, MH96960, Marshall Islands(*Name of sellers*), hereinafter called the "Sellers", have agreed to sell, and 2

Sea 69 Leasing Co. Limited, a company incorporated and existing under the laws of Hong Kong having its registered office at Room 1803-1804, 18/F Bank of America Tower, 12 Harcourt Road, Central, Hong Kong (*Name of buyers*), hereinafter called the "Buyers", have agreed to buy: 3

Name of vessel: **NAVE ORION** 4

IMO Number: **9459096** 5

Classification Society: **Nippon Kaiji Kyokai** 6

Class Notation: **NS*** **(CSR, Tanker, Oils-Flashpoint on and below 60 degree C and Chemicals Type II and III, Performance Standard for Protective Coatings for Dedicated Seawater Ballast Tanks in All Types of Ships and Double-side Skin Spaces of Bulk Carriers)(ESP)(IWS)(PSCM)(EA + VOC)(IHM)** 7

MNS*

Year of Build: **2013** Builder/Yard: **Dae Sun Shipbuilding & Engineering Co., Ltd.** 8

Flag: **Panama** Place of Registration: **Panama** GT/NT: **30,052 /13,255** 9

hereinafter called the "Vessel", on the following terms and conditions: 10

Definitions – see also Clause 28 11

"Agreement" means this memorandum of agreement which shall for the avoidance of doubt, include the rider provisions from Clauses 19 to 28.

~~"Banking Days" are days on which banks are open both in the country of the currency stipulated for~~ 12
~~the Purchase Price in Clause 1 (Purchase Price) and in the place of closing stipulated in Clause 8~~ 13
~~(Documentation) and ______ (add additional jurisdictions as appropriate).~~ 14

"Buyers' Nominated Flag State" means **Panama** (*state flag state*). 15

"Cancelling Date" has the meaning given to that term in Clause 5. 16

"Conditions Precedent" has the meaning given to that term in Clause 8(a).

"Class" means the class notation referred to above.

17

"Classification Society" means the **Classification** Society referred to above.

""Dollars" or "$" mean United States dollars, being the lawful currency of the United States of America.~~Deposit" shall have the meaning given in Clause 2 (Deposit)~~ 18
~~"Deposit Holder" means ______ (state name and location of Deposit Holder) or, if left blank, the~~ 19
~~Sellers' Bank, which shall hold and release the Deposit in accordance with this Agreement.~~ 20

"In writing" or "written" means a letter handed over from the Sellers to the Buyers or vice versa, a 21
registered letter, e-mail or telefax. 22

"Parties" means the Sellers and the Buyers. 23

~~"Purchase Price" means the price for the Vessel as stated in Clause 1 (Purchase Price).~~ 24

~~"Sellers' Account" means ______ (state details of bank account) at the Sellers' Bank.~~ 25

~~"Sellers' Bank" means (state name of bank, branch and details) or, if left blank, the bank~~ 26
~~notified by the Sellers to the Buyers for receipt of the balance of the Purchase Price.~~ 27

1. Purchase Price 28

See Clause 19~~The Purchase Price is ______ (state currency and amount both in words and figures).~~

2. Deposit – intentionally omitted

~~As security for the correct fulfilment of this Agreement the Buyers shall lodge a deposit of ______% (______ per cent) or, if left blank, 10% (ten per cent), of the Purchase Price (the "Deposit") in an interest bearing account for the Parties with the Deposit Holder within three (3) Banking Days after the date that:~~

~~(i) this Agreement has been signed by the Parties and exchanged in original or by e-mail or telefax; and~~

~~(ii) the Deposit Holder has confirmed in writing to the Parties that the account has been opened.~~

~~The Deposit shall be released in accordance with joint written instructions of the Parties. Interest, if any, shall be credited to the Buyers. Any fee charged for holding and releasing the Deposit shall be borne equally by the Parties. The Parties shall provide to the Deposit Holder all necessary documentation to open and maintain the account without delay.~~

3. Payment

See Clause 19~~On delivery of the Vessel, but not later than three (3) Banking Days after the date that Notice of Readiness has been given in accordance with Clause 5 (Time and place of delivery and notices):~~

~~(i) the Deposit shall be released to the Sellers; and~~

~~(ii) the balance of the Purchase Price and all other sums payable on delivery by the Buyers to the Sellers under this Agreement shall be paid in full free of bank charges to the Sellers' Account.~~

4. Inspection – intentionally omitted

~~(a)* The Buyers have inspected and accepted the Vessel's classification records. The Buyers have also inspected the Vessel at/in ______ (state place) on ______ (state date) and have accepted the Vessel following this inspection and the sale is outright and definite, subject only to the terms and conditions of this Agreement.~~

~~(b)* The Buyers shall have the right to inspect the Vessel's classification records and declare whether same are accepted or not within ______ (state date/period).~~

~~The Sellers shall make the Vessel available for inspection at/in ______ (state place/range) within ______ (state date/period).~~

~~The Buyers shall undertake the inspection without undue delay to the Vessel. Should the Buyers cause undue delay they shall compensate the Sellers for the losses thereby incurred.~~

~~The Buyers shall inspect the Vessel without opening up and without cost to the Sellers.~~

~~During the inspection, the Vessel's deck and engine log books shall be made available for examination by the Buyers.~~

~~The sale shall become outright and definite, subject only to the terms and conditions of this Agreement, provided that the Sellers receive written notice of acceptance of the Vessel from the Buyers within seventy-two (72) hours after completion of such inspection or after the date/last day of the period stated in Line 59, whichever is earlier.~~

~~Should the Buyers fail to undertake the inspection as scheduled and/or notice of acceptance of the Vessel's classification records and/or of the Vessel not be received by the Sellers as aforesaid, the Deposit together with interest earned, if any, shall be released immediately to the Buyers, whereafter this Agreement shall be null and void.~~

~~*4(a) and 4(b) are alternatives; delete whichever is not applicable. In the absence of deletions, alternative 4(a) shall apply.~~

5. Time and place of delivery and notices

(a) The Vessel shall be delivered and taken over safely afloat **in (i) international waters or (ii) such other place**~~at a safe and accessible berth or anchorage at/in ______ (state place/range) in the Sellers' option~~ **and subject to such conditions as may be agreed by the Buyers**.

~~Notice of Readiness shall not be tendered before: ______ (date)~~

Cancelling Date (see Clauses 5(c) ~~, 6 (a)(i), 6 (a) (iii)~~ and 14): **30 April 2018 (or such later date as may**

be agreed by the Sellers and the Buyers in writing) (the "Cancelling Date")

(b) The Sellers shall keep the Buyers well informed of the Vessel's itinerary and shall provide the Buyers with ~~twenty (20), ten (10),~~ five (5) and three (3) days' notice of the date the Sellers intend to tender Notice of Readiness and of the intended place of delivery.

When the Vessel is**, on a day being a Business Day,** at the place of delivery and physically ready for delivery in accordance with this Agreement, the Sellers shall give the Buyers a written Notice of Readiness for delivery.

(c) If the Sellers anticipate that, notwithstanding the exercise of due diligence by them, the Vessel will not be ready for delivery by the Cancelling Date they may notify the Buyers in writing stating the date when they anticipate that the Vessel will be ready for delivery and proposing a new Cancelling Date. Upon receipt of such notification the Buyers shall have the option of either cancelling this Agreement in accordance with Clause 14 (Sellers' Default) within three (3) ~~Banking~~ **Business** Days of receipt of the notice or of accepting the new date as the new Cancelling Date.

If the Buyers have not declared their option within three (3) ~~Banking~~ **Business** Days of receipt of the Sellers' notification or if the Buyers accept the new date, the date proposed in the Sellers' notification shall be deemed to be the new Cancelling Date and shall be substituted for the Cancelling Date stipulated in line 79.

If this Agreement is maintained with ~~the~~ **a** new Cancelling Date all other terms and conditions hereof including those contained in Clauses 5(b) and 5(d) shall remain unaltered and in full force and effect.

(d) Cancellation, failure to cancel or acceptance of ~~the~~ **a** new Cancelling Date shall be entirely without prejudice to any claim for damages the Buyers may have under Clause 14 (Sellers' Default) for the Vessel not being ready by the original Cancelling Date.

(e) Should the Vessel become a~~n~~ ~~actual, constructive or compromised t~~ **T**otal ~~l~~**L**oss before delivery ~~the Deposit together with interest earned, if any, shall be released immediately to the Buyers whereafter~~ this Agreement shall ~~be null and void~~**terminate (provided that any provision hereof expressed to survive such termination shall do so in accordance with its terms)**.

~~6.~~ **Divers Inspection / Drydocking – intentionally omitted**

~~(a)*~~

~~(i) The Buyers shall have the option at their cost and expense to arrange for an underwater inspection by a diver approved by the Classification Society prior to the delivery of the Vessel. Such option shall be declared latest nine (9) days prior to the Vessel's intended date of readiness for delivery as notified by the Sellers pursuant to Clause 5(b) of this Agreement. The Sellers shall at their cost and expense make the Vessel available for such inspection. This inspection shall be carried out without undue delay and in the presence of a Classification Society surveyor arranged for by the Sellers and paid for by the Buyers. The Buyers' representative(s) shall have the right to be present at the diver's inspection as observer(s) only without interfering with the work or decisions of the Classification Society surveyor. The extent of the inspection and the conditions under which it is performed shall be to the satisfaction of the Classification Society. If the conditions at the place of delivery are unsuitable for such inspection, the Sellers shall at their cost and expense make the Vessel available at a suitable alternative place near to the delivery port, in which event the Cancelling Date shall be extended by the additional time required for such positioning and the subsequent re-positioning. The Sellers may not tender Notice of Readiness prior to completion of the underwater inspection.~~

~~(ii) If the rudder, propeller, bottom or other underwater parts below the deepest load line are found broken, damaged or defective so as to affect the Vessel's class, then (1) unless repairs can be carried out afloat to the satisfaction of the Classification Society, the Sellers shall arrange for the Vessel to be drydocked at their expense for inspection by the Classification Society of the Vessel's underwater parts below the deepest load line, the extent of the inspection being in accordance with the Classification Society's rules (2) such defects shall be made good by the Sellers at their cost and expense to the satisfaction of the Classification Society without condition/recommendation** and (3) the Sellers shall pay for the underwater inspection and the Classification Society's attendance.~~

~~Notwithstanding anything to the contrary in this Agreement, if the Classification Society do not require the aforementioned defects to be rectified before the next class drydocking survey, the Sellers shall be entitled to deliver the Vessel with these defects against a deduction from the Purchase Price of the estimated direct cost (of labour and materials) of carrying out the repairs to the satisfaction of the Classification Society,~~

~~whereafter the Buyers shall have no further rights whatsoever in respect of the defects and/or repairs. The estimated direct cost of the repairs shall be the average of quotes for the repair work obtained from two reputable independent shipyards at or in the vicinity of the port of delivery, one to be obtained by each of the Parties within two (2) Banking Days from the date of the imposition of the condition/recommendation, unless the Parties agree otherwise. Should either of the Parties fail to obtain such a quote within the stipulated time then the quote duly obtained by the other Party shall be the sole basis for the estimate of the direct repair costs. The Sellers may not tender Notice of Readiness prior to such estimate having been established.~~

~~**(iii)** If the Vessel is to be drydocked pursuant to Clause 6(a)(ii) and no suitable dry-docking facilities are available at the port of delivery, the Sellers shall take the Vessel to a port where suitable drydocking facilities are available, whether within or outside the delivery range as per Clause 5(a). Once drydocking has taken place the Sellers shall deliver the Vessel at a port within the delivery range as per Clause 5(a) which shall, for the purpose of this Clause, become the new port of delivery. In such event the Cancelling Date shall be extended by the additional time required for the drydocking and extra steaming, but limited to a maximum of fourteen (14) days.~~

~~**(b)*** The Sellers shall place the Vessel in drydock at the port of delivery for inspection by the Classification Society of the Vessel's underwater parts below the deepest load line, the extent of the inspection being in accordance with the Classification Society's rules. If the rudder, propeller, bottom or other underwater parts below the deepest load line are found broken, damaged or defective so as to affect the Vessel's class, such defects shall be made good at the Sellers' cost and expense to the satisfaction of the Classification Society without condition/recommendation**. In such event the Sellers are also to pay for the costs and expenses in connection with putting the Vessel in and taking her out of drydock, including the drydock dues and the Classification Society's fees. The Sellers shall also pay for these costs and expenses if parts of the tailshaft system are condemned or found defective or broken so as to affect the Vessel's class. In all other cases, the Buyers shall pay the aforesaid costs and expenses, dues and fees.~~

~~**(c)** If the Vessel is drydocked pursuant to Clause 6 (a)(ii) or 6 (b) above:~~

~~**(i)** The Classification Society may require survey of the tailshaft system, the extent of the survey being to the satisfaction of the Classification surveyor. If such survey is not required by the Classification Society, the Buyers shall have the option to require the tailshaft to be drawn and surveyed by the Classification Society, the extent of the survey being in accordance with the Classification Society's rules for tailshaft survey and consistent with the current stage of the Vessel's survey cycle. The Buyers shall declare whether they require the tailshaft to be drawn and surveyed not later than by the completion of the inspection by the Classification Society. The drawing and refitting of the tailshaft shall be arranged by the Sellers. Should any parts of the tailshaft system be condemned or found defective so as to affect the Vessel's class, those parts shall be renewed or made good at the Sellers' cost and expense to the satisfaction of Classification Society without condition/recommendation**.~~

~~**(ii)** The costs and expenses relating to the survey of the tailshaft system shall be borne by the Buyers unless the Classification Society requires such survey to be carried out or if parts of the system are condemned or found defective or broken so as to affect the Vessel's class, in which case the Sellers shall pay these costs and expenses.~~

~~**(iii)** The Buyers' representative(s) shall have the right to be present in the drydock, as observer(s) only without interfering with the work or decisions of the Classification Society surveyor.~~

~~**(iv)** The Buyers shall have the right to have the underwater parts of the Vessel cleaned and painted at their risk, cost and expense without interfering with the Sellers' or the Classification Society surveyor's work, if any, and without affecting the Vessel's timely delivery. If, however, the Buyers' work in drydock is still in progress when the Sellers have completed the work which the Sellers are required to do, the additional docking time needed to complete the Buyers' work shall be for the Buyers' risk, cost and expense. In the event that the Buyers' work requires such additional time, the Sellers may upon completion of the Sellers' work tender Notice of Readiness for delivery whilst the Vessel is still in drydock and, notwithstanding Clause 5(a), the Buyers shall be obliged to take delivery in accordance with Clause 3 (Payment), whether the Vessel is in drydock or not.~~

~~*6 (a) and 6 (b) are alternatives; delete whichever is not applicable. In the absence of deletions,~~

~~*alternative 6 (a) shall apply.*~~

~~***Notes or memoranda, if any, in the surveyor's report which are accepted by the Classification Society without condition/recommendation are not to be taken into account.*~~

7. Spares, bunkers and other items

The Sellers shall deliver the Vessel to the Buyers with everything belonging to her on board and on shore. All spare parts and spare equipment including spare tail-end shaft(s) and/or spare propeller(s)/propeller blade(s), if any, belonging to the Vessel at the time of ~~inspection~~**delivery** used or unused, whether on board or not shall become the Buyers' property, but spares on order are excluded. ~~Forwarding charges, if any, shall be for the Buyers' account.~~ The Sellers are not required to replace spare parts including spare tail-end shaft(s) and spare propeller(s)/propeller blade(s) which are taken out of spare and used as replacement prior to delivery, but the replaced items shall be the property of the Buyers. Unused stores and provisions shall be included in the sale and be taken over by the Buyers without extra payment.

~~Library and forms exclusively for use in the Sellers' vessel(s) and captain's, officers' and crew's personal belongings including the slop chest are excluded from the sale without compensation, as well as the following additional items: ______ *(include list)*~~

~~Items on board which are on hire or owned by third parties, listed as follows, are excluded from the sale without compensation: ______ *(include list)*~~

~~Items on board at the time of inspection which are on hire or owned by third parties, not listed above, shall be replaced or procured by the Sellers prior to delivery at their cost and expense.~~

The Buyers shall take over remaining bunkers and unused lubricating and hydraulic oils and greases in storage tanks and unopened drums **at no extra cost.**~~and pay either~~

~~(a) *the actual net price (excluding barging expenses) as evidenced by invoices or vouchers; or~~

~~(b) *the current net market price (excluding barging expenses) at the port and date of delivery of the Vessel or, if unavailable, at the nearest bunkering port,~~

~~for the quantities taken over.~~

~~Payment under this Clause shall be made at the same time and place and in the same currency as the Purchase Price.~~

~~"inspection" in this Clause 7, shall mean the Buyers' inspection according to Clause 4(a) or 4(b) (Inspection), if applicable. If the Vessel is taken over without inspection, the date of this Agreement shall be the relevant date.~~

~~**(a) and (b) are alternatives, delete whichever is not applicable. In the absence of deletions alternative (a) shall apply.*~~

8. Documentation

The place of closing: **To be mutually agreed between the Sellers and the Buyers**

(a) ~~In exchange for p~~Payment of the Purchase Price **by the Buyers to** the Sellers shall **be subject to Clause 20 and conditional on the Buyers having on or prior to delivery of the Vessel on the Delivery Date received, or being satisfied as to,** ~~provide the Buyers with~~ the following ~~delivery documents~~**items**:

(i) Legal Bill(s) of Sale in a form recordable in the Buyers' Nominated Flag State, transferring title of the Vessel and stating that the Vessel is free from all mortgages, encumbrances and ~~maritime~~ liens **(whether maritime or otherwise)** or any other debts whatsoever, duly notarially attested and legalised or apostilled, as required by the Buyers' Nominated Flag State;

(ii) Acceptance of Sale in a form recordable in the Buyers' Nominated Flag State, duly notarially attested and legalised or apostilled, as required by the Buyers' Nominated Flag State.

(~~ii~~iii) Evidence that all necessary corporate, shareholder and other action has been taken by the Sellers to authorise the execution, delivery and performance of this Agreement;

(~~iii~~iv) Power of Attorney of the Sellers appointing one or more representatives to act on behalf of the Sellers in the performance of this Agreement, duly notarially attested and legalised or apostilled (as appropriate);

(~~iv~~v) Certificate or Transcript of Registry issued by the competent authorities of the flag state on the date of delivery evidencing the Sellers' ownership of the Vessel and that the

Vessel is free from registered encumbrances and mortgages, to be faxed or e-mailed by such authority to the closing meeting with the original to be sent to the Buyers as soon as possible after delivery of the Vessel;

(~~v~~vi) Declaration of Class or (depending on the Classification Society) a Class Maintenance Certificate issued within three (3) **Business** ~~Banking~~ Days prior to delivery confirming that the Vessel is in Class free of **overdue** condition/recommendation;

~~(vi) Certificate of Deletion of the Vessel from the Vessel's registry or other official evidence of deletion appropriate to the Vessel's registry at the time of delivery, or, in the event that the registry does not as a matter of practice issue such documentation immediately, a written undertaking by the Sellers to effect deletion from the Vessel's registry forthwith and provide a certificate or other official evidence of deletion to the Buyers promptly and latest within four (4) weeks after the Purchase Price has been paid and the Vessel has been delivered;~~

~~(vii) A copy of the Vessel's Continuous Synopsis Record certifying the date on which the Vessel ceased to be registered with the Vessel's registry, or, in the event that the registry does not as a matter of practice issue such certificate immediately, a written undertaking from the Sellers to provide the copy of this certificate promptly upon it being issued together with evidence of submission by the Sellers of a duly executed Form 2 stating the date on which the Vessel shall cease to be registered with the Vessel's registry;~~

(~~viii~~vii) Commercial Invoice for the Vessel;

~~(ix) Commercial Invoice(s) for bunkers, lubricating and hydraulic oils and greases;~~

~~(x) A copy of the Sellers' letter to their satellite communication provider cancelling the Vessel's communications contract which is to be sent immediately after delivery of the Vessel;~~

(~~xi~~viii) Any additional documents as may reasonably be required by the competent authorities of the Buyers' Nominated Flag State for the purpose of registering the Vessel, **each in a form acceptable to the Buyers' Nominated Flag State, duly notarially attested and legalised or apostilled (if required)** ~~provided the Buyers notify the Sellers of any such documents as soon as possible after the date of this Agreement~~; and

(~~xii~~ix) The Sellers' letter of confirmation that to the best of their knowledge, the Vessel is not black listed by any nation or international organisation.

(x) The items set out in Clause 20.

The items set out in this Clause 8(a) (together the "Conditions Precedent") are inserted for the sole benefit of the Buyers and may be waived in whole or in part with or without conditions by the Buyers.

(b) At the time of delivery the Buyers shall provide the Sellers with:

(i) Evidence that all necessary corporate~~, shareholder~~ and other action has been taken by the Buyers to authorise the execution, delivery and performance of this Agreement; and

(ii) Power of Attorney of the Buyers **(if any)** appointing one or more representatives to act on behalf of the Buyers in the performance of this Agreement.~~, duly notarially attested and legalised or apostilled (as appropriate).~~

(c) If any of the documents listed in Sub-clauses (a) and (b) above are not in the English language they shall be accompanied by an English translation by an authorised translator or certified by a lawyer qualified to practice in the country of the translated language.

(d) The Parties shall to the extent possible exchange copies, drafts or samples of the documents listed in Sub-clause (a) and Sub-clause (b) above for review and comment by the other party not later than **two (2) Business Days (or such later date as the Buyers may agree) prior to the Vessel's intended date of readiness for delivery as notified by the Sellers pursuant to Clause 5(b) of this Agreement.** ~~(*state number of days*), or if left blank, nine (9) days prior to the Vessel's intended date of readiness for delivery as notified by the Sellers pursuant to Clause 5(b) of this Agreement.~~

(e) On delivery, ~~Concurrent with the exchange of documents in Sub-clause (a) and Sub-clause (b) above,~~ the Sellers shall also hand to the Buyers **copies of** the classification certificate(s) as well as all plans, drawings and manuals, (excluding ISM/ISPS manuals), which are on board the Vessel. Other certificates which are on board the Vessel shall also be handed over to the Buyers unless the Sellers are required to retain same, in which case the Buyers have the right to take copies.

(f) Other technical documentation which may be in the Sellers' possession shall promptly after delivery be forwarded to the Buyers at ~~their~~ **Sellers'** expense, if they so request. The Sellers may keep the Vessel's log books but the Buyers have the right to take copies of same.

(g) The Parties shall sign and deliver to each other a Protocol of Delivery and Acceptance confirming the date and time of delivery of the Vessel from the Sellers to the Buyers.

9. Encumbrances

The Sellers warrant that the Vessel, at the time of delivery, is free from all charters **(other than the Bareboat Charter and any time charter permitted by the terms of the Leasing Documents)**, encumbrances, mortgages and ~~maritime~~ liens **(whether maritime or otherwise)** or any other debts whatsoever, and is not subject to Port State or other administrative detentions. The Sellers hereby undertake to indemnify the Buyers against all consequences of claims made against the Vessel which have been incurred prior to the time of delivery.

10. Taxes, fees and expenses

Any taxes, fees and expenses in connection with the purchase **of the Vessel** and registration in the Buyers' Nominated Flag State ~~shall be for the Buyers' account, whereas similar charges~~ **and** in connection with the closing of the Sellers' register shall be for the Sellers' account.

11. Condition on delivery

The Vessel with everything belonging to her shall be at the Sellers' risk and expense until she is delivered to the Buyers~~, but subject~~ **pursuant** to the terms and conditions of this Agreement ~~she shall be delivered and taken over as she was at the time of inspection, fair wear and tear excepted~~.

However, the Vessel shall be delivered ~~free of cargo~~ and free of stowaways with her Class maintained without condition/recommendation~~*~~, free of average damage affecting the Vessel's class, and with her classification certificates and national certificates, as well as all other certificates the Vessel had at the time of ~~inspection~~**delivery**, valid ~~and unextended~~ without **overdue** condition/recommendation~~*~~ by the Classification Society or the relevant authorities at the time of delivery.

~~"inspection" in this Clause 11, shall mean the Buyers' inspection according to Clause 4(a) or 4(b) (Inspections), if applicable. If the Vessel is taken over without inspection, the date of this Agreement shall be the relevant date.~~

~~*Notes and memoranda, if any, in the surveyor's report which are accepted by the Classification Society without condition/recommendation are not to be taken into account.~~

12. Name/markings – intentionally omitted

~~Upon delivery the Buyers undertake to change the name of the Vessel and alter funnel markings.~~

13. Buyers' default

~~Should the Deposit not be lodged in accordance with Clause 2 (Deposit), the Sellers have the right to cancel this Agreement, and they shall be entitled to claim compensation for their losses and for all expenses incurred together with interest.~~

Should the Purchase Price not be paid in accordance with ~~Clause 3 (Payment)~~**this Agreement**, the Sellers have the right to cancel this Agreement, in which case **it shall terminate whereupon all the Buyers' liabilities hereunder shall be extinguished.** ~~the Deposit together with interest earned, if any, shall be released to the Sellers. If the Deposit does not cover their loss, the Sellers shall be entitled to claim further compensation for their losses and for all expenses incurred together with interest.~~

14. Sellers' default

Should the Sellers fail to give Notice of Readiness in accordance with Clause 5(b) or fail to be ready to validly complete a legal transfer by the Cancelling Date the Buyers shall have the option of cancelling this Agreement. If after Notice of Readiness has been given but before the Buyers have taken delivery, the Vessel ceases to be physically ready for delivery and is not made physically ready again by the Cancelling Date and new Notice of Readiness given, the Buyers shall retain their option to cancel. ~~In the event that the Buyers elect to cancel this~~

~~Agreement, the Deposit together with interest earned, if any, shall be released to them immediately.~~

Without prejudice to any of the rights the Buyers may have under the Leasing Documents, at law or otherwise, ~~S~~**s**hould the Sellers fail to give Notice of Readiness by the Cancelling Date or fail to be ready to validly complete a legal transfer as aforesaid they shall make due compensation to the Buyers for their **direct and documented** loss and for all **documented** expenses together with interest ~~if their failure is due to proven negligence~~ and whether or not the Buyers cancel this Agreement.

15. Buyers' representatives – intentionally omitted

~~After this Agreement has been signed by the Parties and the Deposit has been lodged, the Buyers have the right to place two (2) representatives on board the Vessel at their sole risk and expense.~~

~~These representatives are on board for the purpose of familiarisation and in the capacity of observers only, and they shall not interfere in any respect with the operation of the Vessel. The Buyers and the Buyers' representatives shall sign the Sellers' P&I Club's standard letter of indemnity prior to their embarkation.~~

16. Law and Arbitration See Clause 25

~~(a) *This Agreement shall be governed by and construed in accordance with English law and any dispute arising out of or in connection with this Agreement shall be referred to arbitration in London in accordance with the Arbitration Act 1996 or any statutory modification or re-enactment thereof save to the extent necessary to give effect to the provisions of this Clause.~~

~~The arbitration shall be conducted in accordance with the London Maritime Arbitrators Association (LMAA) Terms current at the time when the arbitration proceedings are commenced.~~

~~The reference shall be to three arbitrators. A party wishing to refer a dispute to arbitration shall appoint its arbitrator and send notice of such appointment in writing to the other party requiring the other party to appoint its own arbitrator within fourteen (14) calendar days of that notice and stating that it will appoint its arbitrator as sole arbitrator unless the other party appoints its own arbitrator and gives notice that it has done so within the fourteen (14) days specified. If the other party does not appoint its own arbitrator and give notice that it has done so within the fourteen (14) days specified, the party referring a dispute to arbitration may, without the requirement of any further prior notice to the other party, appoint its arbitrator as sole arbitrator and shall advise the other party accordingly. The award of a sole arbitrator shall be binding on both Parties as if the sole arbitrator had been appointed by agreement.~~

~~In cases where neither the claim nor any counterclaim exceeds the sum of US$100,000 the arbitration shall be conducted in accordance with the LMAA Small Claims Procedure current at the time when the arbitration proceedings are commenced.~~

~~(b) *This Agreement shall be governed by and construed in accordance with Title 9 of the United States Code and the substantive law (not including the choice of law rules) of the State of New York and any dispute arising out of or in connection with this Agreement shall be referred to three (3) persons at New York, one to be appointed by each of the parties hereto, and the third by the two so chosen; their decision or that of any two of them shall be final, and for the purposes of enforcing any award, judgment may be entered on an award by any court of competent jurisdiction. The proceedings shall be conducted in accordance with the rules of the Society of Maritime Arbitrators, Inc.~~

~~In cases where neither the claim nor any counterclaim exceeds the sum of US$ 100,000 the arbitration shall be conducted in accordance with the Shortened Arbitration Procedure of the Society of Maritime Arbitrators, Inc.~~

~~(c) This Agreement shall be governed by and construed in accordance with the laws of ______ (state place) and any dispute arising out of or in connection with this Agreement shall be referred to arbitration at ______ (state place), subject to the procedures applicable there.~~

~~*16(a), 16(b) and 16(c) are alternatives; delete whichever is not applicable. In the absence of deletions, alternative 16(a) shall apply.~~

17. Notices See Clause 27

~~All notices to be provided under this Agreement shall be in writing.~~

~~Contact details for recipients of notices are as follows:~~

~~For the Buyers:~~

~~For the Sellers:~~

18. Entire Agreement

The written terms of this Agreement **(together with the other Leasing Documents)** comprise the entire agreement between the Buyers and the Sellers in relation to the sale and purchase of the Vessel and supersede all previous agreements whether oral or written between the Parties in relation thereto.

Each of the Parties acknowledges that in entering into this Agreement it has not relied on and shall have no right or remedy in respect of any statement, representation, assurance or warranty (whether or not made negligently) other than as is expressly set out in this Agreement.

Any terms implied into this Agreement by any applicable statute or law are hereby excluded to the extent that such exclusion can legally be made. Nothing in this Clause shall limit or exclude any liability for fraud.

For and on behalf of the Sellers	For and on behalf of the Buyers
Name: ______	Name: ______
Title: ______	Title: ______

~~For the Buyers:~~

~~For the Sellers:~~

18. Entire Agreement

The written terms of this Agreement (together with the other Leasing Documents) comprise the entire agreement between the Buyers and the Sellers in relation to the sale and purchase of the Vessel and supersede all previous agreements whether oral or written between the Parties in relation thereto.

Each of the Parties acknowledges that in entering into this Agreement it has not relied on and shall have no right or remedy in respect of any statement, representation, assurance or warranty (whether or not made negligently) other than as is expressly set out in this Agreement.

Any terms implied into this Agreement by any applicable statute or law are hereby excluded to the extent that such exclusion can legally be made. Nothing in this Clause shall limit or exclude any liability for fraud.

For and on behalf of the Sellers
Name: ALEXANDROS LAIOS
Title: Attorney-in-fact

For and on behalf of the Buyers
Name: ______
Title: ______

~~For the Buyers:-~~

~~For the Sellers:-~~

18. Entire Agreement

The written terms of this Agreement **(together with the other Leasing Documents)** comprise the entire agreement between the Buyers and the Sellers in relation to the sale and purchase of the Vessel and supersede all previous agreements whether oral or written between the Parties in relation thereto.

Each of the Parties acknowledges that in entering into this Agreement it has not relied on and shall have no right or remedy in respect of any statement, representation, assurance or warranty (whether or not made negligently) other than as is expressly set out in this Agreement.

Any terms implied into this Agreement by any applicable statute or law are hereby excluded to the extent that such exclusion can legally be made. Nothing in this Clause shall limit or exclude any liability for fraud.

For and on behalf of the Sellers	For and on behalf of the Buyers
Name: ______	Name: ______ Alex Wamyud
Title: ______	Title: ______

RIDER CLAUSES TO

MEMORANDUM OF AGREEMENT

DATED 31 MARCH 2018

Clause 19 – Payment of Purchase Price

(a) The Purchase Price of the Vessel shall be the lowest of:

(i) $24,646,667; and

(ii) the Certified Book Value; and

(iii) the Market Value.

(b) Subject always to Clause 21 and the Conditions Precedent having been satisfied, the Purchase Price of the Vessel shall be paid by the Buyers to the Sellers on delivery of the Vessel on the Delivery Date in the following manner:

(i) an amount of the Purchase Price equivalent to the amount of the Advance Charterhire (payable by the Sellers as bareboat charterers of the Vessel to the Buyers as owners under the Bareboat Charter on the Delivery Date) shall be set off against the Sellers' payment of such Advance Charterhire; and

(ii) the balance of the Purchase Price shall be paid free of bank charges into the Sellers' Account.

Clause 20 – Further conditions precedent

The items referred to in Clause 8(a)(x) are:

(a) the certificate of incorporation, articles of incorporation and by-laws or other constitutional documents of the Sellers along with an up-to-date certificate of goodstanding;

(b) such other documents as the Buyers may reasonably notify the Sellers as being necessary in relation to the Vessel and/or its status (including without limitation, such confirmation of no liens and/or indemnity thereto which the Buyers may require the Sellers to provide or procure in respect of the Vessel);

(c) a certificate of an authorized signatory of the Sellers certifying that each copy document provided by Sellers to Buyers pursuant to this Agreement is correct, complete and in full force and effect as at a date no earlier than the Delivery Date; and

(d) the Buyers being satisfied that the conditions precedent set out in the Bareboat Charter, have been, or will be capable of being, satisfied on the Delivery Date.

Clause 21 – Obligation to sell / purchase the Vessel

The Parties' obligation to sell / purchase the Vessel under this Agreement is conditional upon the simultaneous delivery to and acceptance by the Sellers as bareboat charterers of the Vessel under the Bareboat Charter and that no Potential Termination Event or Termination Event has occurred or will occur as a result of the performance by the Parties of their obligations under this Agreement.

Clause 22 – Physical Presence

If the Buyers' Nominated Flag State requires the Buyers to have a physical presence or office in the Buyers' Nominated Flag State, all fees, costs and expenses arising out of or in connection with the establishment and maintenance of such physical presence or office by the Buyers shall be borne by the Sellers.

Clause 23 – Costs and Expense

(a) The Sellers shall pay such amounts to the Buyers in respect of all costs, claims, expenses, liabilities, losses and fees (including but not limited to any legal fees, vessel registration and tonnage fees) suffered or incurred by or imposed on the Buyers arising from this Agreement or in connection with the delivery, registration and purchase of the Vessel by the Buyers whether prior to, during or after termination of this Agreement and whether or not the Vessel is in the possession of or the control of the Sellers or otherwise.

(b) Notwithstanding anything to the contrary under the Leasing Documents and without prejudice to any right to damages or other claim which the Buyers may have at any time against the Sellers under this Agreement, the indemnities provided by the Sellers in favour of the Buyers shall continue in full force and effect notwithstanding any breach of the terms of this Agreement or such Leasing Document or termination or cancellation of this Agreement or such Leasing Document pursuant to the terms hereof or thereof or termination of this Agreement or such Leasing Document by the Buyers.

Clause 24 – Sanctions

The Sellers represent and warrant to the Buyers as of the date hereof and at the Delivery Date that:

(a) they:

  (i) are not a Restricted Person;

  (ii) are not owned or controlled by or acting directly or indirectly on behalf of or for the benefit of, a Restricted Person;

  (iii) do not own or control a Restricted Person; or

  (iv) do not have a Restricted Person serving as a director, officer or employee; and

(b) no proceeds of the Purchase Price shall be made available, directly or indirectly, to or for the benefit of a Restricted Person nor shall they be otherwise directly or indirectly, applied in a manner or for a purpose prohibited by Sanctions.

Clause 25 – Governing Law and Jurisdiction

This Agreement and any non-contractual obligations arising under or in connection with it, shall be governed by and construed in accordance with English law.

Any dispute arising out of or in connection with this Agreement (including a dispute regarding the existence, validity or termination of this Agreement or any non-contractual obligation arising out of or in connection with this Agreement) (a "**Dispute**")) shall be referred to and finally resolved by arbitration in London in accordance with the Arbitration Act 1996 or any statutory modification or re-enactment thereof save to the extent necessary to give effect to the provisions of this Clause 25. The arbitration shall be conducted in accordance with the London Maritime Arbitrators Association ("**LMAA**") Terms current at the time when the arbitration proceedings are commenced.

The reference shall be to three arbitrators. A party wishing to refer a Dispute to arbitration shall appoint its arbitrator and send notice of such appointment in writing to the other party requiring the other party to appoint its own arbitrator within 14 calendar days of that notice and stating that it will appoint its arbitrator as sole arbitrator unless the other party appoints its own arbitrator and gives notice that it has done so within the 14 days specified. If the other party does not appoint its own arbitrator and give notice that it has done so within the 14 days specified, the party referring a Dispute to arbitration may, without the requirement of any further prior notice to the other party, appoint its arbitrator as sole arbitrator and shall advise the other party accordingly. The award of a sole arbitrator shall be binding on both parties as if he had been appointed by agreement. Nothing herein shall prevent the parties agreeing in writing to vary these provisions to provide for the appointment of a sole arbitrator.

Where the reference is to three arbitrators the procedure for making appointments shall be in accordance with the procedure for full arbitration stated above.

The language of the arbitration shall be English.

Clause 26 – Counterparts

This Agreement may be executed in any number of counterparts, and this has the same effect as if the signatures on the counterparts were on a single copy of this Agreement.

Clause 27 – Notices

All notices to be provided under this Agreement shall be in writing.

Contact details for recipients of notices are as follows:

For the Sellers:
85 Akti Miaouli
Piraeus 185 38
Greece
c/o NAVIOS TANKERS MANAGEMENT INC.
Attention: Vassiliki Papaefthymiou
Email: vpapaefthymiou@navios.com
Tel: +30 210 41 72 050
Fax: +30 210 41 72 070

For the Buyers:
CMB Financial Leasing Co., Ltd
21F, China Merchants Bank Buiolding
No. 1088, Lujiazui Ring Road
Shanghai
China
Attention: Wang Wei
Email: wangwei17@cmbchina.com
Tel: +8621 6106 1735
Fax: +8621 6015 9911*1735

Clause 28 – Definitions

Unless otherwise specified herein, capitalised terms in this Agreement shall have the same meaning as in the Bareboat Charter. Furthermore, in this Agreement:

"**Approved Valuer**" means Clarksons, Maersk Brokers, Howe Robinson, Arrow, Lorentzen & Stemoco, Simpson Spence Young, Braemar Seascope or any other shipbroker nominated by the Charterers and approved by the Owners.

"**Bareboat Charter**" means the bareboat charter in respect of the Vessel dated on or about the date hereof and made between the Buyers as owners and the Sellers as bareboat charterers.

"**Certified Book Value"** means the book value of the Vessel, which as at the date of this Agreement is $31,218,263.11.

"**Delivery Date"** means the date (being a Business Day) on which the Vessel is delivered to the Buyers pursuant to the terms of this Agreement and thereafter immediately delivered to the Sellers as bareboat charterers pursuant to the terms of the Bareboat Charter.

"**Market Value**" means, in relation to the Vessel, the arithmetic mean of two (2) valuations, each prepared:

(a) on a date no earlier than thirty (30) days prior to the Delivery Date;

(b) with or without physical inspection of the Vessel; and

(c) on the basis of a sale for prompt delivery for cash on normal arm's length commercial terms as between a willing seller and a willing buyer, free of any existing charter or other contract of employment,

and such valuations shall be prepared by one Approved Valuer selected and appointed by the Buyers and one Approved Valuer selected by the Sellers (but appointed by the Buyers) provided that if the difference in the two valuations obtained is more than five per cent. (5%) of the lower valuation obtained, a third Approved Valuer shall be selected and appointed by the Buyers and the Market Value shall be the arithmetic mean of the two lowest valuations out of the three valuations obtained.

"**Purchase Price**" means the purchase price of the Vessel payable by the Buyers to the Sellers pursuant to Clause 19 above.

"**Restricted Countries**" means those countries subject to country-wide or territory-wide Sanctions and/or trade embargoes, in particular but not limited to pursuant to the U.S.'s Office of Foreign Asset Control of the U.S. Department of Treasury ("**OFAC**") including at the date of this Charter, but without limitation, Iran, North Korea and Syria and any additional countries based on respective country-wide or territory-wide Sanctions being imposed by OFAC or any of the regulative bodies referred to in the definition of Restricted Persons.

"**Restricted Person**" means a person, entity or any other parties (i) located, domiciled, resident or incorporated in Restricted Countries, and/or (ii) subject to any sanction administrated by the United Nations, the European Union, Switzerland, the United States and the OFAC, the United Kingdom, Her Majesty's Treasury ("**HMT**") and the Foreign and Commonwealth Office of the United Kingdom, the People's Republic of China and/or (iii) owned or controlled by or affiliated with persons, entities or any other parties as referred to in (i) and (ii).

“**Sanctions**” means any sanctions, embargoes, freezing provisions, prohibitions or other restrictions relating to trading, doing business, investment, exporting, financing or making assets available (or other activities similar to or connected with any of the foregoing) imposed by law or regulation of United Kingdom, the United States of America (including, without limitation, CISADA and OFAC), the People’s Republic of China or the Council of the European Union.

“**Sellers’ Account**” means the account in the name of the Seller with HSH Nordbank AG in USD with the account number 1200048508 and IBAN DE40210500001200048508.

EXECUTION PAGE

BUYERS

SIGNED	)
by	)
as an attorney-in-fact	)
for and on behalf of	)
SEA 69 LEASING CO. LIMITED	)
in the presence of:	)
Witness' signature:	)
Witness' name:	)
Witness' address:	)

SELLERS

SIGNED	)
by	)
for and on behalf of	)
MYTILENE SHIPPING CORPORATION	)
as	)
in the presence of:	)
Witness' signature:	)
Witness' name:	)
Witness' address:	)

EXECUTION PAGE

BUYERS

SIGNED by as an attorney-in-fact for and on behalf of **SEA 69 LEASING CO. LIMITED** in the presence of:	)))))) 刘梦 Wang Wen.
Witness' signature: 刘江峰 Witness' name: Liu Hangang Witness' address: 21F, No.1058, Lujiazui Ring Road	))) Shanghai, China

SELLERS

SIGNED by for and on behalf of **MYTILENE SHIPPING CORPORATION** as in the presence of:	))))))
Witness' signature: Witness' name: Witness' address:	)))

EXECUTION PAGE

BUYERS

SIGNED)
by)
as an attorney-in-fact)
for and on behalf of)
SEA 69 LEASING CO. LIMITED)
in the presence of:)

Witness' signature:)
Witness' name:)
Witness' address:)

SELLERS

SIGNED)
by ALEXANDROS LAIOS)
for and on behalf of)
MYTILENE SHIPPING CORPORATION)
as Attorney-in-fact)
in the presence of:)

Witness' signature: Francisco G.Tazelaar)
Witness' name: Abogado / Attorney-at-law)
Witness' address: Tº 127 Fº 127 CPACF)
Akti Miaouli 85, Piraeus, Greece

Exhibit 8.1

Subsidiaries of Navios Maritime Acquisition Corporation

Aegean Sea Maritime Holdings Inc., a Marshall Islands Holdings company

Alonnisos Shipping Corporation, a Marshall Islands corporation

Amindra Navigation Co., a Marshall Islands corporation

Amorgos Shipping Corporation, a Marshall Islands corporation

Andros Shipping Corporation, a Marshall Islands corporation

Antikithira Shipping Corporation, a Marshall Islands corporation

Antiparos Shipping Corporation, a Marshall Islands corporation

Antipaxos Shipping Corporation, a Marshall Islands corporation

Antipsara Shipping Corporation, a Marshall Islands corporation

Crete Shipping Corporation, a Marshall Islands corporation

Donoussa Shipping Corporation, a Marshall Islands corporation

Folegandros Shipping Corporation, a Marshall Islands corporation

Ikaria Shipping Corporation, a Marshall Islands corporation

Ios Shipping Corporation, a Cayman Islands corporation

Iraklia Shipping Corporation, a Marshall Islands corporation

Kerkyra Shipping Corporation, a Marshall Islands corporation

Kithira Shipping Corporation, a Marshall Islands corporation

Kimolos Shipping Corporation, a Marshall Islands corporation

Kos Shipping Corporation, a Marshall Islands corporation

Lefkada Shipping Corporation, a Marshall Islands corporation

Leros Shipping Corporation, a Marshall Islands corporation

Limnos Shipping Corporation, a Marshall Islands corporation

Makronisos Shipping Corporation, a Marshall Islands corporation

Mytilene Shipping Corporation, a Marshall Islands corporation

Navios Acquisition Europe Finance Inc., a Marshall Islands corporation

Navios Acquisition Finance (US) Inc., a Delaware company

Oinousses Shipping Corporation, a Marshall Islands corporation

Paxos Shipping Corporation, a Marshall Islands corporation

Psara Shipping Corporation, a Marshall Islands corporation

Rhodes Shipping Corporation, a Marshall Islands corporation

Samothrace Shipping Corporation, a Marshall Islands corporation

Samos Shipping Corporation, a Marshall Islands corporation

Schinousa Shipping Corporation, a Marshall Islands corporation

Serifos Shipping Corporation, a Marshall Islands corporation

Shinyo Loyalty Limited, a Hong Kong limited company

Shinyo Navigator Limited, a Hong Kong limited company

Sifnos Shipping Corporation, a Marshall Islands corporation

Skiathos Shipping Corporation, a Marshall Islands corporation

Skopelos Shipping Corporation, a Cayman Islands corporation

Skyros Shipping Corporation, a Marshall Islands corporation

Syros Shipping Corporation, a Marshall Islands corporation

Thasos Shipping Corporation, a Marshall Islands corporation

Thera Shipping Corporation, a Marshall Islands corporation

Tinos Shipping Corporation, a Marshall Islands corporation

Zakynthos Shipping Corporation, a Marshall Islands corporation

Navios Maritime Midstream Partners GP LLC, a Marshall Islands corporation

Tilos Shipping Corporation, a Marshall Islands corporation

Delos Shipping Corporation, a Marshall Islands corporation

Exhibit 12.1

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Angeliki Frangou, certify that:

1. I have reviewed this annual report on Form 20-F for the year ended December 31, 2017 of Navios Maritime Acquisition Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;

4. The company's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e), and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the company and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiary, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report on such evaluation; and

d) Disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting: and

5. The company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal controls over financial reporting.

/s/ Angeliki Frangou
Angeliki Frangou
Chief Executive Officer
(Principal Executive Officer)

Date: April 5, 2018

Exhibit 12.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Leonidas Korres, certify that:

1. I have reviewed this annual report on Form 20-F for the year ended December 31, 2017 of Navios Maritime Acquisition Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;

4. The company's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e), and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the company and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiary, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report on such evaluation; and

d) Disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting: and

5. The company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal controls over financial reporting.

/s/ Leonidas Korres
Leonidas Korres
Chief Financial Officer
(Principal Financial Officer)

Date: April 5, 2018

Exhibit 13.1

Certification
Pursuant To Section 906 of the Sarbanes-Oxley Act Of 2002
(Subsections (A) And (B) Of Section 1350, Chapter 63 of Title 18, United States Code)

Pursuant to section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of section 1350, chapter 63 of title 18, United States Code), each of the undersigned officers of Navios Maritime Acquisition Corporation (the "Company"), does hereby certify, to such officer's knowledge, that:

(i) the Annual Report on Form 20-F for the fiscal year ended December 31, 2017 (the "Form 20-F") of the Company fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934;

(ii) and the information contained in the Form 20-F fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: April 5, 2018

/s/ Angeliki Frangou
Angeliki Frangou
Chief Executive Officer

Dated: April 5, 2018

/s/ Leonidas Korres
Leonidas Korres
Chief Financial Officer

Exhibit 15.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statements on Form F-3 (Nos. 333-214739 and 333-170896) of Navios Maritime Acquisition Corporation of our report dated April 5, 2018 relating to the financial statements and the effectiveness of internal control over financial reporting, which appears in this Form 20-F.

/s/ PricewaterhouseCoopers S.A.

Athens, Greece
April 5, 2018

Exhibit 15.2

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in the Registration Statements:

(1) Registration Statement (Form F-3 No. 333-214739) of Navios Maritime Acquisition Corporation, and

(2) Registration Statement (Form F-3 No. 333-170896) of Navios Maritime Acquisition Corporation

and in the related Prospectuses of our report dated March 9, 2018, with respect to the consolidated financial statements of Navios Maritime Midstream Partners L.P., included as an exhibit in this Annual Report (Form 20-F) for the year ended December 31, 2017.

/s/ Ernst & Young (Hellas) Certified Auditors Accountants S.A.

Athens, Greece
April 5, 2018

Exhibit 15.3

NAVIOS MARITIME MIDSTREAM PARTNERS L.P.

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Partners of Navios Maritime Midstream Partners L.P.:

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheet of Navios Maritime Midstream Partners L.P. (the "Company") as of December 31, 2017, and 2016, and the related consolidated statements of operations, changes in partners' capital and cash flows for each of the three years in the period ended December 31, 2017 and the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Navios Maritime Midstream Partners L.P. at December 31, 2017 and 2016, and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 31, 2017, in conformity with U.S. generally accepted accounting principles.

Basis for opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform an audit of its internal control over financial reporting. As part of our audits we were required to obtain an understanding of internal control over financial reporting, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

/s/ Ernst & Young (Hellas) Certified Auditors Accountants S.A.

We have served as Company's auditor since 2015.

Athens, Greece
March 9, 2018

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

	Notes	December 31, 2017	December 31, 2016
ASSETS			
Current assets			
Cash and cash equivalents	3	$ 27,086	$ 52,791
Restricted cash		10,000	—
Accounts receivable, net	4	2,357	2,264
Prepaid expenses and other current assets		3,022	1,168
Due from related parties, current	10	20,086	4,864
Total current assets		**62,551**	**61,087**
Vessels, net	5	356,220	378,444
Intangible assets	6	22,318	25,164
Deferred dry dock and special survey costs, net		12,893	11,086
Due from related parties, non-current	10	2,565	—
Total non-current assets		**393,996**	**414,694**
Total assets		**$ 456,547**	**$ 475,781**
LIABILITIES AND PARTNERS' CAPITAL			
Current liabilities			
Accounts payable		$ 1,999	$ 2,386
Accrued expenses		572	602
Deferred revenue		1,731	2,494
Current portion of long-term debt, net of deferred finance costs and discount	7	675	661
Total current liabilities		**4,977**	**6,143**
Long-term debt, net of deferred finance costs and discount	7	195,839	196,515
Total non-current liabilities		**195,839**	**196,515**
Total liabilities		**$ 200,816**	**$ 202,658**
Commitments and contingencies	**11**	**—**	**—**
Total Partners' capital			
Common Unitholders (19,354,498 units and 9,675,795 units issued and outstanding at December 31, 2017 and December 31, 2016, respectively)		225,742	125,635
Subordinated Series A Unitholders (1,592,920 units issued and outstanding at December 31, 2017 and December 31, 2016, respectively)		24,992	26,593
Subordinated Unitholders (zero units and 9,342,692 units issued and outstanding at December 31, 2017 and December 31, 2016, respectively)		—	115,552
General Partner (427,499 units issued and outstanding at December 31, 2017 and 420,641 issued and outstanding at December 31, 2016, respectively)		4,997	5,343
Partners' capital		**255,731**	**273,123**
Total liabilities and Partners' capital		**$ 456,547**	**$ 475,781**

See notes to consolidated financial statements.

NAVIOS MARITIME MIDSTREAM PARTNERS L.P.
CONSOLIDATED STATEMENTS OF OPERATIONS
(Expressed in thousands of U.S. Dollars, except unit and per unit data)

	Notes		Year ended December 31, 2017		Year ended December 31, 2016		Year ended December 31, 2015
Revenue (includes related party revenue of $16,391 for the year ended December 31, 2017, and $0 for the year ended December 31, 2016)		$	83,052	$	91,834	$	83,362
Time charter expenses			(1,198)		(1,466)		(1,100)
Direct vessel expenses			(3,919)		(3,093)		(1,602)
Management fees (entirely through related party transactions)	10		(20,805)		(20,862)		(17,613)
General and administrative expenses	10		(2,832)		(2,968)		(2,497)
Depreciation and amortization	5, 6		(25,070)		(25,534)		(22,686)
Interest expenses and finance cost	7		(14,370)		(12,843)		(10,830)
Interest income			54		190		—
Other income			—		4		88
Other expense			(281)		(372)		(50)
Net income		**$**	**14,631**	**$**	**24,890**	**$**	**27,072**
Earnings attributable to:							
Common unit holders		$	7,771	$	11,306	$	12,465
Subordinated Series A unit holders		$	1,091	$	1,906	$	1,598
Subordinated unit holders		$	5,479	$	11,186	$	12,465
General Partner		$	290	$	492	$	544
Earnings per unit (basic and diluted)							
Common unit holders		$	0.70	$	1.19	$	1.33
Subordinated Series A unit holders		$	0.69	$	1.20	$	1.86
Subordinated unit holders		$	0.67	$	1.19	$	1.33
General Partner		$	0.68	$	1.19	$	1.36
Weighted average units outstanding (basic and diluted)							
Common unit holders			11,150,812		9,457,455		9,342,692
Subordinated Series A unit holders			1,592,920		1,592,920		859,740
Subordinated unit holders			8,165,257		9,342,692		9,342,692
General Partner			426,417		415,286		398,880

See notes to consolidated financial statements.

NAVIOS MARITIME MIDSTREAM PARTNERS L.P.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in thousands of U.S. Dollars)

	Notes	Year ended December 31, 2017	Year ended December 31, 2016	Year ended December 31, 2015
Operating Activities				
Net income		$ 14,631	$ 24,890	$ 27,072
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation and amortization	5,6	25,070	25,534	22,686
Amortization of deferred finance cost and discount		2,677	1,407	2,676
Amortization of dry dock and special survey costs		3,919	3,093	1,602
Changes in operating assets and liabilities:				
(Increase)/ decrease in prepaid expenses and other current assets		(3,144)	94	100
Payments for Drydocking		(5,725)	(8,113)	(5,713)
(Increase)/ decrease in accounts receivable	4	(93)	2,846	(4,457)
Increase in due from related parties, current	10	(15,222)	(2,498)	(2,756)
Increase in due from related parties, non-current	10	(2,565)	—	—
(Decrease)/ increase in accounts payable		(387)	1,974	(310)
Decrease in accrued expenses		(30)	(52)	(1,040)
(Decrease)/ increase in deferred revenue		(763)	563	(7)
Net cash provided by operating activities		**$ 18,368**	**$ 49,738**	**$ 39,853**
Investing Activities				
Acquisition of vessels		—	(500)	(72,252)
Net cash used in investing activities		**$ —**	**$ (500)**	**$ (72,252)**
Financing Activities				
Proceeds from Long term debt, net of deferred finance costs and discount	7	—	—	198,081
Loan repayment	7	(2,050)	(3,200)	(127,025)
IPO expenses		—	—	(3,347)
Dividend paid		(36,111)	(35,180)	(28,904)
Proceeds from issuance of general partner units		84	89	551
Proceeds from issuance of common units		4,004	4,010	—
Increase in restricted cash		(10,000)	—	—
Net cash (used in)/ provided by financing activities		**$ (44,073)**	**$ (34,281)**	**$ 39,356**
Net (decrease)/ increase in cash and cash equivalents		(25,705)	14,957	6,957
Cash and cash equivalents, beginning of year		52,791	37,834	30,877
Cash and cash equivalents, end of year		**$ 27,086**	**$ 52,791**	**$ 37,834**
Supplemental disclosures of cash flow information				
Cash interest paid		$ 11,614	$ 11,428	$ 8,100

See notes to consolidated financial statements.

NAVIOS MARITIME MIDSTREAM PARTNERS L.P.
CONSOLIDATED STATEMENTS OF CHANGES IN PARTNERS' CAPITAL
(Expressed in thousands of U.S. Dollars except unit data)

	General Partner		Limited Partners: Common Unitholders		Limited Partners: Subordinated Unitholders		Subordinated Series A Unitholders		Total Partners' Capital
	Units	$	Units	$	Units	$	Units	$	$
Consolidated Balance December 31, 2014	**381,334**	**$4,947**	**9,342,692**	**$127,350**	**9,342,692**	**$ 121,187**	**—**	**—**	**$253,484**
Net income	—	544	—	12,465	—	12,465	—	1,598	27,072
Issuance of subordinated Series A Units and general partner units	32,509	551	—	—	—	—	1,592,920	27,111	27,662
Cash distribution	—	(578)	—	(13,498)	—	(13,498)	—	(1,330)	(28,904)
Consolidated Balance December 31, 2015	**413,843**	**$5,464**	**9,342,692**	**$126,317**	**9,342,692**	**$ 120,154**	**1,592,920**	**27,379**	**$279,314**
Net income	—	492	—	11,306	—	11,186	—	1,906	24,890
Equity offering	6,798	89	333,103	4,010	—	—	—	—	4,099
Cash distribution	—	(702)	—	(15,998)	—	(15,788)	—	(2,692)	(35,180)
Consolidated Balance December 31, 2016	**420,641**	**$5,343**	**9,675,795**	**$125,635**	**9,342,692**	**$ 115,552**	**1,592,920**	**$26,593**	**$273,123**
Net income	—	290	—	7,771	—	5,479	—	1,091	14,631
Equity offering	6,858	84	336,011	4,004	—	—	—	—	4,088
Cash distribution	—	(720)	—	(16,911)	—	(15,788)	—	(2,692)	(36,111)
Conversion of subordinated units	—	—	9,342,692	105,243	(9,342,692)	(105,243)	—	—	—
Consolidated Balance December 31, 2017	**427,499**	**$4,997**	**19,354,498**	**$225,742**	**—**	**$ —**	**1,592,920**	**$24,992**	**$255,731**

See notes to consolidated financial statements.

NOTE 1: DESCRIPTION OF BUSINESS

Navios Maritime Midstream Partners L.P. ("Navios Midstream" or the "Company") (NYSE: NAP), was formed in The Republic of the Marshall Islands on October 13, 2014. Navios Maritime Midstream Partners GP LLC (the "General Partner"), a Marshall Islands limited liability company and wholly-owned subsidiary of Navios Maritime Acquisition Corporation ("Navios Acquisition"), was also formed on that date to act as the General Partner of Navios Midstream and receive a 2.0% general partner interest.

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

On or prior to the closing of the IPO, Navios Midstream entered into the following agreements: a) a share purchase agreement with Navios Acquisition pursuant to which Navios Midstream will have options, exercisable at any time during a two-year period until November 18, 2016, to acquire the capital stock of up to seven of its subsidiaries that own seven VLCCs ("Very Large Crude Carriers") and the related time charters; b) a management agreement (the "Management Agreement") with Navios Tankers Management Inc. (the "Manager"), a subsidiary of Navios Maritime Holdings Inc. ("Navios Holdings"), pursuant to which the Manager provides Navios Midstream commercial and technical management services; c) an administrative services agreement (the "Administrative Services Agreement") with the Manager pursuant to which the Manager provides Navios Midstream administrative services; and d) an omnibus agreement with Navios Holdings, Navios Acquisition, Navios Maritime Partners L.P. ("Navios Partners") and the General Partner governing, among other things, when Navios Midstream, Navios Holdings, Navios Acquisition and Navios Partners may compete against each other as well as rights of first offer on VLCCs, crude oil tankers, refined petroleum product tankers, chemical tankers and liquefied petroleum gas ("LPG") tankers.

In June 2015, Navios Midstream exercised its option to acquire the shares of the vessel-owning subsidiaries of the Nave Celeste and the C. Dream from Navios Acquisition for an aggregate purchase price of \$100,000. The aggregate purchase price consisted of 1,592,920 subordinated Series A Units, issued to Navios Acquisition, and \$73,000 cash consideration. The rights and terms of the subordinated Series A Units are substantially similar to those of the subordinated units in terms of rights such as voting and distributions; provided, however, the subordinated Series A Units are senior in preference in liquidation to the subordinated units and unlike the subordinated units that convert at the end of the subordination period (as such period is determined pursuant to the partnership agreement), all of the outstanding subordinated Series A Units will automatically convert into common units on a one-for-one basis on the earlier of (i) June 18, 2018, or (ii) the Liquidation Date, as defined in the partnership agreement.

Navios Midstream's principal activity is to own, operate and acquire crude oil tankers under long-term employment contracts as well as refined petroleum product tankers, chemical tankers, and LPG tankers under long-term employment contracts. The Company intends to charter the vessels under long-term employment contracts to international oil companies, refiners, and large vessel operators.

On November 16, 2017, in accordance with the terms of the Partnership Agreement all of the issued and outstanding 9,342,692 subordinated units converted into common units on a one-for-one basis. Following their conversion into common units, these units will have the same distribution rights as all other common units. Following the conversion of subordinated units into common units the capital allocated to subordinated unitholders was reclassified to the capital of common unitholders.

(Expressed in thousands of U.S. Dollars except unit and per unit data)

As of December 31, 2017, there were outstanding: 19,354,498 common units, no subordinated units, 1,592,920 subordinated Series A Units and 427,499 general partnership units. As of December 31, 2017, Navios Acquisition owned a 58.97% limited partner interest in Navios Midstream, which included a 2.0% general partner interest.

As of December 31, 2017, the Company owned six VLCCs.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of Presentation and Consolidation: The accompanying consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP").

The consolidated financial statements for periods after the IPO are referred to as those of the Navios Midstream and include the accounts of all of the entities comprising the Company.

The Company consists of the consolidation of the following entities:

Company name	Vessel name	Country of incorporation	Statement of Operations		
			2017	2016	2015
Navios Maritime Midstream Operating LLC	N/A	Marshall Islands	1/1—12/31	1/1—12/31	1/1—12/31
Navios Maritime Midstream Partners L.P.	N/A	Marshall Islands	1/1—12/31	1/1—12/31	1/1—12/31
Navios Maritime Midstream Finance (US) Inc.	N/A	Delaware	1/1—12/31	1/1—12/31	6/4—12/31
Shinyo Kannika Limited	Shinyo Kannika	Hong Kong	1/1—12/31	1/1—12/31	1/1—12/31
Shinyo Ocean Limited	Shinyo Ocean	Hong Kong	1/1—12/31	1/1—12/31	1/1—12/31
Shinyo Saowalak Limited	Shinyo Saowalak	British Virgin Is.	1/1—12/31	1/1—12/31	1/1—12/31
Shinyo Kieran Limited	Shinyo Kieran	British Virgin Is.	1/1—12/31	1/1—12/31	1/1—12/31
Shinyo Dream Limited	C. Dream	Hong Kong	1/1—12/31	1/1—12/31	6/18—12/31
Sikinos Shipping Corporation	Nave Celeste	Marshall Islands	1/1—12/31	1/1—12/31	6/18—12/31

All significant inter-company balances and transactions have been eliminated in the consolidated financial statements.

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

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

The Company had no items of other comprehensive income in any period.

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

(c) Cash and Cash equivalents: Cash and cash equivalents consist of deposits held on call with banks, with original maturities of three months or less.

(d) Accounts Receivable, net: The amount shown as accounts receivable, net at each balance sheet date includes receivables from charterers for hire, freight and demurrage billings, net of a provision for doubtful accounts. At each balance sheet date, all potentially uncollectible accounts are assessed individually for purposes of determining the appropriate provision for doubtful accounts. No provision for doubtful accounts was required for any of the periods presented.

***(e) Vessels, net*: **Vessels are stated at historical cost, which consists of the contract price, delivery and acquisition expenses and capitalized interest costs while under construction. Vessels acquired in a business combination are recorded at fair value. The vessels that were acquired from Navios Acquisition in connection with the Company's IPO were recorded at the historical carrying values as a transaction under common control. Vessels acquired in an asset acquisition are measured at cost (including transaction costs). Subsequent expenditures for major improvements and upgrading are capitalized, provided they appreciably extend the life, increase the earning capacity or improve the efficiency or safety of the vessels. Expenditures for routine maintenance and repairs are expensed as incurred.

Depreciation is computed using the straight line method over the useful life of the vessels, after considering the estimated residual value. Management estimates the residual values of our tanker vessels based on a scrap value cost of steel times the weight of the ship noted in lightweight ton (LWT). Residual values are periodically reviewed and revised to recognize changes in conditions, new regulations or other reasons. Revisions of residual values affect the depreciable amount of the vessels and affects depreciation expense in the period of the revision and future periods. The management after considering current market trends for scrap rates and 10-year average historical scrap rates of the residual values of the Company's vessels, estimates scrap value at a rate of $360 per LWT. Management estimates the useful life of our vessels to be 25 years from the vessel's original construction. However, when regulations place limitations over the ability of a vessel to trade on a worldwide basis, its useful life is re-estimated to end at the date such regulations become effective.

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

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

During the fourth quarter of fiscal 2017, management concluded that, market rates decreased during the year and events occurred and circumstances had changed, over previous years, which indicated the potential impairment of Navios Midstream's long-lived assets may exist. These indicators included continued volatility in the charter market and the related impact of the tanker sector has on management's expectation for future revenues. As a result, an impairment assessment of long-lived assets or identified asset groups was performed.

The Company determined undiscounted projected net operating cash flows for each vessel and compared it to the vessel's carrying value together with the carrying value of deferred drydock and special survey costs related to the vessel and the carrying value of the related intangible. The significant factors and assumptions used in the undiscounted projected net operating cash flow analysis included: determining the projected net operating cash flows by considering the charter revenues from existing time charters for the fixed fleet days (Company's remaining charter agreement rates) and an estimated daily time charter equivalent for the unfixed days (based on the 10-year average historical one year time charter rates) over the remaining economic life of each vessel, net of brokerage and address commissions, excluding days of scheduled off-hires, management fees fixed until December 2018 and thereafter assuming an annual increase of 3.0% and utilization rate of 99.3% based on the fleets historical performance.

The assessment concluded that step two of the impairment analysis was not required and no impairment of vessels and related intangible assets existed as of December 31, 2017, as the undiscounted projected net operating cash flows exceeded the carrying value.

In the event that impairment would occur, the fair value of the related asset would be determined and a charge would be recorded to operations calculated by comparing the asset's carrying value to its fair value. Fair value is estimated by management with the assistance of independent third-party valuations performed on an individual vessel basis. Although management believes the underlying assumptions supporting this assessment are reasonable, if charter rate trends and the length of the current market downturn vary significantly from our forecasts, management may be required to perform step two of the impairment analysis in the future that could expose the Company to material impairment charges in the future.

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

(g) Deferred Finance Costs: Deferred finance costs include fees, commissions and legal expenses associated with obtaining or modifying loan facilities. The Company historically presented deferred debt issuance costs, or fees related to directly issuing debt, as long-term assets on the consolidated balance sheets. In April 2015, Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2015-03— Interest—Imputation of Interest to simplify the presentation of debt issuance costs. The new guidance simplifies financial reporting by eliminating the different presentation requirements for debt issuance costs and debt discounts or premiums. Presenting debt issuance costs as assets is inconsistent with FASB Concepts Statement No. 6, Elements of Financial Statements, which states that debt issuance costs cannot be assets because they provide no future economic benefit. Current guidance also conflicts with IFRS, which requires transaction costs, including third-party costs and creditor fees, to be deducted from the carrying value of the financial liability and not recorded as a separate asset. The Company adopted the new guidance effective for the financial statements for the fiscal year ended December 31, 2015 and interim period within that fiscal year and thus presents deferred finance costs, net of accumulated amortization, as a reduction of long term debt.

The Company amortizes these costs over the life of the related debt using the effective interest rate method, and are included in interest expense. For the period subsequent to the IPO, these costs are amortized over the life of the related facility using the effective interest rate method. Amortization and write off of deferred finance cost for each of the years ended December 31, 2017, 2016 and 2015 were $2,677, $1,407 and $2,676, respectively.

(h) Intangibles assets: The Company's intangible assets consist of favorable lease terms. When intangible assets (or liabilities) associated with the acquisition of a vessel are identified, they are recorded at fair value. Fair value is determined by reference to market data and the discounted amount of expected future cash flows. Where charter rates are higher than market charter rates, an asset is recorded, being the difference between the acquired charter rate and the market charter rate for an equivalent vessel. Where charter rates are less than market charter rates, a liability is recorded, being the difference between the assumed charter rate and the market charter rate for an equivalent vessel. The determination of the fair value of acquired assets and assumed liabilities requires management to make significant assumptions and estimates of many variables including market charter rates, expected future charter rates, the level of utilization of its vessels and its weighted average cost of capital. The use of different assumptions could result in a material change in the fair value of these items, which could have a material impact on the Company's financial position and results of operations.

The amortizable value of favorable leases is amortized over the remaining life of the lease term and the amortization expense is included in the statement of operations in the depreciation and amortization line item.

The amortizable value of favorable leases would be considered impaired if their fair market values could not be recovered from the future undiscounted cash flows associated with the asset.

Management, after considering various indicators performed impairment tests on asset groups which included intangible assets as described in paragraph (f) above. No impairment loss was recognized for any of the periods presented.

(i) Deferred Drydock and Special Survey Costs: The Company's vessels are subject to regularly scheduled drydocking and special surveys which are carried out every 30 or 60 months to coincide with the renewal of the related certificates issued by the classification societies, unless a further extension is obtained in rare cases and under certain conditions. The costs of drydocking and special surveys is deferred and amortized over the above periods or to the next drydocking or special survey date if such has been determined. Unamortized drydocking or special survey costs of vessels sold are written-off to the consolidated statement of operations in the year the vessel is sold.

Costs capitalized as part of the drydocking or special survey consist principally of the actual costs incurred at the yard, spare parts, paints, lubricants and services incurred solely during the drydocking or special survey period. For each of the years ended December 31, 2017, 2016 and 2015, the amortization expense was $3,919, $3,093 and $1,602, respectively. Accumulated amortization as of December 31, 2017 and 2016 amounted to $5,933 and $2,740, respectively.

(j) Foreign currency translation: The Company's functional and reporting currency is the U.S. dollar. The Company engages in worldwide commerce with a variety of entities. Although its operations may expose it to certain levels of foreign currency risk, its transactions are predominantly U.S. dollar denominated. Additionally, the Company transacted a nominal amount of its operations in Euros; however, all of the Company's primary cash flows are U.S. dollar-denominated. Transactions in currencies other than the functional currency are translated at the exchange rate in effect at the date of each transaction. Differences in exchange rates during the period between the date a transaction denominated in a foreign currency is consummated and the date on which it is either settled or translated, are recognized in the statement of operations.

(k) Provisions: The Company, in the ordinary course of its business, is subject to various claims, suits and complaints. Management, in consultation with internal and external advisors, will provide for a contingent loss in the financial statements if the contingency had been incurred at the date of the financial statements and the amount of the loss was probable and can be reasonably estimated. If the Company has determined that the reasonable estimate of the loss is a range and there is no best estimate within the range, the Company will provide the lower amount of the range. The Company, through the Management Agreement with the Manager, participates in Protection and Indemnity (P&I) insurance coverage plans provided by mutual insurance societies known as P&I clubs. Services such as the ones described above are provided by the Manager under the Management Agreement and included as part of the daily fee of $9.5 per owned VLCC vessel (see Note 10).

(l) Segment Reporting: The Company reports financial information and evaluates its operations by charter revenues and not by the length of ship employment for its customers. The Company does not use discrete financial information to evaluate operating results for each type of charter. Management does not identify expenses, profitability or other financial information by charter type. As a result, management reviews operating results solely by revenue per day and operating results of the fleet and thus the Company has determined that it operates under one reportable segment.

(m) Insurance claims: Insurance claims at each balance sheet date consist of claims submitted and/or claims in the process of compilation or submission (claims pending against vessels' insurance underwriters). They are recorded on the accrual basis and represent the claimable expenses, net of applicable deductibles, incurred through December 31 of each reported period, which are expected to be recovered from insurance companies. Any remaining costs to complete the claims are included in accrued liabilities. The classification of insurance claims into current and non-current assets is based on management's expectations as to their collection dates.

(n) Revenue and Expense Recognition:

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

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

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

Revenues are recorded net of address commissions. Address commissions represent a discount provided directly to the charterers based on a fixed percentage of the agreed upon charter. Since address commissions represent a discount (sales incentive) on services rendered by the Company and no identifiable benefit is received in exchange for the consideration provided to the charterer, these commissions are presented as a reduction of revenue.

Pooling arrangements

For vessels operating in pooling arrangements, the Company earns a portion of total revenues generated by the pool, net of expenses incurred by the pool. The amount allocated to each pool participant vessel, including the Company's vessels, is determined in accordance with an agreed-upon formula, which is determined by margins awarded to each vessel in the pool based on the vessel's age, design and other performance characteristics. Revenue under pooling arrangements is accounted for on the accrual basis and is recognized when an agreement with the pool exists, price is fixed, service is provided and the collectability is reasonably assured.

Time Charter Expenses: Time charter expenses mostly comprise of brokerage commissions and are expensed over the period of the time charter.

Direct Vessel Expense: Direct vessel expenses comprise of the amortization of drydock and special survey costs of certain vessels of our fleet.

Management fees: On November 18, 2014, the Company entered into a Management Agreement with the Manager, a wholly-owned subsidiary of Navios Holdings, pursuant to which the Manager provides commercial and technical management services to Navios Midstream's vessels for a daily fee of $9.5 per VLCC tanker vessel that was originally fixed for the first two years.

In October 2016, Navios Midstream amended its existing Management Agreement with the Manager to extend the fixed fee period for commercial and technical management services of its fleet, until December 31, 2018 at the current rate of $9.5 per day per VLCC. Dry docking expenses are reimbursed at cost for all vessels.

General and administrative expenses: On November 18, 2014, Navios Midstream entered into the Administrative Services Agreement with the Manager, expiring on November 18, 2019, pursuant to which the

Manager provides certain administrative management services to Navios Midstream which include: bookkeeping, audit and accounting services, legal and insurance services, administrative and clerical services, banking and financial services, advisory services, client and investor relations and other services. The Manager is reimbursed for reasonable costs and expenses.

Deferred Revenue: Deferred revenue primarily relates to cash received from charterers prior to it being earned. These amounts are recognized as revenue over the charter period.

(o) Financial Instruments: Financial instruments carried on the balance sheet include trade receivables and payables, other receivables and other liabilities and long-term debt. The particular recognition methods applicable to each class of financial instrument are disclosed in the applicable significant policy description of each item, or included below as applicable.

Financial risk management: The Company's activities expose it to a variety of financial risks including fluctuations in future freight rates, time charter hire rates, and fuel prices, credit and interest rate risk. Risk management is carried out under policies approved by executive management. Guidelines are established for overall risk management, as well as specific areas of operations.

Credit risk: The Company closely monitors its exposure to customers and counterparties for credit risk. The Company has entered into the Management Agreement with the Manager, pursuant to which the Manager agreed to provide commercial and technical management services to the Company. When negotiating on behalf of the Company various employment contracts, the Manager has policies in place to ensure that it trades with customers and counterparties with an appropriate credit history.

For the year ended December 31, 2017, the Company's customers representing 10% or more of total revenue were Dalian Ocean Shipping Co. Ltd. ("Cosco Dalian") and VL8 Pool Inc. ("VL8") which accounted for 44.7% and 15.1%, respectively. For the year ended December 31, 2016, the Company's customers representing 10% or more of total revenue were Cosco Dalian and Formosa Petrochemical Corporation, and SK Shipping Company Limited ("SK Shipping") which accounted for 70.6%, 15.7% and 13.7%, respectively. For the year ended December 31, 2015, the Company's customers representing 10% or more of total revenue were Cosco Dalian and Formosa Petrochemical Corporation, which accounted for 75.6% and 18.3%, respectively.

Foreign exchange risk: Foreign currency transactions are translated into the measurement currency rates prevailing at the dates of transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognized in the consolidated statement of operations.

Recent Accounting Pronouncements

In May 2014, the FASB issued ASU 2014-09 "Revenue from Contracts with Customers" clarifying the method used to determine the timing and requirements for revenue recognition on the statements of income. Under the new standard, an entity must identify the performance obligations in a contract, the transaction price and allocate the price to specific performance obligations to recognize the revenue when the obligation is completed. The amendments in this update also require disclosure of sufficient information to allow users to understand the nature, amount, timing and uncertainty of revenue and cash flow arising from contracts. The standard will be effective for public entities for annual reporting periods beginning after December 15, 2017 and interim periods therein. The new revenue standard may be applied using either of the following transition methods: (1) a full retrospective approach reflecting the application of the standard in each prior reporting period with the option to elect certain practical expedients, or (2) a modified retrospective approach with the cumulative effect of initially adopting the standard recognized at the date of adoption (which includes additional footnote disclosures). The Company will adopt the standard as of January 1, 2018 and is expecting that the adoption will not have a material effect on its consolidated financial statements, other than additional revenue disclosures in the notes to the consolidated financial statements, or the presentation of the consolidated financial statements, since the Company has chartered its vessels under time charter agreements, and in this respect revenue is accounted under the leases standard.

(Expressed in thousands of U.S. Dollars except unit and per unit data)

In February 2016, the FASB issued Accounting Standards Update No. 2016-02, “Leases (Topic 842)” (“ASU 2016-02”). ASU 2016-02 will apply to both types of leases — capital (or finance) leases and operating leases. According to the new Accounting Standard, lessees will be required to recognize assets and liabilities on the balance sheet for the rights and obligations created by all leases with terms of more than 12 months. ASU 2016-02 is effective for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years. Early application is permitted. The Company is currently assessing the impact that adopting this new accounting guidance will have on its consolidated financial statements and footnotes disclosures.

In August 2016, the FASB issued Accounting Standards Update No. 2016-15, “Statement of Cash Flows: Classification of Certain Cash Receipts and Cash Payments” (“ASU 2016-15”). This Update addresses eight specific cash flow issues with the objective of reducing the existing diversity in practice. The amendments are effective for public business entities for fiscal years beginning after December 15, 2017, and interim periods within those fiscal years. Early adoption is permitted for all entities. The Company is currently assessing the impact that adopting this new accounting guidance will have on its consolidated financial statements.

NOTE 3: CASH AND CASH EQUIVALENTS

Cash and cash equivalents consisted of the following:

	December 31, 2017	December 31, 2016
Cash at banks	$ 12,556	$ 49,787
Short-term deposits	14,530	3,004
Total cash and cash equivalents	**$ 27,086**	**$ 52,791**

The bank accounts are legally owned by the entities referenced in Note 1.

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

Restricted cash of $10,000 as of December 31, 2017 ($0 for December 31, 2016) is held as required by certain provisions of Navios Midstream’s credit facility.

NOTE 4: ACCOUNTS RECEIVABLE, NET

Accounts receivable consist of the following:

	December 31, 2017	December 31, 2016
Accounts receivable	$ 2,357	$ 2,264
Less: Provision for doubtful accounts	—	—
Accounts receivable, net	**$ 2,357**	**$ 2,264**

(Expressed in thousands of U.S. Dollars except unit and per unit data)

Financial instruments that potentially subject the Company to concentrations of credit risk are accounts receivable. The Company does not believe its exposure to credit risk is likely to have a material adverse effect on its financial position, results of operations or cash flows.

NOTE 5: VESSELS, NET

	Cost	Accumulated Depreciation	Net Book Value
Balance at December 31, 2015	**$487,140**	**$ (86,948)**	**$400,192**
Additions	500	(22,248)	(21,748)
Balance at December 31, 2016	**$487,640**	**$ (109,196)**	**$378,444**
Additions	—	(22,224)	(22,224)
Balance at December 31, 2017	**$487,640**	**$ (131,420)**	**$356,220**

In June 2015, Navios Midstream exercised its option to acquire the shares of the vessel-owning subsidiaries of the Nave Celeste and the C. Dream from Navios Acquisition for an aggregate purchase price of $100,000. The aggregate purchase price consisted of the issuance of 1,592,920 subordinated Series A Units, to Navios Acquisition and $73,000 cash consideration.

The purchase price of the Nave Celeste consisted of 884,956 subordinated Series A Units issued to Navios Acquisition, valued at $15,062 and cash of $42,000. The purchase price of the C. Dream consisted of 707,964 subordinated Series A units issued to Navios Acquisition and cash of $31,000. The number of subordinated Series A Units issued was calculated based on a price of $16.95 per unit, which was the volume weighted average trading price of the common units for the twenty business days immediately prior to the date of the acquisition. For accounting purposes, the subordinated Series A Units were valued based on the closing price of the common units on the day of the transaction, which was $17.02 per common unit. The additional capitalized costs for each of the Nave Celeste and the C. Dream amounted to $125. The working capital acquired for the Nave Celeste and the C. Dream was $587 and $(1,586), respectively.

For each of the Nave Celeste and the C. Dream purchased from Navios Acquisition, the acquisition of both vessels was effected through the acquisition of all of the capital stock of the respective vessel-owning companies, which held the ownership and other contractual rights and obligations related to each of the acquired vessels, including the respective charter-out contracts. Management accounted for each acquisition as an asset acquisition under ASC 805. At the transaction date, the purchase price approximated the fair value of the assets acquired, which was determined based on a combination of methodologies including discounted cash flow analyses and independent valuation analyses.

NOTE 6: INTANGIBLE ASSETS

Intangible assets as of December 31, 2017 and December 31, 2016 consisted of the following:

Favorable lease terms	Cost	Accumulated Amortization	Net Book Value
Balance at December 31, 2015	**$44,877**	**$ (16,427)**	**$28,450**
Additions	—	(3,286)	(3,286)
Balance at December 31, 2016	**$44,877**	**$ (19,713)**	**$25,164**
Additions	—	(2,846)	(2,846)
Write-offs	(3,026)	3,026	—
Balance at December 31, 2017	**$41,851**	**$ (19,533)**	**22,318**

(Expressed in thousands of U.S. Dollars except unit and per unit data)

Amortization expense of favorable lease terms for the years ended December 31, 2017, 2016 and 2015 is presented in the following table:

	December 31, 2017	December 31, 2016	December 31, 2015
Favorable lease terms charter-out	(2,846)	(3,286)	(3,286)
Total	**$ (2,846)**	**$ (3,286)**	**$ (3,286)**

The aggregate amortizations of intangible assets will be as follows:

Description	Within One Year	Year Two	Year Three	Year Four	Year Five	Thereafter	Total
Favorable lease terms	$(2,811)	$(2,811)	$(2,811)	$(2,811)	$(2,811)	$ (8,263)	$ (22,318)
Total	**$(2,811)**	**$(2,811)**	**$(2,811)**	**$(2,811)**	**$(2,811)**	**$ (8,263)**	**$ (22,318)**

Intangible assets subject to amortization are amortized using the straight-line method over their estimated useful lives to their estimated residual value of zero. Intangible assets are amortized over the contract periods to 15.00 years at inception. In relation to the acquisition of the Nave Celeste and the C. Dream in June 2015, please read the disclosure in Note 5.

NOTE 7: LONG-TERM DEBT

Long-term debt consisted of the following:

	December 31, 2017	December 31, 2016
Term Loan B	199,875	201,925
Less deferred finance costs, net	(2,365)	(3,342)
Total long term debt	**197,510**	**198,583**
Less unamortized discount	(996)	(1,407)
Less current portion, net of deferred finance cost	(675)	(661)
Total Long Term Debt, net of current portion and net of deferred finance costs	**$ 195,839**	**$ 196,515**

Ship Mortgage Notes:

Term Loan B: On June 18, 2015, Navios Midstream and Navios Maritime Midstream Partners Finance (US) Inc., as co-borrowers, completed the issuance of the $205,000 Term Loan B (the “Term Loan B”). The Term Loan B is set to mature on June 18, 2020 and is repayable in equal quarterly installments of 0.25% of the initial principal amount of the Term Loan B, beginning on September 18, 2015, with a final payment of the aggregate principal amount of the Term Loan B, plus accrued and unpaid interest, due on the maturity. The Term Loan B bears interest at LIBOR plus 4.50% per annum.

The Term Loan B requires maintenance of a loan to value ratio of no greater than 0.85 to 1.0 and a minimum interest coverage ratio of at least 3.75 to 1.0, and other restrictive covenants including restrictions on indebtedness, liens, acquisitions and investments, restricted payments and dispositions. The Term Loan B also provides for excess cash flow prepayments and customary events of default.

(Expressed in thousands of U.S. Dollars except unit and per unit data)

Amounts drawn under the facilities are secured by first preferred mortgages on Navios Midstream's vessels and other collateral and are guaranteed by each vessel-owning subsidiary.

As of December 31, 2017, Navios Midstream was in compliance with the covenants set forth in the Term Loan B.

As of December 31, 2017 and 2016, a balance of $199,875 and $201,925, respectively, was outstanding under the Term Loan B. The weighted average interest rate for the years ended December 31, 2017 and 2016 was 5.70% and 5.50%, respectively.

The maturity table below reflects the principal payments of credit facilities outstanding as of December 31, 2017 for the next three years and up to the maturity of the Term Loan B are based on the repayment schedule of the respective loan facilities (as described above).

	December 31, 2017
Long-Term Debt Obligations:	
Year	
December 31, 2018	2,050
December 31, 2019	2,050
December 31, 2020	195,775
Total	**$ 199,875**

NOTE 8: FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair Value of Financial Instruments

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

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

Accounts receivable, net: Carrying amounts are considered to approximate fair value due to the short-term nature of these accounts receivables and no significant changes in interest rates. All amounts that are assumed to be uncollectible are written-off and/or reserved.

Accounts payable: The carrying amount of accounts payable reported in the balance sheet approximates its fair value due to the short-term nature of these accounts payable and no significant changes in interest rates.

Due from related parties, current: The carrying amount of due from related parties, current reported in the balance sheet approximates its fair value due to the short-term nature of these receivables.

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

Term Loan B facility: The fair value of the Company's debt is estimated based on currently available debt with similar contract terms, interest rate and remaining maturities, as well as taking into account our creditworthiness.

(Expressed in thousands of U.S. Dollars except unit and per unit data)

The fair value hierarchy is explained as follows:

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

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

Level III: Inputs that are unobservable. The Company did not use any Level 3 inputs as of December 31, 2017 or 2016.

	December 31, 2017		December 31, 2016	
	Book Value	Fair Value	Book Value	Fair Value
Cash and cash equivalents	$ 27,086	$ 27,086	$ 52,791	$ 52,791
Restricted cash	$ 10,000	$ 10,000	—	—
Accounts receivable	$ 2,357	$ 2,357	$ 2,264	$ 2,264
Due from related parties, current	$ 20,086	$ 20,086	$ 4,864	$ 4,864
Due from related parties, non-current	$ 2,565	$ 2,565	$ —	$ —
Accounts payable	$ 1,999	$ 1,999	$ 2,386	$ 2,386
Long-term debt	$ 197,510	$199,375	$ 198,583	$198,139

Fair Value Measurements

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

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

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

Level III: Inputs that are unobservable. The Company did not use any Level 3 inputs as of December 31, 2017 or 2016.

Fair Value Measurements at December 31, 2017 Using				
	Total	Level I	Level II	Level III
Cash and cash equivalents	$ 27,086	$27,086	$ —	$ —
Long-term debt	$199,375	$ —	$199,375	$ —

Fair Value Measurements at December 31, 2016 Using				
	Total	Level I	Level II	Level III
Cash and cash equivalents	$ 52,791	$52,791	$ —	$ —
Long-term debt	$198,139	$ —	$198,139	$ —

(Expressed in thousands of U.S. Dollars except unit and per unit data)

NOTE 9: LEASES

The future minimum contractual lease income (charter-out rates is presented net of commissions and includes backstop commitment), for which a charter party has been concluded, is as follows:

	Amount
2018	86,635
2019	40,777
2020	35,248
2021	35,152
2022	35,152
Thereafter	103,577
Total minimum lease revenue, net of commissions	**$ 336,541**

NOTE 10: TRANSACTIONS WITH RELATED PARTIES

Management fees: On November 18, 2014, the Company entered into a Management Agreement with the Manager, a wholly-owned subsidiary of Navios Holdings, pursuant to which the Manager provides commercial and technical management services to Navios Midstream's vessels for a daily fee of $9.5 per VLCC tanker vessel that was originally fixed for the first two years.

In October 2016, Navios Midstream amended its existing Management Agreement with the Manager to extend the fixed fee period for commercial and technical management services of its fleet, until December 31, 2018 at the current rate of $9.5 per day per VLCC. Dry docking expenses are reimbursed at cost for all vessels.

Total management fees for each of the years ended December 31, 2017, 2016 and 2015 amounted to $20,805, $20,862 and $17,613, respectively.

General and administrative expenses: On November 18, 2014, Navios Midstream entered into the Administrative Services Agreement with the Manager, expiring on November 18, 2019, pursuant to which the Manager provides certain administrative management services to Navios Midstream which include: bookkeeping, audit and accounting services, legal and insurance services, administrative and clerical services, banking and financial services, advisory services, client and investor relations and other services. The Manager is reimbursed for reasonable costs and expenses.

Total general and administrative expenses for the years ended December 31, 2017, 2016 and 2015 amounted to $2,832, $2,968 and $2,497, respectively. For the years ended December 31, 2017, 2016 and 2015, the expense arising from the administrative services rendered by the Manager to the Company's vessels amounted to $1,500, $1,500 and $1,014, respectively.

Balances due from related parties: Balance due from related parties as of December 31, 2017 and December 31, 2016, were $22,651 and $4,864, respectively, and included the current and non-current amounts mainly due from Navios Holdings and Navios Acquisition and its subsidiaries. Amounts due from related parties mainly consisted of the backstop commitment from Navios Acquisition (see paragraph below in current note), as well as special survey and dry docking expenses for certain vessels of our fleet, and management fees in accordance with the Management Agreement.

Omnibus Agreement: On November 18, 2014, Navios Midstream entered into an omnibus agreement, with Navios Acquisition, Navios Holdings and Navios Partners in connection with the Navios Midstream IPO, pursuant to which Navios Acquisition, Navios Holdings, Navios Partners and their controlled affiliates generally have agreed not to acquire or own any VLCCs, crude oil tankers, refined petroleum product tankers, LPG tankers or chemical tankers under time charters of five or more years. The omnibus agreement contains significant exceptions that will allow Navios Acquisition, Navios Holdings, Navios Partners or any of their controlled affiliates to compete with Navios Midstream under specified circumstances.

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

Navios Midstream entered into an omnibus agreement with Navios Maritime Containers Inc. (“Navios Containers”), Navios Acquisition, Navios Holdings and Navios Partners, pursuant to which Navios Acquisition, Navios Holdings, Navios Partners and Navios Midstream have granted to Navios Containers a right of first refusal over any container vessels to be sold or acquired in the future. The omnibus agreement contains significant exceptions that will allow Navios Acquisition, Navios Holdings, Navios Partners and Navios Midstream to compete with Navios Containers under specified circumstances.

Backstop Agreements: On November 18, 2014, Navios Acquisition entered into backstop agreements with Navios Midstream. In accordance with the terms of the backstop agreements, Navios Acquisition has provided a backstop commitment at a net rate of $35.0 per day for the Nave Celeste, $38.4 per day for the Shinyo Ocean and $38.0 per day for the Shinyo Kannika. The backstop rates apply for a two-year period as of the redelivery of each of the vessels from its original charterer, if the actual rates achieved are below the agreed backstop rates for each of the vessels. As of December 31, 2017, backstop revenue amounted to $16,391 ($0 for the respective period in 2016) and is included in the balance due from related parties (see paragraph above in current note).

General Partner Option Agreement: Navios Holdings has a ten-year option to purchase a minimum of 25% of the general partner interest held by the general partner, the incentive distribution rights held by the general partner and/or the membership interests in the general partner from Navios Acquisition, each at fair market value. The option expires on November 18, 2024.

Option Vessels: Navios Midstream has options expiring on November 18, 2018 to acquire the Nave Buena Suerte, the Nave Neutrino and the Nave Electron from Navios Acquisition.

NOTE 11: COMMITMENTS AND CONTINGENCIES

The Company is involved in various disputes and arbitration proceedings arising in the ordinary course of business. Provisions are recognized in the financial statements for all such proceedings where the Company believes that a liability may be probable, and for which the amounts are reasonably estimable, based upon facts known at the date of the financial statements were prepared. In the opinion of the management, the ultimate disposition of these matters individually and in aggregate will not materially affect the Company’s financial position, results of operations or liquidity.

NOTE 12: SEGMENT INFORMATION

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

Company monitors operating revenue by geographic region for the Company's reportable segment. Revenue is allocated on the basis of the geographic region in which the customer is located. Revenues from specific geographic regions which contribute over 10% of total revenue are disclosed separately. For each of the years ended December 31, 2017, 2016 and 2015, all the revenues were derived from customers located in Asia.

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

NOTE 13: ISSUANCE OF UNITS

In connection with the IPO of Navios Midstream in November 2014, Navios Midstream acquired all of the outstanding shares of capital stock of four of Navios Acquisition's vessel-owning subsidiaries (Shinyo Ocean Limited, Shinyo Kannika Limited, Shinyo Kieran Limited and Shinyo Saowalak Limited) in exchange for: (i) all of the estimated net proceeds from the IPO amounting to $110,403; (ii) $104,451 of the $126,000 borrowings under Navios Midstream's new credit facility; (iii) 9,342,692 subordinated units before the expiration date on November 16, 2017 and 1,242,692 common units; and (iv) 381,334 general partner units, representing a 2.0% general partner interest in Navios Midstream, and all of the incentive distribution rights in Navios Midstream, to our General Partner.

In June 2015, Navios Midstream exercised its option to acquire the shares of the vessel-owning subsidiaries of the Nave Celeste and the C. Dream from Navios Acquisition for an aggregate purchase price of $100,000. The aggregate purchase price consisted of 1,592,920 subordinated Series A Units, issued to Navios Acquisition, and $73,000 cash consideration.

Upon the expiration of the subordination period relating to the subordinated Series A Units in June 2018, the subordinated Series A Units will automatically convert into common units.

On June 18, 2015, Navios Midstream issued 32,509 additional general partner units to the General Partner, in order the General Partner to maintain its 2% general partnership interest. The net proceeds from the issuance of the general partnership units were $551.

On July 29, 2016, Navios Midstream entered into a Continuous Offering Program Sales Agreement with S. Goldman Capital LLC. as sales agent (the "Agent"), pursuant to which Navios Midstream may issue and sell from time to time through the Agent common units representing limited partner interests having an aggregate offering price of up to $25,000. During 2016, Navios Midstream issued 333,103 common units and received net proceeds of $4,010 after deducting fees and expenses of $350. Pursuant to the issuance of the common units, Navios Midstream issued 6,798 general partnership units to its general partner in order to maintain its 2.0% general partner interest. The net proceeds from the issuance of the general partnership units were $89.

During 2017, Navios Midstream issued 336,011 common units and received net proceeds of $4,004. Pursuant to the issuance of the common units, Navios Midstream issued 6,858 general partnership units to its general partner in order to maintain its 2.0% general partner interest. The net proceeds from the issuance of the general partnership units were $84.

(Expressed in thousands of U.S. Dollars except unit and per unit data)

On November 16, 2017, in accordance with the terms of the Partnership Agreement all of the issued and outstanding 9,342,692 subordinated units converted into common units on a one-for-one basis. Following their conversion into common units, these units will have the same distribution rights as all other common units. Following the conversion of subordinated units into common units the capital allocated to subordinated unitholders was reclassified to the capital of common unitholders.

As of December 31, 2017, there were outstanding: 19,354,498 common units, no subordinated units, 1,592,920 subordinated Series A Units and 427,499 general partnership units. As of December 31, 2017, Navios Acquisition owned a 59.0% limited partner interest in Navios Midstream, which included a 2.0% general partner interest.

NOTE 14: CASH DISTRIBUTIONS AND EARNINGS/ (LOSSES) PER UNIT

The partnership agreement of Navios Midstream requires that all available cash is distributed quarterly, after deducting expenses, including estimated maintenance and replacement capital expenditures and reserves. Distributions may be restricted by, among other things, the provisions of existing and future indebtedness, applicable partnership and limited liability company laws and other laws and regulations. The amount of the minimum quarterly distribution is $0.4125 per unit or $1.65 per unit per year and is made in the following manner:

- First, 98% to the holders of common units and 2% to the General Partner until each common unit has received a minimum quarterly distribution of $0.4125 plus any arrearages from previous quarters;
- Second, 98% to the holders of subordinated units and 2% to the General Partner until each subordinated unit has received a minimum quarterly distribution of $0.4125; and
- Third, 98% to all unitholders, pro rata, and 2% to General Partner, until each unit has received an aggregate amount of $0.4744.

Incentive distribution rights represent the right to receive an increasing percentage of quarterly distributions of available cash from operating surplus after the minimum quarterly distribution and the target distribution levels have been achieved. Our general partner currently holds the incentive distribution rights, but may transfer these rights separately from its general partner interest, subject to restrictions in the partnership agreement.

Thereafter there are incentive distribution rights held by the General Partner, which are analyzed as follows:

		Marginal Percentage Interest in Distributions		
	Total Quarterly Distribution Total Amount	Common and subordinated Unitholders	General Partner	Holders of IDRs
Minimum Quarterly Distribution	$ 0.4125	98.0%	2.0%	0%
First Target Distribution	up to $ 0.4744	98.0%	2.0%	0%
Second Target Distribution	above $0.4744 up to $ 0.5156	85.0%	2.0%	13.0%
Third Target Distribution	above $0.5156 up to $ 0.6188	75.0%	2.0%	23.0%
Thereafter	above $0.6188	50.0%	2.0%	48.0%

As of November 16, 2017, the subordination period, as defined in the limited partnership agreement of Navios Midstream, expired resulting in the conversion of the 9,342,692 subordinated units into common units. Any future cash distributions will be made in accordance with the terms in the limited partnership agreement applicable to the periods following the subordination period.

On January 23, 2015, the Board of Directors of Navios Midstream authorized its quarterly cash distribution for the period November 18, 2014 to December 31, 2014 of $0.1973 per unit. The distribution was paid on February 12, 2015 to all holders of record of common and general partner units on February 9, 2015. The aggregate amount of the distribution paid was $3,761.

On April 24, 2015, the Board of Directors of Navios Midstream authorized its quarterly cash distribution for the three month period ended March 31, 2015 of $0.4125 per unit. The distribution was paid on May 12, 2015 to all holders of record of common, subordinated and general partner units on May 6, 2015. The aggregate amount of the distribution paid was $7,865.

On July 22, 2015, the Board of Directors of Navios Midstream authorized its quarterly cash distribution for the three month period ended June 30, 2015 of $0.4125 per unit. The distribution was paid on August 12, 2015 to all holders of record of common, subordinated, Series A Units and general partner units on August 6, 2015. The aggregate amount of the distribution paid was $8,536.

On October 19, 2015, the Board of Directors of Navios Midstream authorized its quarterly cash distribution for the three month period ended September 30, 2015 of $0.4225 per unit. The distribution was paid on November 13, 2015 to all holders of record of common units, subordinated units, subordinated Series A units and general partner units on November 11, 2015. The aggregate amount of the distribution paid was $8,742.

On January 22, 2016, the Board of Directors authorized its quarterly cash distribution for the three month period ended December 31, 2015 of $0.4225 per unit. The distribution was paid on February 12, 2016 to all holders of record of common, subordinated, subordinated Series A units and general partner units on February 9, 2016. The aggregate amount of the distribution paid was $8,742.

On April 21, 2016, the Board of Directors of Navios Midstream authorized its quarterly cash distribution for the three month period ended March 31, 2016 of $0.4225 per unit. The distribution was paid on May 12, 2016 to all holders of record of common, subordinated, subordinated Series A units and general partner units on May 6, 2016. The aggregate amount of the distribution paid was $8,742.

On July 21, 2016, the Board of Directors of Navios Midstream authorized its quarterly cash distribution for the three month period ended June 30, 2016 of $0.4225 per unit. The distribution was paid on August 12, 2016 to all holders of record of common, subordinated, subordinated Series A units and general partner units on August 10, 2016. The aggregate amount of the distribution paid was $8,811.

On October 17, 2016, the Board of Directors of Navios Midstream authorized its quarterly cash distribution for the three month period ended September 30, 2016 of $0.4225 per unit. The distribution was paid on November 10, 2016 to all holders of record of common, subordinated, subordinated Series A units and general partner units on November 8, 2016. The aggregate amount of the distribution paid was $8,885.

On January 23, 2017, the Company's Board of Directors authorized its quarterly cash distribution for the three month period ended December 31, 2016 of $0.4225 per unit. The distribution was paid on February 14, 2017 to all holders of record of common, subordinated, subordinated Series A units and general partner units on February 9, 2017. The aggregate amount of the distribution paid was $9,019.

On April 24, 2017, the Company's Board of Directors of Navios Midstream authorized its quarterly cash distribution for the three month period ended March 31, 2017 of $0.4225 per unit. The distribution was paid on May 11, 2017 to all holders of record of common, subordinated, subordinated Series A units and general partner units on May 5, 2017. The aggregate amount of the distribution paid was $9,030.

On July 20, 2017, the Company's Board of Directors of Navios Midstream authorized its quarterly cash distribution for the three month period ended June 30, 2017 of $0.4225 per unit. The distribution was paid on August 11, 2017 to all holders of record of common units, subordinated units, subordinated Series A units and general partner units on August 8, 2017. The aggregate amount of the distribution paid was $9,031.

On October 17, 2017, the Company's Board of Directors of Navios Midstream authorized its quarterly cash distribution for the three month period ended September 30, 2017 of $0.4225 per unit. The distribution was paid on November 14, 2017 to all holders of record common units, subordinated units, subordinated Series A units and general partner units on November 10, 2017. The aggregate amount of the distribution paid was $9,031.

Navios Midstream calculates earnings per unit by allocating reported net income for each period to each class of units based on the distribution waterfall for available cash specified in Navios Midstream's partnership agreement, net of the unallocated earnings. Basic earnings per unit are determined by dividing net income by the weighted average number of units outstanding during the period. Basic and diluted net earnings per unit are the same because the Company does not have any potentially dilutive units outstanding for the period presented.

Net loss per unit undistributed is determined by taking the distributions in excess of net income and allocating between common units, subordinated units and general partner units on a 98%-2% basis.

(Expressed in thousands of U.S. Dollars except unit and per unit data)

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

	Year ended December 31, 2017	Year ended December 31, 2016	Year ended December 31, 2015
Net income attributable to Navios Maritime Midstream Partners L.P. subsequent to initial public offering and limited partners' interest in net income:	$ 14,631	$ 24,890	$ 27,072
Earnings attributable to:			
Common unit holders	$ 7,771	$ 11,306	$ 12,465
Subordinated unit holders Series A	$ 1,091	$ 1,906	$ 1,598
Subordinated unit holders	$ 5,479	$ 11,186	$ 12,465
General Partner	$ 290	$ 492	$ 544
Weighted average units outstanding (basic and diluted)			
Common units	11,150,812	9,457,455	9,342,692
Subordinated units Series A	1,592,920	1,592,920	859,740
Subordinated units	8,165,257	9,342,692	9,342,692
General Partner	426,417	415,286	398,880
Earnings per unit (basic and diluted):			
Common unit holders	$ 0.70	$ 1.19	$ 1.33
Subordinated unit holders Series A	$ 0.69	$ 1.20	$ 1.86
Subordinated unit holders	$ 0.67	$ 1.19	$ 1.33
General Partner	$ 0.68	$ 1.19	$ 1.36
Earnings per unit-distributed (basic and diluted):			
Common unit holders	$ 1.52	$ 1.69	$ 1.67
Subordinated unit holders Series A	$ 1.69	$ 1.69	$ 2.33
Subordinated unit holders	$ 1.93	$ 1.69	$ 1.67
General Partner	$ 1.69	$ 1.69	$ 1.70
(Losses) per unit-undistributed (basic and diluted):			
Common unit holders	$ (0.82)	$ (0.50)	$ (0.34)
Subordinated unit holders Series A	$ (1.00)	$ (0.49)	$ (0.47)
Subordinated unit holders	$ (1.26)	$ (0.50)	$ (0.34)
General Partner	$ (1.01)	$ (0.50)	$ (0.34)

NOTE 15: INCOME TAXES

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

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

Pursuant to Section 883 of the Internal Revenue Code of the United States, U.S. source income from the international operation of ships is generally exempt from U.S. income tax if the company operating the ships meets certain incorporation and ownership requirements. Among other things, in order to qualify for this exemption, the company operating the ships must be incorporated in a country, which grants an equivalent exemption from income taxes to U.S. corporations. All of the Company's vessel- owning subsidiaries satisfy these initial criteria. In addition, these companies must meet an ownership test. Subject to proposed regulations becoming finalized in their current form, the management of Navios Midstream believes by virtue of a special rule applicable to situations where the ship operating companies are beneficially owned by a publicly traded company like Navios Midstream, the second criterion can also be satisfied based on the trading volume and ownership of the Company's shares, but no assurance can be given that this will remain so in the future.

NOTE 16: SUBSEQUENT EVENTS

On January 22, 2018, the Board of Directors authorized its quarterly cash distribution for the three month period ended December 31, 2017 of $0.4225 per unit. The distribution was paid on February 14, 2018 to all holders of record of common, subordinated Series A units and general partner units on February 9, 2018. The aggregate amount of the distribution paid was $9,031.