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, 2019

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	Trading Symbol	Name of each exchange on which registered
Common Stock, par value $.0001 per share	NNA	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: 15,873,391 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 every Interactive Data File required to be submitted 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 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 ☒

TABLE OF CONTENTS

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 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 both Navios Tankers Management Inc. (the "Manager") and 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, 2019, 2018, 2017, 2016 and 2015 is derived from the audited consolidated financial statements of Navios Acquisition. The selected consolidated statements of operations for the years ended December 31, 2019, 2018 and 2017 and the consolidated balance sheet data as of December 31, 2019 and 2018 have been derived from our audited consolidated financial statements included elsewhere in this Annual Report. The consolidated statements of operations data for the years ended December 31, 2016 and December 31, 2015, and the consolidated balance sheet data as of December 31, 2017, 2016 and 2015, 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 except per share and vessel data)	**Year ended December 31, 2019**	**Year ended December 31, 2018**	**Year ended December 31, 2017**	**Year ended December 31, 2016**	**Year ended December 31, 2015**
Revenue	$ 280,117	$ 187,946	$ 227,288	$ 290,245	$ 313,396
Time charter and voyage expenses	(22,690)	(31,593)	(21,919)	(4,980)	(4,492)
Direct vessel expenses	(10,132)	(7,656)	(4,198)	(3,567)	(1,532)
Management fees (entirely through related party transactions)	(107,748)	(94,019)	(94,973)	(97,866)	(95,336)
General and administrative expenses	(21,689)	(18,569)	(13,969)	(17,057)	(15,532)
Depreciation and amortization	(67,892)	(56,307)	(56,880)	(57,617)	(57,623)
(Loss)/ gain on sale of vessels and Impairment loss	(36,731)	25	—	11,749	5,771
Gain on debt repurchase	1,940	—	—	—	—
Interest income	7,717	7,998	10,042	4,767	1,683
Interest expense and finance cost	(91,442)	(77,975)	(76,438)	(75,987)	(73,561)
Bargain purchase gain	—	68,951	—	—	—
Equity/ (loss) in net earnings of affiliates (including OTTI loss and loss on revaluation of existing interest), net of dividends received	2,948	(61,284)	(46,657)	15,499	18,436
Other income	1,335	28	82	377	41
Other expense	(1,174)	(3,918)	(1,277)	(2,685)	(1,514)
Net (loss)/ earnings	**$ (65,441)**	**$ (86,373)**	**$ (78,899)**	**$ 62,878**	**$ 89,737**
Net (loss)/ earnings per share, basic	$ (4.75)	$ (8.40)(3)	$ (7.50)(3)	$ 6.00(3)	$ 8.55(3)
Net (loss)/ earnings per share diluted	$ (4.75)	$ (8.40)(3)	$ (7.50)(3)	$ 6.00(3)	$ 8.40(3)

Balance Sheet Data (at period end)	**Year Ended December 31, 2019**	**Year Ended December 31, 2018**	**Year ended December 31, 2017**	**Year ended December 31, 2016**	**Year ended December 31, 2015**
Current assets, including cash	$ 114,008	$ 103,978	$ 119,733	$ 107,282	$ 97,349
Vessels, net	$ 1,348,251	$ 1,383,605	$ 1,250,043	$ 1,306,923	$ 1,441,635
Total assets	$ 1,555,955	$ 1,627,384	$ 1,572,781	$ 1,703,619	$ 1,774,091(1)
Long-term debt, including current portion, net of premium and deferred finance costs	$ 1,173,117	$ 1,205,837	$ 1,065,369	$ 1,095,938	$ 1,197,583(1)
Total Stockholders' equity	$ 313,852	$ 380,352(3)	$ 462,475(3)	$ 572,931(3)	$ 540,871(3)
Puttable common stock	$ —	$ —	$ —	$ 2,500	$ 6,500
Common stock	$ 2	$ 1(3)	$ 1(3)	$ 1(3)	$ 1(3)
Number of shares	15,873,391	13,280,927(3)	10,140,527(3)	10,038,866(3)	9,985,533(3)
Dividends declared/ paid	$ 17,070/12,359	$ 12,213	$ 31,614	$ 31,682	$ 32,117

Cash Flow Data					
Net cash provided by / (used in) operating activities	$ 29,244	$(38,709)(2)	$ 45,968(2)	$ 92,721(2)	$ 119,677(2)
Net cash provided by/ (used in) investing activities	$ 4,027	$ 79,813	$ 52,378	$ 43,505	$(104,510)
Net cash used in financing activities	$(35,829)	$(80,953)(2)	$(68,546)(2)	$(141,213)(2)	$ (14,684)(2)
Cash dividends declared per common share	$ 1.20	$ 1.20(3)	$ 3.0(3)	$ 3.0(3)	$ 3.0(3)
Fleet Data:					
Vessels at end of period	46	41	36	36	39

(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) Net cash provided by/ (used in) operating activities and net cash used in financing activities presented in this table have been revised to reflect the adoption of ASU 2016-18.

(3) All issued and outstanding shares of common stock, conversion terms of preferred stock, options to purchase common stock and per share amounts contained in the financial statements, in accordance with Staff Accounting Bulletin Topic 4C, have been retroactively adjusted to reflect the reverse split for all periods presented.

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. Energy prices sharply declined from mid-2014 to mid-February 2016 primarily due to increased oil production worldwide. As a result, 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. Oil prices bottomed as inventories reached high levels in the beginning of 2016 causing a general decline in charter rates for crude and product rates. Charter rates for both crude and product tankers rose at the end of 2019, due to the global economic expansion, declines in inventories of crude and products and the implementation of the International Maritime Organization's low sulphur bunkering requirement starting on January 1, 2020 (IMO 2020). 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 and any differences in supply and demand between regions;
- 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, including changes to trade policies and or trade wars;
- embargoes and strikes;
- 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 or second hand 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 2020 is expected to exceed the immediate consumption in these areas, and an increase in exports of refined oil products is expected as a result. Changes in product trading patterns due to the implementation of the IMO 2020 sulphur reduction rules 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. In addition, public health threats, such as the coronavirus, influenza and other highly communicable diseases or viruses, outbreaks of which have from time to time occurred in various parts of the world in which we operate, including China, could adversely impact our operations, and the operations of our customers.

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 8% at the beginning of February 2020. 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 product tanker and chemical tanker vessels are contractually committed to time charters. We are not permitted to unilaterally terminate the charter agreements of these 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 our tanker 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.

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 18% at the end of 2011 to 8% as of the beginning of February 2020. 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.

"The United States exports more petroleum and other liquids than it imports annually starting in 2020 as U.S. crude oil production continues to increase and domestic consumption of petroleum products decreases," according to the 2020 Annual Energy Outlook published in January 2020 by the US Energy Information Agency ("EIA"). Similarly in the annual World Energy Outlook (November 2019),the International Energy Agency ("IEA") said that the increase in US crude oil output will account for 85% of the global increase in production to 2030, that Asia will take an increasing share of global imports, and that gross oil exports from the United States will overtake those from Saudi Arabia by the mid-2020s. The United States produced a record 12.9 million barrels per day (MBPD) in November 2019 and will produce, according to the IEA, 20.9 MBPD in 2025 and 19.8 MBPD in 2040, making it the world's largest oil producer from now until 2040 ahead of both Saudi Arabia and Russia. 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. EIA statistics through November 2019, show that U.S. crude oil imports fell 22.9% to an average of 5.8 MBPD under the 7.5 MBPD in November 2018, and the average imports are still below the June 2005 peak of 10.8 MBPD. EIA statistics note that U.S. crude oil exports have risen steadily since the ban on exports was lifted in 2015 reaching an all-time high of 3.4 MBPD in October 2019 and stood at 3.0 MBPD in November 2019, 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 can 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 February 2020 is estimated at 190 vessels or 7% 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.

A number of third party owners have ordered exhaust gas scrubbers for their vessels to comply with IMO 2020 requirements to reduce sulphur emissions from fuel burned at sea, which may offer substantial bunker savings as compared to vessels without. Increased demand for and supply of vessels fitted with scrubbers could reduce demand for certain of our existing vessels and expose us to lower vessel utilization and/or decreased charter rates.

As of January 7, 2020 there were about 4,913 tankers over 10,000 DWT, according to Clarksons Research services Limited. Owners have fitted or planned to fit scrubbers on 994 of these tankers or about 20% of the fleet. Fitting scrubbers will allow a ship to consume high sulphur fuel oil ("HSFO") which is expected to be cheaper than the low sulphur fuel oil ("LSFO") that ships without scrubbers must consume to comply with the IMO 2020 low sulphur emission requirements. Generally the economics favor installing scrubbers on larger ships due to the increased fuel consumption of those ships but also depend on the availability of HSFO and the cost differential between it and LSFO. As such VLCCs are expected to retrofit or install scrubbers on about 38% of the fleet as opposed to about 13% of the fleet of tankers that are between 10,000 and 55,000 DWT. Savings from operating scrubber fitted ships could result in a substantial reduction of bunker cost for charterers compared to vessels of our fleet which may not have scrubbers. If the supply of such scrubber fitted vessel increases and if the differential between the cost of HSFO and LSFO remains high and if charterers prefer such vessels over our vessels, this may reduce demand for our existing vessels, impair our ability to recharter such vessels at competitive rates and have a material adverse effect on our cash flows and operations.

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

The charter hire rates and the value and operational life of a vessel are determined by a number of factors including the vessel's efficiency, operational flexibility and physical life. Efficiency includes vessel speed, fuel economy, loading and discharging speed and personnel required to operate. The potential introduction of remote controlled or autonomous vessels, which would significantly reduce or eliminate the costs of crew and victuals, could put our vessels at an efficiency disadvantage. Flexibility includes the ability to enter harbors, utilize related docking facilities and pass through canals and straits. The length of a vessel's physical life is related to its original design and construction, its maintenance and the impact of the stress of operations. If new vessels are built that are more efficient or more flexible or have longer physical lives than our vessels, competition from these more technologically advanced vessels could adversely affect the amount of charter hire payments we receive for our vessels upon expiration of their current charters and the resale value of our vessels could significantly decrease. This could adversely affect our revenues and cash flows, and our ability to service our debt or declare dividends to holders of our common stock. As a result, our results of operations and financial condition could be adversely affected.

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 2018, it has traded between a low of 610 and a high of 1,958; as of February 12, 2020, it stood at 847. 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 448 and a high of 1,031 since January 2019 and stood at 671 as of March 4, 2020. Of note is that Chinese imports of crude oil have steadily increased from three million barrels per day in 2008 to a record 11.2 million barrels per day in November 2019 and stood at 10.8 million barrels per day in December 2019. Additionally, since the U.S. removed its ban at the end of 2015, U.S. crude oil exports increased by about 840% from 0.4 million barrels per day to a record 3.7 million barrels per day in December 2019. The U.S. has steadily increased its total petroleum product exports by about 480% to a record 6.0 million barrels per day in December 2019 from one million barrels per day in January 2006. 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 the Atlantic basin may adversely affect our financial performance.

The demand for VLCC oil tankers derives primarily from demand for Arabian Gulf and Atlantic basin (West Africa, United States, Brazil, North Sea, Guyana and other) crude oils, which, in turn, primarily depend 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 Atlantic basin crude oil.

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

- increased use of existing and future crude oil pipelines in the Arabian Gulf or Atlantic basin regions;
- increased demand for crude oil in the Arabian Gulf or Atlantic basin 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 Atlantic basin including 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 Atlantic basin 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, fire or outbreak of a contagion;
- 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.
- a natural or man-made force majeure.

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.

Certain 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 March 5, 2020, the vessels in our fleet had an average age of approximately 8.7 years and most tanker vessels have an expected life of approximately 25 years. Certain vessels in our fleet 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 (including changes to trade policies), particularly in oil-consuming regions, which could reduce energy consumption or its growth.

The refining and chemical industries may respond to any 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 2019 that total electric vehicles (EVs) registered worldwide grew from about 1.25 million in 2015 to 5.1 million in 2018. EV sales in 2018 were 2 million up about 70% from 1.1 million in 2017 lead by China with 1.1 million EVs sold in 2018 up 86% from 2017. IEA forecasts are for EVs to grow to 55 million registered vehicles by 2025 and 135 million by 2030 which would the IEA forecasts would reduce worldwide demand for oil products by 2.5 million barrels per day in 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 113 thousand barrels per day in 2019 (average through November), a growth of about 250% although that production was down from 120 thousand barrels a day through November 2018). During the same period diesel production from U.S. refineries grew from an average of 4.0 million barrels per day in 2009 to 5.2 million barrels per day in November 2019, 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 crude, product, chemical, LNG or LPG tanker vessels that we may acquire) in the highly competitive crude oil, product, chemical, LNG 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, whether new or second hand;
- 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;
- sourcing crew qualified for the vessels acquired and modifying any management systems or inventories needed for the acquired vessels;
- obtaining required financing, including working capital, 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, including those related to vessel values, 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 a 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. 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 last three months of 2019 smaller product tanker yard resale prices at $40 million per vessel increased above the average 2015 price. Vessel values may decline at lower levels and may remain low 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;
- advances in efficiency, such as the introduction of autonomous 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;
- whether the containership is equipped with scrubbers or not;
- 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 loan to value ratio covenants of generally lower than 75% or 80% and for certain facilities, as amended for a specific period of time until December 31, 2019 to be ranging from a maximum of 80% to 85%.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. This cost will be borne by us when our vessels are not employed or are employed on voyage charters or contracts of affreightment. To the extent we are not employed or enter into the aforementioned contracts, an increase in the price of fuel beyond our expectations may adversely affect our profitability. Even where the cost of fuel is borne by the charterer, which is the case with all of our existing time charters that cost may affect the level of charter rates that charterers are prepared to pay. A decrease in the cost of fuel may lead our charterers to abandon slow steaming, thereby releasing additional capacity into the market and exerting downward pressure on charter rates or may lead our charterers to employ older, less fuel efficient vessels which may drive down charter rates and make it more difficult for us to secure employment for our newer vessels. 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. As of January 1, 2020, the entry into force of MARPOL Annex VI has led to a significant increase in the costs for low sulphur fuel used by vessels that are not equipped with exhaust gas scrubbers. Since our vessels are mostly employed on a time charter basis, the cost of fuel is born by our charterers, making our vessels not equipped with scrubbers to be less competitive compared to ones that are (which can utilize the less expensive high sulphur fuel). Ships not retrofitted with exhaust gas scrubbers, thus they may have difficulty finding employment, may obtain lower charter hires and/or may need to be scrapped, which may negatively impact our revenues and cash flows as well as our future operations.

We have fixed the fees for ship management services of our owned fleet with the Manager until January 1, 2025. From January 01, 2020, we shall pay the Manager a fixed daily fee of $7,225 per LR1 product tanker vessel, $6,825 per MR1, MR2 product tanker vessel and chemical tanker vessel, and $9,650 per VLCC tanker vessel (the "Fixed Daily Fees"), plus a $50 daily technical and commercial management fee per vessel. The Fixed Daily Fees shall increase 3% annually after January 1, 2022 for the remaining period unless agreed otherwise.

Drydocking expenses under our management agreement (the "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 238 million tons. In 2018, China imported 412 million tons crude oil by sea (the United States imported 203 million tons by sea; 2018 is the latest available full year 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 shareholders.

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

The shipping industry is heavily regulated by international conventions, local laws and regulations, and industry-driven standards. This is particularly so with respect to the shipment of crude oil, refined petroleum products (clean and dirty), and bulk liquid chemicals.

This section concerns the industry-driven standards imposed upon tanker vessel owners and operators by 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. The Oil Majors represent a significant percentage of the production, trading, and shipping logistics (terminals) of crude oil and refined products worldwide and they have developed and implemented a strict, ongoing due diligence process for selecting commercial partners, referred to as "vetting."

The vetting process is a sophisticated and comprehensive risk assessment of both vessels and vessel operators, including physical ship inspections, questionnaires completed and evaluated by accredited inspectors, and the production of risk assessment reports determining the suitability of vessels and vessel operators, as well as crewmembers, for hire by the Oil Majors.

While numerous factors are considered and evaluated prior to a vetting decision, the Oil Majors, through their association, Oil Companies International Marine Forum (OCIMF), have developed two basic tools for vetting: the Ship Inspection Report Programme (SIRE), and the Tanker Management and Self-Assessment (TMSA) programme. 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 more 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 (or time 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.

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 vessel operator's environmental, health, and safety record;
- Compliance with the standards of the International Maritime Organization (the "IMO");
- Compliance with Oil Majors' codes of conduct, policies, and guidelines, including policies relating to transparency, anti-bribery and ethical conduct requirements, and relationships with third parties;
- Compliance with heightened industry standards set by the Oil Majors;
- Results of Port State Control inspections (see below);
- Shipping industry relationships, reputation for customer services, and technical and operating expertise;
- Shipping experience and quality of ship operations, including cost-effectiveness and technical capability and experience of crewmembers.

Under the terms of our charter agreements, both the vessels and the technical managers must be 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 a charter agreement and lead to termination of such agreement and, potentially, could give rise to impairment in the value of our vessels. Should we not be able to successfully clear the vetting process 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, which – in turn – 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, 2019, Navios Acquisition's customers representing 10% or more of total revenue were Navig8 Group of Companies ("Navig8") and COSCO Shipping Tanker (Dalian) Co., Ltd. ("COSCO Dalian") which accounted for 34.6%, 10.0% of our total revenue. The loss of 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.

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 ocean-going 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.

We carry insurance for our entire fleet relating to risks commonly insured against by vessel owners and operators, including, but not limited to, hull and machinery insurance, war risks insurance, and protection and indemnity insurance (which includes environmental damage and pollution insurance); however, there may be risks that are not adequately insured against and it is possible that our existing insurance policies may not cover certain claims.

Moreover, 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, but are not limited to, quarantines, labor disputes at ports, embargoes, as well as natural or man-made disasters that result in the closure of certain waterways and prevent vessels from entering or leaving certain ports. We also do not carry strike insurance. Accordingly, any extended vessel off-hire, due to an accident or otherwise, or strikes, could have a materially adverse effect on our business.

Any claims covered by insurance would be subject to deductibles. As it is possible that a large number of claims could be lodged against our policies, the aggregate amount of such deductibles could be material. We may be unable to procure adequate insurance coverage at commercially reasonable rates in the future. For example, the imposition of more stringent environmental regulations previously increased insurance costs, and in the future could result in unavailability of insurance against risks of environmental damage or pollution. Comparably, a catastrophic oil spill or marine disaster could exceed our insurance coverage, which could harm our financial condition and operating results. Changes in the insurance markets attributable to the risk of terrorism in certain locations around the world potentially could make it difficult for us to obtain certain types of coverage. In addition, the insurance that may be available to us may be significantly more expensive than our existing coverage.

We also may 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. The amount of such calls could be significant, and such expense could reduce our cash flow and strain 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.

Finally, 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 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 international conventions, particularly environmental and safety requirements, that could require significant expenditures both to maintain compliance with such requirements and to pay for any uninsured environmental liabilities including any resulting from a spill or other environmental incident, which could affect our cash flows and net income.

Vessel owners and operators are subject to government regulation in the form of international conventions, and national, state, and local laws and regulations in the jurisdictions in which their vessels operate, in international waters, as well as in the country or countries where their vessels are registered. Such laws and regulations include those governing the management and disposal of hazardous substances and wastes, the cleanup of oil spills and other contamination, air emissions, discharges of operational and other wastes into the water, and ballast water management. Port state regulation significantly affects the ownership and operation of vessels, as it commonly is more stringent than international rules and standards. This is the case particularly in the United States and, increasingly, in Europe. And, non-compliances with such laws and regulations can give rise to civil or criminal liability, and/or vessel detentions in the jurisdictions in which we operate.

Our vessels are subject to scheduled and unscheduled inspections by regulatory and enforcement authorities, as well as private maritime industry entities. This includes inspections by Port State Control authorities, including the U.S. Coast Guard, harbor masters or equivalent entities, classification societies, flag Administration (country in which the vessel is registered), charterers, and terminal operators. Certain of these entities require vessel owners to obtain permits, licenses, and certificates for the operation of their vessels. Failure to maintain necessary permits or approvals could require a vessel owner to incur substantial costs or temporarily suspend operation of one or more of its vessels.

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

The legal requirements and maritime industry standards to which we and our vessels are subject are set forth below, along with the risks associated with such requirements and standards. We may be required to make substantial capital and other expenditures to ensure that we remain in compliance with these requirements and standards, as well as with standards imposed by our customers, including costs for ship modifications and changes in operating procedures. We also maintain insurance coverage against pollution liability risks for all of our vessels 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. And, claims relating to pollution incidents for knowing violations of U.S. environmental laws or the International Convention for the Prevention of Pollution from Ships may be considered by our protection and indemnity associations on a discretionary basis only. 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.

Because international conventions, laws, regulations, and other requirements are often revised, we cannot predict the ultimate cost of compliance or the impact on the fair market price or useful life of our vessels. Nor can we assure that our vessels will be able to attain and maintain certifications of compliance with various regulatory requirements.

Comparably, governmental regulation of the shipping industry, particularly in the areas of safety and environmental requirements, can be expected to become stricter in the future. We believe that the heightened environmental, quality, and security concerns of insurance underwriters, regulators, and charterers will lead to additional requirements, including enhanced risk assessment and security requirements, greater inspection and safety requirements, and heightened due diligence obligations. We also may be required to take certain of our vessels out of service for extended periods of time to address changing legal requirements, which would result in 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.

Specific examples of expected changes that could have a significant, and potentially material, impact on our business include:

- Limitations on sulfur oxide and nitrogen oxide emissions from ships could cause increased demand and higher prices for low sulfur fuel due to supply constraints, as well as significant cost increases due to the implementations of measures such as fuel switching, vessel modifications such as adding distillate fuel storage capacity, or installation of exhaust gas cleaning systems or scrubbers;
- Environmental requirements can affect the resale value or useful lives of our vessels, require a reduction in cargo capacity, vessel modifications or operational changes or restrictions, lead to decreased availability of, or more costly insurance coverage for, environmental matters or result in the denial of access to certain jurisdictional waters or ports.
- Under local and national laws, as well as international treaties and conventions, we could incur material liabilities, including cleanup obligations and claims for natural resource damages, personal injury and/or property damages in the event that there is a release of petroleum or other hazardous materials from our vessels or otherwise in connection with our operations.

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 local and national laws, as well as international treaties and conventions, and implementing regulations related to climate change. Any passage of climate control treaties, legislation, or other regulatory initiatives by the IMO, the European Union, the United States or other countries where we operate that restricts emissions of greenhouse gases ("GHGs") could require us to make significant financial expenditures that we cannot predict with certainty at this time. This could include, for example, the adoption of regulatory frameworks to reduce GHG emissions, such as carbon dioxide, methane and nitrogen oxides. The climate change efforts undertaken to date are detailed below.

We cannot predict with any degree of certainty what effect, if any, possible climate change and legal requirements relating to climate change will have on our operations. However, we believe that climate change, including the possible increases in severe weather events, and legal requirements relating 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 and deductibles, and the availability of insurance coverage. As a result, our financial condition could be materially impacted by climate change and related legal requirements.

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.

We are subject to local and national laws, as well as international treaties and conventions, including in the United States, intended to enhance and ensure vessel security. Navios has and will continue to implement the various security measures addressed by all applicable laws and will 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.

Our international activities increase the compliance risks associated with economic and trade sanctions imposed by the U.S., the EU and other jurisdictions/authorities.

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

Iran

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 U.S., the EU 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"), 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 to transactions with no U.S. nexus, 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, foreign owned or controlled subsidiaries, 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 (including, inter alia, CISADA, ITRA, and IFCA) and the EU sanctions on Iran were initially 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 under that sanctions framework 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. However, the following sanctions which were lifted under the JCPOA were reimposed ("snapped back") on May 8, 2018 as a result of the U.S. withdrawal from the JCPOA:

- Sanctions on the purchase or acquisition of U.S. dollar banknotes by the Government of Iran;
- Sanctions on Iran's trade in gold or precious metals;
- Sanctions on the direct or indirect sale, supply, or transfer to or from Iran of graphite, raw, or semi-finished metals such as aluminum and steel, coal, and software for integrating industrial processes;
- Sanctions on significant transactions related to the purchase or sale of Iranian rials, or the maintenance of significant funds or accounts outside the territory of Iran denominated in the Iranian rial;
- Sanctions on the purchase, subscription to, or facilitation of the issuance of Iranian sovereign debt; and
- Sanctions on Iran's automotive sector.

Following a 180-day wind-down period ending on November 4, 2018, the U.S. government re-imposed the following sanctions that were lifted pursuant to the JCPOA, including sanctions on associated services related to the activities below:

- Sanctions on Iran's port operators, and shipping and shipbuilding sectors, including on the Islamic Republic of Iran Shipping Lines (IRISL), South Shipping Line Iran, or their affiliates;
- Sanctions on petroleum-related transactions with, among others, the National Iranian Oil Company (NIOC), Naftiran Intertrade Company (NICO), and National Iranian Tanker Company (NITC), including the purchase of petroleum, petroleum products, or petrochemical products from Iran;
- Sanctions on transactions by foreign financial institutions with the Central Bank of Iran and designated Iranian financial institutions under Section 1245 of the National Defense Authorization Act for Fiscal Year 2012 (NDAA);
- Sanctions on the provision of specialized financial messaging services to the Central Bank of Iran and Iranian financial institutions described in Section 104(c)(2)(E)(ii) of the Comprehensive Iran Sanctions and Divestment Act of 2010 (CISADA);
- Sanctions on the provision of underwriting services, insurance, or reinsurance; and
- Sanctions on Iran's energy sector.

In two Executive Orders issued in 2019, U.S. secondary sanctions against Iran were expanded to include the Iron, Steel, Aluminum, and Copper Sectors of Iran. The new, additional sanctions, which are pursuant to an Executive Order issued on January 10, 2020, may be imposed against any individual owning, operating, trading with, or assisting sectors of the Iranian economy including construction, manufacturing, textiles, and mining. As a result, trade with Iran in almost all industry sectors is now off limits for U.S. as well as non-U.S. persons, except for trade in medicine/medical items and food and agricultural commodities.

The new sanctions imposed in 2020 also authorize the imposition of sanctions on a foreign financial institution upon a determination that the foreign financial institution has, on or after January 10, 2020, knowingly conducted or facilitated any significant financial transaction: i) for the sale, supply, or transfer to or from Iran of significant goods or services used in connection with a prohibited sector of the Iranian economy, or (ii) for or on behalf of any person whose property and interests in property are blocked.

U.S. Iran sanctions also prohibit U.S. as well as non-U.S. persons from engaging in significant transactions with any individual or entity that the U.S. Government has designated as an Iran sanctions target.

COSCO Shipping Tanker (Dalian) Co., Ltd.

On September 25, 2019, the U.S. Department of Treasury's Office of Foreign Assets Control added, amongst others, COSCO Dalian to the Specially Designated Nationals and Blocked Persons list after being determined by the State Department to meet the criteria for the imposition of sanctions under Executive Order 13846. The Company had two VLCCs chartered to COSCO Dalian, the Nave Constellation (ex. Shinyo Saowalak) and the Nave Universe (ex. Shinyo Kieran), through June 18, 2025 and June 8, 2026, respectively, each at a net rate of $48,153 per day, with profit sharing above $54,388. Both charter contracts have since been terminated and the two vessels are now employed in the open market.

COSCO Dalian was removed from the Specially Designated Nationals and Blocked Persons list on January 31, 2020.

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:

- Graphite and certain raw or semi-finished metals such as corrosion-resistant high-grade steel, iron, aluminum 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");
- Goods listed in the Nuclear Suppliers Group list (listed in Annex I to the EU Regulation);
- Goods that could contribute to nuclear-related or other activities inconsistent with the JCPOA (as listed in Annex II to the EU Regulation); and
- Software designed for use in nuclear/military industries (as listed in Annex VIIA to the EU Regulation).

The above EU sanctions activities can only be engaged if prior authorization (granted on a case-by-case basis) is obtained. 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 Russian individuals 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.

The U.S. has also taken a number of steps toward implementing aspects of the Countering America's Adversaries Through Sanctions Act ("CAATSA"), a major piece of sanctions legislation.

Under CAATSA, the U.S. may impose secondary sanctions relating to Russia's energy export pipelines and investments in special Russian crude oil projects. CAATSA has a provision that requires the U.S. President to sanction persons who knowingly engage in significant transactions with parties affiliated with Russia's defense and intelligence sectors.

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 Petroleos de Venezuela S.A. ("PDVSA") and other government entities, and they also prohibit U.S. persons from purchasing oil from PDVSA. Additionally, U.S. (blocking) sanctions may be imposed on any (non-U.S.) person that has materially assisted, sponsored, or provided financial, material, or technological support for, or goods or services to or in support of, or any blocked entity such as PDVSA].

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.

US Executive Orders

The following Executive Orders govern the U.S. sanctions with respect to Venezuela:

- 13884 - Blocking Property of the Government of Venezuela - (August 5, 2019)
- 13857 - Taking Additional Steps to Address the National Emergency With Respect to Venezuela (January 25, 2019)
- 13850 - Blocking Property of Additional Persons Contributing to the Situation in Venezuela (November 1, 2018)
- 13835 - Prohibiting Certain Additional Transactions with Respect to Venezuela (May 21, 2018)
- 13827 - Taking Additional Steps to Address the Situation in Venezuela (March 19, 2018) – prohibits all transactions related to, provision of financing for, and other dealings in, by a United States person or within the United States, in any digital currency, digital coin, or digital token, (the Petro) that was issued by, for, or on behalf of the Government of Venezuela on or after January 9, 2018.
- 13808 - Imposing Additional Sanctions with Respect to the Situation in Venezuela (August 24, 2017) – This executive Order prohibits transactions involving, dealings in, and the provision of financing for (by (US persons) of:
  - New debt with a maturity of greater than 90 days of PdVSA;
  - New debt with a maturity of greater than 30 days or new equity of the Government of Venezuela, other than debt of PdVSA;
  - Bonds issued by the Government of Venezuela prior to August 25, 2017, the EO's effective date;
  - Dividend payments or other distributions of profits to the Government of Venezuela from any entity directly or indirectly owned or controlled by the Government of Venezuela; or
- Direct or indirect purchase by U.S. persons or persons within the U.S. of securities from the Government of Venezuela, other than securities qualifying as new debt with a maturity of less than or equal to 90 or 30 days as covered by the EO (Section 1).
- 13692-Blocking Property and Suspending Entry of Certain Persons Contributing to the Situation in Venezuela (March 8, 2015) – blocks designated Venezuelan government officials.

Other U.S. Economic Sanctions Targets

In addition to Iran and certain Russian entities and individuals, as indicated above, the U.S. maintains comprehensive 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, the "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 U.S.

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 aforementioned 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 worldwide trade of our vessels, which we seek to minimize by the implementation of our corporate Economic Sanctions Compliance Policy and Procedures and our compliance with all applicable sanctions and embargo laws and regulations. Although we intend to maintain such Economic Sanctions Compliance Policy and Procedures, 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 Holdings and the Manager, we cannot give any assurance that an adverse finding against Navios Holdings and the Manager 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 Holdings and the Manager will not have a material adverse impact on our business, reputation or the market price or trading of our common stock.

We constantly monitor developments in the U.S., the E.U. and other jurisdictions that maintain economic sanctions against Iran, Russian entities, Venezuela, 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 the 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.

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

Security breaches and disruptions to our information technology infrastructure could interfere with our operations and expose us to liability which could have a material adverse effect on our business, financial condition, cash flows and results of operations.

In the ordinary course of business, we rely on information technology networks and systems to process, transmit, and store electronic information, and to manage or support a variety of business processes and activities. Additionally, we collect and store certain data, including proprietary business information and customer and employee data, and may have access to other confidential information in the ordinary course of our business. Despite our cybersecurity measures, which includes active monitoring, training, reporting and other activities designed to protect and secure our data, our information technology networks and infrastructure may be vulnerable to damage, disruptions, or shutdowns due to attack by hackers or breaches, employee error or malfeasance, data leakage, power outages, computer viruses and malware, telecommunication or utility failures, systems failures, natural disasters, or other catastrophic events. Any such events could result in legal claims or proceedings, liability or penalties under privacy or other laws, disruption in operations, and damage to our reputation, which could have a material adverse effect on our business, financial condition, cash flows and results of operations.

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

Acts of piracy have historically affected ocean-going vessels trading in certain regions of the world, such as the South China Sea and the Gulf of Aden off the coast of Somalia. Piracy continues to occur in the Gulf of Aden off the coast of Somalia and increasingly in the Gulf of Guinea. Acts of piracy are a material risk to the shipping industry. Our vessels regularly travel through regions where pirates are active. 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. Piracy attacks have resulted in certain regions being characterized by insurers as “war risk” zones or Joint War Committee “war and strikes” listed areas. In December 2019, the Nave Constellation, managed by third party managers, was boarded by armed pirates whilst sailing from Bonny, Nigeria. 19 crewmembers were taken as hostages and were released after 18 days of captivity.

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. 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. 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, our results of operations, financial condition and ability to pay dividends. 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.

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 global financial markets and the resulting governmental action, political and governmental instability, terrorist attacks, regional armed conflicts, general political unrest, the emergence of a pandemic crisis, could have a material adverse impact on our results of operations, financial condition and cash flows.

Terrorist attacks in certain parts of the world 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 and volatility in the world financial markets and may affect our business, results of operations and financial condition. The refugee crisis in the European Union, the continuing war in Syria and presence of ISIS and other terrorist organizations in the Middle East, conflicts and turmoil in Yemen, Iraq, Afghanistan and Iran, general political unrest in Ukraine, political tension, continuing concerns relating to Brexit, concerns regarding the recent emergence of the Coronavirus, COVID19, and its spread throughout Asia and other parts of the world, and other viral outbreaks or conflicts in the Asia Pacific Region such as in the South China Sea, mainland China and North Korea have led to increased volatility in global credit and equity markets. In addition, 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. Credit markets as well as the debt and equity capital markets were exceedingly distressed during 2008 and 2009 and have been volatile since that time. The resulting uncertainty and volatility in the global financial markets may accordingly affect our business, results of operations and financial condition. These uncertainties, as well as future hostilities or other political instability in regions where our vessels trade, could also affect trade volumes and patterns and adversely affect our operations, and otherwise have a material adverse effect on our business, results of operations and financial condition, as well as our cash flows and cash available for distributions to our shareholders and repurchases of common shares.

Further, as a result of the ongoing political, social and economic turmoil in Greece resulting from the sovereign debt crisis and the influx of refugees from Syria and other areas, the operations of our Manager 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 the payment of 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 Manager located in Greece.

Specifically, these issues, along with the re-pricing of credit risk and the difficulties currently experienced by financial institutions, have made, and will likely continue to make, it difficult to obtain financing. As a result of the disruptions in the credit markets and higher capital requirements, many lenders have increased margins on lending rates, enacted tighter lending standards, required more restrictive terms (including higher collateral ratios for advances, shorter maturities and smaller loan amounts), or have refused to refinance existing debt at all.

Furthermore, certain banks that have historically been significant lenders to the shipping industry have reduced or ceased lending activities in the shipping industry. Additional tightening of capital requirements and the resulting policies adopted by lenders, could further reduce lending activities. We may experience difficulties obtaining financing commitments or be unable to fully draw on the capacity under our committed term loans in the future if our lenders are unwilling to extend financing to us or unable to meet their funding obligations due to their own liquidity, capital or solvency issues. We cannot be certain that financing will be available on acceptable terms or at all. If financing is not available when needed, or is available only on unfavorable terms, we may be unable to meet our future obligations as they come due. Our failure to obtain such funds could have a material adverse effect on our business, results of operations and financial condition, as well as our cash flows, including cash available for distributions to our shareholders and repurchases of common shares. In the absence of available financing, we also may be unable to take advantage of business opportunities or respond to competitive pressures.

Our financial and operating performance may be adversely affected by the recent novel coronavirus outbreak.

Our business could be materially and adversely affected by the outbreak of the recent coronavirus, COVID19. The coronavirus or other epidemics or pandemics could potentially result in delayed deliveries of our vessels under construction, disrupt our operations and significantly affect global markets, affecting the demand for our services, global demand for crude oil and petroleum products as well as the price of international freights and hires. If the effect of the coronavirus is ongoing, we may be unable to charter our vessels at the rates or for the length of time we currently expect.

In addition, certain countries have introduced travel restrictions and adopted certain hygiene measures, including quarantining. This has affected the process of construction and repair- of vessels, as well as the presence of workers in shipyards and seafarers. Any prolonged restrictive measures in order to control the novel coronavirus or other adverse global public health developments may have a material and adverse effect on our business operations and demand for our vessels generally.

As international tankers 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, 2019, the value of the U.S. dollar as compared to the Euro increased by approximately 4.9% compared with the respective value as of December 31, 2018. 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 14,477 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 the Manager

The Manager has limited experience in the crude oil, product and chemical tanker sectors.

The Manager oversees the commercial and administrative management of our entire fleet and the technical management of a portion of our fleet. The Manager's experience in the crude oil, chemical and product tanker sectors dates to 2010. The Manager may make decisions that a more experienced operator in the sector might not make. If 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, Navios Maritime Partners L.P. ("Navios Partners"), Navios Acquisition and Navios Maritime Containers L.P. ("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 and Navios Containers and their affiliates. For instance, Angeliki Frangou is an officer and director of Navios Holdings, 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 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 and banking 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 the Manager for the commercial and administrative management of our fleet and the technical management of a portion of our fleet.

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. The Manager may have responsibilities and relationships to owners other than Navios Acquisition that could create conflicts of interest between us and the Manager.

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 December 31, 2019, Navios Holdings, Angeliki Frangou, our Chairman and Chief Executive Officer, and certain of our officers and directors beneficially own, in the aggregate, 34.2% 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 20% 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 approximately 4,488,033 shares. If these stockholders exercise their registration rights with respect to all of their shares of common stock, the presence of these shares of common stock as eligible for trading in the public market 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.

Although we currently satisfy the NYSE minimum listing standards, 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 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.

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 2027, 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. In October and November 2019 Navios Acquisition repurchased a total of $12.0 million of its 2021 Notes from unaffiliated third parties in open market transactions for a cash consideration of $10.0 million. 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.

We are exposed to volatility in the London Interbank Offered Rate (LIBOR), which can affect our profitability, earnings and cash flow.

The loans under our credit facilities are generally advanced at a floating rate based on LIBOR, which was volatile in prior years and has been steadily increasing in recent years. LIBOR can affect the amount of interest payable on our debt, which, in turn, could have an adverse effect on our earnings and cash flow.

Our financial condition could be materially adversely affected as we have not entered into interest rate hedging arrangements to hedge our exposure to the interest rates applicable to our credit facilities and may not enter into interest rate hedging arrangements for these or any other financing arrangements we may enter into in the future, including those we may enter into to finance a portion of the amounts payable with respect to newbuildings or acquisitions.

We may enter into derivative contracts to hedge our overall exposure to interest rate risk. Entering into swaps and other derivatives transactions is inherently risky and presents possibilities for incurring significant expenses. The derivatives strategies that we may employ may not be successful or effective, and we could, as a result, incur substantial additional interest and breakage costs.

Changes in the method of determining LIBOR, or the replacement of LIBOR with an alternative reference rate, may adversely affect interest expense related to outstanding debt.

Our outstanding debt bears interest rates in relation to LIBOR. On July 27, 2017, the United Kingdom's Financial Conduct Authority, which regulates LIBOR, announced that it intends to phase out LIBOR by the end of 2021. It is unclear if at that time whether or not LIBOR will cease to exist or if new methods of calculating LIBOR will be established such that it continues to exist after 2021. The U.S. Federal Reserve, in conjunction with the Alternative Reference Rates Committee, a steering committee comprised of large U.S. financial institutions, is considering replacing U.S. dollar LIBOR with a new index calculated by short-term repurchase agreements, backed by Treasury securities ("SOFR"). SOFR is observed and backward looking, which stands in contrast with LIBOR under the current methodology, which is an estimated forward-looking rate and relies, to some degree, on the expert judgment of submitting panel members. Whether or not SOFR attains market traction as a LIBOR replacement tool remains in question. As such, the future of LIBOR at this time is uncertain. If LIBOR ceases to exist, we may need to renegotiate our credit agreements that utilize LIBOR as a factor in determining the interest rate. In addition, lenders have recently insisted on provisions that entitle the lenders, in their discretion, to replace published LIBOR as the base for the interest calculation with their cost-of-funds rate. Such provisions could significantly increase our lending costs, which would 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.

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", then we will be treated as a "passive foreign investment company," ("PFIC"), for U.S. federal income tax purposes. 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 2019 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 2019 and subsequent taxable years. 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". Furthermore, the US Department of Treasury issued proposed regulations in July 2019 that impact these tests, and the proposed regulations may be finalized in 2020. 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.

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 2019 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.

Actions taken by our shareholders could result in our being treated as a "controlled foreign corporation," which could have adverse U.S. federal income tax consequences to certain U.S. holders.

Although we believe that Navios Acquisition likely was not a controlled foreign corporation (a "CFC") as of December 31, 2019, or at any time during 2019, tax rules recently enacted by the Tax Cuts and Jobs Act, including the imposition of so-called "downward attribution" for purposes of determining whether a non-U.S. corporation is a CFC, may result in Navios Acquisition being treated as a CFC for U.S. federal income tax purposes in the future. Through downward attribution, U.S. subsidiaries of Navios Holdings are treated as constructive owners of the equity of Navios Acquisition for purposes of determining whether Navios Acquisition is a CFC. If, in the future, U.S. holders (including U.S. subsidiaries of Navios Holdings, as discussed above) that each own 10.0% or more (by vote or value) of the equity of Navios Acquisition own in the aggregate more than 50% of the equity of Navios Acquisition (by vote or value), in each case, directly, indirectly, or constructively, Navios Acquisition should become a CFC.

U.S. holders who at all times own less than 10% of our equity should not be affected. However, if we were to become a CFC, any U.S. holder owning 10% or more (by vote or value), directly, indirectly, or constructively (but not through downward attribution) of our equity could be subject to U.S. federal income tax in respect of a portion of our earnings. Any U.S. holder of Navios Acquisition that owns 10% or more (by vote or value), directly, indirectly, or constructively, of the equity of Navios Acquisition should consult its own tax advisor regarding U.S. federal tax consequences that may result from Navios Acquisition being treated as a CFC. (*see United States Federal Income Taxation of U.S. Holders – Controlled Foreign Corporation*).

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.

On December 13, 2018, the Company completed the merger (the "Merger") contemplated by the previously announced Agreement and Plan of Merger, (the "Merger Agreement"), dated as of October 7, 2018, by and among Navios Acquisition, its direct wholly-owned subsidiary NMA Sub LLC ("Merger Sub"), Navios Midstream and Navios Midstream Partners GP LLC (the "NAP General Partner"). Pursuant to the Merger Agreement, Merger Sub merged with and into Navios Midstream, with Navios Midstream surviving as a wholly-owned subsidiary of Navios Acquisition.

As of December 31, 2019, Navios Holdings had 30.6% of the voting power and 31.0% of the economic interest in Navios Acquisition.

As of December 31, 2019, Navios Acquisition had outstanding: 15,873,391 shares of common stock outstanding.

Equity Transactions

Series C Convertible Preferred Stock

On March 30, 2011, pursuant to an Exchange Agreement, Navios Holdings exchanged 511,733 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 512, subject to certain limitations. Upon the declaration of a common stock dividend, the holders of the Series C Convertible Preferred Stock are entitled to receive dividends on the Series C Convertible Preferred Stock in an amount equal to the amount that would have been received in the number of shares of Common Stock into which the Shares of Series C Convertible Preferred Stock held by each holder thereof could be converted. For the purpose of calculating earnings / (loss) per share this preferred stock is treated as in-substance common stock and is allocated income / (losses) and considered in the diluted calculation. On February 7, 2019, all of the outstanding Series C convertible Preferred Stock of Navios Acquisition was converted into 511,733 shares of common stock. As of December 31, 2019, no shares of Series C Convertible Preferred Stock were issued and outstanding.

As of December 31, 2018, the Company's issued and outstanding preferred stock consisted of the 1,000 Series C Convertible Preferred Stock.

On February 7, 2019, all of the outstanding Series C Convertible Preferred Stock of Navios Acquisition were converted into 511,733 shares of common stock of Navios Acquisition. As of December 31, 2019, no shares of Series C Convertible Preferred Stock were issued and outstanding.

Common Stock and Puttable Common Stock

In December 2017, Navios Acquisition authorized and issued in the aggregate 118,328 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 were 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 were determined by management based upon market conditions and other factors. Repurchases were made pursuant to a program adopted under Rule 10b5-1 under the Securities Exchange Act of 1934, as amended. The program did not require any minimum repurchase or any specific number or amount of shares of common stock and was suspended or reinstated at any time in Navios Acquisition's discretion and without notice. Repurchases were subject to restrictions under Navios Acquisition's credit facilities and indenture. Up to the expiration of the stock repurchase program in February 2020, Navios Acquisition had repurchased 735,251 shares since the program was initiated for approximately $7.5 million.

In December 2018, Navios Acquisition authorized and issued in the aggregate 129,269 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, 2019, the Company was authorized to issue 250,000,000 shares of $0.0001 par value common stock of which 15,873,391 were issued and outstanding. As of March 5, 2020, there were 15,873,391 shares of common stock issued and outstanding.

Equity Offering

In October 2019, Navios Acquisition completed a registered direct offering of 1,875,000 shares of its common stock at $8.00 per share, raising gross proceeds of $15.0 million. Total net proceeds of the above transactions, net of agents' costs of $0.7 million and offering costs $0.9 million, amounted to $13.4 million.

Continuous Offering Program

On November 29, 2019, Navios Acquisition entered into a Continuous Offering Program Sales Agreement for the issuance and sale from time to time shares of Navios Acquisition's common stock having an aggregate offering price of up to $25.0 million. The sales were being made pursuant to a prospectus supplement as part of a shelf registration statement which was set to expire in December 2019. Navios Acquisition went effective on a new shelf registration statement which was declared effective on December 23, 2019. Accordingly, an updated Continuous Offering Program Sales Agreement (the "Sales Agreement") was entered into on December 23, 2019. As before, the Sales Agreement contains, among other things, customary representations, warranties and covenants by Navios Acquisition and indemnification obligations of the parties thereto as well as certain termination rights for such parties. As of December 31, 2019, Navios Acquisition had issued 270,020 shares of common stock and received net proceeds of $2.1 million.

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 March 5, 2020, our fleet consisted of a total of 46 double-hulled tanker vessels, aggregating approximately 5.7 million deadweight tons, or dwt. The fleet includes 13 VLCC tankers (over 200,000 dwt per ship) which transport crude oil, including the three bareboat chartered-in VLCCs expected to be delivered in the third and fourth quarter of 2020 and the third quarter of 2021, ten Long Range 1 ("LR1") product tankers (60,000-85,000 dwt per ship), 18 Medium Range 2 ("MR2") product tankers (47,000-52,000 dwt per ship), three Medium Range one ("MR1") product tankers (35,000-45,000 dwt per ship) and two chemical tankers (25,000 dwt per ship), which transport refined petroleum products and bulk liquid chemicals. All of our vessels are currently chartered-out to quality counterparties with an average remaining charter period of approximately one year. As of March 5, 2020, we had contracts covering 73.8% of available days in 2020 and 25.4 % of available days in 2021.

Vessels	Type	Year Built	Dwt	Net Charter Rate (1)	Profit Sharing Arrangements	Expiration Date (2)
Owned Vessels						
Nave Polaris	Chemical Tanker	2011	25,145	Floating Rate[8]	None	June 2020
Nave Cosmos	Chemical Tanker	2010	25,130	Floating Rate[8]	None	June 2020
Perseus N	MR1 Product Tanker	2009	36,264	$ 11,356	None	April 2020
Star N	MR1 Product Tanker	2009	37,872	$ 13,894	None	February 2021
Hector N	MR1 Product Tanker	2008	38,402	$ 14,813	None	January 2021
Nave Velocity	MR2 Product Tanker	2015	49,999	$ 16,047	None	December 2020
Nave Sextans	MR2 Product Tanker	2015	49,999	$ 14,500	50%/50%	April 2020
Nave Pyxis	MR2 Product Tanker	2014	49,998	$ 14,500	50%/50%	April 2020
Nave Luminosity	MR2 Product Tanker	2014	49,999	$ 17,034[12]	None	December 2021
Nave Jupiter	MR2 Product Tanker	2014	49,999	$ 12,097	50%/50%	May 2020
Bougainville	MR2 Product Tanker	2013	50,626	$ 14,709[5]	100%	September 2020
				$ 15,600[15]	100%	September 2023
Nave Alderamin	MR2 Product Tanker	2013	49,998	$ 15,159	None	November 2020
Nave Bellatrix	MR2 Product Tanker	2013	49,999	$ 16,047	None	March 2021
Nave Capella	MR2 Product Tanker	2013	49,995	$ 15,800	None	January 2021
Nave Orion	MR2 Product Tanker	2013	49,999	$ 15,159	None	December 2020
Nave Titan	MR2 Product Tanker	2013	49,999	$ 14,813	None	July 2020
Nave Aquila	MR2 Product Tanker	2012	49,991	$ 15,899[3]	None	November 2020
Nave Atria	MR2 Product Tanker	2012	49,992	$ 14,813	None	October 2020
Nave Orbit	MR2 Product Tanker	2009	50,470	$ 14,000	None	May 2020
Nave Equator	MR2 Product Tanker	2009	50,542	$ 16,250	None	January 2022
Nave Equinox	MR2 Product Tanker	2007	50,922	$ 14,319	ice-transit premium[4]	April 2020
Nave Pulsar	MR2 Product Tanker	2007	50,922	$ 14,566[6]	ice-transit premium[4]	May 2020
Nave Dorado	MR2 Product Tanker	2005	47,999	$ 13,331	50%/50%	December 2020
Nave Atropos	LR1 Product Tanker	2013	74,695	Floating Rate[12]	None	April 2020
Nave Rigel	LR1 Product Tanker	2013	74,673	$ 16,088[9]	None	January 2022
Nave Cassiopeia	LR1 Product Tanker	2012	74,711	Floating Rate[12]	None	April 2020
Nave Cetus	LR1 Product Tanker	2012	74,581	$ 16,088[9]	None	January 2022
Nave Estella	LR1 Product Tanker	2012	75,000	$ 17,036	None	December 2020
Nave Andromeda	LR1 Product Tanker	2011	75,000	Floating Rate[12]	None	April 2020
Nave Ariadne	LR1 Product Tanker	2007	74,671	Floating Rate	None	June 2020
Nave Cielo	LR1 Product Tanker	2007	74,671	Floating Rate[12]	None	April 2020
Aurora N	LR1 Product Tanker	2008	63,495	Floating Rate[12]	None	June 2020
Lumen N	LR1 Product Tanker	2008	63,599	Floating Rate[12]	None	June 2020
Nave Buena Suerte	VLCC	2011	297,491	$ 47,906	50%/50%	June 2025
Nave Quasar	VLCC	2010	297,376	$ 20,475	50% above $20,475[11]	September 2020
Nave Synergy	VLCC	2010	299,973	$ 47,906	50%/50%	March 2020
				$ 32,588	None	May 2022
Nave Spherical	VLCC	2009	297,188	Floating Rate[7],[14]	None	January 2023
Nave Neutrino	VLCC	2003	298,287	$ 19,158	50%/50%	May 2021
Nave Photon	VLCC	2008	297,395	$ 47,906	50%/50%	July 2021
Nave Constellation	VLCC	2010	298,000	$ 18,170	50%/50%	February 2021
Nave Universe	VLCC	2011	297,066	$ 20,475	50%/50%	August 2020
Nave Celeste	VLCC	2003	298,717	$ 18,170	50%/50%	December 2020
Nave Galactic	VLCC	2009	297,168	$ 20,475	50% above $20,475[11]	October 2020

Vessels to be delivered						
TBN*	VLCC	Q3 2020	310,000	$27,816(10)	None	Q3 2030
TBN*	VLCC	Q4 2020	310,000	$27,816(10)	None	Q4 2030
TBN*	VLCC	Q3 2021	310,000	$47,906	50%/50%	Q3 2026

(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 at $16,886 net per day.
(4) The premium for the Nave Equinox and the Nave Pulsar when vessels are trading on ice or follow ice breaker is $1,900 per day.
(5) Rate can increase up to $20,288 net per day with a base rate of $15,086 per day.
(6) Charterer's option to extend the charter for one year at $16,590 net per day plus ice-transit premium.
(7) Rate based on VLCC pool earnings, evergreen upon notice.
(8) Rate based on chemical tankers pool earnings.
(9) Charterer has the option to either charter the vessel for a period of two years at a rate of $16,088 net per day plus one optional year at a rate of $17,063 net per day.
(10) Charterer's option to extend the bareboat charter for five years at $29,751 net per day.
(11) Contract provides 100% of BITR TD3C-TCE index plus $2,000 up to $38,513 and 50% thereafter with $19,158 floor.
(12) Rate based on LR1 pool earnings.
(13) Charterer's option to extend the charter for one year at $18,022 net per day.
(14) Contract provides 100% of BITR TD3C-TCE index plus $5,000 for a period of three years plus one optional year with 100% BITR TD3C index plus $1,500.
(15) Base rate for all three years at $15,600 net per day and ceiling at $18,525 net per day with all earnings in between 100pct to Owners based on TC7 adjusted index.
Ceiling to increase by two percent per annum (2nd year $18,896 net per day, 3rd year $19,273 net per day)
* Bareboat chartered-in vessels with purchase option, expected to be delivered in the second half of 2020 and in the third quarter of 2021. Navios Acquisition has an option for a fourth bareboat chartered-in VLCC.

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 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 March 5, 2020, our fleet had an average age of approximately 8.7 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 March 5, 2020, 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 March 5, 2020, we had contracts covering 73.8% of available days in 2020 and 25.4% of available days in 2021.

- *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 the Atlantic basin 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 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 Tankers Singapore Private LTD ("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; Mansel, which is the commercial tanker shipping arm of the Vitol Group, 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, Saudi Aramco, the state owned oil company of the Kingdom of Saudi Arabia, China Shipping Development ("China shiping") and China ZhenHua Oil Trading ("China ZhenHua").

- *An Experienced Management Team and a Strong Brand.* We have an experienced management team that we believe is well regarded in the shipping industry. We also believe that we will be able to leverage the management structure of Navios Holdings which benefits from a reputation for reliability and performance. Our management team is led by Angeliki Frangou, our Chairman and Chief Executive Officer, who has over 27 years of experience in the shipping industry. Ms. Frangou is also the Chairman & Chief Executive Officer of Navios Holdings, Navios Partners 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 and renew 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 March 5, 2020, we had charters covering 73.8% of available days in 2020 and 25.4% of available days in 2021.

- *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 the Navios Holdings' and the Manager's 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 and renew 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 and the Manager 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 and the Manager.* We intend to capitalize on the global network of relationships that Navios Holdings and the Manager have 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 the Manager 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. The Navios Holdings' and the Manager's 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 and the Manager have had access to opportunities not readily available to most other industry participants that lack Navios Holdings' and the Manager's brand recognition, credibility and track record.

- *Benefit from the Manager's 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. The Manager actively engages in assessing financial and other risks associated with fluctuating market rates, fuel prices, credit risks, interest rates and foreign exchange rates. The Manager 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, 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 the Manager, management fees of our vessels are fixed through December 2024. 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 the Manager 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 the Manager's 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 2019 were Navig8 and COSCO Dalian. For the year ended December 31, 2019, these two customers accounted for 34.6%, and 10.0%, respectively, of Navios Acquisition's revenue.

Our major customers during 2018 were Navig8 and Mansel. For the year ended December 31, 2018, these two customers accounted for 39.2%, and 12.1%, respectively, of Navios Acquisition's revenue.

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.

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 are 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 as variable rate operating leases on the accrual basis and is recognized in the period in which the variability is resolved. The Company recognizes net pool revenue on a monthly and quarterly basis, when the vessel has participated in a pool during the period and the amount of pool revenue can be estimated reliably based on the pool report. The allocation of such net revenue may be subject to future adjustments by the pool however, such changes are not expected to be material.

Voyage Contracts

The Company’s revenues earned under voyage contracts (revenues for the transportation of cargo) were previously recognized ratably over the estimated relative transit time of each voyage. A voyage was deemed to commence when a vessel was available for loading and was deemed to end upon the completion of the discharge of the current cargo. 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. Upon adoption of ASC 606, the Company recognizes revenue ratably from port of loading 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.

Expenses

Management fees: Pursuant to the Management Agreement dated May 28, 2010 and as amended in May 2012, May 2014, May 2016 and May 2018, the Manager provided commercial and technical management services to Navios Acquisition’s vessels for a fixed daily fee of: (a) $6,500 per MR2 product tanker and chemical tanker vessel; (b) $7,150 per LR1 product tanker vessel; and (c) the current daily fee of $9,500 per VLCC, through May 2020.

On August 29, 2019, Navios Acquisition entered into a sixth amendment (the “Sixth Amendment”) to the Management Agreement (as amended, the “Management Agreement”) with Navios Tankers Management Inc. The Sixth Amendment, among other changes, extends the duration of the Management Agreement until January 1, 2025, with an automatic renewal for an additional five years, unless earlier terminated by either party, and provides for payment of a termination fee by Navios Acquisition in the event the Management Agreement is terminated on or before December 31, 2024. The Sixth Amendment also sets forth the management fees for the period through December 31, 2019 and the two-year period commencing January 1, 2020, which management fees exclude dry-docking expenses, which are reimbursed at cost by Navios Acquisition: (a) $7,150 and $7,225, respectively, daily rate per owned LR1 product tanker vessel; (b) $6,500 and $6,825, respectively, daily rate per owned MR2 product tanker vessel and chemical tanker vessel; and (c) $9,500 and $9,650, respectively, daily rate per VLCC tanker vessel; and (d) effective in both periods, $50 per vessel daily rate for technical and commercial management services. Commencing January 1, 2022, the fees described in subsections (a) through (c) are subject to an annual increase of 3%, unless otherwise agreed and provides for payment of a termination fee by Navios Acquisition, equal to the fees charged for the full calendar year preceding the termination date, in the event the Management Agreement is terminated on or before December 31, 2024.

Following the Merger with Navios Midstream, completed on December 13, 2018, the Management Agreement, as amended, covers the vessels acquired.

On November 22, 2019, an agreement was reached to liquidate Navios Europe I. As a result of the liquidation, which was completed in December 2019 (the “Liquidation of Navios Europe I”), Navios Acquisition acquired three MR1 product tankers and two LR1 product tankers. As per the terms of the Management Agreement as amended on December 13, 2019, management fees are fixed for two years commencing from January 1, 2020 at: (a) $6,825 per day per MR1, MR2 product tanker and chemical tanker; (b) $7,225 per day per LR1 product tanker vessel; and (c) $9,500 per VLCC. The agreement also provides for a technical and commercial management fee of $50 per day per vessel and an annual increase of 3% after January 1, 2022 for the remaining period unless agreed otherwise.

Drydocking expenses are reimbursed at cost for all vessels.

Total management fees for each of the years ended December 31, 2019, 2018 and 2017 amounted to $107.7 million, $94.0 million and $95.0 million, respectively.

General and administrative expenses: On May 28, 2010, Navios Acquisition entered into an administrative services agreement with the Manager (the “Administrative Services Agreement”), pursuant to which the Manager 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 Manager 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 the Manager, until May 2020.

Following the Merger with Navios Midstream, completed on December 13, 2018, the Administrative Services Agreement covered the vessels acquired.

In August 2019, Navios Acquisition extended the duration of its existing Administrative Services Agreement with the Manager until January 1, 2025, to be automatically renewed for another five years. The agreement also provides for payment of a termination fee, equal to the fees charged for the full calendar year preceding the termination date, by Navios Acquisition in the event the Administrative Services Agreement is terminated on or before December 31, 2024.

Following the Liquidation of Navios Europe I, Navios Acquisition acquired three MR1 product tankers and two LR1 product tankers. The Administrative Services Agreement also covers the vessels acquired.

For each of the years ended December 31, 2019, 2018 and 2017 the expense arising from administrative services rendered by the Manager was $11.1 million, $8.9 million and $9.0 million, respectively.

Management of Ship Operations, Administration and Safety

The Manager 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 the Manager, we have access to human resources, financial and other administrative functions, including:

- bookkeeping, internal audit, IT and accounting services;
- administrative and clerical services;
- banking and financial services; and
- executive management services.
- 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 the Manager, please read "Item 7. — Major Stockholders and Related Party Transactions".

Governmental and Other Regulations

Sources of Applicable Maritime Laws and Standards

Shipping is one of the world's most heavily regulated industries, as it is subject to both Governmental regulation and industry standards. The Governmental regulation to which we are subject include local and national laws, as well as international treaties and conventions, and regulations in force in jurisdictions where our vessels operate and are registered. We also are subject to regulation by ship classification societies and industry associations, which often have independent standards. In the United States and, increasingly, in Europe, the national, state, and local laws and regulations are more stringent than international conventions, as well as industry standards. Violations of these laws, regulations, treaties and other requirements could result in sanctions by regulators. Compliance with these categories of regulation also impact the vetting process – non-compliances can result in vetting failures, as noted above.

The primary areas maritime laws and standards to which we are subject include environment, safety, and security, as provided in detail below.

International Conventions and Standards

The IMO has adopted a number of international conventions concerned with preventing, reducing, or managing pollution from ships; and ship safety and security.

- **MARPOL**

The International Convention for the Prevention of Pollution from Ships or "MARPOL" is the primary international convention governing vessel pollution prevention and response. MARPOL includes six annexes concerning operational pollution by oil, noxious liquid substances, harmful substances, sewage, garbage and air emissions. More specifically, these annexes 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, including sulfur oxides ("SOx"), nitrogen oxides ("NOx"), and particulate matter (Annex VI). The annexes also contain recordkeeping and inspection requirements.

Under MARPOL, all of our ships may be required to have an International Oil Pollution Prevention Certificate, an International Sewage Pollution Prevention Certificate, and an International Air Pollution Prevention Certificate issued by their flag States, as well as a Shipboard Oil Pollution Emergency Plan and a Garbage Management Plan, among others, some of which must be approved by their flag States. Certain jurisdictions have not adopted all of the MARPOL annexes, but have established various national, regional, or local laws and regulations that apply to these areas.

Annex VI has been amended and also was designed to phase in increasingly stringent limits on sulfur emissions. On January 1, 2020, the emissions standard under MARPOL Annex VI for the reduction of sulfur oxides was lowered to 0.5% worldwide. Current regulations also allow for special emissions control areas ("ECAs") to be established with more stringent controls on emissions of 0.1% sulfur. As of January 1, 2020, ships must operate on lower sulfur fuel oil with 0.5% sulfur content worldwide (down from previous levels of 3.5%) outside the ECAs. Using low sulfur fuel as a means of compliance may require fuel system modification and tank cleaning. Another means of compliance is the installation of pollution control equipment (exhaust gas cleaning systems or scrubbers), allowing the vessel to use the existing, less expensive, high sulfur content fuel.

As previously noted, Annex VI allows for designation, in response to proposals from member parties, of ECAs that impose 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); the North American ECA (limiting SOx, NOx and particulate matter emissions); and the U.S. Caribbean ECA (limiting SOx, NOx and particulates). The IMO approved, then adopted in 2017, the designation of the North Sea and Baltic Sea as ECAs for NOx under Annex VI as well, which will take effect in January 2021 for new vessels constructed on or after January 1, 2021 or existing vessels which replace an engine with "non-identical" engines, or install an "additional" engine. Fuel sulfur limits in ECAs are 0.1%.

Despite Annex VI's extensive regulations, other jurisdictions have taken unilateral approaches to air emissions regulation. For example, the state of California adopted more stringent low sulfur fuel requirements within California-regulated waters, requiring marine gas oil and prohibiting exhaust gas cleaning systems. Similarly, China has established local emissions control areas. While the Chinese areas are currently consistent with international standards, certain Chinese local emissions control areas may become more stringent than international requirements.

Additionally, Annex II to MARPOL prescribes requirements for carriage of designated noxious liquid substances ("NLS") in bulk. NLS are separated into three categories (X, Y, and Z) depending upon the seriousness of the hazard presented. Coastal or flag States may issue civil or criminal penalties for the discharge of NLS into the sea depending on the category discharged, the location of the discharge, and the conditions of discharge. Similar fines and penalties may be issued for violations of other of MARPOL's Annexes.

- **Ballast Water**

The IMO, the United States, and certain U.S. states have implemented requirements relating to the management of ballast water to prevent the harmful effects of foreign invasive species. The IMO's International Convention for the Control and Management of Ships' Ballast Water and Sediments (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. As of February 12, 2020, the BWM Convention had 81 contracting states, representing 81.83% of world gross tonnage. The United States is not party to the BWM Convention.

As amended, the BWM Convention requires, among other things, ballast water exchange, the maintenance of certain records, and the implementation of a Ballast Water and Sediments Management Plan. It also requires the installation of ballast water management systems for existing ships by certain deadlines, as described below.

Ships constructed prior to September 8, 2017 must install ballast water management systems by the first renewal survey following September 8, 2017 and must comply with IMO discharge standards by the due date for their International Oil Pollution Prevention Certificate renewal survey under MARPOL Annex 1. Ships constructed after September 8, 2017 are required to comply with the BWM Convention upon delivery. All ships must meet the IMO ballast water discharge standard by September 8, 2024, regardless of construction date. And, recently updated guidance for Ballast Water and Sediments Management Plan includes more robust testing and performance specifications.

- **International Conventions for Civil Liability for Oil Pollution Damage and for Bunker Oil Pollution Damage and Other Pollution Liability Regimes**

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 to strict liability for any pollution damage caused in a contracting State by an escape or discharge from cargo or bunker tanks. There is a financial limit on this liability, which is calculated by reference to the tonnage of the ship. 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 if the spill occurs while she is in ballast. However, certain States, such as Brazil, have only ratified earlier iterations of the CLC, which have a lower liability limit, restrict the area in which the convention is applicable, and only cover spills from tankers if laden at the time of the spill. 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 (*see below*), may be more stringent. Further, courts in certain States disregard some of the provisions of the CLC, which can increase our liability in certain areas of the globe.

When a tanker is carrying clean oil products that do not constitute "persistent oil" covered under the CLC, liability for any pollution damage will generally fall outside the CLC and will generally depend on national laws in the jurisdiction where the spillage occurs, although other international conventions may apply. The same principle applies to any pollution from the vessel in a jurisdiction which is not a party to the CLC.

For vessel operations not covered by the CLC, including certain vessels in our fleet based on where they trade, international liability for oil pollution may be governed by the International Convention on Civil Liability for Bunker Oil Pollution Damage (the "Bunker Convention") in addition to local and national environmental laws. The Bunker Convention entered into force in 2008 and 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 tonnage 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"). As of February 12, 2020, the Bunker Convention had 95 contracting states, representing 92.91% of the gross tonnage of the world's merchant fleet. In non-contracting States, such as the United 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 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 or subject to national and local law.

- **International Convention for the Safety of Life at Sea and the International Safety Management Code**

Our vessels also must operate in compliance with the requirements set forth in the International Convention for the Safety of Life at Sea, as amended, ("SOLAS"), including the International Safety Management Code (the "ISM Code"), which is contained in Chapter IX of SOLAS.

SOLAS was enacted primarily to promote the safety of life and preservation of property. SOLAS, and the regulations and codes of practice thereunder, is regularly amended to introduce heightened shipboard safety requirements into the industry. The ISM Code requires ship operators to develop and maintain an extensive Safety Management System ("SMS") 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. The ISM Code also requires vessel operators to obtain a Document of Compliance demonstrating that the company complies with the SMS and a Safety Management Certificate ("SMC") for each vessel verifying compliance with the approved SMS from the government of each vessel's flag State. No vessel can obtain an SMC 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 regulations contained in other IMO Conventions may subject a ship owner to increased liability, lead to decreases in available insurance coverage for affected vessels, or result in the denial of access to, or detention in, certain ports. For example, the United States Coast Guard and European Union authorities have indicated that vessels not in compliance with the ISM Code may be prohibited from trading in ports in the United States and European Union. Non-compliances identified in port, may lead to delays and detention. Each vessel's SMC must be periodically renewed, and compliance must be periodically verified. The failure of a ship operator to comply with the ISM Code and IMO measures could subject such party to increased liability, decrease available insurance coverage for the affected vessels, or result in a denial of access to, or detention in, certain ports.

- **Energy Efficiency and Greenhouse Gas Reduction**

The IMO now has mandatory measures for an international greenhouse gas ("GHG") 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. A major component of this GHG regime is the development of a ship energy efficiency management plan ("SEEMP"), with which vessels across the industry must comply. Vessel SEEMPs were required to be updated by December 31, 2018 to include data collection processes and vessels were required to begin collecting data on fuel oil consumption on January 1, 2019.

- **ISPS Code**

In 2002, following the September 11 terrorist attacks, SOLAS was amended to impose detailed security obligations on vessels and port authorities, most of which are contained in the International Ship and Port Facility Security Code ("ISPS Code"), which is Chapter XI-2 of SOLAS. Vessels demonstrate compliance with the ISPS Code by having an International Ship Security Certificate issued by their flag State.

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;
- Development of Vessel Security Plans;
- Appointment of a Ship Security Officer and a Company Security Officer; and
- Compliance with Flag States security certification requirements.

Applicable U.S. Laws

- **The Act to Prevention Pollution from Ships**

The Act to Prevent Pollution from Ships ("APPS") and corresponding U.S. Coast Guard regulations implement several MARPOL annexes in the United States. Violations of MARPOL, APPS, or the implementing regulations can result in liability for civil and/or criminal penalties. Numerous vessel owners and operators, as well as individual ship officers and shoreside technical personnel have been prosecuted for APPS violations. APPS violations also carry significant fines.

- **Clean Water Act, National Invasive Species Act, Vessel General Permit, and Vessel Incidental Discharge Act.**

The Clean Water Act ("CWA") prohibits the discharge of oil or hazardous substances in U.S. navigable waters and imposes penalties for unauthorized discharges. The CWA also imposes substantial liability for the costs of removal, remediation and damages.

The United States is not a party to the BWM Convention discussed above. Instead, ballast water operations are governed by the National Invasive Species Act ("NISA") and U.S. Coast Guard regulations mandating ballast water management practices for all vessels equipped with ballast water tanks entering U.S. waters, as well as the Vessel General Permit issued by the U.S. Environmental Protection Agency ("EPA") under the CWA. In addition, through the CWA certification provisions that allow U.S. states to place additional conditions in EPA's Vessel General Permit, a number of states have proposed or implemented a variety of stricter ballast water requirements including, in some states, specific treatment standards.

Depending on a vessel's compliance date for installation of a U.S. Coast Guard type-approved ballast water management system, these requirements may be met by performing mid-ocean ballast exchange, by retaining ballast water onboard the vessel, or by using another ballast water management system authorized or approved by the U.S. Coast Guard. In the near future, ballast exchange will no longer be permissible. These U.S. Coast Guard regulations and EPA's Vessel General Permit, however, will ultimately be replaced with the new regulatory regime being developed under Vessel Incidental Discharge Act ("VIDA") signed into law in December 4, 2018, which is expected to contain similar requirements.

VIDA establishes a new framework for regulation of discharges incidental to the normal operation of commercial vessels into navigable waters of the United States, including management of ballast water. VIDA requires EPA to implement a final rule setting forth standards for incidental discharges, including ballast water, by December 4, 2022 and the U.S. Coast Guard to issue a final rule implementing EPA's standards by December 4, 2024. Implementation of VIDA is expected to create more uniformity in state and federal regulation of incidental vessel discharges and thus is expected to result in a simplification of the current patch-work of state ballast water regulations in the United States. However, the relevant standards and regulations implementing those standards are expected to take at least until the end of 2024, and it is ultimately unclear what discharge limits may apply to discharges under VIDA, as well as how certain permissible state-specific standards may be implemented.

- **Oil Pollution Act of 1990 and State Law Regarding Oil Pollution Liability**

The United States has a comprehensive regulatory and liability regime for the protection and cleanup of the environment from oil spills from all vessels, including cargo or bunker oil spills from tankers. This regime is set forth in the Oil Pollution Act of 1990, or "OPA."

OPA applies to owners and operators whose vessels trade in the United States, its territories and possessions or whose vessels operate in United States waters. Under OPA, vessel owners, operators and bareboat charterers are "responsible parties" and are jointly, severally and strictly liable for all containment and clean-up costs, as well as damages, arising from discharges or substantial threats of discharges, of oil from their vessels unless the spill results solely from the act or omission of a third party, an act of God or an act of war, which is determined after-the-fact. As such, responsible parties must respond to a spill immediately irrespective of fault.

OPA liability limits are periodically adjusted for inflation, and the U.S. Coast Guard issued a final rule on August 13, 2019 to reflect increases in the Consumer Price Index, which resulted in higher liability limits. With this adjustment, OPA currently limits liability of the responsible party for single-hull tanker vessels over 3,000 gross tons to the greater of $3,700 per gross ton or $27.422 million (this amount is reduced to $7.4788 million if the vessel is less than 3,000 gross tons). For tanker vessels over 3,000 gross tons, other than a single-hull vessel, liability is limited to $2,300 per gross ton or $19.943 million (or $4.9859 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.

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. The Certificate of Financial Responsibility ("COFR") program has been created by the U.S. Coast Guard to ensure that vessels carrying oil as cargo or fuel in the U.S. waters have the financial ability to pay for removal costs and damages resulting from an oil spill or threat of a spill up to their liability limits, which are based on the gross tonnage of our vessels. These limits are subject to annual increases. It is possible for our liability limits to be broken as discussed above, which could expose us to unlimited liability..

A COFR is issued in the name of the company/person financially responsible in the event of a spill or threat of a spill and this is usually the owning company or operator of the vessel. Once they have shown the can pay cleanup and damage costs up to the liability limits required by the OPA, and there is a guaranty issued to back it up provided to the U.S. Coast Guard, the U.S. Coast Guard will issue a COFR. With a few limited exceptions (not applicable to Navios vessels), vessels greater than 300 gross tons and vessels of any size that are transferring oil or cargoes between vessels or shipping oil in the Exclusive Economic Zone (EEZ) are required to comply with the COFR regulations in order to operate in U.S. waters.

The guarantor used throughout the Navios fleet is SIGCO / The Shipowners Insurance and Guaranty Company. SIGCO issues the guaranty noted above and confirms that if the responsible party does not respond to an oil spill or threat of a spill, the guarantor will be called upon to provide the funds to do so. This would be a rare occurrence because any guaranty issued by SIGCO is contingent on protection and indemnity cover.

The COFR is renewed on a three year basis whereas the COFR guaranty is renewed annually. The U.S. Coast Guard checks that a vessel has a valid COFR prior or upon entering the U.S. waters. Some states have COFR requirements in addition to the federal requirement under OPA, which may be more stringent than the requirement under OPA.

Trading in the US without a valid COFR may result in the vessel being detained and/or fined USD 47,357.00 per day or prevented from entering US ports or US protectorates, until the COFR is in place. We have provided satisfactory evidence of financial responsibility to the U.S. Coast Guard for all of our vessels and all have valid COFRs.

In addition to potential liability under OPA, individual states may impose their own and more stringent liability regimes with regard to oil pollution incidents occurring within their boundaries. Some states' environmental laws impose unlimited liability for oil spills and contain more stringent financial responsibility and contingency planning requirements.

- **Comprehensive Environmental Response, Compensation and Liability Act**

CERCLA contains a liability regime and provides for cleanup, removal and natural resource damages for the release of hazardous substances (other than oil) whether on land or at sea. Under U.S. law, certain petroleum products which may be carried by our fleet are not considered "oil" and thus are hazardous substances regulated by CERCLA. Thus, in some cases, CERCLA could be applicable to potential cargo spills from our vessels rather than OPA.

Under CERCLA, the owner or operator of a vessel from which there is a release or threatened release of a hazardous substance is liable for certain removal costs, other remedial action, damages due to injury of natural resources, and the costs of any required health assessment for releases that expose individuals to hazardous substances. Liability for any vessel that carries any hazardous substance as cargo or residue is limited to the greater of $300 per gross ton or $5 million. For any other vessel, the limitation is the greater of $300 per gross ton or $500,000.

These liability limits do not apply if the release resulted from willful misconduct or willful negligence within the privity or knowledge of the responsible person, or from a violation of applicable safety, construction, or operating standards or regulations within the privity or knowledge of the responsible person. In addition, the liability limits also do not apply if the responsible person fails to provide all reasonable cooperation and assistance requested by a responsible public official in connection with response activities conducted under the National Contingency Plan.

Further, any person who is liable for a release or threat of release, and who fails to provide removal or remedial action ordered by the EPA is subject to punitive damages in an amount equal to three times the costs incurred by the federal Superfund trust fund as a result of such failure to act.

- **Clean Air Act and Emissions Regulations**

The Federal Clean Air Act ("CAA") requires the EPA to develop 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.

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. The U.S. Coast Guard has 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.

- **State Laws**

In the United States, there is always a possibility that state law could be more stringent than federal law. Such is the case with certain state laws concerning marine environmental protection. A few examples include:

- California adopted more stringent low sulfur fuel requirements within California-regulated waters, requiring marine gas oil and prohibiting exhaust gas cleaning systems.
- California also requires the use of shore power or equivalent emissions reductions strategies for vessels at all California ports.
- 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, many U.S. states have unlimited liability and more stringent requirements for financial responsibility and contingency planning.
- Most states do not have comprehensive laws relating specifically to the discharge of hazardous substances into state waters as they do for oil discharges, but many states have general water pollution prevention laws that apply to hazardous substances and other materials and others have broadly written hazardous substance cleanup laws based on CERCLA that would provide a cause of action for discharges of hazardous substances from vessels.

- **Ship Safety and Security Laws**

With respect to ship safety, the requirements contained in SOLAS and the ISM Code generally have been implemented into U.S. law and are largely captured within U.S. Coast Guard regulations.

Ship security in the United States is governed primarily by the Marine Transportation Security Act of 2002 (“MTSA”). MTSA was implemented by U.S. Coast Guard regulations that imposed certain security requirements aboard vessels operating in waters subject to the jurisdiction of the United States.

Because the MTSA regulations were intended to be aligned with international maritime security standards contained in the ISPS Code, the regulations exempt non-U.S.-flag 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.

Applicable EU Laws

European regulations in the maritime sector are in general based on international law. However, since the *Erika* incident in 1999 and subsequent court decisions, 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 to 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.

In some instances, EU regulations may impose burdens and costs on shipowners and operators beyond the requirements under international rules and standards.

- **Liability for Pollution and Interaction between MARPOL and EU Law**

The EU has implemented certain EU-specific pollution laws, most notably a 2005 directive on ship-source pollution. This directive imposes imposing criminal sanctions for pollution caused by intent or recklessness (which would be an offense under MARPOL), as well as by “serious negligence.” The directive could therefore result in criminal liability being incurred in a European port state in circumstances where it may not be incurred in other jurisdictions.

- **Regulation of Emissions and Emissions Trading System**

The EU has a ship emissions regime. This regime primarily mirrors the IMO regime, but is more stringent than IMO regulations in some respects.

In December 2016, the EU signed into law the National Emissions Ceiling ("NEC") Directive, which entered into force on December 31, 2016. The NEC required implementation by individual members States through particular laws in each State by June 30, 2018. The NEC aims to set stricter emissions limits on SO_2, 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, SO_2 and NOx.

In February 2017, EU member states met to consider independently regulating the shipping industry under the Emissions Trading System ("ETS"), which requires certain 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.

- **Ship Recycling and Waste Shipment Regulations**

On December 31, 2018, EU-flagged vessels became subject to Regulation (EU) No. 1257/2013 of the European Parliament and of the Council of 20 November 2013 on ship recycling (the "EU Ship Recycling Regulation" or "ESRR") and exempt from the Regulation (EC) No. 1013/2006 of the European Parliament and of the Council of 14 June 2006 on shipments of waste (the "European Waste Shipment Regulation" or "EWSR"), which had previously governed their disposal and recycling. The EWSR continues to be applicable to Non-European Union Member State-flagged ("non-EU-flagged") vessels.

Under the ESRR, commercial EU-flagged vessels of 500 gross tonnage and above may be recycled only at shipyards included on the European List of Authorised Ship Recycling Facilities (the "European List"). The European List presently includes six facilities in Turkey, but no facilities in the major ship recycling countries in Asia. The combined capacity of the European List facilities may prove insufficient to absorb the total recycling volume of EU-flagged vessels. This circumstance, taken in tandem with the possible decrease in cash sales, may result in longer wait times for divestment of recyclable vessels as well as downward pressure on the purchase prices offered by European List shipyards. Furthermore, facilities located in the major ship recycling countries generally offer significantly higher vessel purchase prices, and as such, the requirement that we utilize only European List shipyards may negatively impact revenue from the residual values of our vessels.

In addition, the EWSR requires that non-EU-flagged ships departing from European Union ports be recycled only in Organisation for Economic Cooperation and Development (OECD) member countries. In March 2018, the Rotterdam District Court ruled that the sale of four recyclable vessels by third-party Dutch ship owner Seatrade to cash buyers, who then reflagged and resold the vessels to non-OECD country recycling yards, were effectively indirect sales to non-OECD country yards, in violation of the EWSR. If European Union Member State courts widely adopt this analysis, it may negatively impact revenue from the residual values of our vessels and we may be subject to a heightened risk of non-compliance, due diligence obligations and costs in instances where we sell older ships to cash buyers.

Laws and International Standards to Stem Climate Change and Reduce Greenhouse Gas Emissions

In February 2005, the Kyoto Protocol to the United Nations Framework Convention on Climate Change (the "UNFCCC") 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 GHGs, which are suspected of contributing to global warming. Currently, the GHG emissions from international shipping do not come under the Kyoto Protocol.

Some attention has been paid to GHGs in Europe. On June 28, 2013, the European Commission ("EC") adopted a communication setting out a strategy for progressively including GHG 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.

In addition, the IMO has developed and intends to continue developing limits on emissions before 2023. 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; and a global emissions trading scheme which would allocate emissions allowances and set an emissions cap, among others. The IMO's current strategy encompasses a reduction in total GHG emissions from international shipping. The IMO's goal is to reduce the total annual GHG emissions by at least 50% by 2050 compared to 2008, while, at the same time, pursuing efforts towards phasing them out entirely.

In 2018, IMO's call to action on GHGs was met with industry push-back in many countries. Despite this, work on GHG continues at the IMO. Specifically, there will be an intersessional meeting on Reduction of GHG Emissions from Ships in March 2020. Among other agenda items, this meeting will consider further consider concrete proposals to improve the operational energy efficiency of existing ships, with a view to developing draft amendments to Chapter 4 of MARPOL Annex VI.

Inspection by Classification Societies

Every sea going vessel must be inspected and approved by a classification society in order to be flagged in a specific country, obtain liability insurance, and legally operate. 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 often 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 subject to statutory requirements mandated by SOLAS 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 funds 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 in case of piracy.

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.

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 $100.0 million is shared by the clubs under the pooling agreement. Any claim in excess of $100.0 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 $2.1 billion, i.e., $3.1 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 or due to presence or suspected presence of Contraband on board. 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 the Manager. The Manager 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, Indian, Bulgarian, Georgian, Ethiopian and Croatian officers and Filipino and Ethiopian seamen.

The Manager is responsible for selecting its Greek & Bulgarian 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 the Manager, pursuant to which the Manager 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 Manager is reimbursed for reasonable costs and expenses incurred in connection with the provision of these services.

In August 2019, Navios Acquisition extended the duration of its existing Administrative Services Agreement with the Manager until January 1, 2025, to be automatically renewed for another five years. The agreement also provides for payment of a termination fee, equal to the fees charged for the full calendar year preceding the termination date, by Navios Acquisition in the event the Administrative Services Agreement is terminated on or before December 31, 2024.

Following the Merger with Navios Midstream, completed on December 13, 2018, the Administrative Services Agreement also covers the vessels acquired in the Merger.

Following the Liquidation of Navios Europe I, Navios Acquisition acquired three MR1 product tankers and two LR1 product tankers. The Administrative Services Agreement also covers the vessels acquired.

See "Item 7B-Related Party Transactions — the Administrative Services Agreement."

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.

Table of Contents

C. Organizational Structure

The table below lists the Company's wholly-owned subsidiaries as of December 31, 2019.

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(8)	Marshall Is.
Antiparos Shipping Corporation	Vessel-Owning Company(8)	Marshall Is.
Amindra Navigation Co.	Sub-Holding Company	Marshall Is.
Crete Shipping Corporation	Vessel-Owning Company	Marshall Is.
Folegandros Shipping Corporation	Vessel-Owning Company(8)	Marshall Is.
Ikaria Shipping Corporation	Vessel-Owning Company(8)	Marshall Is.
Ios Shipping Corporation	Vessel-Owning Company(8)	Cayman Is.
Kithira Shipping Corporation	Vessel-Owning Company(8)	Marshall Is.
Kos Shipping Corporation	Vessel-Owning Company(8)	Marshall Is.
Mytilene Shipping Corporation	Vessel-Owning Company(8)	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(8)	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(8)	Marshall Is.
Skiathos Shipping Corporation	Vessel-Owning Company(8)	Marshall Is.
Skopelos Shipping Corporation	Vessel-Owning Company(8)	Cayman Is.
Syros Shipping Corporation	Vessel-Owning Company(8)	Marshall Is.
Thera Shipping Corporation	Vessel-Owning Company(8)	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(8)	Marshall Is.
Samothrace Shipping Corporation	Vessel-Owning Company(8)	Marshall Is.
Thasos Shipping Corporation	Vessel-Owning Company(8)	Marshall Is.
Limnos Shipping Corporation	Vessel-Owning Company(8)	Marshall Is.
Skyros Shipping Corporation	Vessel-Owning Company	Marshall Is.
Alonnisos Shipping Corporation	Former Vessel-Owning Company(4)	Marshall Is.
Makronisos Shipping Corporation	Former Vessel-Owning Company(4)	Marshall Is.
Iraklia Shipping Corporation	Vessel-Owning Company(8)	Marshall Is.
Paxos Shipping Corporation	Former Vessel-Owning Company(5)	Marshall Is.
Antipaxos Shipping Corporation	Vessel-Owning Company	Marshall Is.
Donoussa Shipping Corporation	Former Vessel-Owning Company(6)	Marshall Is.
Schinousa Shipping Corporation	Former Vessel-Owning Company(7)	Marshall Is.
Navios Acquisition Europe Finance Inc	Sub-Holding Company	Marshall Is.
Kerkyra Shipping Corporation	Vessel-Owning Company(3)	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	Former Vessel-Owning Company(13)	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.
Agistri Shipping Corporation	Operating Subsidiary	Malta
Olivia Enterprises Corp.	Vessel-Owning Company(10)	Marshall Is.
Cyrus Investments Corp.	Vessel-Owning Company(10)	Marshall Is.
Doxa International Corp.	Vessel-Owning Company(10)	Marshall Is.
Navios Maritime Midstream Partners GP LLC	Holding Company	Marshall Is.
Navios Maritime Midstream Operating LLC	Sub-Holding Company	Marshall Is.
Navios Maritime Midstream Partners L.P.	Sub-Holding Company	Marshall Is.
Navios Maritime Midstream Partners Finance (US) Inc.	Co-borrower	Delaware
Shinyo Kannika Limited	Former Vessel-Owning Company	Hong Kong
Shinyo Ocean Limited	Former Vessel-Owning Company(11)	Hong Kong

Shinyo Saowalak Limited	Vessel-Owning Company	British Virgin Is.
Shinyo Kieran Limited	Vessel-Owning Company	British Virgin Is.
Shinyo Dream Limited	Former Vessel-Owning Company(12)	Hong Kong
Sikinos Shipping Corporation	Vessel-Owning Company	Marshall Is.
Alkmene Shipping Corporation	Vessel-Owning Company(14)	Marshall Is.
Persephone Shipping Corporation	Vessel-Owning Company(14)	Marshall Is.
Rhea Shipping Corporation	Vessel-Owning Company(14)	Marshall Is.
Aphrodite Shipping Corporation	Vessel-Owning Company(14)	Marshall Is.
Dione Shipping Corporation	Vessel-Owning Company(14)	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) Navios Midstream acquired all of the outstanding shares of capital stock of the vessel-owning subsidiary on March 29, 2018.
(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) Currently, vessel-operating company under a sale and leaseback transaction.
(9) The vessel Shinyo Kannika was sold to an unaffiliated third party on March 22, 2018.
(10) Bareboat chartered-in vessels with purchase option, to be delivered in the third and fourth quarter of 2020. In the first quarter of 2019, the Company exercised the option for a third VLCC newbuilding under a bareboat operating lease with an expected delivery in the third quarter of 2021.
(11) In March 2019, the Shinyo Ocean, a 2001-built VLCC vessel of 281,395 dwt was involved in a collision incident. The Company maintains insurance coverage for such types of events (subject to applicable deductibles and other customary limitations). In May 10, 2019, Navios Acquisition sold the Shinyo Ocean, a 2001-built VLCC vessel of 281,395 dwt to an unaffiliated third party for a sale price of $12.5 million.
(12) On March 25, 2019, Navios Acquisition sold the C. Dream, a 2000-built VLCC vessel of 298,570 dwt to an unaffiliated third party for a sale price of $21.8 million.
(13) On October 8, 2019, Navios Acquisition sold the Nave Electron, a 2002-built VLCC vessel of 305,178 dwt to an unaffiliated third party for a sale price of $25.3 million.
(14) In December 2019, Navios Acquisition acquired five product tankers, consisting of two LR1 product tankers and three MR1 product tankers following the Liquidation of Navios Europe I.

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 10 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.

On June 18, 2018, in accordance with the terms of the Partnership Agreement all of the issued and outstanding 1,592,920 subordinated Series A units of Navios Midstream converted into Navios Midstream’s existing 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.

On December 13, 2018, Navios Acquisition completed the Merger contemplated by the previously announced Merger Agreement, dated as of October 7, 2018, by and among Navios Acquisition, Merger Sub, Navios Midstream and NAP General Partner. Pursuant to the Merger Agreement, Merger Sub merged with and into Navios Midstream, with Navios Midstream surviving as a wholly-owned subsidiary of Navios Acquisition.

Navios Midstream was accounted for as an affiliate under the equity method up to December 13, 2018, the date of obtaining control of Navios Midstream, and is included as a 100% wholly owned subsidiary in the consolidated financial statements of Navios Acquisition thereafter. Please refer to “Note 10 of the Consolidated Financial Statements”.

Following the Liquidation of Navios Europe I, Navios Acquisition acquired five vessel owning companies for an acquisition cost of $84.6 million in total, following the Liquidation of Navios Europe I, mainly through a bank financing of $32.5 million and $33.2 million of receivables.

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 had economic interests of 47.5%, 47.5% and 5.0%, respectively. Navios Europe I was 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 had 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.

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.

On December 13, 2018, Navios Acquisition completed the Merger contemplated by the previously announced Merger Agreement, dated as of October 7, 2018, by and among Navios Acquisition, Merger Sub, Navios Midstream and NAP General Partner. Pursuant to the Merger Agreement, Merger Sub merged with and into Navios Midstream, with Navios Midstream surviving as a wholly-owned subsidiary of Navios Acquisition. Following the Merger the results of operations of Navios Midstream are consolidated under Navios Acquisition.

Following the Liquidation of Navios Europe I in December 2019, Navios Acquisition acquired five vessel owning companies for a total acquisition cost of $84.6 million, mainly through a bank financing of $32.5 million and $33.2 million of receivables.

Fleet Development

Disposal of vessels

2019

On March 25, 2019, Navios Acquisition sold the C. Dream, a 2000-built VLCC vessel of 298,570 dwt to an unaffiliated third party for a sale price of $21.8 million.

On May 10, 2019, following a collision incident, Navios Acquisition sold the Shinyo Ocean, a 2001-built VLCC vessel of 281,395 dwt to an unaffiliated third party for a sale price of $12.5 million. Unrepaired damages plus expenses incurred since the incident covering the fair market value of the vessel are recovered by insurance (subject to applicable deductibles and other customary limitations).

On October 8, 2019, Navios Acquisition sold the Nave Electron, a 2002-built VLCC vessel of 305,178 dwt to an unaffiliated third party for a sale price of $25.3 million.

2018

On March 29, 2018, Navios Acquisition sold all the shares of the vessel-owning subsidiary of the Nave Galactic, a 2009-built VLCC vessel of 297,168 dwt to Navios Midstream for a sale price of $44.5 million, which was paid as of March 31, 2018. The gain on sale of the vessel, upon write-off of the unamortized dry-docking of $0.5 million and working capital items of $0.4 million (including costs of $0.2 million), was $0.03 million.

Navios Maritime Acquisition Corporation and Subsidiaries:	Nature	Country of Incorporation	2019	2018	2017
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(8)	Marshall Is.	1/1 - 12/31	1/1 - 12/31	1/1 - 12/31
Antiparos Shipping Corporation	Vessel-Owning Company(8)	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(8)	Marshall Is.	1/1 - 12/31	1/1 - 12/31	1/1 - 12/31
Ikaria Shipping Corporation	Vessel-Owning Company(8)	Marshall Is.	1/1 - 12/31	1/1 - 12/31	1/1 - 12/31
Ios Shipping Corporation	Vessel-Owning Company(8)	Cayman Is.	1/1 - 12/31	1/1 - 12/31	1/1 - 12/31
Kithira Shipping Corporation	Vessel-Owning Company(8)	Marshall Is.	1/1 - 12/31	1/1 - 12/31	1/1 - 12/31
Kos Shipping Corporation	Vessel-Owning Company(8)	Marshall Is.	1/1 - 12/31	1/1 - 12/31	1/1 - 12/31
Mytilene Shipping Corporation	Vessel-Owning Company(8)	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(8)	Marshall Is.	1/1 - 12/31	1/1 - 12/31	1/1 - 12/31
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(8)	Marshall Is.	1/1 - 12/31	1/1 - 12/31	1/1 - 12/31
Skiathos Shipping Corporation	Vessel-Owning Company(8)	Marshall Is.	1/1 - 12/31	1/1 - 12/31	1/1 - 12/31
Skopelos Shipping Corporation	Vessel-Owning Company(8)	Cayman Is.	1/1 - 12/31	1/1 - 12/31	1/1 - 12/31
Syros Shipping Corporation	Vessel-Owning Company(8)	Marshall Is.	1/1 - 12/31	1/1 - 12/31	1/1 - 12/31
Thera Shipping Corporation	Vessel-Owning Company(8)	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(8)	Marshall Is.	1/1 - 12/31	1/1 - 12/31	1/1 - 12/31
Samothrace Shipping Corporation	Vessel-Owning Company(8)	Marshall Is.	1/1 - 12/31	1/1 - 12/31	1/1 - 12/31
Thasos Shipping Corporation	Vessel-Owning Company(8)	Marshall Is.	1/1 - 12/31	1/1 - 12/31	1/1 - 12/31
Limnos Shipping Corporation	Vessel-Owning Company(8)	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
Kerkyra Shipping Corporation	Vessel-Owning Company(3)	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	Former Vessel-Owning Company(13)	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	1/1 - 12/31
Delos Shipping Corporation	Vessel-Owning Company	Marshall Is.	1/1 - 12/31	1/1 - 12/31	1/1 - 12/31
Agistri Shipping Corporation	Operating Subsidiary	Malta	1/1 - 12/31	1/23 - 12/31	—
Olivia Enterprises Corp.	Vessel-Owning Company(10)	Marshall Is.	1/1 - 12/31	7/3 - 12/31	—
Cyrus Investments Corp.	Vessel-Owning Company(10)	Marshall Is.	1/1 - 12/31	7/3 - 12/31	—
Doxa International Corp.	Vessel-Owning Company(10)	Marshall Is.	4/10 - 12/31	—	—
Navios Maritime Midstream Partners GP LLC	Holding Company	Marshall Is.	1/1 - 12/31	1/1 - 12/31	1/1 - 12/31
Navios Maritime Midstream Operating LLC	Sub-Holding Company	Marshall Is.	1/1 - 12/31	12/14 - 12/31	—
Navios Maritime Midstream Partners L.P.	Sub-Holding Company	Marshall Is.	1/1 - 12/31	12/14 - 12/31	—
Navios Maritime Midstream Partners Finance (US) Inc.	Co-borrower	Delaware	1/1 - 12/31	12/14 - 12/31	—

Shinyo Kannika Limited	Former Vessel-Owning Company	Hong Kong	1/1 - 12/31		
Shinyo Ocean Limited	Former Vessel-Owning Company(11)	Hong Kong	1/1 - 12/31	12/14-12/31	—
Shinyo Saowalak Limited	Vessel-Owning Company	British Virgin Is.	1/1 - 12/31	12/14-12/31	—
Shinyo Kieran Limited	Vessel-Owning Company	British Virgin Is.	1/1 - 12/31	12/14-12/31	—
Shinyo Dream Limited	Former Vessel-Owning Company(12)	Hong Kong	1/1 - 12/31	12/14-12/31	—
Sikinos Shipping Corporation	Vessel-Owning Company	Marshall Is.	1/1 - 12/31	12/14-12/31	—
Alkmene Shipping Corporation	Vessel-Owning Company(14)	Marshall Is.	12/14-12/31	—	—
Persephone Shipping Corporation	Vessel-Owning Company(14)	Marshall Is.	12/14-12/31	—	—
Rhea Shipping Corporation	Vessel-Owning Company(14)	Marshall Is.	12/20-12/31	—	—
Aphrodite Shipping Corporation	Vessel-Owning Company(14)	Marshall Is.	12/20-12/31	—	—
Dione Shipping Corporation	Vessel-Owning Company(14)	Marshall Is.	12/20-12/31	—	—

(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 on March 29, 2018.
(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) Currently, vessel-operating company under a sale and leaseback transaction.
(9) The vessel Shinyo Kannika was sold to an unaffiliated third party on March 22, 2018.
(10) Bareboat chartered-in vessels with purchase option, to be delivered in the third and fourth quarter of 2020. In the first quarter of 2019, the Company exercised the option for a third VLCC newbuilding under a bareboat operating lease with an expected delivery in the third quarter of 2021.
(11) In March 2019, the Shinyo Ocean, a 2001-built VLCC vessel of 281,395 dwt was involved in a collision incident. The Company maintains insurance coverage for such types of events (subject to applicable deductibles and other customary limitations). In May 10, 2019, Navios Acquisition sold the Shinyo Ocean, a 2001-built VLCC vessel of 281,395 dwt to an unaffiliated third party for a sale price of $12.5 million.
(12) On March 25, 2019, Navios Acquisition sold the C. Dream, a 2000-built VLCC vessel of 298,570 dwt to an unaffiliated third party for a sale price of $21.8 million.
(13) On October 8, 2019, Navios Acquisition sold the Nave Electron, a 2002-built VLCC vessel of 305,178 dwt to an unaffiliated third party for a sale price of $25.3 million.
(14) In December 2019, Navios Acquisition acquired five product tankers, two LR1 product tankers and three MR1 product tankers following the Liquidation of Navios Europe I.

Our Charters

Our major customers during 2019 were Navig8 and COSCO Dalian. For the year ended December 31, 2019, these two customers accounted for 34.6%, and 10.0 %, respectively, of Navios Acquisition's revenue.

Our major customers during 2018 were Navig8 and Mansel. For the year ended December 31, 2018, these two customers accounted for 39.2%, and 12.1%, respectively, of Navios Acquisition's revenue.

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.

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 time 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.

Management fees

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

Administrative Services

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

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 the Manager's 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;
- The Manager's 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.

Table of Contents

Period over Period Comparisons

Year Ended December 31, 2019 Compared to the Year Ended December 31, 2018

The following table presents consolidated revenue and expense information for the years ended December 31, 2019 and 2018. 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, 2019	Year ended December 31, 2018
Revenue	$ 280,117	$ 187,946
Time charter and voyage expenses	(22,690)	(31,593)
Direct vessel expenses	(10,132)	(7,656)
Management fees (entirely through related party transactions)	(107,748)	(94,019)
General and administrative expenses	(21,689)	(18,569)
Depreciation and amortization	(67,892)	(56,307)
Interest income	7,717	7,998
Interest expense and finance cost	(91,442)	(77,975)
Gain on debt repurchase	1,940	—
Bargain purchase gain	—	68,951
(Loss)/ gain on sale of vessels and Impairment loss	(36,731)	25
Equity/ (loss) in net earnings of affiliated companies	2,948	(61,284)
Other income	1,335	28
Other expense	(1,174)	(3,918)
Net loss	**$ (65,441)**	**$ (86,373)**

Set forth below are selected historical and statistical data for Navios Acquisition for each of the years ended December 31, 2019 and 2018 that we believe may be useful in better understanding Navios Acquisition's financial position and results of operations.

	Year ended December 31, 2019	Year ended December 31, 2018
FLEET DATA		
Available days(1)	14,107	12,735
Operating days(2)	14,051	12,665
Fleet utilization(3)	99.6%	99.4%
Vessels operating at period end	43	41
AVERAGE DAILY RESULTS		
Time Charter Equivalent ("TCE") Rate per day (4)	$ 18,248	$ 13,855

(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.

Revenue: Revenue for the year ended December 31, 2019 increased by $92.1 million, or 49.0%, to $280.1 million, as compared to $188.0 million for the same period of 2018. The increase was mainly attributable to an: (i) increase in revenue by $62.2 million due to the acquisition and resulting consolidation of Navios Midstream; (ii) increase in revenue by $1.0 million due to the acquisition of five product tankers of Navios Europe I; and (iii) increase in market rates during the year ended December 31, 2019 as compared to the same period of 2018. Available days of the fleet increased from 12,735 days for the year ended December 31, 2018, to 14,107 days for the year ended December 31, 2019. The TCE Rate increased from $13,855 for the year ended December 31, 2018, to $18,248 for the year ended December 31, 2019.

Time charter and voyage expenses: Time charter and voyage expenses for the year ended December 31, 2019 decreased by $8.9 million to $22.7 million as compared to $31.6 million for the year ended December 31, 2018. The decrease was attributable to $20.1 million of backstop commitment to Navios Midstream incurred in the year ended December 31, 2018; partially mitigated by a: (i) $9.5 million increase in bunkers consumption and voyage expenses due to spot voyages incurred in the year ended December 31, 2019; and (ii) $1.7 million increase in broker commission costs.

Direct vessel expenses: Direct vessel expenses, comprising of the amortization of dry dock and special survey costs of certain vessels of our fleet, amounted to $10.1 million for the year ended December 31, 2019, as compared to $7.7 million for the year ended December 31, 2018.

Management fees: Management fees for the year ended December 31, 2019 increased by $13.7 million to $107.7 million, as compared to $94.0 million for the year ended December 31, 2018. The increase was mainly due to the acquisition of Navios Midstream on December 13, 2018 and to the acquisition of five product tankers of Navios Europe I in December 2019. Please see Related Party Transactions for discussion on the management fees.

General and administrative expenses: Total general and administrative expenses for the year ended December 31, 2019 increased by $3.1 million to $21.7 million compared to $18.6 million for the year ended December 31, 2018, mainly due to the acquisition of Navios Midstream on December 13, 2018 and to the acquisition of five product tankers from Navios Europe I in December 2019. For the year ended December 31, 2019 and 2018, the expenses charged by the Manager for administrative services were $11.1 million and $8.9 million, respectively.

Depreciation and amortization: Depreciation increased by $11.6 million to $67.9 million for the year ended December 31, 2019 as compared to $56.3 million for the year ended December 31, 2018. The increase was primarily due to the Merger with Navios Midstream on December 13, 2018 and to the acquisition of five product tankers of Navios Europe I in December 2019. 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.

(Loss)/ gain on sale of vessels and Impairment loss: The loss on sale of vessels and impairment loss for the year ended December 31, 2019 amounted to $36.7 million as compared to $0.03 million gain on sale of vessel for the same period in 2018. The increase in loss on sale of vessels was mainly due to: (i) $32.7 million accelerated amortization of intangible assets in connection with early termination of certain contracts; and (ii) $7.3 million impairment loss relating to the sale of the Nave Electron as a result of the impairment testing performed; partially mitigated by a $3.2 million gain on sale of vessel for the year ended December 31, 2019.

Interest income: Interest income for the year ended December 31, 2019 decreased by $0.3 million to $7.7 million, as compared to $8.0 million for the year ended December 31, 2018.

Interest expense and finance cost: Interest expense and finance cost amounted to $91.4 million for the year ended December 31, 2019 as compared to $78.0 million for the same period in 2018. The increase was mainly due to the increase of the weighted average outstanding balance of our credit facilities and financing arrangements (other than the 2021 Notes (as defined below)) to $528.9 million for the year ended December 31, 2019 as compared to $380.7 million for the year ended December 31, 2018. The weighted average interest rate for the year ended December 31, 2019 increased to 7.11% from 6.94%, during the year ended December 31, 2018. As of each of December 31, 2019 and 2018, the outstanding balance under Navios Acquisition's credit facilities and financing arrangements were $1.2 billion.

Gain on debt repurchase: Gain on debt repurchase for the year ended December 31, 2019 was $1.9 million as compared to $0 for the same period in 2018. During October and November 2019, Navios Acquisition repurchased $12.0 million of its ship mortgage notes for cash consideration of $10.0 million resulting in a gain on bond repurchase of $1.9 million net of deferred fees written-off.

Bargain purchase gain: The excess of the fair value of the identifiable net assets acquired upon Merger with Navios Midstream of $123.5 million over the total purchase price consideration of $54.5 million, resulted in a bargain purchase gain in the amount of $69.0 million for the year ended December 31, 2018. Please refer to Note 3.

Equity/ (loss) in net earnings of affiliated companies: Equity in net earnings of affiliated companies increased by $64.2 million to $2.9 million for the year ended December 31, 2019, as compared to $61.3 million loss for the year ended December 31, 2018. The increase was mainly due to a $75.7 million loss on acquisition of control of Navios Midstream on December 13, 2018, partially mitigated by: (i) the amortization of the deferred gain of $7.7 million recognized in 2018 in relation to the sale of the Nave Celeste and the C. Dream to Navios Midstream in June 2015; (ii) a $3.6 million decrease in the income recognized for Navios Midstream; and (iii) a $0.2 million decrease in the income recognized for Navios Europe I and Navios Europe II.

Other income: Other income for the year ended December 31, 2019 was $1.3 million as compared to $0 for the same period in 2018.

Other expense: Other expense for the year ended December 31, 2019 was $1.2 million as compared to $3.9 million for the same period in 2018.

Year Ended December 31, 2018 Compared to the Year Ended December 31, 2017

The following table presents consolidated revenue and expense information for the years ended December 31, 2018 and 2017. 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, 2018	Year ended December 31, 2017
Revenue	$ 187,946	$ 227,288
Time charter and voyage expenses	(31,593)	(21,919)
Direct vessel expenses	(7,656)	(4,198)
Management fees (entirely through related party transactions)	(94,019)	(94,973)
General and administrative expenses	(18,569)	(13,969)
Depreciation and amortization	(56,307)	(56,880)
Interest income	7,998	10,042
Interest expense and finance cost	(77,975)	(76,438)
Bargain purchase gain	68,951	—
Gain on sale of vessels	25	—
Loss in net earnings of affiliated companies	(61,284)	(46,657)
Other income	28	82
Other expense	(3,918)	(1,277)
Net loss	**$ (86,373)**	**$ (78,899)**

Set forth below are selected historical and statistical data for Navios Acquisition for each of the years ended December 31, 2018 and 2017 that we believe may be useful in better understanding Navios Acquisition's financial position and results of operations.

	Year ended December 31, 2018	Year ended December 31, 2017
FLEET DATA		
Available days(1)	12,735	12,904
Operating days(2)	12,665	12,843
Fleet utilization(3)	99.4%	99.5%
Vessels operating at period end	41	36
AVERAGE DAILY RESULTS		
Time Charter Equivalent ("TCE") Rate per day (4)	$ 13,855	$ 17,186

(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 excluding backstop expense 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, 2018 decreased by $39.3 million, or 17.3%, to $187.9 million, as compared to $227.3 million for the same period of 2017. The decrease was mainly attributable to a: (a) decrease in the market rates during the year ended December 31, 2018, as compared to the same period in 2017; and (b) decrease in revenue of $8.2 million mainly due to the sale of the Nave Galactic to Navios Midstream in March 2018; partially mitigated by the increase in revenue of $5.1 million due to the acquisition and resulting consolidation of Navios Midstream on December 13, 2018. Available days of the fleet decreased from 12,904 days for the year ended December 31, 2017 to 12,735 days for the year ended December 31, 2018. The TCE Rate decreased from $17,186 for the year ended December 31, 2017, to $13,855 for the year ended December 31, 2018.

Time charter and voyage expenses: Time charter and voyage expenses for the year ended December 31, 2018 increased by approximately $9.7 million to $31.6 million, as compared to $21.9 million for the same period of 2017. The increase was mainly attributable to a: (a) $3.7 million increase in the backstop commitment; and (b) $6.3 million increase in bunkers consumption and voyage expenses due to spot voyages in the period; partially mitigated by a $0.4 million decrease in brokers' commission.

Direct vessel expenses: Direct vessel expenses, comprising of the amortization of dry dock and special survey costs of certain vessels of our fleet for the year ended December 31, 2018 increased by $3.5 million to $7.7 million as compared to $4.2 million for the year ended December 31, 2017.

Management fees: Management fees for the year ended December 31, 2018 decreased by $1.0 million to $94.0 million, as compared to $95.0 million for the year ended December 31, 2017. The decrease was due to the sale of the Nave Galactic to Navios Midstream in March 2018, and was partially mitigated by: (i) the increase of $1.0 million due to the acquisition and resulting consolidation of Navios Midstream on December 13, 2018; and (ii) the amendment to the fees under our Management Agreement.

General and administrative expenses: Total general and administrative expenses for the year ended December 31, 2018 increased by $4.6 million to $18.6 million compared to $14.0 million for the year ended December 31, 2017.

The increase was mainly attributable to a: (a) $2.5 million increase in other professional fees and expenses, including $2.2 million of transaction costs related to the Merger with Navios Midstream on December 13, 2018; (b) $1.1 million increase of compensation to the directors and officers of the Company after the Merger; and (c) $1.0 million increase in stock based compensation after the Merger.

For the years ended December 31, 2018 and 2017, the expenses charged by the Manager for administrative services were $8.9 million and $9.0 million, respectively.

Depreciation and amortization: Depreciation and amortization for the year ended December 31, 2018 decreased by $0.6 million to $56.3 million from $56.9 million compared to December 31, 2017, due to $1.3 million decrease resulting from the sale of the Nave Galactic in March 2018; partially mitigated by a $0.8 million increase in depreciation expense due to the Merger with Navios Midstream on December 13, 2018. 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, 2018 decreased by $2.0 million to $8.0 million compared to $10.0 million for the year ended December 31, 2017. The decrease was mainly attributable to a $4.5 million decrease of the interest income accrued during the year ended December 31, 2018 under the loan granted to Navios Holdings which was fully repaid in November 2017; partially mitigated by a: (i) $2.1 million increase of the interest income accrued under the revolving loan granted to Navios Europe I and Navios Europe II; and (ii) $0.3 million increase in other interest income.

Interest expense and finance cost: Interest expense and finance cost for the year ended December 31, 2018 increased by $1.5 million to $78.0 million, as compared to $76.4 million for the year ended December 31, 2017. The weighted average interest rate for the year ended December 31, 2018 increased to 6.94% from 6.45% for the year ended December 31, 2017. The average outstanding loan balance decreased to $380.7 million for the year ended December 31, 2018 as compared to $428.1 million for the year ended December 31, 2017. As of December 31, 2018 and 2017, the outstanding loan balance under Navios Acquisition's credit facilities was $1.2 billion and $1.1 billion, respectively.

Bargain purchase gain: The excess of the fair value of the identifiable net assets acquired upon Merger with Navios Midstream of $123.5 million over the total purchase price consideration of $54.5 million, resulted in a bargain purchase gain in the amount of $69.0 million for the year ended December 31, 2018. Please refer to Note 3.

Gain on sale of vessels: The gain on sale of vessel for the year ended December 31, 2018 was $0.03 million due to the sale of the Nave Galactic on March 29, 2018.

***Loss in net earnings of affiliated companies*:** Loss in net earnings of affiliated companies increased by $14.6 million to $61.3 million loss for the year ended December 31, 2018, as compared to $46.7 million loss for the year ended December 31, 2017. The increase mainly resulted from a: (i) $75.7 million loss on acquisition of control of Navios Midstream on December 13, 2018 partially mitigated by the accelerated amortization of the deferred gain of $6.8 million recognized in relation to the sale of the Nave Celeste and the C. Dream to Navios Midstream in June 2015, as compared to $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) $5.7 million decrease in equity in net earnings of Navios Midstream, mainly due to the $6.0 million net negative effect from the sale of the Shinyo Kannika by Navios Midstream to an unaffiliated third party; partially mitigated by $0.9 million increase in the income recognized for Navios Europe I and Navios Europe II.

Other income: Other income amounted to $0.03 million for the year ended December 31, 2018, compared to $0.1 million for the year ended December 31, 2017.

Other expense: Other expense increased by $2.6 million to $3.9 million for the year ended December 31, 2018, as compared to $1.3 million for the same period in 2017.

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, 2019, Navios Acquisition’s current assets totaled $114.0 million, while current liabilities totaled $241.9 million, resulting in a negative working capital position of $127.9 million, related to balloon payments due under its credit facilities. Navios Acquisition’s cash forecast indicates that it will generate sufficient cash for at least the next 12 months following March 5, 2020 to make the required principal and interest payments on its indebtedness and provide for the normal working capital requirements. 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.

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 were 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 were determined by management based upon market conditions and other factors. Repurchases were made pursuant to a program adopted under Rule 10b5-1 under the Securities Exchange Act of 1934, as amended. The program did not require any minimum repurchase or any specific number or amount of shares of common stock and was suspended or reinstated at any time in Navios Acquisition’s discretion and without notice. Repurchases were subject to restrictions under Navios Acquisition’s credit facilities and indenture. Up to the expiration of the stock repurchase program in February 2020, Navios Acquisition had repurchased 735,251 shares since the program was initiated for approximately $7.5 million.

In October and November 2019 Navios Acquisition repurchased a total of $12.0 million of its 2021 Notes (as defined in “Long-Term Debt Obligations and Credit Arrangements – Ship Mortgage Notes”) from unaffiliated third parties in open market transactions for a cash consideration of $10.0 million.

In October 2019, Navios Acquisition completed a registered direct offering of 1,875,000 shares of its common stock at $8.00 per share, raising gross proceeds of $15.0 million. Total net proceeds of the above transactions, net of agents’ costs of $0.7 million and offering costs $0.9 million, amounted to $13.4 million.

On November 29, 2019, Navios Acquisition entered into a Continuous Offering Program Sales Agreement for the issuance and sale from time to time shares of Navios Acquisition's common stock having an aggregate offering price of up to $25.0 million. The sales were being made pursuant to a prospectus supplement as part of a shelf registration statement which was set to expire in December 2019. Navios Acquisition went effective on a new shelf registration statement which was declared effective on December 23, 2019. Accordingly, the Sales Agreement was entered into on December 23, 2019. As before, the Sales Agreement contains, among other things, customary representations, warranties and covenants by Navios Acquisition and indemnification obligations of the parties thereto as well as certain termination rights for such parties. As of December 31, 2019, Navios Acquisition had issued 270,020 shares of common stock and received net proceeds of $2.1 million.

Cash flows for the year ended December 31, 2019 compared to the year ended December 31, 2018:

The following table presents cash flow information for the years ended December 31, 2019 and 2018. This information was derived from the audited consolidated statement of cash flows of Navios Acquisition for the respective periods.

	Year Ended December 31, 2019	Year Ended December 31, 2018
Net cash provided by/ (used in) operating activities	$ 29,244	(38,709)
Net cash provided by investing activities	$ 4,027	79,813
Net cash used in financing activities	$ (35,829)	(80,953)

Cash provided by/ (used in) operating activities for the year ended December 31, 2019 as compared to the year ended December 31, 2018:

Net cash provided by operating activities increased by $67.9 million to $29.2 million inflow for the year ended December 31, 2019 as compared to net cash used in operating activities of $38.7 million outflow for the same period in 2018. The increase is analyzed as follows:

The net loss for the year ended December 31, 2019 was $65.4 million compared to $86.4 million loss for the year ended December 31, 2018. In determining net cash provided by operating activities for the year ended December 31, 2019, the net loss was adjusted for the effect of depreciation and amortization of $67.9 million, $36.7 million for loss/ (gain) on sale of vessels and impairment loss, $9.6 million for the amortization of drydock and special survey costs, $4.8 million for amortization and write-off of deferred finance fees and bond premium, $2.9 million for equity in net earnings of affiliated companies, $1.9 million for gain on debt repurchase and $0.9 million for stock based compensation.

The net cash outflow resulting from the change in operating assets, liabilities and payments for drydock and special survey costs of $20.4 million for the year ended December 31, 2019 mainly resulted from a $8.7 million increase in accounts receivable, a $7.0 million increase in the balance due from related parties, short-term, a $6.9 million payment for drydock and special survey costs, a $4.9 million decrease in the balance due to related parties and a $0.9 million decrease in deferred revenue. These were partially offset by a $3.5 million decrease in inventories, a $2.7 million decrease in prepaid expenses, a $0.9 million decrease in the balance due from related parties, long-term, a $0.3 million increase in accounts payable and a $0.6 million increase in accrued expenses.

In determining net cash used in operating activities for the year ended December 31, 2018, the net loss was adjusted for the effect of $69.0 million for bargain purchase gain, $61.3 million for loss in net earnings of affiliated companies, depreciation and amortization of $56.3 million, $7.7 million for the amortization of drydock and special survey costs, $3.7 million for amortization and write-off of deferred finance costs and bond premium, $1.1 million stock based compensation and $0.03 million for gain on sale of vessels.

The net cash outflow resulting from the change in operating assets, liabilities and payments for drydock and special survey costs of $13.3 million for the year ended December 31, 2018 mainly resulted from a $19.4 million payment for drydock and special survey costs, a $5.4 million decrease in deferred revenue, a $3.7 million increase in the balance due from related parties, short-term, a $2.8 million decrease in accrued expenses, a $6.1 million increase in prepaid expenses and a $2.1 million increase in accounts receivable. These were partially offset by a $14.1 million increase in the balance due to related parties, a $4.0 million increase in the balance due from related parties, long-term, a $3.8 million decrease in inventories, a $3.3 million increase in accounts payable and a $0.9 million decrease in other long term assets.

Cash provided by investing activities for the year ended December 31, 2019 as compared to the year ended December 31, 2018:

Net cash provided by investing activities decreased by $75.8 million to $4.0 million at December 31, 2019 from $79.8 million at December 31, 2018.

Net cash provided by investing activities for the year ended December 31, 2019, resulted from $71.3 million net proceeds from sale of vessel; partially mitigated by: (i) $65.2 million from vessels additions; and (ii) $2.0 million from loans to affiliates.

Net cash provided by investing activities for the year ended December 31, 2018, resulted from: (i) $44.5 million of net proceeds from sale of vessel; (ii) $25.3 million acquired cash from the Navios Midstream Merger; and (iii) $10.1 million from dividends received from affiliates.

Cash used in financing activities for the year ended December 31, 2019 as compared to the year ended December 31, 2018:

Net cash used in financing activities increased by $45.1 million to a $35.8 million outflow at December 31, 2019 from a $80.9 million outflow in the year ended December 31, 2018.

Net cash used in financing activities for the year ended December 31, 2019 resulted from the receipt of $308.4 million in loan proceeds, net of deferred finance costs and the receipt of $16.2 million in net proceeds from equity offering, which were partially offset by: the use of (i) $347.7 million of loan repayments; (ii) $12.4 million of dividends paid; and (iii) $0.4 million for acquisition of treasury stock.

Net cash used in financing activities for the year ended December 31, 2018, resulted from: (i) $131.1 million of loan repayments; (ii) $12.2 million of dividends paid; and (iii) $7.1 million acquisition of treasury stock; partially mitigated by $69.5 million in proceeds from financing arrangements, net of deferred finance costs.

Cash flows for the year ended December 31, 2018 compared to the year ended December 31, 2017:

The following table presents cash flow information for the years ended December 31, 2018 and 2017. 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, 2018**	**Year Ended December 31, 2017**
Net cash (used in)/ provided by operating activities	$ (38,709)	$ 45,968
Net cash provided by investing activities	79,813	52,378
Net cash used in financing activities	(80,953)	(68,546)
Net (decrease)/ increase in cash and cash equivalents and restricted cash	**$ (39,849)**	**$ 29,800**

Cash (used in)/ provided by operating activities for the year ended December 31, 2018 as compared to the year ended December 31, 2017:

Net cash used in operating activities decreased by $84.7 million to $38.7 million outflow for the year ended December 31, 2018 as compared to net cash provided by operating activities of $46.0 million inflow for the same period in 2017. The decrease is analyzed as follows:

The net loss for the year ended December 31, 2018 was $86.4 million compared to $78.9 million loss for the year ended December 31, 2017. In determining net cash used in operating activities for the year ended December 31, 2018, the net loss was adjusted for the effect of $69.0 million for bargain purchase gain, $61.3 million for loss in net earnings of affiliated companies, depreciation and amortization of $56.3 million, $7.7 million for the amortization of drydock and special survey costs, $3.7 million for amortization and write-off of deferred finance costs and bond premium, $1.1 million stock based compensation and $0.03 million for gain on sale of vessels.

The net cash outflow resulting from the change in operating assets, liabilities and payments for drydock and special survey costs of $13.3 million for the year ended December 31, 2018 mainly resulted from a $19.4 million payment for drydock and special survey costs, a $5.4 million decrease in deferred revenue, a $3.7 million increase in the balance due from related parties, short-term, a $2.8 million decrease in accrued expenses, a $6.1 million increase in prepaid expenses and a $2.1 million increase in accounts receivable. These were partially offset by a $14.1 million increase in the balance due to related parties, a $4.0 million increase in the balance due from related parties, long-term, a $3.8 million decrease in inventories, a $3.3 million increase in accounts payable and a $0.9 million decrease in other long term assets.

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.

The net cash inflow resulting from the change in operating assets, liabilities and payments for drydock and special survey costs of $3.0 million for the year ended December 31, 2017 mainly resulted from a $17.1 million increase in the balance due to related parties short-term, a $11.1 million decrease in the balance due from related parties, short-term, a $8.1 million decrease in accounts receivable, a $1.2 million increase in accrued expenses and a $0.2 million decrease in inventories. These were partially offset by a $14.9 million payment for drydock and special survey costs, a $12.7 million decrease in the balance due from related parties, long-term, a $3.5 million decrease in deferred revenue, a $2.6 million increase in prepaid expenses and a $1.0 million decrease in accounts payable.

Cash provided by investing activities for the year ended December 31, 2018 as compared to the year ended December 31, 2017:

Net cash provided by investing activities increased by $27.4 million to $79.8 million at December 31, 2018 from $52.4 million at December 31, 2017.

Net cash provided by investing activities for the year ended December 31, 2018, resulted from: (i) $44.5 million of net proceeds from sale of vessel; (ii) $25.3 million acquired cash from the Navios Midstream Merger; and (iii) $10.1 million from dividends received from affiliates.

Net cash provided by investing activities for the year ended December 31, 2017, resulted from: (i) a $55.1 million loan repayment from Navios Holdings; and (ii) a $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.

Cash used in financing activities for the year ended December 31, 2018 as compared to the year ended December 31, 2017:

Net cash used in financing activities increased by $12.4 million to an $81.0 million outflow at December 31, 2018 from a $68.5 million outflow in the year ended December 31, 2017.

Net cash used in financing activities for the year ended December 31, 2018, resulted from: (i) $131.1 million of loan repayments; (ii) $12.2 million of dividends paid; and (iii) $7.1 million acquisition of treasury stock; partially mitigated by $69.5 million in proceeds from finance lease, net of deferred finance costs.

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; and (iii) $2.5 million redemption of puttable common stock; partially mitigated by $49.8 million in loan proceeds, net of deferred finance costs.

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

	Year Ended December 31, 2019	Year Ended December 31, 2018	Year Ended December 31, 2017
Expressed in thousands of U.S. dollars			
Net cash provided by/ (used in) operating activities	$ 29,244	$ (38,709)	$ 45,968
Net decrease/ (increase) in operating assets	8,569	(2,152)	(4,119)
Net increase/ (decrease) in operating liabilities	4,900	(3,834)	(13,803)
Net interest cost	83,725	69,977	66,396
Amortization and write-off of deferred finance costs and bond premium	(4,798)	(3,743)	(3,784)
Bargain purchase gain	—	68,951	—
Equity/ (loss) in net earnings of affiliates (including OTTI loss and loss on revaluation of existing interest), net of dividends received	2,948	(61,284)	(56,923)
Payments for dry dock and special survey costs	6,865	19,412	14,897

Gain on sale of vessels and Impairment loss on vessels	(4,042)	25	—
Gain on debt repurchase	1,940	—	—
Stock—based compensation	(909)	(1,076)	(57)
EBITDA	**$128,441**	**$ 47,567**	**$ 48,575**
Net negative effect on equity/ (loss) in net earnings of affiliated companies due to sale of the Shinyo Kannika by Navios Midstream to an unaffiliated third party	—	6,005	—
Other-than-temporary-impairment ("OTTI") loss on equity investment	—	—	59,104
Loss on revaluation of previously held interest	—	75,698	—
Bargain purchase gain	—	(68,951)	—
Accelerated amortization of the deferred gain recognized in relation to the sale of the Nave Celeste and the C. Dream to Navios Midstream in June 2015	—	(6,777)	—
Gain on sale of vessels and Impairment loss on vessels	4,042	(25)	—
Stock-based compensation	909	1,076	57
Gain on debt repurchase	(1,940)	—	—
Adjusted EBITDA	**$131,452**	**$ 54,593**	**$107,736**

	Year Ended December 31, 2019	Year Ended December 31, 2018	Year Ended December 31, 2017
Net cash provided by/ (used in) operating activities	$ 29,244	$ (38,709)	$ 45,968
Net cash provided by investing activities	$ 4,027	$ 79,813	$ 52,378
Net cash used in financing activities	$ (35,829)	$ (80,953)	$ (68,546)

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 and writte off of deferred finance costs and other related expenses; (v) equity/ (loss) in net earnings of affiliated companies, net of dividends received; (vi) loss on revaluation on previously held interest in Navios Midstream upon obtaining control; (vii) bargain purchase gain; (viii) accelerated amortization of deferred gain; (ix) payments for dry dock and special survey costs; (x) impairment charges; (xi) gain/ loss on sale of assets; (xii) gain/ (loss) on debt repayment; and (xiii) 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, for the year ended December 31, 2019 increased by $74.7 million to $131.5 million, as compared to $56.8 million for the same period of 2018. The increase in Adjusted EBITDA was mainly due to: (a) a $92.2 million increase in revenue; (b) an $8.9 million decrease in time charter and voyage expenses; (c) a $2.7 million decrease in other expense; and (d) a $1.3 million increase in other income; partially mitigated by: (i) a $13.2 million increase in management fees due to the acquisition of Navios Midstream in December 2018 and to the amendment of the fees under the Management Agreement in May 2018 and $0.5 million increase in management fees due to the acquisition of five product tankers of Navios Europe I in December 2019; (ii) a $10.7 million decrease in equity in net earnings of affiliated companies (excluding the $6.0 million of negative effect on equity/ (loss) in net earnings of affiliated companies, relating to the sale of the Shinyo Kannika by Navios Midstream); (iii) a $5.5 million increase in general and administrative expenses (excluding stock-based compensation and transaction costs in relation to the merger of Navios Midstream in the fourth quarter of 2018); and (iv) $0.5 million increase in direct vessel expenses (other than amortization of dry dock and special survey cost).

Adjusted EBITDA, affected by the items described in the table above, for the year ended December 31, 2018 excluded the (i) $6.0 million net negative effect on equity/ (loss) in net earnings of affiliated companies due to the sale of the Shinyo Kannika by Navios Midstream to an unaffiliated third party; (ii) $75.7 million loss on revaluation of previously held interest; (iii) $69.0 million bargain purchase gain;(iv) $6.8 million accelerated amortization of the deferred gain recognized in relation to the sale of the Nave Celeste and the C. Dream to Navios Midstream in June 2015; (v) $0.03 million gain on sale of vessel; and (vi) $1.1 million stock-based compensation expense. Adjusted EBITDA decreased by approximately $53.1 million to $54.6 million for the year ended December 31, 2018, as compared to $107.7 million for the same period of 2017. The decrease in Adjusted EBITDA was mainly due to a: (a) $39.3 million decrease in revenue, as described above; (b) $9.7 million increase in time charter and voyage expenses, as described above; (c) $3.6 million increase in general and administrative expenses (excluding $1.1 million increase in stock-based compensation); (d) $2.6 million increase in other expenses; and (e) $0.1 million decrease in other income; partially mitigated by a: (i) $1.2 million increase in equity /(loss) in net earnings of affiliated companies; and (ii) $1.0 million decrease in management fees.

Long-Term Debt Obligations and Credit Arrangements

Ship Mortgage Notes:

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

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

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

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.

In the fourth quarter of 2019, Navios Acquisition repurchased $12.0 million of its ship mortgage notes for a cash consideration of $10.0 million resulting in a gain on bond repurchase of $1.9 million net of deferred fees written-off.

Following the acquisition of the Star N and the Hector N MR1 product tankers from Navios Europe I, the vessels were offered as collateral under its ship mortgage notes, in substitution of an amount of $25.4 million that was held as cash collateral from the sale proceeds of the Nave Electron.

The 2021 Co-Issuers were in compliance with the covenants as of December 31, 2019.

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 different CUSIP numbers.

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) and the exception of Navios Midstream subsidiaries. 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 and Navios Midstream subsidiaries are 100% owned. Navios Acquisition does not have any independent assets or operations.

Credit Facilities

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 was repayable in 12 equal semi-annual installments of $0.75 million each with a final balloon payment of $16.0 million repayable on the last repayment date. It bore interest at a rate of LIBOR plus 250 bps. The loan also required compliance with certain financial covenants. The outstanding amount of $50.3 million was fully prepaid in April 2019.

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 bore interest at a rate of LIBOR plus 275 bps. The loan also required compliance with certain financial covenants. The balance under the facility was fully prepaid in March 2019.

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 maturity date of the loan is in the third and fourth quarter of 2020. 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 $28.8 million was outstanding as of December 31, 2019, under this loan agreement.

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 was repayable in 32 quarterly installments of $0.39 million each with a final balloon payment of $15.6 million repayable on the last repayment date. The facility bore interest at a rate of LIBOR plus 300 bps per annum and also required compliance with certain financial covenants. The outstanding balance under the facility of $21.5 million was fully prepaid in June 2019.

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 $56.3 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 maturity date of each of the tranches of the loan is in the second and third quarters of 2022. The loan also requires compliance with certain financial covenants. As of December 31, 2019, an amount of $39.5 million was outstanding.

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 March 23, 2018, Navios Acquisition prepaid $26.8 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 Equinox and the Nave Pyxis, which substituted the Nave Galactic as collateral vessels under the 8 1/8% 2021 Notes. Following the prepayment, an amount of $0.3 million was written-off in the consolidated statement of operations. As of December 31, 2019 the outstanding balance under this facility was $39.2 million.

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, 2019, the outstanding balance under this facility was $18.3 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, 2019, an amount of $28.0 million was outstanding under this facility.

In October 2019, Navios Acquisition entered into a loan agreement with Hamburg Commercial Bank AG of up to $31.8 million in order to refinance one VLCC. The facility is repayable in 4 quarterly installments of $0.8 million each with a final balloon payment of $28.4 million repayable on the last repayment date. The facility matures in October 2020 and bears interest at LIBOR plus 280 bps per annum. As of December 31, 2019, an amount of $31.8 million was outstanding under this facility.

In December 2019, Navios Acquisition entered into a loan agreement with Deutsche Bank AG Filiale Deutschlandgeschäft of up to $32.5 million in order to finance two MR1s and one LR1 acquired from Navios Europe I. The facility is repayable in one single repayment on the last repayment date. The facility matures in June 2020 and bears interest at LIBOR plus 400 bps per annum. As of December 31, 2019, an amount of $32.5 million was outstanding under this facility.

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.

As of December 31, 2019 no amount was available to be drawn from the Company’s facilities.

Sale and Leaseback Agreements

On March 31, 2018, Navios Acquisition entered into a $71.5 million sale and leaseback agreement with unrelated third parties to refinance the outstanding balance of the existing facility on four product tankers. Navios Acquisition has a purchase obligation to acquire the vessels at the end of the lease term and under ASC 842-40, the transaction was accounted for as a failed sale. In accordance with ASC 842-40 the Company did not derecognize the respective vessels from its balance sheet and accounted for the amounts received under sale and lease back agreement as a financial liability. The agreements will be repayable in 24 equal consecutive quarterly installments of $1.5 million each, with a repurchase obligation of $35.8 million on the last repayment date. The sale and leaseback agreement matures in April 2024 and bears interest at LIBOR plus 305 bps per annum. In April 2018, the Company drew $71.5 million under this agreement. As of December 31, 2019, the outstanding balance under this agreement was $62.6 million. The agreement requires compliance with certain financial covenants in line with Navios Acquisition’s other credit facilities.

In March and April 2019, Navios Acquisition entered into sale and leaseback agreements with unrelated third parties for $103.2 million in order to refinance $50.3 million outstanding on the existing facility on three product tankers and to finance two product tankers that were previously financed by Eurobank Ergasias S.A. and were fully prepaid in March 2019 by the amount of $32.2 million. Navios Acquisition has a purchase obligation to acquire the vessels at the end of the lease term and under ASC 842-40, the transaction was determined to be a failed sale. The agreements will be repayable in 28 equal consecutive quarterly installments of $2.3 million each, with a purchase obligation of $39.7 million to be repaid on the last repayment date. The sale and leaseback agreements mature in March and April 2026 and bear interest at LIBOR plus 350 bps per annum. The agreements require compliance with certain financial covenants in line with the other credit facilities of the Company. As of December 31, 2019, the outstanding balance under this agreement was $97.7 million.

In August, 2019, the Company entered into an additional sale and leaseback agreement of $15.0 million, with unrelated third parties in order to refinance one product tanker. Navios Acquisition has a purchase option in place and an assessment has been performed indicating that the likelihood of the vessel remaining in the property of the lessor is remote. In such a case, the buyer-lessor does not obtain control of the vessel and under ASC 842-40, the transaction was determined to be a failed sale. Navios Acquisition is obligated to make 60 consecutive monthly payments of approximately $0.2 million, commencing as of August 2019. The agreement matures in August 2024 and bear interest at LIBOR plus 240 bps per annum. As of December 31, 2019, the outstanding balance under this agreement was $14.2 million.

In September 2019, Navios Acquisition entered into additional sale and leaseback agreements with unrelated third parties for $47.2 million in order to refinance three product tankers. Navios Acquisition has a purchase obligation to acquire the vessels at the end of the lease term and under ASC 842-40, the transaction was determined to be a failed sale. The agreements will be repaid through periods ranging from four to seven years in consecutive quarterly installments of up to $1.4 million each, with a purchase obligation of $19.2 million to be repaid on the last repayment date. The agreements mature in September 2023 and September 2026 and bear interest at LIBOR plus a margin ranging from 350 bps to 360 per annum, depending on the vessel financed. The agreements require compliance with certain financial covenants in line with the other credit facilities of the Company. As of December 31, 2019, the outstanding balance under this agreement was $45.9 million.

In October 2019, Navios Acquisition entered into sale and leaseback agreements with unrelated third parties for $90.8 million in order to refinance six product tankers. Navios Acquisition has a purchase obligation to acquire the vessels at the end of the lease term and under ASC 842-40, the transaction was determined to be a failed sale. The agreements will be repaid through periods ranging from three to eight years in consecutive quarterly installments of up to $2.8 million each, with a repurchase obligation of up to $25.8 million in total. The sale and leaseback arrangement bears interest at LIBOR plus a margin ranging from 335 bps to 355 bps per annum, depending on the vessel financed. As of December 31, 2019, the outstanding balance under this agreement was $90.8 million.

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 $205.0 million Term Loan B (the “Term Loan B”). The Term Loan B was set to mature on June 18, 2020 and was 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 bore interest at LIBOR plus 4.50% per annum.

Amounts drawn under the Term Loan B were secured by first preferred mortgages on Navios Midstream’s vessels and other collateral and are guaranteed by each vessel-owning subsidiary under Navios Midstream.

In the first quarter of 2018, the Nave Galactic substituted for the Shinyo Kannika under the Term Loan B.

In March 2019, Navios Acquisition acquired the following VLCCs from Navios Midstream: Shinyo Kieran, Shinyo Saowalak, Nave Celeste and the Nave Galactic. In addition, Navios Acquisition sold to Navios Midstream the following vessels: Nave Orbit, Nave Equator, Nave Buena Suerte, Nave Ariadne, Nave Cielo, Nave Atropos, Nave Pulsar, Nave Equinox, Nave Pyxis and Bougainville. The vessels that were sold from Navios Midstream were released as collaterals from Term Loan B and were replaced by the ones acquired, whereas the vessels sold from Navios Acquisition were released as collaterals from ship mortgage notes and were replaced by the ones acquired.

On June 26, 2019, Navios Midstream acquired from Navios Acquisition the Nave Velocity, offered as collateral under the Term Loan B, in substitution of an equivalent amount of cash collateral that was previously retained as restricted cash.

In October 2019, Navios Acquisition fully prepaid its Term Loan B facility.

As of December 31, 2019, there was no outstanding balance under the Term Loan B. As of December 31, 2018, the outstanding balance of the Term Loan B was $197.8 million.

As of December 31, 2019, the Company was in compliance with its covenants.

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

Not applicable.

D. Trend information

Our results of operations depend primarily on the charter hire rates that we are able to realize for our vessels, which depend on the demand and supply dynamics characterizing the 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

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

F. Contractual Obligations and Contingencies

The following table summarizes our long-term contractual obligations as of December 31, 2019:

	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)	$175,302	$810,945	$106,238	$ 94,653	$1,187,138
Lease obligations (time charters) for vessels to be delivered (2)	2,107	$ 44,587	$ 50,220	$204,198	$ 301,112
Total contractual obligations	**$177,409**	**$855,532**	**$156,458**	**$298,851**	**$1,488,250**

(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 230 bps to 400 bps per annum to the $670.0 million 2021 Notes fixed rate of 8.125%.

(2) In August 2018, Navios Acquisition agreed to the main terms of a 12-year bareboat charter-in agreement with de-escalating purchase options for two newbuild Japanese VLCCs delivering in each of the third and fourth quarter of 2020. In the first quarter of 2019, we exercised our option for a third VLCC newbuilding under a bareboat operating lease with an expected delivery in the third quarter of 2021.

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, 2019, the amount undrawn under the Navios Revolving Loans II was $4.5 million, of which Navios Acquisition may be required to fund an amount ranging from $0 to $4.5 million. See Note 17 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.

In January and February 2019, all Backstop Agreements expired pursuant to their initial terms.

Navios Acquisition leases office space in Monaco pursuant to a five year lease agreement, dated July 1, 2018, that expires in June 2023, for a monthly rent of approximately $0.01 million.

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, 2019, Navios Acquisition owned and operated a fleet of 43 vessels, with an aggregate carrying value of $1,385.4 million, including the unamortized portion of deferred drydock and special survey costs related to the vessel and intangible assets. On a vessel-by-vessel basis, as of December 31, 2019, the carrying value of 36 of Navios Acquisition's vessels (including the unamortized portion of deferred drydock and special survey costs and intangible assets related to the vessel) exceeds the estimated fair value of those same vessels by approximately $166.7 million in the aggregate (the unrealized loss).

As of December 31, 2018, Navios Acquisition owned and operated a fleet of 41 vessels, with an aggregate carrying value of $1,452.2 million, including the unamortized portion of deferred drydock and special survey costs related to the vessel and intangible assets. On a vessel-by-vessel basis, as of December 31, 2018, the carrying value of 29 of Navios Acquisition's vessels (including the unamortized portion of deferred drydock and special survey costs and intangible assets related to the vessel) exceeds the estimated fair value of those same vessels by approximately $174.4 million in the aggregate (the unrealized loss).

A vessel-by-vessel summary as of December 31, 2019 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, 2019
	(In millions of U.S. dollars)		
Nave Cielo	6/29/2010	$ 43.7	$ 29.2*
Nave Ariadne	7/2/2010	$ 43.7	$ 28.0*
Nave Cosmos	10/27/2010	$ 31.8	$ 21.5*
Nave Polaris	1/27/2011	$ 31.8	$ 21.8*
Nave Orbit	7/12/2011	$ 42.5	$ 26.3*
Nave Equator	7/18/2011	$ 42.4	$ 28.4*
Nave Andromeda	11/14/2011	$ 44.3	$ 32.2*
Nave Estella	1/20/2012	$ 44.6	$ 32.8*
Nave Atria	7/31/2012	$ 37.6	$ 29.0*
Nave Cassiopeia	8/31/2012	$ 43.8	$ 33.8*
Nave Cetus	10/31/2012	$ 44.0	$ 33.9*
Nave Aquila	11/9/2012	$ 37.8	$ 29.2*
Nave Bellatrix	1/24/2013	$ 38.0	$ 29.6*
Nave Orion	3/22/2013	$ 38.1	$ 29.8*
Nave Rigel	2/13/2013	$ 47.9	$ 37.2*
Nave Atropos	4/24/2013	$ 48.2	$ 37.9*
Nave Titan	6/10/2013	$ 37.1	$ 29.9*
Nave Capella	7/9/2013	$ 37.2	$ 29.8*
Nave Alderamin	9/3/2013	$ 37.3	$ 30.2*
Nave Equinox	6/26/2013	$ 23.5	$ 17.9*
Nave Pulsar	7/9/2013	$ 23.6	$ 18.0*
Bougainville	9/30/2013	$ 35.6	$ 29.0*
Nave Dorado	9/24/2013	$ 16.8	$ 12.2*

Nave Jupiter	5/7/2014	$ 39.6	$ 34.4*
Nave Luminosity	9/19/2014	$ 39.6	$ 35.5*
Nave Pyxis	11/20/2014	$ 33.4	$ 29.2
Nave Quasar	2/12/2014	$ 54.7	$ 44.3
Nave Buena Suerte	3/10/2014	$ 57.2	$ 46.9
Nave Neutrino	6/16/2014	$ 43.7	$ 34.1
Nave Synergy	12/09/2014	$ 75.9	$ 61.8*
Nave Sextans	1/8/2015	$ 33.4	$ 28.1
Nave Velocity	2/11/2015	$ 39.2	$ 33.2*
Nave Spherical	11/6/2015	$ 69.2	$ 65.5*
Nave Photon	12/2/2015	$ 65.2	$ 56.9*
Nave Galactic	12/14/2018	$ 44.0	$ 43.6
Nave Celeste	12/14/2018	$ 28.0	$ 26.8
Shinyo Kieran	12/14/2018	$ 79.4	$ 57.5*
Shinyo Saowalak	12/14/2018	$ 75.5	$ 55.5*
Aurora N	19/12/2019	$ 19.5	$ 19.9*
Lumen N	19/12/2019	$ 19.5	$ 19.4*
Perseus N	19/12/2019	$ 16.6	$ 16.3*
Star N	13/12/2019	$ 15.8	$ 15.8*
Hector N	13/12/2019	$ 13.2	$ 13.1*
		$1,733.9	**$1.385.4**

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, 2019, 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 or other external factors 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 and compared to the carrying value of the vessel, the unamortized portion of deferred dry-dock and special survey costs 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 2019, management concluded that, despite the fact that the market rates have increased, during the year 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. Management's assessment concluded that there were no impairment indicators for the five product tankers of Navios Europe I that were acquired on December 14 and December 20, 2019 due to the short period from the acquisition date through December 31, 2019. As a result, no impairment assessment for the five product tankers of Navios Europe I was performed as of December 31, 2019.

The Company determined undiscounted projected net operating cash flows for each vessel and compared it to the vessel's carrying value together with the unamortized portion of deferred dry-dock and special survey costs and the carrying value of the related intangible, if applicable. 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 2024 and thereafter assuming an increase of 3.0% every second year 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, 2019		December 31, 2018	
	Number of vessels (*)	Amount (U.S. millions) (**)	Number of vessels (*)	Amount (U.S. millions) (**)
5-year historical average rate	—	—	—	—
3-year historical average rate	4	6.5	11	21.1
1-year historical average rate	8	57.6	21	148.4

(*) 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, 2019, 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 7.0% to 44.0%, excluding the vessels acquired from Navios Europe I (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, 2019:

	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) the 10-year average)		
Chemicals	2.6%	(23.7%)	(19.7%)
MR2s	3.2%	(4.5%)	(8.4%)
MR2s - eco	5.8%	(0.4%)	9.4%
LR1s	5.7%	(10.9%)	(18.8%)
VLCCs	12.5%	(5.5%)	(24.8%)

As disclosed elsewhere, the fleet includes 36 vessels for which the carrying value exceeds the estimated fair value of those same vessels by approximately $166.7 million in the aggregate (the unrealized loss). If testing for impairment using historical rates for five-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, would have carrying values in excess of their projected undiscounted future cash flows. If testing for impairment using historical rates for three year and 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 4 and 8 of its vessels, respectively would have carrying values in excess of their projected undiscounted future cash flows.

The assessment performed as of December 31, 2019 concluded that no impairment of vessels is required since the undiscounted projected net operating cash flows exceeded the carrying value for all the Company's vessels.

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 the 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.

During the year ended December 31, 2019, the Company recognized an impairment loss on sale of vessel of $7.3 million relating to the sale of Nave Electron.

There was no impairment loss recognized for either of the years ended December 31, 2018 and 2017.

Revenue Recognition: On January 1, 2018, the Company adopted the provisions of *ASC 606, Revenue from Contracts with Customers* (ASC 606). The guidance provides a unified model to determine how revenue is recognized. In doing so, the Company makes judgments including identifying performance obligations in the contract, estimating the amount of variable consideration to include in the transaction price, and allocating the transaction price to each performance obligation. Revenues are recognized to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. In determining the appropriate amount of revenue to be recognized as it fulfills its obligations under its agreements, the Company performs the following steps: (i) identification of the promised goods or services in the contract; (ii) determination of whether the promised goods or services are performance obligations, including whether they are distinct in the context of the contract; (iii) measurement of the transaction price, including the constraint on variable consideration; (iv) allocation of the transaction price to the performance obligations based on estimated selling prices; and (v) recognition of revenue when (or as) the Company satisfies each performance obligation.

The Company's contract revenues from time chartering and pooling arrangements are governed by ASU 2016-02 "Leases". Upon adoption of ASC 606 and ASC 842, the timing and recognition of earnings from the pool arrangements and time charter contracts to which the Company is party did not change from previous practice. The Company has determined to recognize lease revenue as a combined single lease component for all time charters (operating leases) as the related lease component and non lease component will have the same timing and pattern of the revenue recognition of the combined single lease component. The performance obligations in a time charter contract are satisfied over term of the contract beginning when the vessel is delivered to the charterer until it is redelivered back to the Company.

Revenue from time chartering

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. Revenues from time chartering of vessels were $167.7 million, $122.2 million and $177.7 million for the years ended December 31, 2019, 2018 and 2017 respectively. The majority of revenue from time chartering is usually collected in advance.

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 are 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 as variable rate operating leases on the accrual basis and is recognized in the period in which the variability is resolved. The Company recognizes net pool revenue on a monthly and quarterly basis, when the vessel has participated in a pool during the period and the amount of pool revenue can be estimated reliably based on the pool report. The allocation of such net revenue may be subject to future adjustments by the pool however, such changes are not expected to be material. Revenue for vessels operating in pooling arrangements amounted to $71.2 million, $53.0 million and $46.6 million, for the years ended December 31, 2019, 2018 and 2017, respectively. The majority of revenue from pooling arrangements is usually collected through the month they are incurred.

Revenue from voyage contracts

The Company's revenues earned under voyage contracts (revenues for the transportation of cargo) were previously recognized ratably over the estimated relative transit time of each voyage. A voyage was deemed to commence when a vessel was available for loading and was deemed to end upon the completion of the discharge of the current cargo. 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. Upon adoption of ASC 606, the Company recognizes revenue ratably from port of loading 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. For the years ended December 31, 2019, 2018, and 2017 revenues under voyage contracts were $33.4 million, $11.6 million, and $2.1 million respectively. Capitalized costs as of December 31, 2019 and 2018 related to costs to fulfill the contract amounted to $0.1 million and $0.5 million, respectively, and are included under caption "Prepaid expenses and other current assets". Accounts receivable, net, as of December 31, 2019 that related to voyage contracts is $12.2 million (December 31, 2018: $7.3 million). The majority of revenue from voyage contracts is usually collected after the discharging takes place.

Revenue from profit sharing

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, 2019, 2018 and 2017 amounted to $7.8 million, $1.1 million and $0.9 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.

Investments in Equity Securities: 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.

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 (Please refer to Note 10 – Investments in Affiliates).

Recent Accounting Pronouncements

In August 2018, FASB issued ASU 2018-13, "Fair Value Measurement (Topic 820): Disclosure Framework-Changes to the Disclosure Requirements for Fair Value Measurement". This update modifies the disclosure requirements on fair value measurements. ASU 2018-13 is effective for fiscal years beginning after December 15, 2019, and earlier adoption is permitted. The adoption of this new accounting guidance did not have a material effect on the Company's consolidated financial statements.

In October 2018, FASB issued ASU 2018-17, Consolidation (Topic 810): "Targeted Improvements to Related Party Guidance for Variable Interest Entities" ("ASU 2018-17"). ASU 2018-17 provides that indirect interests held through related parties in common control arrangements should be considered on a proportional basis for determining whether fees paid to decision makers and service providers are variable interests. This is consistent with how indirect interests held through related parties under common control are considered for determining whether a reporting entity must consolidate a Variable Interest Entity ("VIE"). For Public business entities the amendments are effective for fiscal years beginning after December 15, 2019, and interim periods within those fiscal years. Early adoption is permitted. The adoption of this new accounting guidance did not have a material effect on the Company's consolidated financial statements.

In January 2017, the FASB issued ASU No. 2017-04, Intangibles-Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment. The ASU is effective for periods beginning after December 15, 2019, with an election to adopt early. The ASU requires only a one-step quantitative impairment test, whereby a goodwill impairment loss will be measured as the excess of a reporting unit's carrying amount over its fair value. It eliminates Step 2 of the current two-step goodwill impairment test, under which a goodwill impairment loss is measured by comparing the implied fair value of a reporting unit's goodwill with the carrying amount of that goodwill. As the ASU is to be applied prospectively, it will not impact our previously reported 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. In November 2018, FASB issued ASU 2018-19 "Codification Improvements to topic 326, Financial Instruments-Credit Losses". The amendments in this update clarify that operating lease receivables are not within the scope of ASC 326-20 and should instead be accounted for under the new leasing standard, ASC 842. The adoption of this new accounting guidance did not have a material effect on the Company's consolidated financial statements.

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	55	Chairman, Chief Executive Officer and Director
Leonidas Korres	44	Chief Financial Officer
Vasiliki Papaefthymiou	51	Secretary
Anna Kalathakis	50	Director, Senior Vice President — Legal Risk Management
George Galatis	57	Director
Brigitte Noury	73	Director
Ted C. Petrone	65	Director
Eleni Warren	71	Director
Christos Kokkinis	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 Holdings (NYSE: NM) — our sponsor — since August 2005. In addition, Ms. Frangou has been the Chairman and Chief Executive Officer of Navios Partners (NYSE: NMM), an affiliated limited partnership, since August 2007, and the Chairman and Chief Executive Officer of Navios Containers (Nasdaq: NMCI), an affiliated limited partnership, 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. Ms. Frangou is the Chairman of IRF European Finance Investments Ltd., listed on the SFM of the London Stock Exchange, and is also a Member of the Board of the United Kingdom Mutual Steam Ship Assurance Association (Bermuda) Limited. Since 2015, she has also been a Board Member of the Union of Greek Shipowners, as well as on the Board of Trustees of Fairleigh Dickinson University. Since 2013, Ms. Frangou has been a Member of the Board of Visitors of the Columbia University School of Engineering and Applied Science. Ms. Frangou also acts as Vice Chairman of the China Classification Society Mediterranean Committee, and is a member of the International General Committee and of the Hellenic and Black Sea Committee of Bureau Veritas, and is also a member of the Greek Committee of Nippon Kaiji Kyokai. 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. Mr. Korres also serves as Senior Vice President for Business Development of Navios Holdings from January 2010 and Head of Research of Navios Group since January 2018. 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 Stock Exchange and the New York Stock Exchange). 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; she 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 Audit Committee, our Compensation Committee and our Nominating Committee. Mr. Galatis 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 43 years, 39 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.

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 a member of our Compensation Committee as an independent director.

Christos Kokkinis has over 35 years of experience in ship finance and he is currently an independent consultant on shipping financial matters and a Board member of the Onassis Cardial Surgery Center. He spent 19 years at Alpha Bank, having established and served as the Head of the Shipping Division since 1997. Previously, he worked in Citibank Shipping Bank S.A. from where he left as Vice President to join ABN AMRO Bank, where he held the position of the Manager of Shipping Finance from 1991 until 1997. He served on the board of Navios Maritime Midstream Partners L.P. as a non-executive director from October 2014 until December 2018. Mr. Kokkinis holds a bachelor's degree from the Law School of the University of Athens and a master's degree in Business Administration (M.B.A.) in finance and international business from Rutgers University, USA. Mr. Kokkinis is the Chairman of our Audit Committee and of the Compensation Committee, and is also a member of our Nominating Committee. Mr. Kokkinis is an independent director.

On January 31, 2020, Mr. Nikolaos Veraros resigned as a member of the Board of Directors of the Company.

On January 31, 2020, Mr. Christos Kokkinis was recommended and approved to be appointed as Chairman of the Audit Committee, Chairman of the Compensation Committee and as a member of the Nominating Committee.

On February 26, 2020, Mr. George Galatis was recommended and approved to be appointed as a member of the Audit Committee.

B. Compensation

Compensation

Our independent directors are entitled to receive $60,000 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, 2019 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 118,328 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 December 2018, Navios Acquisition authorized and issued in the aggregate 129,269 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, 2019 the amount of $2.2 million was included in accrued legal and professional fees that was authorized and approved by the Compensation Committee of Navios Acquisition in December 2019 to the directors and officers of the Company, subject to fulfillment of certain service conditions that were provided and completed as of December 31, 2019. The total amount of $4.4 million was recorded in general and administrative expenses on the statements of operations for the years ended December 31, 2019.

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 third class of directors, consisting of Angeliki Frangou and Anna Kalathakis, will expire at our 2020 annual meeting of stockholders. The term of office of the first class of directors, consisting of George Galatis, Brigitte Noury, and Eleni Warren, will expire at our 2021 annual meeting of stockholders. The term of office of the second class of directors, currently consisting of Ted C. Petrone, and Christos Kokkinis, will expire at our 2022 annual meeting of stockholders, as their term was renewed for three years at our 2019 annual meeting.

Director Independence

Our Board of Directors has determined that Mr. Galatis, Mr. Kokkinis, 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 currently consists of Mr. Kokkinis, 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. Kokkinis 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. Kokkinis, 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. Kokkinis, 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, 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, and Navios Containers. Ted C. Petrone, a member of our Board of Directors, is the Vice Chairman of Navios Corporation and a member of the Board of Directors of Navios Containers. Ms. Kalathakis is Chief Legal Risk Officer of Navios Holdings.
- We entered a Management Agreement, initially set to expire on May 28, 2015, with the Manager, 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 the Manager, 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.
- Pursuant to an amendment to the Management Agreement dated as of May 3, 2018, Navios Acquisition fixed the fees for commercial and technical ship management services of its fleet for two additional years from May 29, 2018 through May 2020, at a fixed daily fee of: (a) $6,500 per MR2 product tanker and chemical tanker vessel; (b) $7,150 per LR1 product tanker vessel; and (c) the current daily fee of $9,500 per VLCC.
- Pursuant to an amendment to the Management Agreement dated as of August 29, 2019, Navios Acquisition fixed the fees for commercial and technical ship management services of its fleet until January 2025, (i) until December 31, 2019 at a fixed daily fee of: (a) $7,150 per LR1 product tanker vessel, (b) $6,500 per MR2 product tanker vessel and chemical tanker vessel; and (c) $9,500 per VLCC, (ii) commencing on January 1, 2020 for two years, at a fixed daily fee of (a) $7,225 per owned LR1 product tanker vessel, (b) $6,825 per owned MR2 product tanker vessel and chemical tanker vessel, and (c) $9,650 per VLCC tanker vessel, after such two years for each 12 month period the daily fees shall be increased by 3% annually. A technical and commercial management daily fee of $0. per vessel shall be payable commencing January 01, 2020.
- Pursuant to an amendment to the Management Agreement dated as of December 13, 2019, Navios Acquisition added MR1 vessels to its management agreement at the same rates as its MR2 vessels.
- We entered into an Administrative Services Agreement with the Manager, initially set to expire on May 28, 2015, pursuant to which the Manager 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 Manager 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.
- In August 2019, Navios Acquisition extended the duration of its existing Administrative Services Agreement with the Manager until January 1, 2025, to be automatically renewed for another five years. The agreement also provides for payment of a termination fee, equal to the fees charged for the full calendar year preceding the termination date, by Navios Acquisition in the event the Administrative Services Agreement is terminated on or before December 31, 2024.
- On December 13, 2018, Navios Acquisition completed the Merger contemplated by the previously announced Merger Agreement, dated as of October 7, 2018, by and among Navios Acquisition, Merger Sub, Navios Midstream and NAP General Partner. Pursuant to the Merger Agreement, Merger Sub merged with and into Navios Midstream, with Navios Midstream surviving as a wholly-owned subsidiary of Navios Acquisition. Pursuant to the terms of the Merger Agreement, each outstanding common unit representing limited partner interests in Navios Midstream held by a common unit holder other than Navios Acquisition, Navios Midstream or their respective subsidiaries (the “NAP Public Units”) was converted into the right to receive 0.42 shares of NNA common stock. As a result of the Merger, 3,683,284 shares of NNA common stock were issued to former holders of NAP Public Units.

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 the Manager and its affiliates 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, Indian, Bulgarian, Georgian, Ethiopian and Croatian officers and Filipino & Ethiopian seamen. The Manager is responsible for selecting its Greek & Bulgarian 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. The Manager 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 15,873,391 shares of common stock outstanding as of March 5, 2020, 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)	4,865,147(2)	30.65%
Angeliki Frangou(3)	561,104	3.51%
All of our officers and directors as a group(3)	604,074	3.78%

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 100,000 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 15,873,391 shares of common stock outstanding as of March 5, 2020 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 on or before May 5, 2020 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)	4,865,147(3)	30.65%
A. Lawrence Carroll Trust(2)	975,000	6.14%

(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 September 5, 2019.
(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 January 31, 2020.
(3) Beneficially owned through Alpha Merit Corporation, a wholly-owned subsidiary of Navios Holdings.

B. Related Party Transactions

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.

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 and as amended in May 2012, May 2014, May 2016 and May 2018, the Manager provided commercial and technical management services to Navios Acquisition's vessels for a fixed daily fee of: (a) $6,500 per MR2 product tanker and chemical tanker vessel; (b) $7,150 per LR1 product tanker vessel; and (c) the current daily fee of $9,500 per VLCC, through May 2020.

Following the Merger with Navios Midstream, completed on December 13, 2018, the Management Agreement covers vessels acquired.

On August 29, 2019, Navios Acquisition entered into a sixth amendment (the "Sixth Amendment") to the Management Agreement (as amended, the "Management Agreement") with Navios Tankers Management Inc. The Sixth Amendment, among other changes, extends the duration of the Management Agreement until January 1, 2025, with an automatic renewal for an additional five years, unless earlier terminated by either party, and provides for payment of a termination fee by Navios Acquisition in the event the Management Agreement is terminated on or before December 31, 2024. The Sixth Amendment also sets forth the management fees for the period through December 31, 2019 and the two-year period commencing January 1, 2020, which management fees exclude dry-docking expenses, which are reimbursed at cost by Navios Acquisition: (a) $7,150 and $7,225, respectively, daily rate per owned LR1 product tanker vessel; (b) $6,500 and $6,825, respectively, daily rate per owned MR2 product tanker vessel and chemical tanker vessel; and (c) $9,500 and $9,650, respectively, daily rate per VLCC tanker vessel; and (d) effective in both periods, $50 per vessel daily rate for technical and commercial management services. Commencing January 1, 2022, the fees described in subsections (a) through (c) are subject to an annual increase of 3%, unless otherwise agreed and provides for payment of a termination fee, equal to the fees charged for the full calendar year preceding the termination date, by Navios Acquisition in the event the Management Agreement is terminated on or before December 31, 2024.

Following the Liquidation of Navios Europe I, which resulted in the acquisition of three MR1 product tankers and two LR1 product tankers, as per the terms of the Management Agreement as amended in December 2019, management fees are fixed for two years commencing from January 1, 2020 at: (a) $6,825 per day per MR1, MR2 product tanker and chemical tanker; (b) $7,225 per day per LR1 product tanker vessel; and (c) $9,500 per VLCC. The agreement also provides for a technical and commercial management fee of $50 per day per vessel and an annual increase of 3% after January 1, 2022 for the remaining period unless agreed otherwise.

For the years ended December 31, 2019 and 2018 certain extraordinary fees and costs related to regulatory requirements, including ballast water treatment system installation and exhaust gas cleaning system installation and under Company's Management Agreement amounted to $18.2 million and $0, respectively, and are presented under "Vessels additions" in the condensed Consolidated Statements of Cash Flows.

Dry docking expenses are reimbursed at cost.

Total management fees for each of the years ended December 31, 2019, 2018 and 2017 amounted to $107.7 million, $94.0 million and $95.0 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.

On August 30, 2019, Navios Holdings announced the sale of its ship management division (including the Manager) to N Shipmanagement Acquisition Corp. and related entities, which are affiliated with the Company’s Chairman and Chief Executive Officer.

The Administrative Services Agreement

On May 28, 2010, Navios Acquisition entered into an Administrative Services Agreement with the Manager, pursuant to which the Manager 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 Manager 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 the Manager, until May 2020.

In August 2019, Navios Acquisition extended the duration of its existing Administrative Services Agreement with the Manager until January 1, 2025, to be automatically renewed for another five years. The agreement also provides for payment of a termination fee, equal to the fees charged for the full calendar year preceding the termination date, by Navios Acquisition in the event the Administrative Services Agreement is terminated on or before December 31, 2024.

Following the Merger with Navios Midstream, completed on December 13, 2018, the Administrative Services Agreement also covers the vessels acquired.

Following the Liquidation of Navios Europe I, the Administrative Services Agreement also covers the vessels acquired.

The Administrative Services Agreement may be terminated prior to the end of its term by us upon 120-days' notice if there is a change of control of the Manager or by the Manager upon 120-days' notice if there is a change of control of us. In addition, the Administrative Services Agreement may be terminated by us or by the Manaager 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 the Manager upon 365-days' notice for any reason other than those described above.

The administrative services include:

- *bookkeeping, audit and accounting services*: assistance with the maintenance of our corporate books and records, assistance with the preparation of our tax returns and arranging for the provision of audit and accounting services;
- *legal and insurance services*: arranging for the provision of legal, insurance and other professional services and maintaining our existence and good standing in necessary jurisdictions;
- *administrative and clerical services*: 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 the Manager for reasonable costs and expenses incurred in connection with the provision of these services within 15 days after the Manager submits to us an invoice for such costs and expenses, together with any supporting detail that may be reasonably required.

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

For each of the years ended December 31, 2019, 2018 and 2017 the expense arising from administrative services rendered by the Manager amounted to $11.1 million, $8.9 million and $9.0 million, respectively.

On August 30, 2019, Navios Holdings announced the sale of its ship management division (including the Manager) to N Shipmanagement Acquisition Corp. and related entities, which are affiliated with the Company's Chairman and Chief Executive Officer.

Balance due from related parties (excluding Navios Europe I, Navios Europe II)

Balance due from related parties as of December 31, 2019 and December 31, 2018 was $14.7 million and $15.8 million, respectively, and included the short-term and long-term amounts due from the Manager. The balances mainly consisted of working capital deposits, in accordance with the Management Agreement.

Balance due to related parties, short-term

Amounts due to related parties, short-term as of December 31, 2019 and December 31, 2018 were $32.2 million and $12.0 million, respectively, and mainly consisted of payables to the Manager.

Navios Midstream Merger Agreement

On December 13, 2018, Navios Acquisition completed the Merger contemplated by the Merger Agreement, dated as of October 7, 2018, by and among Navios Acquisition, its direct wholly-owned subsidiary Merger Sub, Navios Midstream and NAP General Partner. Pursuant to the Merger Agreement, Merger Sub merged with and into Navios Midstream, with Navios Midstream surviving as a wholly-owned subsidiary of Navios Acquisition.

Omnibus Agreements

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, liquefied petroleum gas (“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 have allowed 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 have 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 have agreed (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 do not apply to a: (a) sale, transfer or other disposition of vessels between any affiliated subsidiaries, or pursuant to the terms of any charter or other agreement with a charter party, or (b) merger with or into, or sale of substantially all of the assets to, an unaffiliated third-party.

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 Agreements

On November 18, 2014, Navios Acquisition entered into backstop agreements with Navios Midstream (“Backstop Agreements”). 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. Backstop commitments were triggered if the actual rates achieved were below the backstop rates. The Company has recognized expense of $20.1 million up to December 13, 2018 and $16.4 million as “Time charter and voyage expenses” in the consolidated statements of operations for the years ended December 31, 2018 and 2017, respectively. As of December 31, 2017, the accrued liability recognized was $16.4 million and was paid to Navios Midstream in the first quarter of 2018. The backstop commitment for the Shinyo Kannika was terminated in relation to 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. As of December 31, 2018, the accrued liability under the Backstop Agreements is eliminated as intercompany balance following the Merger with Navios Midstream.

In January and February 2019, all Backstop Agreements expired pursuant to their initial terms.

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.

Sale of C. Dream and Nave Celeste

As of December 31, 2018 and 2017, the unamortized deferred gain recognized in relation to the sale of Nave Celeste and C.Dream to Navios Midstream in June 2015 totaled $0 and $7.7 million, respectively, of which an amount of $0 and $1.0 million, respectively, was included in “Deferred revenue”. For the year ended December 31, 2018, the Company recognized a total amount of $7.7 million in “Equity/ (loss) in net earnings of affiliated companies” including $6.8 million of accelerated amortization of the deferred gain recognized following the merger with Navios Midstream.

For the years ended December 31, 2017 and 2016, Navios Acquisition recognized $1.1 million and $0.2 million of the deferred gain, respectively, in “Equity/ (loss) in net earnings of affiliated companies”, respectively. Please see Note 17: “Transactions with related parties”.

Participation in offerings of 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 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, $0.05 million and $0.2 million was recognized in “Equity/ (loss) in net earnings of affiliated companies” for the years ended December 31, 2018, December 31, 2017 and December 31, 2016, respectively.

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 10 for the investment in Navios Europe II.

Balance due from Navios Europe II as of December 31, 2019 amounted to $44.9 million (December 31, 2018: $38.5 million) which included the Navios Revolving Loans II of $20.7 million (December 31, 2018: $20.7 million), the non-current amount of $7.6 million (December 31, 2018: $5.8 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 $16.7 million (December 31, 2018: $12.0 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, 2019, the amount undrawn under the Navios Revolving Loans II was $4.5 million, of which Navios Acquisition may be required to fund an amount ranging from $0 to $4.5 million.

Registration Rights

In connection with the private placement of 1,180,166 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 1,095,890 shares and of 865,801 shares that were completed on May 21, 2013 and on September 16, 2013, respectively, we have granted registration rights to Navios Holdings.

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 January 26, 2018, the Board of Directors declared a quarterly cash dividend in respect of the fourth quarter of 2017 of $0.30 per share of common stock payable on March 27, 2018 to stockholders of record as of March 22, 2018. A dividend in the aggregate amount of $3.1 million was paid on March 27, 2018 out of which $2.9 million was paid to the stockholders of record as of March 22, 2018 and $0.2 million was paid to Navios Holdings, the holder of the 1,000 shares of Series C Convertible Preferred Stock.

On May 4, 2018, the Board of Directors declared a quarterly cash dividend in respect of the first quarter of 2018 of $0.30 per share of common stock payable on June 27, 2018 to stockholders of record as of June 21, 2018. A dividend in the aggregate amount of $3.1 million was paid on June 27, 2018 out of which $2.9 million was paid to the stockholders of record as of June 21, 2018 and $0.2 million was paid to Navios Holdings, the holder of the 1,000 shares of Series C Convertible Preferred Stock.

On July 31, 2018, the Board of Directors declared a quarterly cash dividend in respect of the second quarter of 2018 of $0.30 per share of common stock payable on September 27, 2018 to stockholders of record as of September 20, 2018. A dividend in the aggregate amount of $3.0 million was paid on September 27, 2018 out of which $2.9 million was paid to the stockholders of record as of September 20, 2018 and $0.2 million was paid to Navios Holdings, the holder of the 1,000 shares of Series C Convertible Preferred Stock.

On November 2, 2018, the Board of Directors declared a quarterly cash dividend in respect of the third quarter of 2018 of $0.30 per share of common stock payable on December 5, 2018 to stockholders of record as of November 27, 2018. A dividend in the aggregate amount of $3.0 million was paid on December 5, 2018 out of which $2.9 million was paid to the stockholders of record as of November 27, 2018 and $0.2 million was paid to Navios Holdings, the holder of the 1,000 shares of Series C Convertible Preferred Stock.

On January 25, 2019, the Board of Directors declared a quarterly cash dividend in respect of the fourth quarter of 2018 of $0.30 per share of common stock of amount $4.1 million which was paid on March 27, 2019 to stockholders of record as of February 27, 2019.

On May 10, 2019, the Board of Directors declared a quarterly cash dividend in respect of the first quarter of 2019 of $0.30 per share of common stock of amount $4.1 million which was paid on June 27, 2019 to stockholders of record as of May 29, 2019.

On July 24, 2019, the Board of Directors declared a quarterly cash dividend in respect of the second quarter of 2019 of $0.30 per share of common stock of amount $4.1 million which was paid on October 9, 2019, to stockholders of record as of September 25, 2019.

On November 5, 2019, the Board of Directors declared a quarterly cash dividend in respect of the third quarter of 2019 of $0.30 per share of common stock of amount $4.8 million which was paid on January 9, 2020, to stockholders of record as of December 17, 2019, and is included under caption “Dividends payable” on the consolidated balance sheet.

On January 22, 2020, the Board of Directors declared a quarterly cash dividend in respect of the fourth quarter of 2019 of $0.30 per share of common stock which will be paid on April 7, 2020 to stockholders of record as of March 5, 2020.

B. Significant Changes

Not Applicable.

Item 9. *Listing Details*

Our shares of common stock are traded on the NYSE under the symbol “NNA.”

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 U.S. 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, Exhibit 1.1 to Form 6-K filed on April 12, 2011, and Exhibit 1.1 to Form 6-K filed on November 14, 2018, which the Company hereby incorporates herein 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.

- Form of Right of First Refusal Agreement among Navios Maritime Acquisition Corporation, Navios Maritime Holdings, Inc. and Navios Maritime Partners L.P. (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)
- Management Agreement dated May 28, 2010, between Navios Maritime Acquisition Corporation and Navios Ship Management Inc. (Previously filed as an exhibit to a Report on Form 6-K filed by Navios Acquisition on June 4, 2010, and hereby incorporated by reference)
- Amendment to the Management Agreement dated May 4, 2012, between Navios Maritime Acquisition Corporation and Navios Tankers Manager Inc. (Previously filed as an exhibit to a Report on Form 6-K filed by Navios Acquisition on May 15, 2012, and hereby incorporated by reference)
- Amendment to the Management Agreement dated May 14, 2014, between Navios Maritime Acquisition Corporation and Navios Tankers Management Inc. (Previously filed as an exhibit to a Report on Form 6-K filed by Navios Acquisition on May 22, 2014, and hereby incorporated by reference)
- Fourth Amendment to the Management Agreement, dated May 19, 2016, between Navios Maritime Acquisition Corporation and Navios Tankers Management Inc. (Previously filed as an exhibit to a Report on Form 6-K filed by Navios Acquisition on June 9, 2016 and hereby incorporated by reference)
- Fifth Amendment to the Management Agreement, dated May 3, 2018, between Navios Maritime Acquisition Corporation and Navios Tankers Management Inc. (Previously filed as an exhibit to a Report on Form 6-K filed by Navios Acquisition on August 23, 2018 and hereby incorporated by reference)
- Form of Management Agreement, between Navios Maritime Midstream Partners L.P. and Navios Tankers Management Inc. (Previously filed as an exhibit to Navios Midstream's Registration Statement on Form F-1, as amended (File No. 333-199235) and hereby incorporated by reference)
- First Amendment to Management Agreement, dated October 17, 2016, between Navios Maritime Midstream Partners L.P. and Navios Tankers Management Inc. (Previously filed as an exhibit to a Report on Form 6-K filed by Navios Midstream on October 27, 2016 and hereby incorporated by reference)
- Administrative Services Agreement dated May 28, 2010, between Navios Maritime Acquisition Corporation and Navios Ship Management Inc. (Previously filed as an exhibit to a Report on Form 6-K filed by Navios Acquisition on June 4, 2010, and hereby incorporated by reference)
- Amendment to the Administrative Services Agreement dated May 14, 2014, between Navios Maritime Acquisition Corporation and Navios Shipmanagement Inc. (Previously filed as an exhibit to a Report on Form 6-K filed by Navios Acquisition on May 22, 2014, and hereby incorporated by reference)
- Form of Administrative Services Agreement, between Navios Maritime Midstream Partners L.P. and Navios Tankers Management Inc. (Previously filed as an exhibit to Navios Midstream's Registration Statement on Form F-1, as amended (File No. 333-199235) and hereby incorporated by reference)
- Omnibus Agreement dated May 28, 2010, among Navios Maritime Acquisition Corporation, Navios Maritime Holdings Inc. and Navios Partners L.P. (Previously filed as an exhibit to a Report on Form 6-K filed by Navios Acquisition on June 4, 2010, and hereby incorporated by reference)
- Omnibus Agreement dated November 18, 2014, among Navios Maritime Acquisition Corporation, Navios Maritime Holdings Inc., Navios Maritime Partners L.P., Navios Maritime Midstream Partners L.P., Navios Maritime Midstream Partners GP LLC, and Navios Maritime Midstream Opearting LLC (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)

- Omnibus Agreement dated 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 Maritime Partners Containers Finance Inc. (Previously filed as an exhibit to a Report on Form 6-K filed by Navios Acquisition on August 1, 2017, and hereby incorporated by reference)
- 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 by Navios Acquisition on June 4, 2010, and hereby incorporated by reference)
- Credit Agreement, dated April 8, 2010, among certain vessel-owning subsidiaries of and DVB Bank SE and Fortis Bank (Previously filed as an exhibit to a Report on Form 6-K filed by Navios Acquisition on June 4, 2010, and hereby incorporated by reference)
- Facility Agreement for $52.2 million term loan facility, dated October 26, 2010, among Folegandros Shipping Corporation, Serifos Shipping Corporation and EFG Eurobank Ergasias S.A. (Previously filed as an exhibit to a Report on Form 6-K filed by Navios Acquisition on November 9, 2010, and hereby incorporated by reference)
- Facility Agreement for $52.0 million term loan facility, dated December 6, 2010, among Rhodes Shipping Corporation, Crete Shipping Corporation and EFG Eurobank Ergasias S.A. (Previously filed as an exhibit to a Report on Form 6-K filed by Navios Acquisition on January 12, 2012, and hereby incorporated by reference)
- Facility Agreement for up to $28.1 million term loan facility, dated December 29, 2011, between Antipsara Shipping Corporation and Norddeutsche Landesbank Girozentrale (Previously filed as an exhibit to a Report on Form 6-K filed by Navios Acquisition on February 22, 2012, and hereby incorporated by reference)
- Facility Agreement for $56.3 million term loan facility, dated December 29, 2011, among Oinousses Shipping Corporation, Psara Shipping Corporation, DVB Bank SE and Emporiki Bank of Greece S.A. (Previously filed as an exhibit to a Report on Form 6-K filed by Navios Acquisition on February 22, 2012, and hereby incorporated by reference)
- Amended and Restated Facility Agreement for $125.0 million term loan facility, dated November 4, 2015, among certain vessel-owning subsidiaries, Wilmington Trust (London) Limited, Deutsche Bank AG Filiale Deutschlandgeschaft and the Banks and Financial Institutions listed therein (Previously filed as an exhibit to a Report on Form 6-K filed by Navios Acquisition on November 13, 2015, and hereby incorporated by reference)
- Facility Agreement for up to $44.0 million term loan facility, dated December 18, 2015, among Tinos Shipping Corporation, Antipaxos Shipping Corporation, BNP Paribas and the Banks and Financial Institutions listed therein (Previously filed as an exhibit to a Report on Form 6-K filed by Navios Acquisition on January 6, 2016, and hereby incorporated by reference)
- Loan Agreement for up to $70.0 million, dated September 19, 2016, between Navios Maritime Holdings Inc. and Navios Maritime Acquisition Corporation (Previously filed as an exhibit to a Report on Form 6-K filed by Navios Acquisition on September 21, 2016, and hereby incorporated by reference)
- 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 by Navios Acquisition on August 17, 2017, and hereby incorporated by reference)
- Credit Agreement for $205.0 million term loan facility, dated June 18, 2015, among Navios Midstream Partners L.P., Navios Maritime Midstream Partners Finance (US) Inc., JPMorgan Chase Bank, N.A., Morgan Stanley Senior Funding, Inc., J.P. Morgan Securities LLC, Merrill Lynch, Pierce, Fenner & Smith, Credit Suisse Securities (USA) LLC, S. Goldman Advisors, LLC, ABN Amro Capital USA LLC and DVB Capital Markets LLC (Previously filed as an exhibit to Navios Midstream's Annual Report on Form 20-F for the year ended December 31, 2014 filed on March 17, 2015 and hereby incorporated by reference)
- 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 by Navios Acquisition on March 4, 2013, and hereby incorporated by reference)

- 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 by Navios Acquisition on May 30, 2013, and hereby incorporated by reference)
- 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 by Navios Acquisition on September 18, 2013, and hereby incorporated by reference)
- Backstop Agreement, dated November 18, 2014, between Navios Maritime Midstream Partners LP and Navios Maritime Acquisition Corporation (Previously filed as an exhibit to a Report on Form 20-F for Navios Maritime Midstream Partners LP filed by on March 17, 2015, and hereby incorporated by reference)
- General Partner Option Agreement, dated November 18, 2014, between Navios Maritime Acquisition Corporation and Navios Maritime Holdings Inc. (Previously filed as an exhibit to Navios Midstream's Annual Report on Form 20-F for the year ended December 31, 2014 filed on March 17, 2015 and hereby incorporated by reference)
- Option Agreement, dated November 18, 2014, between Navios Maritime Acquisition Corporation and Navios Maritime Holdings Inc. (Previously filed as an exhibit to a Report on Form 20-F for Navios Maritime Midstream Partners LP filed by Navios Acquisition on March 17, 2015, and hereby incorporated by reference)
- Bareboat charters and Memoranda of Agreement, 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 (Previously filed as an exhibit to a Report on Form 20-F filed by Navios Acquisition on April 5, 2018, and hereby incorporated by reference)
- Fifth Amendment to the Management Agreement, dated as of May 3, 2018, by and between Navios Maritime Acquisition Corporation and Navios Tankers Management Inc. (Previously filed as an exhibit to a Report on Form 6-K filed by Navios Acquisition on August 23, 2018, and hereby incorporated by reference)
- Sixth Amendment to the Management Agreement, dated as of August 29, 2019, by and between Navios Maritime Acquisition Corporation and Navios Tankers Management Inc. (Previously filed as an exhibit to a Report on Form 6-K filed by Navios Acquisition on September 11, 2019, and hereby incorporated by reference)
- Amendment No. 2 to Administrative Services Agreement, dated as of August 29, 2019, by and between Navios Maritime Acquisition Corporation and Navios Tankers Management Inc. (Previously filed as an exhibit to a Report on Form 6-K filed by Navios Acquisition on September 11, 2019, and hereby incorporated by reference)
- Loan Agreement, dated October 8, 2019, among Lefkada Shipping Corporation, as borrower, the lenders party thereto, and Hamburg Commercial Bank AG as agent, mandated lead arranger and security trustee (Previously filed as an exhibit to a Report on Form 6-K filed by Navios Acquisition on November 29, 2019, and hereby incorporated by reference)
- Sample Bareboat Charter and Memorandum of Agreement, dated March 22, 2019, for the sale and leaseback transaction among Great Syros Limited, Great Folegandros Limited, Great Skiathos Limited, Great Serifos Limited, and Great Sifnos Limited, being subsidiaries of AVIC International Leasing Co., Ltd., and Syros Shipping Corporation, Folegandros Shipping Corporation, Skiathos Shipping Corporation, Serifos Shipping Corporation, and Sifnos Shipping Corporation, being wholly owned subsidiaries of Navios Maritime Acquisition Corporation, providing for the sale and leaseback of the Nave Alderamin, Nave Andromeda, Nave Capella, Nave Estella, and Nave Titan, respectively (Previously filed as an exhibit to a Report on Form 6-K filed by Navios Acquisition on November 29, 2019, and hereby incorporated by reference)
- Sample Bareboat Charter and Memorandum of Agreement, dated September 26, 2019, for the sale and leaseback transaction among Great Thasos Limited, Great Kithira Limited, and Great Antipsara Limited, being subsidiaries of AVIC International Leasing Co., Ltd., and Thasos Shipping Corporation, Kithira Shipping Corporation, and Antipsara Shipping Corporation, being wholly owned subsidiaries of Navios Maritime Acquisition Corporation, providing for the sale and leaseback of the Nave Equinox, Nave Orbit, and Nave Velocity, respectively (Previously filed as an exhibit to a Report on Form 6-K filed by Navios Acquisition on November 29, 2019, and hereby incorporated by reference)

- Bareboat Charter and Memoranda of Agreement, dated August 9, 2019, between World Star Shipping S.A. and Samothrace Shipping Corporation, providing for the sale and leaseback of the Nave Pulsar (Previously filed as an exhibit to a Report on Form 6-K filed by Navios Acquisition on November 29, 2019, and hereby incorporated by reference)
- Sample Bareboat Charter and Memorandum of Agreement, dated October 16, 2019, for the sale and leaseback transaction among Xiang T105 HK International Ship Lease Co., Limited, Xiang T104 HK International Ship Lease Co., Limited, Xiang T106 HK International Ship Lease Co., Limited, Xiang T107 HK International Ship Lease Co., Limited, Xiang T103 HK International Ship Lease Co., Limited, and Xiang T108 HK International Ship Lease Co., Limited, being subsidiaries of Bank of Communications Financial Leasing Company, and Antikithira Shipping Corporation, Ios Shipping Corporation, Iraklia Shipping Corporation, Limnos Shipping Corporation, Skopelos Shipping Corporation, and Thera Shipping Corporation, being wholly owned subsidiaries of Navios Maritime Acquisition Corporation, providing for the sale and leaseback of the Nave Equator, Nave Cielo, Bougainville, Nave Pyxis, Nave Ariadne, and Nave Atropos, respectively (Previously filed as an exhibit to a Report on Form 6-K filed by Navios Acquisition on November 29, 2019, and hereby incorporated by reference)
- Continuous Offering Program Sales Agreement, dated as of December 23, 2019, by and between Navios Maritime Acquisition Corporation and S. Goldman Capital LLC.

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) currently owns approximately 30.65% of our common stock. Navios Holdings (a Marshall Islands corporation) currently owns 100% of Alpha Merit Corporation. For more than half the days during 2019, 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 currently owning approximately 30.65% 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 2019, 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 2019, dividends paid during 2019 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 2019 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 2019 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 2019 taxable years and we do not believe that we will be treated as a PFIC for 2019 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 2019 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, 2019, or at any time during 2019, we believe that tax rules recently enacted by the Tax Cuts and Jobs Act, including the repeal of the prohibition against so-called "downward" attribution, 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.

Tax rules recently enacted by the Tax Cuts and Jobs Act, including the imposition of so-called "downward attribution" for purposes of determining whether a non-U.S. corporation is a CFC, may result in Navios Acquisition being treated as a CFC for U.S. federal income tax purposes in the future. Currently, Navios Holdings beneficially owns 30.65% of our common stock indirectly through Alpha Merit Corporation. Through downward attribution, U.S. subsidiaries of Navios Holdings are treated as constructive owners of this stock interest for purposes of determining whether we are a CFC. If, in the future, U.S. Holders (including U.S. subsidiaries of Navios Holdings, as discussed above) that each own 10% or more of our equity (by vote or value), would own in the aggregate more than 50% of our equity (by vote or value), in each case, directly, indirectly, or constructively, we should become a CFC.

The U.S. federal income tax consequences of U.S. holders who at all times own less than 10% of our equity, directly, indirectly, and constructively, should not be affected were we to become a CFC. However, were we to become a CFC any U.S. Holder who owns 10% or more of our equity (by vote or value), directly, indirectly, or constructively (but not through downward attribution) should be subject to U.S. federal income tax on its pro rata share of our so-called "subpart F" income and should be subject to U.S. federal income tax reporting requirements. Income from our time chartering activities could constitute subpart F income if it were derived from passive rental activities. But, Thompson Hine's opinion that the income we earn from our time chartering activities should not be treated as passive income is based principally on their conclusion that such income should constitute services income, rather than rental income (*see United States Federal Income Taxation of U.S. Holders – Passive Foreign Investment Company Status and Significant Tax Consequences*). So, we believe that the income we earn from our time chartering activities should not be treated as subpart F income and thus no such U.S. Holder should be subject to U.S. federal income tax on such income, regardless of whether

IRS's position that the Section 883 exemption does not apply to subpart F income is correct. If, contrary to our belief discussed above, the income we earn from our time chartering activities were treated as subpart F income, it is unclear whether such income would nonetheless be exempted from U.S. federal income tax for so long as we qualify for the Section 883 exemption (*see U.S. Federal Income Taxation of Navios Acquisition – Exemption of Operating Income from U.S. Federal Income Taxation*). In this regard, the IRS has taken the position in Revenue Ruling 87-15 that the Section 883 exemption does not cause subpart F income to be exempted from U.S. federal income tax. Any U.S. Holder of Navios Acquisition that owns 10% or more (by vote or value), directly, indirectly, or constructively, of the equity of Navios Acquisition should consult its own tax advisor regarding U.S. federal tax consequences that may result from Navios Acquisition being treated as a CFC.

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, 2019, the value of U.S. dollar increased by approximately 4.8% as compared to the Euro.

Interest Rate Risk

In each of December 31, 2019 and 2018, Navios Acquisition had a total of $1.2 billion and $1.2 billion, respectively, 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, 2019, 2018 and 2017 we paid interest on our outstanding debt at a weighted average interest rate of 7.11%, 6.94% and 6.5%, respectively. A 1% increase in LIBOR would have increased our interest expense for the years ended December 31, 2019, 2018 and 2017 by $5.4 million, $3.9 million and $4.3 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 2019 were Navig8 and Dalian. 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. Our major customers during 2018 were: Navig8 and Mansel. For the year ended December 31, 2018, Navig8 and Mansel accounted for 39.2% and 12.1%, respectively, of Navios Acquisition's revenue. For the year ended December 31, 2019, Navig8 and COSCO Dalian accounted for 34.6%, and 10.0%, 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, 2019. 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, 2019.

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, 2019. 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, 2019, 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. Kokkinis, 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. Kokkinis qualifies as an "audit committee financial expert," as such term is defined by the SEC. Mr. Kokkinis 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 2019 and 2018 were Ernst & Young (Hellas) Certified Auditors Accountants S.A. and PricewaterhouseCoopers S.A, respectively. The audit fees for the audit for each of the years ended December 31, 2019 and 2018 were $0.4 million and $0.3 million, respectively.

Audit-Related Fees

There were no audit-related fees billed in 2019 and 2018.

Tax Fees

There were no tax fees billed in 2019 and 2018.

Other Fees

There were no other fees billed in 2019 and 2018.

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 2019 and 2018.

Item 16D. ***Exemptions from the Listing Standards for Audit Committees***

Not applicable.

Item 16E. ***Purchases of Equity Securities by the Issuer and Affiliated Purchasers***

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 were 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 were determined by management based upon market conditions and other factors. Repurchases were made pursuant to a program adopted under Rule 10b5-1 under the Securities Exchange Act of 1934, as amended. The program did not require any minimum repurchase or any specific number or amount of shares of common stock and was suspended or reinstated at any time in Navios Acquisition's discretion and without notice. Repurchases were subject to restrictions under Navios Acquisition's credit facilities and indenture. Up to the expiration of the stock repurchase program in February 2020, Navios Acquisition had repurchased 735,251 shares since the program was initiated for approximately $7.5 million.

The table below sets forth the repurchases made under the stock repurchase program during the fiscal year ended December 31, 2019. Repurchases were only made during the first three months of 2019 and the stock repurchase program expired in February 2020.

Period	(a) Total Number of Shares Purchased	(b) Average Price Paid per Share	(c) Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	(d) Maximum Dollar Value of Shares that May Yet Be Purchased under the Plans or Programs
January 1, 2019 through January 31, 2019	42,876	$ 5.15	42,876	$17,845,822.39
February 1, 2019 through February 28, 2019	15,861	$ 6.97	15,861	$17,735,204.29
March 1, 2019 through March 31, 2019	5,552	$ 5.98	5,552	$17,701,997.98
Total:	**64,289**		**64,289**	

Item 16F. ***Change in Registrant's Certifying Accountant***

On April 30, 2019, we appointed Ernst & Young (Hellas) Certified Auditors-Accountants S.A. ("Ernst & Young") as the Company's independent auditor for the fiscal year ending December 31, 2019, and dismissed PricewaterhouseCoopers S.A. as our independent auditor.

Our appointment of Ernst & Young and dismissal of PricewaterhouseCoopers S.A. was approved by our audit committee.

The information required to be disclosed pursuant to this Item 16F was previously reported on Form 6-K, filed with the SEC on May 14, 2019.

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.

Table of Contents

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-46 and are filed as part of this annual report.

Item 19. ***Exhibits***

Exhibit	Description
1.1	Amended and Restated Articles of Incorporation of Navios Maritime Acquisition Corporation (Previously filed as an exhibit to a Report on Form 6-K filed by Navios Acquisition on June 4, 2010 and hereby incorporated by reference)
1.2	Articles of Amendment of the Amended and Restated Articles of Incorporation of Navios Maritime Acquisition Corporation (Previously filed as an exhibit to a Report on Form 6-K filed by Navios Acquisition on February 10, 2011, and hereby incorporated by reference)
1.3	Articles of Amendment of the Amended and Restated Articles of Incorporation of Navios Maritime Acquisition Corporation (Previously filed as an exhibit to a Report on Form 6-K filed by Navios Acquisition on November 14, 2018, and hereby incorporated by reference)
1.4	By-laws of Navios Maritime Acquisition Corporation (Previously filed as an exhibit to the Navios Maritime Acquisition Corporation Registration Statement on Form F-1, as amended (File No 333-151707) and hereby incorporated by reference)
2.1	Certificate of Designation, Preferences and Rights of the Series C Convertible Preferred Stock of Navios Maritime Acquisition Corporation, 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 by Navios Acquisition on April 12, 2011, and hereby incorporated by reference)
2.2	Certificate of Designation, Preferences and Rights of Series E Convertible Preferred Stock of Navios Maritime Acquisition Corporation (Previously filed as an exhibit to a Report on Form 6-K filed by Navios Acquisition on October 9, 2018 and hereby incorporated by reference)
2.3	Form of Certificate of Designation, Preferences and Rights in respect of the Series E Preferred Stock of Navios Maritime Acquisition Corporation (Previously filed as an exhibit to a Report on Form 6-K filed by Navios Acquisition on October 9, 2018, and hereby incorporated by reference)
2.4	Indenture dated November 13, 2013, among Navios Maritime Acquisition Corporation, Navios Acquisition Finance (US) Inc., the Guarantors thereto and Wells Fargo Bank, National Association (Previously filed as an exhibit to a Report on Form 6-K filed by Navios Acquisition on December 9, 2013, and hereby incorporated by reference)
2.5	First Supplemental Indenture dated January 8, 2014, among Navios Maritime Acquisition Corporation, Navios Acquisition Finance (US) Inc., Lefkada Shipping Corporation, Kerkyra Shipping Corporation, Zakynthos Shipping Corporation and Wells Fargo Bank, National Association (Previously filed as an exhibit to a Report on Form 6-K filed by Navios Acquisition on April 3, 2014, and hereby incorporated by reference)
2.6	Second Supplemental Indenture dated February 20, 2014, among Navios Maritime Acquisition Corporation, Navios Acquisition Finance (US) Inc., Navios Acquisition Europe Finance Inc. and Wells Fargo Bank, National Association (Previously filed as an exhibit to a Report on Form 6-K filed by Navios Acquisition on April 3, 2014, and hereby incorporated by reference)
2.7	Third Supplemental Indenture dated March 31, 2014, among Navios Maritime Acquisition Corporation, Navios Acquisition Finance (US) Inc. and Wells Fargo Bank, National Association (Previously filed as an exhibit to a Report on Form 6-K filed by Navios Acquisition on April 3, 2014, and hereby incorporated by reference)

2.8	Fourth Supplemental Indenture dated May 28, 2014, among Navios Maritime Acquisition Corporation, Navios Acquisition Finance (US) Inc., Leros Shipping Corporation, Kimolos Shipping Corporation and Wells Fargo Bank, National Association (Previously filed as an exhibit to a Report on Form 6-K filed by Navios Acquisition on August 12, 2014, and hereby incorporated by reference)
2.9	Fifth Supplemental Indenture dated December 4, 2014, among Navios Maritime Acquisition Corporation, Navios Acquisition Finance (US) Inc., Samos Shipping Corporation and Wells Fargo Bank, National Association (Previously filed as an exhibit to a Report on Form 20-F filed by Navios Acquisition on March 30, 2015, and hereby incorporated by reference)
2.10	Sixth Supplemental Indenture, dated November 17, 2015, among Navios Maritime Acquisition Corporation, Navios Acquisition Finance (US) Inc., Delos Shipping Corporation, Tilos Shipping Corporation and Wells Fargo Bank, National Association (Previously filed as an exhibit to a Report on Form 6-K filed by Navios Acquisition on January 6, 2016, and hereby incorporated by reference)
2.11	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.)
2.12	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.)
2.13	Description of the rights of each class of securities registered under Section 12 of the Exchange Act*
4.1	Form of Right of First Refusal Agreement among Navios Maritime Acquisition Corporation, Navios Maritime Holdings, Inc. and Navios Maritime Partners L.P. (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	Management Agreement dated May 28, 2010, between Navios Maritime Acquisition Corporation and Navios Ship Management Inc. (Previously filed as an exhibit to a Report on Form 6-K filed by Navios Acquisition on June 4, 2010, and hereby incorporated by reference)
4.3	Amendment to the Management Agreement dated May 4, 2012, between Navios Maritime Acquisition Corporation and Navios Tankers Manager Inc. (Previously filed as an exhibit to a Report on Form 6-K filed by Navios Acquisition on May 15, 2012, and hereby incorporated by reference)
4.4	Amendment to the Management Agreement dated May 14, 2014, between Navios Maritime Acquisition Corporation and Navios Tankers Management Inc. (Previously filed as an exhibit to a Report on Form 6-K filed by Navios Acquisition on May 22, 2014, and hereby incorporated by reference)
4.5	Fourth Amendment to the Management Agreement, dated May 19, 2016, between Navios Maritime Acquisition Corporation and Navios Tankers Management Inc. (Previously filed as an exhibit to a Report on Form 6-K filed by Navios Acquisition on June 9, 2016 and hereby incorporated by reference)
4.6	Fifth Amendment to the Management Agreement, dated May 3, 2018, between Navios Maritime Acquisition Corporation and Navios Tankers Management Inc. (Previously filed as an exhibit to a Report on Form 6-K filed by Navios Acquisition on August 23, 2018 and hereby incorporated by reference)
4.7	Form of Management Agreement, between Navios Maritime Midstream Partners L.P. and Navios Tankers Management Inc. (Previously filed as an exhibit to Navios Midstream's Registration Statement on Form F-1, as amended (File No. 333-199235) and hereby incorporated by reference)
4.8	First Amendment to Management Agreement, dated October 17, 2016, between Navios Maritime Midstream Partners L.P. and Navios Tankers Management Inc. (Previously filed as an exhibit to a Report on Form 6-K filed by Navios Midstream on October 27, 2016 and hereby incorporated by reference)

4.9	Administrative Services Agreement dated May 28, 2010, between Navios Maritime Acquisition Corporation and Navios Ship Management Inc. (Previously filed as an exhibit to a Report on Form 6-K filed by Navios Acquisition on June 4, 2010, and hereby incorporated by reference)
4.10	Amendment to the Administrative Services Agreement dated May 14, 2014, between Navios Maritime Acquisition Corporation and Navios Shipmanagement Inc. (Previously filed as an exhibit to a Report on Form 6-K filed by Navios Acquisition on May 22, 2014, and hereby incorporated by reference)
4.11	Form of Administrative Services Agreement, between Navios Maritime Midstream Partners L.P. and Navios Tankers Management Inc. (Previously filed as an exhibit to Navios Midstream's Registration Statement on Form F-1, as amended (File No. 333-199235) and hereby incorporated by reference)
4.12	Omnibus Agreement dated May 28, 2010, among Navios Maritime Acquisition Corporation, Navios Maritime Holdings Inc. and Navios Partners L.P. (Previously filed as an exhibit to a Report on Form 6-K filed by Navios Acquisition on June 4, 2010, and hereby incorporated by reference)
4.13	Omnibus Agreement dated November 18, 2014, among Navios Maritime Acquisition Corporation, Navios Maritime Holdings Inc., Navios Maritime Partners L.P., Navios Maritime Midstream Partners L.P., Navios Maritime Midstream Partners GP LLC, and Navios Maritime Midstream Opearting LLC (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)
4.14	Omnibus Agreement dated 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 Maritime Partners Containers Finance Inc. (Previously filed as an exhibit to a Report on Form 6-K filed by Navios Acquisition on August 1, 2017, and hereby incorporated by reference)
4.15	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 by Navios Acquisition on June 4, 2010, and hereby incorporated by reference)
4.16	Credit Agreement, dated April 8, 2010, among certain vessel-owning subsidiaries of and DVB Bank SE and Fortis Bank (Previously filed as an exhibit to a Report on Form 6-K filed by Navios Acquisition on June 4, 2010, and hereby incorporated by reference)
4.17	Facility Agreement for $52.2 million term loan facility, dated October 26, 2010, among Folegandros Shipping Corporation, Serifos Shipping Corporation and EFG Eurobank Ergasias S.A. (Previously filed as an exhibit to a Report on Form 6-K filed by Navios Acquisition on November 9, 2010, and hereby incorporated by reference)
4.18	Facility Agreement for $52.0 million term loan facility, dated December 6, 2010, among Rhodes Shipping Corporation, Crete Shipping Corporation and EFG Eurobank Ergasias S.A. (Previously filed as an exhibit to a Report on Form 6-K filed by Navios Acquisition on January 12, 2012, and hereby incorporated by reference)
4.19	Facility Agreement for up to $28.1 million term loan facility, dated December 29, 2011, between Antipsara Shipping Corporation and Norddeutsche Landesbank Girozentrale (Previously filed as an exhibit to a Report on Form 6-K filed by Navios Acquisition on February 22, 2012, and hereby incorporated by reference)
4.20	Facility Agreement for $56.3 million term loan facility, dated December 29, 2011, among Oinousses Shipping Corporation, Psara Shipping Corporation, DVB Bank SE and Emporiki Bank of Greece S.A. (Previously filed as an exhibit to a Report on Form 6-K filed by Navios Acquisition on February 22, 2012, and hereby incorporated by reference)
4.21	Amended and Restated Facility Agreement for $125.0 million term loan facility, dated November 4, 2015, among certain vessel-owning subsidiaries, Wilmington Trust (London) Limited, Deutsche Bank AG Filiale Deutschlandgeschaft and the Banks and Financial Institutions listed therein (Previously filed as an exhibit to a Report on Form 6-K filed by Navios Acquisition on November 13, 2015, and hereby incorporated by reference)

4.22	Facility Agreement for up to $44.0 million term loan facility, dated December 18, 2015, among Tinos Shipping Corporation, Antipaxos Shipping Corporation, BNP Paribas and the Banks and Financial Institutions listed therein (Previously filed as an exhibit to a Report on Form 6-K filed by Navios Acquisition on January 6, 2016, and hereby incorporated by reference)
4.23	Loan Agreement for up to $70.0 million, dated September 19, 2016, between Navios Maritime Holdings Inc. and Navios Maritime Acquisition Corporation (Previously filed as an exhibit to a Report on Form 6-K filed by Navios Acquisition on September 21, 2016, and hereby incorporated by reference)
4.24	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 by Navios Acquisition on August 17, 2017, and hereby incorporated by reference)
4.25	Credit Agreement for $205.0 million term loan facility, dated June 18, 2015, among Navios Midstream Partners L.P., Navios Maritime Midstream Partners Finance (US) Inc., JPMorgan Chase Bank, N.A., Morgan Stanley Senior Funding, Inc., J.P. Morgan Securities LLC, Merrill Lynch, Pierce, Fenner & Smith, Credit Suisse Securities (USA) LLC, S. Goldman Advisors, LLC, ABN Amro Capital USA LLC and DVB Capital Markets LLC (Previously filed as an exhibit to Navios Midstream’s Annual Report on Form 20-F for the year ended December 31, 2014 filed on March 17, 2015 and hereby incorporated by reference)
4.26	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 by Navios Acquisition on March 4, 2013, and hereby incorporated by reference)
4.27	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 by Navios Acquisition on May 30, 2013, and hereby incorporated by reference)
4.28	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 by Navios Acquisition on September 18, 2013, and hereby incorporated by reference)
4.29	Backstop Agreement, dated November 18, 2014, between Navios Maritime Midstream Partners LP and Navios Maritime Acquisition Corporation (Previously filed as an exhibit to a Report on Form 20-F for Navios Maritime Midstream Partners LP filed by on March 17, 2015, and hereby incorporated by reference)
4.30	General Partner Option Agreement, dated November 18, 2014, between Navios Maritime Acquisition Corporation and Navios Maritime Holdings Inc. (Previously filed as an exhibit to Navios Midstream’s Annual Report on Form 20-F for the year ended December 31, 2014 filed on March 17, 2015 and hereby incorporated by reference)
4.31	Option Agreement, dated November 18, 2014, between Navios Maritime Acquisition Corporation and Navios Maritime Holdings Inc. (Previously filed as an exhibit to a Report on Form 20-F for Navios Maritime Midstream Partners LP filed by Navios Acquisition on March 17, 2015, and hereby incorporated by reference)
4.32	Bareboat charters and Memoranda of Agreement, 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 (Previously filed as an exhibit to a Report on Form 20-F filed by Navios Acquisition on April 5, 2018, and hereby incorporated by reference)
4.33	Fifth Amendment to the Management Agreement, dated as of May 3, 2018, by and between Navios Maritime Acquisition Corporation and Navios Tankers Management Inc. (Previously filed as an exhibit to a Report on Form 6-K filed by Navios Acquisition on August 23, 2018, and hereby incorporated by reference)
4.34	Sixth Amendment to the Management Agreement, dated as of August 29, 2019, by and between Navios Maritime Acquisition Corporation and Navios Tankers Management Inc. (Previously filed as an exhibit to a Report on Form 6-K filed by Navios Acquisition on September 11, 2019, and hereby incorporated by reference)

4.35	Amendment No. 2 to Administrative Services Agreement, dated as of August 29, 2019, by and between Navios Maritime Acquisition Corporation and Navios Tankers Management Inc. (Previously filed as an exhibit to a Report on Form 6-K filed by Navios Acquisition on September 11, 2019, and hereby incorporated by reference)
4.36	Loan Agreement, dated October 8, 2019, among Lefkada Shipping Corporation, as borrower, the lenders party thereto, and Hamburg Commercial Bank AG as agent, mandated lead arranger and security trustee (Previously filed as an exhibit to a Report on Form 6-K filed by Navios Acquisition on November 29, 2019, and hereby incorporated by reference)
4.37	Sample Bareboat Charter and Memorandum of Agreement, dated March 22, 2019, for the sale and leaseback transaction among Great Syros Limited, Great Folegandros Limited, Great Skiathos Limited, Great Serifos Limited, and Great Sifnos Limited, being subsidiaries of AVIC International Leasing Co., Ltd., and Syros Shipping Corporation, Folegandros Shipping Corporation, Skiathos Shipping Corporation, Serifos Shipping Corporation, and Sifnos Shipping Corporation, being wholly owned subsidiaries of Navios Maritime Acquisition Corporation, providing for the sale and leaseback of the Nave Alderamin, Nave Andromeda, Nave Capella, Nave Estella, and Nave Titan, respectively (Previously filed as an exhibit to a Report on Form 6-K filed by Navios Acquisition on November 29, 2019, and hereby incorporated by reference)
4.38	Sample Bareboat Charter and Memorandum of Agreement, dated September 26, 2019, for the sale and leaseback transaction among Great Thasos Limited, Great Kithira Limited, and Great Antipsara Limited, being subsidiaries of AVIC International Leasing Co., Ltd., and Thasos Shipping Corporation, Kithira Shipping Corporation, and Antipsara Shipping Corporation, being wholly owned subsidiaries of Navios Maritime Acquisition Corporation, providing for the sale and leaseback of the Nave Equinox, Nave Orbit, and Nave Velocity, respectively (Previously filed as an exhibit to a Report on Form 6-K filed by Navios Acquisition on November 29, 2019, and hereby incorporated by reference)
4.39	Bareboat Charter and Memoranda of Agreement, dated August 9, 2019, between World Star Shipping S.A. and Samothrace Shipping Corporation, providing for the sale and leaseback of the Nave Pulsar (Previously filed as an exhibit to a Report on Form 6-K filed by Navios Acquisition on November 29, 2019, and hereby incorporated by reference)
4.40	Sample Bareboat Charter and Memorandum of Agreement, dated October 16, 2019, for the sale and leaseback transaction among Xiang T105 HK International Ship Lease Co., Limited, Xiang T104 HK International Ship Lease Co., Limited, Xiang T106 HK International Ship Lease Co., Limited, Xiang T107 HK International Ship Lease Co., Limited, Xiang T103 HK International Ship Lease Co., Limited, and Xiang T108 HK International Ship Lease Co., Limited, being subsidiaries of Bank of Communications Financial Leasing Company, and Antikithira Shipping Corporation, Ios Shipping Corporation, Iraklia Shipping Corporation, Limnos Shipping Corporation, Skopelos Shipping Corporation, and Thera Shipping Corporation, being wholly owned subsidiaries of Navios Maritime Acquisition Corporation, providing for the sale and leaseback of the Nave Equator, Nave Cielo, Bougainville, Nave Pyxis, Nave Ariadne, and Nave Atropos, respectively (Previously filed as an exhibit to a Report on Form 6-K filed by Navios Acquisition on November 29, 2019, and hereby incorporated by reference)
4.41	Continuous Offering Program Sales Agreement, dated as of December 23, 2019, by and between Navios Maritime Acquisition Corporation and S. Goldman Capital LLC.*
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 officers 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	Consent of Ernst & Young (Hellas) Certified Auditors Accountants S.A.*
15.4	Financial Statements of Navios Maritime Midstream Partners for the fiscal years ended December 31, 2018, 2017 and 2016 (Previously filed as Exhibit 15.3 to an Annual Report on Form 20-F filed by Navios Acquisition on April 19, 2019, and hereby incorporated by reference).

101	The following materials from the Company's Annual Report on Form 20-F for the fiscal year ended December 31, 2019, formatted in eXtensible Business Reporting Language (XBRL): (i) Consolidated Balance Sheets at December 31, 2019 and 2018; (ii) Consolidated Statements of Operations for each of the years ended December 31, 2019, 2018 and 2017; (iii) Consolidated Statements of Cash Flows for each of the years ended December 31, 2019, 2018 and 2017; (iv) Consolidated Statements of Changes in Equity for each of the years ended December 31, 2019, 2018 and 2017; 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: March 6, 2020

NAVIOS MARITIME ACQUISITION CORPORATION

Report of Independent Registered Public Accounting Firm

To the Stockholders and the Board of Directors of Navios Maritime Acquisition Corporation

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheet of Navios Maritime Acquisition Corporation (the Company) as of December 31, 2019, the related consolidated statements of operations, changes in equity and cash flows for the year in the period ended December 31, 2019, 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 financial position of the Company at December 31, 2019, and the results of its operations and its cash flows for the year in the period ended December 31, 2019, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2019, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) and our report dated March 6, 2020 expressed an unqualified opinion thereon.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audit. We are a public accounting firm registered with the 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 audit 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. Our audit included performing 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 audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

Ernst & Young (Hellas) Certified Auditors Accountants S.A.

We have served as Company's auditor since 2019.

Athens, Greece
March 6, 2020

Report of Independent Registered Public Accounting Firm On Internal Controls over Financial Reporting

To the Stockholders and the Board of Directors of Navios Maritime Acquisition Corporation

Opinion on Internal Control Over Financial Reporting

We have audited Navios Maritime Acquisition Corporation's internal control over financial reporting as of December 31, 2019, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). In our opinion, Navios Maritime Acquisition Corporation (the Company) maintained, in all material respects, effective internal control over financial reporting as of December 31, 2019, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the 2019 consolidated financial statements of the Company and our report dated March 6, 2020 expressed an unqualified opinion thereon.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Annual Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the 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 audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

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 (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) 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 (3) 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.

Ernst & Young (Hellas) Certified Auditors Accountants S.A.

Athens, Greece
March 6, 2020

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Stockholders and Board of Directors of
Navios Maritime Acquisition Corporation:

Opinion on the Financial Statements

We have audited the consolidated balance sheet of Navios Maritime Acquisition Corporation and its subsidiaries (the “Company”) as of December 31, 2018, and the related consolidated statements of operations, changes in equity and cash flows for each of the two years in the period ended December 31, 2018, including 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 financial position of the Company as of December 31, 2018, and the results of its operations and its cash flows for each of the two years in the period ended December 31, 2018 in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on the Company’s consolidated 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 of these consolidated financial statements 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 consolidated financial statements are free of material misstatement, whether due to error or fraud.

Our audits 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. We believe that our audits provide a reasonable basis for our opinion.

/s/ PricewaterhouseCoopers S.A.

Athens, Greece
April 19, 2019

We served as the Company’s auditor from 2010 to 2019.

Table of Contents

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

	Notes	December 31, 2019	December 31, 2018
ASSETS			
Current assets			
Cash and cash equivalents	4	$ 43,561	$ 44,009
Restricted cash	4	490	2,600
Accounts receivable, net	5	34,235	25,100
Due from related parties, short term	10,17	16,688	18,926
Prepaid expenses and other current assets	6	12,826	9,336
Inventories		6,208	4,007
Total current assets		**114,008**	**103,978**
Vessels, net	7	1,348,251	1,383,605
Intangible assets other than goodwill	3,8	—	36,645
Goodwill	9	1,579	1,579
Other long-term assets	2,14	5,456	—
Deferred dry dock and special survey costs, net		37,133	32,161
Investment in affiliates	3,10	6,650	11,400
Due from related parties, long-term	10,17	42,878	58,016
Total non-current assets		**1,441,947**	**1,523,406**
Total assets		**$ 1,555,955**	**$ 1,627,384**
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current liabilities			
Accounts payable	11	$ 15,355	$ 12,621
Accrued expenses	13	14,337	13,205
Due to related parties, short-term	17	32,150	12,029
Dividends payable	12	4,711	—
Deferred revenue		2,433	3,340
Current portion of long-term debt, net of deferred finance costs	14	172,953	50,964
Total current liabilities		**241,939**	**92,159**
Long-term debt, net of current portion, premium and net of deferred finance costs	14	1,000,164	1,154,873
Total non-current liabilities		**1,000,164**	**1,154,873**
Total liabilities		**$ 1,242,103**	**$ 1,247,032**
Commitments and contingencies	18	**—**	**—**
Stockholders' equity			
Preferred stock, $0.0001 par value; 10,000,000 shares authorized; no shares of Series C issued and outstanding as of December 31, 2019 and 1,000 series C shares issued and outstanding as of December 31, 2018	19	—	—
Common stock, $0.0001 par value; 250,000,000 shares authorized; 15,873,391 and 13,280,927 issued and outstanding as of December 31, 2019 and December 31, 2018, respectively	19	2	1
Additional paid-in capital	19	521,275	522,335
Accumulated deficit		(207,425)	(141,984)
Total stockholders' equity		**313,852**	**380,352**
Total liabilities and stockholders' equity		**$ 1,555,955**	**$ 1,627,384**

See notes to consolidated financial statements.

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, 2019	Year ended December 31, 2018	Year ended December 31, 2017
Revenue	2, 20	$ 280,117	$ 187,946	$ 227,288
Time charter and voyage expenses	17	(22,690)	(31,593)	(21,919)
Direct vessel expenses	17	(10,132)	(7,656)	(4,198)
Management fees (entirely through related party transactions)	17	(107,748)	(94,019)	(94,973)
General and administrative expenses	13,17,19	(21,689)	(18,569)	(13,969)
Depreciation and amortization	7,8	(67,892)	(56,307)	(56,880)
Interest income	10,17	7,717	7,998	10,042
Interest expense and finance cost	14	(91,442)	(77,975)	(76,438)
Gain on debt repurchase	14	1,940	—	—
(Loss)/ gain on sale of vessels and Impairment loss	7,8	(36,731)	25	—
Bargain purchase gain	3	—	68,951	—
Equity/ (loss) in net earnings of affiliated companies	3,10,17	2,948	(61,284)	(46,657)
Other income		1,335	28	82
Other expense		(1,174)	(3,918)	(1,277)
Net loss		**$ (65,441)**	**$ (86,373)**	**$ (78,899)**
Dividend on restricted shares		(253)	(172)	(89)
Undistributed (income)/ loss attributable to Series C participating preferred shares		(13)	4,312	3,835
Net loss attributable to common stockholders, basic	**21**	**$ (65,707)**	**$ (82,233)**	**$ (75,153)**
Plus:				
Dividend on restricted shares		—	—	—
Net loss attributable to common stockholders, diluted	**21**	**$ (65,707)**	**$ (82,233)**	**$ (75,153)**
Net loss per share, basic	21	$ (4.75)	$ (8.40)	$ (7.50)
Weighted average number of shares, basic		13,823,754	9,784,507	10,027,469
Net loss per share, diluted	21	$ (4.75)	$ (8.40)	$ (7.50)
Weighted average number of shares, diluted		13,823,754	9,784,507	10,027,469

See notes to consolidated financial statements.

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

	Notes	Year ended December 31, 2019	Year ended December 31, 2018	Year ended December 31, 2017
Operating Activities				
Net loss		$ (65,441)	$ (86,373)	$ (78,899)
Adjustments to reconcile net loss to net cash provided by operating activities:				
Depreciation and amortization	7,8	67,892	56,307	56,880
Amortization and write-off of deferred finance costs and bond premium	14	4,798	3,743	3,784
Gain on debt repurchase		(1,940)	—	—
Amortization of dry dock and special survey costs		9,576	7,656	4,198
Stock based compensation	19	909	1,076	57
(Gain)/loss on sale of vessels and impairment loss	7, 8	36,731	(25)	—
Bargain purchase gain	3	—	(68,951)	—
(Equity)/ loss in earnings of affiliates, net of dividends received	3,10, 17	(2,948)	61,284	56,923
Changes in operating assets and liabilities:				
Decrease/ (increase) in prepaid expenses and other current assets		2,680	(6,050)	(2,582)
Decrease in inventories		3,541	3,815	192
(Increase)/ decrease in accounts receivable		(8,655)	(2,063)	8,123
(Increase)/ decrease in due from related parties short-term		(7,034)	(3,734)	11,116
Decrease in other long term assets		—	900	—
(Increase)/ decrease in due from related parties long-term		899	3,955	(12,730)
Increase/ (decrease) in accounts payable		282	3,250	(993)
Increase/ (decrease) in accrued expenses		583	(2,824)	1,164
Payments for dry dock and special survey costs		(6,864)	(19,412)	(14,897)
(Decrease)/ increase in due to related parties		(4,858)	14,093	17,107
Decrease in deferred revenue		(907)	(5,356)	(3,475)
Net cash provided by/ (used in) operating activities		**$ 29,244**	**$ (38,709)**	**$ 45,968**
Investing Activities				
Net cash proceeds from sale of vessels	7,10	71,252	44,500	—
Acquisition of vessels/ Vessels additions		(65,225)	—	—
Cash acquired from Navios Midstream merger	3,10	—	25,260	—
Loan repayment from affiliated companies	17	—	—	55,132
Investment in affiliates		—	—	(84)
Loans receivable from affiliates	17	(2,000)	—	(13,706)
Dividends received from affiliates	10	—	10,053	11,036
Net cash provided by investing activities		**$ 4,027**	**$ 79,813**	**$ 52,378**
Financing Activities				
Loan proceeds, net of deferred finance costs	14	308,368	69,512	49,764
Loan repayments	14	(347,699)	(131,125)	(84,196)
Dividend paid	12	(12,359)	(12,213)	(31,614)
Net proceeds from equity offering		16,227	—	—
Redemption of Convertible shares and puttable common stock	19	—	—	(2,500)
Acquisition of treasury stock	19	(366)	(7,127)	—
Net cash used in financing activities		**$ (35,829)**	**$ (80,953)**	**$ (68,546)**
Net (decrease)/ increase in cash and cash equivalents and restricted cash		**(2,558)**	**(39,849)**	**29,800**
Cash and cash equivalents and restricted cash, beginning of year		**46,609**	**86,458**	**56,658**
Cash and cash equivalents, and restricted cash end of year		**$ 44,051**	**$ 46,609**	**$ 86,458**
Supplemental disclosures of cash flow information				
Cash interest paid, net of capitalized interest		$ 86,014	$ 76,468	$ 71,966
Non-cash investing activities				
Accrued interest on loan to affiliates		$ (2,948)	$ (3,103)	$ (2,643)
Costs payable relating to sale of vessel		$ —	$ 200	$ —
Transaction costs relating to the merger with Navios Midstream		$ —	$ 469	$ —
Acquisition of vessels		$ 33,210	$ —	$ —
Non-cash financing activities				
Stock based compensation		$ 909	$ 1,076	$ 57
Accrued deferred finance costs		$ 1,702	$ —	$ —
Other long term assets		$ 5,456	$ —	$ —

See notes to consolidated financial statements.

Table of Contents

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, 2016		**1,000**	**$ —**	**10,038,866**	**$ 1**	**$541,734**	**$ 31,196**	**$ 572,931**
Redemption of puttable common stock	19	—	—	(16,667)	—	—	—	—
Stock based compensation	19	—	—	118,328	—	57	—	57
Dividend paid/ declared	12	—	—	—	—	(23,706)	(7,908)	(31,614)
Net loss		—	—	—	—	—	(78,899)	(78,899)
Balance, December 31, 2017		**1,000**	**$ —**	**10,140,527**	**$ 1**	**$518,085**	**$ (55,611)**	**$ 462,475**
Common shares issued for the acquisition of 41.03% of Navios Maritime Midstream Partners L.P. ("Navios Midstream"), net of expenses	19	—	—	3,683,284	—	22,514	—	22,514
Acquisition of treasury stock	19	—	—	(672,153)	—	(7,127)	—	(7,127)
Stock based compensation	19	—	—	129,269	—	1,076	—	1,076
Dividend paid/ declared	12	—	—	—	—	(12,213)	—	(12,213)
Net loss		—	—	—	—	—	(86,373)	(86,373)
Balance, December 31, 2018		**1,000**	**$ —**	**13,280,927**	**$ 1**	**$522,335**	**$ (141,984)**	**$ 380,352**
Issuance of common shares	19	—	—	2,145,020	1	15,467	—	15,468
Dividend paid/ declared	12	—	—	—	—	(17,070)	—	(17,070)
Conversion of preferred stock to common	19	(1,000)	—	511,733	—	—	—	—
Stock based compensation	19	—	—	—	—	909	—	909
Acquisition of treasury stock	19	—	—	(64,289)	—	(366)	—	(366)
Net loss		—	—	—	—	—	(65,441)	(65,441)
Balance, December 31, 2019		**—**	**$ —**	**15,873,391**	**$ 2**	**$521,275**	**$ (207,425)**	**$ 313,852**

See notes to consolidated financial statements.

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

NOTE 1: DESCRIPTION OF ORGANIZATION AND BUSINESS OPERATIONS

Navios Maritime Acquisition Corporation ("Navios Acquisition" or the "Company") (NYSE: NNA) owns a large fleet of modern crude oil, refined petroleum product and chemical tankers providing 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 Navios Tankers Management Inc. (the "Manager").

Navios Acquisition was incorporated in the Republic of the Marshall Islands on March 14, 2008. On July 1, 2008, Navios 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 was listed on the NYSE under the symbol "NAP". (Refer to Note 10, "Investment in affiliates"). Navios Midstream was a publicly traded master limited partnership, through December 13, 2018, which owned, operated and acquired crude oil tankers, refined petroleum product tankers, chemical tankers and liquefied petroleum gas tankers under long-term employment contracts.

On December 13, 2018, the Company completed the merger (the "Merger") contemplated by the previously announced Agreement and Plan of Merger, (the "Merger Agreement"), dated as of October 7, 2018, by and among Navios Acquisition, its direct wholly-owned subsidiary NMA Sub LLC ("Merger Sub"), Navios Midstream and Navios Midstream Partners GP LLC (the "NAP General Partner"). Pursuant to the Merger Agreement, Merger Sub merged with and into Navios Midstream, with Navios Midstream surviving as a wholly-owned subsidiary of Navios Acquisition.

Under the terms of the transaction, Navios Acquisition acquired all of the outstanding publicly held common units of Navios Midstream though the issuance of 3,683,284 newly issued shares of Navios Acquisition common stock in exchange for the publicly held common units of Navios Midstream at an exchange ratio of 0.42 shares of Navios Acquisition for each Navios Midstream common unit. Following the Merger the results of operations of Navios Midstream are consolidated under Navios Acquisition.

On November 22, 2019, an agreement was reached to liquidate Navios Europe I. As a result of the liquidation, which was completed in December 2019 ("Liquidation of Navios Europe I), Navios Acquisition acquired five vessel owning companies.

In October 2019, Navios Acquisition completed a registered direct offering of 1,875,000 shares of its common stock at $8.00 per share, raising gross proceeds of $15,000. Total net proceeds of the above transactions, net of agents' costs of $675 million and offering costs $957, amounted to $13,368.

On November 29, 2019, Navios Acquisition entered into a Continuous Offering Program Sales Agreement for the issuance and sale from time to time shares of Navios Acquisition's common stock having an aggregate offering price of up to $25,000. The sales were being made pursuant to a prospectus supplement as part of a shelf registration statement which was set to expire in December 2019. Navios Acquisition went effective on a new shelf registration statement which was declared effective on December 23, 2019. Accordingly, an updated Continuous Offering Program Sales Agreement (the "Sales Agreement") was entered into on December 23, 2019. As before, the Sales Agreement contains, among other things, customary representations, warranties and covenants by Navios Acquisition and indemnification obligations of the parties thereto as well as certain termination rights for such parties. As of December 31, 2019, Navios Acquisition had issued 270,020 shares of common stock and received net proceeds of $2,099.

As of December 31, 2019, Navios Holdings had 30.6% of the voting power and 31.0% of the economic interest in Navios Acquisition.

As of December 31, 2019, Navios Acquisition had outstanding: 15,873,391 shares of common stock outstanding.

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

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).

The Company historically presented changes in restricted cash and cash equivalents depending on the nature of the cash flow within the consolidated statement of cash flows. During the first quarter of 2018, the Company adopted the guidance codified in ASU 2016-18, Statement of Cash Flows (Topic 230): Restricted Cash (ASU 2016-18), which requires that restricted cash and cash equivalents be included as components of total cash and cash equivalents as presented on the statement of cash flows. The recognition and measurement guidance for restricted cash is not affected. The Company applied this guidance retrospectively to all prior periods presented in the Company's financial statements.

The reclassification of restricted cash in the statement of cash flows does not impact net income as previously reported or any prior amounts reported on the statements of operations, or balance sheet. The effect of the retrospective application of this change in accounting principle on the Company's statement of cash flows for the year ended December 31, 2017 resulted in an increase of operating cash flows in the amount of $26 and a decrease of financing cash flows in the amount of $2,085 with a corresponding decrease in cash and cash equivalents of $2,059.

Reverse Stock Split:

On November 9, 2018, the Stockholders of Navios Acquisition approved a one-for-15 reverse stock split of all outstanding shares of common stock of the Company which was effected on November 14, 2018. The effect of the reverse stock split was to combine each 15 shares of outstanding common stock into one new share, with no change in authorized shares or par value per share, and to reduce the number of common stock shares outstanding from approximately 142.9 million shares to approximately 9.5 million shares. No fractional shares of common stock were issued in connection with the reverse stock split. Stockholders who would otherwise hold fractional shares of the Company's common stock received a cash payment in lieu thereof. All issued and outstanding shares of common stock, conversion terms of preferred stock, options to purchase common stock and per share amounts contained in the financial statements, in accordance with Staff Accounting Bulletin Topic 4C, have been retroactively adjusted to reflect the reverse split for all periods presented.

(ab) Recent accounting pronouncements

In August 2018, FASB issued ASU 2018-13, "Fair Value Measurement (Topic 820): Disclosure Framework-Changes to the Disclosure Requirements for Fair Value Measurement". This update modifies the disclosure requirements on fair value measurements. ASU 2018-13 is effective for fiscal years beginning after December 15, 2019, and earlier adoption is permitted. The adoption of this new accounting guidance did not have a material effect on the Company's consolidated financial statements.

In October 2018, FASB issued ASU 2018-17, Consolidation (Topic 810): "Targeted Improvements to Related Party Guidance for Variable Interest Entities" ("ASU 2018-17"). ASU 2018-17 provides that indirect interests held through related parties in common control arrangements should be considered on a proportional basis for determining whether fees paid to decision makers and service providers are variable interests. This is consistent with how indirect interests held through related parties under common control are considered for determining whether a reporting entity must consolidate a Variable Interest Entity ("VIE"). For Public business entities the amendments are effective for fiscal years beginning after December 15, 2019, and interim periods within those fiscal years. Early adoption is permitted. The adoption of this new accounting guidance did not have a material effect on the Company's consolidated financial statements.

In January 2017, the FASB issued ASU No. 2017-04, Intangibles-Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment. The ASU is effective for periods beginning after December 15, 2019, with an election to adopt early. The ASU requires only a one-step quantitative impairment test, whereby a goodwill impairment loss will be measured as the excess of a reporting unit's carrying amount over its fair value. It eliminates Step 2 of the current two-step goodwill impairment test, under which a goodwill impairment loss is measured by comparing the implied fair value of a reporting unit's goodwill with the carrying amount of that goodwill. As the ASU is to be applied prospectively, it will not impact our previously reported 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,

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

although early adoption is permitted for interim and annual periods beginning after December 15, 2018. In November 2018, FASB issued ASU 2018-19 "Codification Improvements to topic 326, Financial Instruments-Credit Losses". The amendments in this update clarify that operating lease receivables are not within the scope of ASC 326-20 and should instead be accounted for under the new leasing standard, ASC 842. The adoption of this new accounting guidance did not have a material effect on the Company's consolidated financial statements.

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

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

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

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

As of December 31, 2019, the entities included in these consolidated financial statements were:

Navios Maritime Acquisition Corporation and Subsidiaries:	Nature	Country of Incorporation	2019	2018	2017
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(8)	Marshall Is.	1/1 - 12/31	1/1 - 12/31	1/1 - 12/31
Antiparos Shipping Corporation	Vessel-Owning Company(8)	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(8)	Marshall Is.	1/1 - 12/31	1/1 - 12/31	1/1 - 12/31
Ikaria Shipping Corporation	Vessel-Owning Company(8)	Marshall Is.	1/1 - 12/31	1/1 - 12/31	1/1 - 12/31
Ios Shipping Corporation	Vessel-Owning Company(8)	Cayman Is.	1/1 - 12/31	1/1 - 12/31	1/1 - 12/31
Kithira Shipping Corporation	Vessel-Owning Company(8)	Marshall Is.	1/1 - 12/31	1/1 - 12/31	1/1 - 12/31
Kos Shipping Corporation	Vessel-Owning Company(8)	Marshall Is.	1/1 - 12/31	1/1 - 12/31	1/1 - 12/31
Mytilene Shipping Corporation	Vessel-Owning Company(8)	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(8)	Marshall Is.	1/1 - 12/31	1/1 - 12/31	1/1 - 12/31
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(8)	Marshall Is.	1/1 - 12/31	1/1 - 12/31	1/1 - 12/31
Skiathos Shipping Corporation	Vessel-Owning Company(8)	Marshall Is.	1/1 - 12/31	1/1 - 12/31	1/1 - 12/31
Skopelos Shipping Corporation	Vessel-Owning Company(8)	Cayman Is.	1/1 - 12/31	1/1 - 12/31	1/1 - 12/31
Syros Shipping Corporation	Vessel-Owning Company(8)	Marshall Is.	1/1 - 12/31	1/1 - 12/31	1/1 - 12/31
Thera Shipping Corporation	Vessel-Owning Company(8)	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(8)	Marshall Is.	1/1 - 12/31	1/1 - 12/31	1/1 - 12/31
Samothrace Shipping Corporation	Vessel-Owning Company(8)	Marshall Is.	1/1 - 12/31	1/1 - 12/31	1/1 - 12/31

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

Thasos Shipping Corporation	Vessel-Owning Company(8)	Marshall Is.	1/1 - 12/31	1/1 - 12/31	1/1 - 12/31
Limnos Shipping Corporation	Vessel-Owning Company(8)	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
Kerkyra Shipping Corporation	Vessel-Owning Company(3)	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	Former Vessel-Owning Company(13)	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	1/1 - 12/31
Delos Shipping Corporation	Vessel-Owning Company	Marshall Is.	1/1 - 12/31	1/1 - 12/31	1/1 - 12/31
Agistri Shipping Corporation	Operating Subsidiary	Malta	1/1 - 12/31	1/23 - 12/31	—
Olivia Enterprises Corp.	Vessel-Owning Company(10)	Marshall Is.	1/1 - 12/31	7/3 - 12/31	—
Cyrus Investments Corp.	Vessel-Owning Company(10)	Marshall Is.	1/1 - 12/31	7/3 - 12/31	—
Doxa International Corp.	Vessel-Owning Company(10)	Marshall Is.	4/10 - 12/31	—	—
Navios Maritime Midstream Partners GP LLC	Holding Company	Marshall Is.	1/1 - 12/31	1/1 - 12/31	1/1 - 12/31
Navios Maritime Midstream Operating LLC	Sub-Holding Company	Marshall Is.	1/1 - 12/31	12/14 - 12/31	—
Navios Maritime Midstream Partners L.P.	Sub-Holding Company	Marshall Is.	1/1 - 12/31	12/14 - 12/31	—
Navios Maritime Midstream Partners Finance (US) Inc.	Co-borrower	Delaware	1/1 - 12/31	12/14 - 12/31	—
Shinyo Kannika Limited	Former Vessel-Owning Company	Hong Kong	1/1 - 12/31		

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

Shinyo Ocean Limited	Former Vessel-Owning Company(11)	Hong Kong	1/1 - 12/31	12/14 - 12/31	—
Shinyo Saowalak Limited	Vessel-Owning Company	British Virgin Is.	1/1 - 12/31	12/14 - 12/31	—
Shinyo Kieran Limited	Vessel-Owning Company	British Virgin Is.	1/1 - 12/31	12/14 - 12/31	—
Shinyo Dream Limited	Former Vessel-Owning Company(12)	Hong Kong	1/1 - 12/31	12/14 - 12/31	—
Sikinos Shipping Corporation	Vessel-Owning Company	Marshall Is.	1/1 - 12/31	12/14 - 12/31	—
Alkmene Shipping Corporation	Vessel-Owning Company(14)	Marshall Is.	12/14 - 12/31	—	—
Persephone Shipping Corporation	Vessel-Owning Company(14)	Marshall Is.	12/14 - 12/31	—	—
Rhea Shipping Corporation	Vessel-Owning Company(14)	Marshall Is.	12/20 - 12/31	—	—
Aphrodite Shipping Corporation	Vessel-Owning Company(14)	Marshall Is.	12/20 - 12/31	—	—
Dione Shipping Corporation	Vessel-Owning Company(14)	Marshall Is.	12/20 - 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 on March 29, 2018.
(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) Currently, vessel-operating company under a sale and leaseback transaction.
(9) The vessel Shinyo Kannika was sold to an unaffiliated third party on March 22, 2018.
(10) Bareboat chartered-in vessels with purchase option, to be delivered in the third and fourth quarter of 2020. In the first quarter of 2019, the Company exercised the option for a third VLCC newbuilding under a bareboat operating lease with an expected delivery in the third quarter of 2021.
(11) In March 2019, the Shinyo Ocean, a 2001-built VLCC vessel of 281,395 dwt was involved in a collision incident. The Company maintains insurance coverage for such types of events (subject to applicable deductibles and other customary limitations). In May 10, 2019, Navios Acquisition sold the Shinyo Ocean, a 2001-built VLCC vessel of 281,395 dwt to an unaffiliated third party for a sale price of $12,525.
(12) On March 25, 2019, Navios Acquisition sold the C. Dream, a 2000-built VLCC vessel of 298,570 dwt to an unaffiliated third party for a sale price of $21,750.
(13) On October 8, 2019, Navios Acquisition sold the Nave Electron, a 2002-built VLCC vessel of 305,178 dwt to an unaffiliated third party for a sale price of $25,250.
(14) In December 2019, Navios Acquisition acquired five product tankers, two LR1 product tankers and three MR1 product tankers following the liquidation of Navios Europe I.

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

(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. 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.

(g) Restricted Cash: As of December 31, 2019 and 2018, restricted cash consisted of $490 and $2,600, 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, pool revenue, 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, 2019 and 2018, the amounts shown as other long term assets reflected the deposits of $5,456 and $0, respectively, under certain sale and leaseback arrangements.

(j) Inventories: Inventories, which are comprised of: (i) bunkers (when applicable) on board of the vessels, are valued at cost as determined on the first-in, first-out basis; and (ii) lubricants and stock provisions on board of the vessels as of the balance sheet date, are valued at cost as determined on the first-in, first-out basis.

***(k) 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 the 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.

(l) Leases: Leases where the Company acts as the lessee are classified as either finance or operating leases.

In cases of lease agreements where the Company acts as the lessee, the Company recognizes a right of use asset and a corresponding lease liability on the consolidated balance sheet. For finance leases, interest expense is determined using the effective interest method and amortization on the right-of-use asset is recognized on a straight-line basis. For operating leases, lease expense is recorded on a straight-line basis over the lease term. The Company does not act as a lessee in any of its arrangements.

Leases where the Company acts as the lessor are classified as either operating or sales-type / direct financing leases.

In cases of lease agreements where the Company acts as the lessor under an operating lease, the Company keeps the underlying asset on the consolidated balance sheet and continues to depreciate the assets over its useful life. In cases of lease agreements where the Company acts as the lessor under a sales-type / direct financing lease, the Company derecognizes the underlying asset and records a net investment in the lease. The Company acts as a lessor under operating leases in connection with all of its revenue arrangements.

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

In cases of sale and leaseback transactions, if the transfer of the asset to the lessor does not qualify as a sale, then the transaction constitutes a failed sale and leaseback and is accounted for as a financing transaction. For a sale to have occurred, the control of the asset would need to be transferred to the lessor, and the lessor would need to obtain substantially all the benefits from the use of the asset. The Company has entered into five agreements which qualify as failed sale and leaseback transactions as the Company is required to repurchase the vessels at the end of the lease term and the Company has accounted for the two agreements as financing transactions.

(m) 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.

(n) 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 and compared to the carrying value of the vessel, the unamortized portion of deferred drydock and special survey costs 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 2019, management concluded that, during the year 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. Management's assessment concluded that there were no impairment indicators for the five product tankers of Navios Europe I that were acquired on December 14 and December 20, 2019 due to the proximity of the acquisition date through December 31, 2019.

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 drydock and special survey costs related to the vessel, if applicable. The 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 2024 and thereafter assuming an annual increase of 3.0% every second year and utilization rate of 99.6% based on the fleets' historical performance.

The assessment concluded that no impairment of vessels existed as of December 31, 2019, 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.

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

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 the 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.

During the year ended December 31, 2019, the Company recognized an impairment loss on sale of vessel of $7,287 relating to the sale of Nave Electron.

There was no impairment loss recognized for the years ended December 31, 2018 and 2017, respectively.

(o) 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 and write-off of deferred finance costs and bond premium for each of the years ended December 31, 2019, 2018 and 2017 was $4,798, $3,743 and $3,784, respectively.

(p) 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.

(q) Intangible assets other than goodwill: 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 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. On December 13, 2018, Navios Acquisition acquired the intangible assets of Navios Midstream at fair value of $36,900. (See Note 8).

On September 25, 2019, the U.S. Department of Treasury's Office of Foreign Assets Control added, amongst others, COSCO Shipping Tanker (Dalian) Co., Ltd. ("COSCO Dalian") to the Specially Designated Nationals and Blocked Persons list after being determined by the State Department to meet the criteria for the imposition of sanctions under Executive Order 13846. The Company had two VLCCs chartered to COSCO Dalian, the Nave Constellation (ex. Shinyo Saowalak) and the Nave Universe (ex. Shinyo Kieran), through June 18, 2025 and June 8, 2026, respectively, each at a net rate of $48,153 per day, with profit sharing above $54,388. Subsequent to September 30, 2019, both charter contracts were terminated and the two vessels are now employed in the open market. As a result an impairment loss of $32,688 has been recorded which is included in "(Loss)/ gain on sale of vessels and Impairment loss".

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

COSCO Dalian was removed from the Specially Designated Nationals and Blocked Persons list on January 31, 2020.

As of December 31, 2019 and 2018, the intangible assets of Navios Acquisition were $0 and $36,645, respectively.

(r) 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 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, 2019, 2018 and 2017, the amortization expense was $9,576, $7,656 and $4,198, respectively. Accumulated amortization as of December 31, 2019 and 2018 amounted to $19,210 and $14,750, respectively.

(s) 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.

(t) 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.

(u) 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. 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.

(v) Revenue and Expense Recognition:

Revenue Recognition: On January 1, 2018, the Company adopted the provisions of *ASC 606, Revenue from Contracts with Customers* (ASC 606). The guidance provides a unified model to determine how revenue is recognized. In doing so, the Company makes judgments including identifying performance obligations in the contract, estimating the amount of variable consideration to include in the transaction price, and allocating the transaction price to each performance obligation. Revenues are recognized to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. In determining the appropriate amount of revenue to be recognized as it fulfills its obligations under its agreements, the Company performs the following steps: (i) identification of the promised goods or services in the contract; (ii) determination of whether the promised goods or services are performance obligations, including whether they are distinct in the context of the contract; (iii) measurement of the transaction price, including the constraint on variable consideration; (iv) allocation of the transaction price to the performance obligations based on estimated selling prices; and (v) recognition of revenue when (or as) the Company satisfies each performance obligation.

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

In February 2016, the FASB issued ASU 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, (a) 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 and (b) previous accounting standards for lessors will be updated to align certain requirements with the updates to lessee accounting standards and the revenue recognition accounting standards. ASU 2016 – 02 is effective for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years. Early application is permitted. In July 2018, the FASB issued ASU 2018-10, Codification Improvements to Topic 842 Leases ("ASU 2018-10"). The amendments in ASU 2018-10 affect narrow aspects of the guidance issued in the amendments in ASU 2016-02. The amendments in this Update affect the amendments in Update 2016-02, which are not yet effective, but for which early adoption upon issuance is permitted. For entities that early adopted Topic 842, the amendments are effective upon issuance of this Update, and the transition requirements are the same as those in Topic 842. For entities that have not adopted Topic 842, the effective date and transition requirements will be the same as the effective date and transition requirements in Topic 842. In addition in July 2018, the FASB issued ASU 2018-11, Targeted Improvements to Topic 842 Leases ("ASU 2018-11). The improvements in ASU 2018-11 provide for (a) an optional new transition method for adoption that results in initial recognition of a cumulative effect adjustment to retained earnings in the year of adoption and (b) a practical expedient for lessors, under certain circumstances, to combine the lease and non-lease components of revenues for presentation purposes.

The Company has elected to early adopt the requirements of ASU 2016-02 effective January 1, 2018, using the modified retrospective method which is consistent, with the approach the Company has elected under the new revenue standard, and elected to apply the additional optional transition method along with the following practical expedients: (i) a package of practical expedients which does not require the Company to reassess: (1) whether any expired or existing contracts are or contain leases; (2) lease classification for any expired or existing leases; and (3) whether initial direct costs for any expired or existing leases would qualify for capitalization under ASC 842; (ii) to account for non-lease components (primarily crew and maintenance services) of time charters as a single lease component as the timing and pattern of transfer of the non-lease components and associated lease component are the same, the lease components, if accounted for separately, would be classified as an operating lease, and such non-lease components are not predominant components of the combined component. The Company has determined to recognize lease revenue as a combined single lease component for all time charters (operating leases) as the related lease component and non-lease component will have the same timing and pattern of the revenue recognition of the combined single lease component. The performance obligations in a time charter contract are satisfied over term of the contract beginning when the vessel is delivered to the charterer until it is redelivered back to the Company. As a result of adoption, there was no cumulative impact to the Company's retained earnings at January 1, 2018. The comparative information has not been restated and continues to be reported under the accounting standards in effect for those periods.

The Company's contract revenues from time chartering and pooling arrangements are governed by ASU 2016-02 "Leases", which the Company early adopted on January 1, 2018. Upon adoption of ASC 606 and ASC 842, the timing and recognition of earnings from the pool arrangements and time charter contracts to which the Company is party did not change from previous practice. The Company has determined to recognize lease revenue as a combined single lease component for all time charters (operating leases) as the related lease component and non-lease component will have the same timing and pattern of the revenue recognition of the combined single lease component. The performance obligations in a time charter contract are satisfied over term of the contract beginning when the vessel is delivered to the charterer until it is redelivered back to the Company. As a result of the adoption of these standards, there was no effect on the Company's opening retained earnings, consolidated balance sheets and consolidated statements of operations.

In December 2018, FASB issued ASU 2018-20, Leases (Topic 842), "Narrow-Scope Improvements for Lessors": to clarify guidance for lessors on sales taxes and other similar taxes collected from lessees, certain lessor costs and recognition of variable payments for contracts with lease and non-lease components. The Company has early adopted the standard effective January 1, 2018 and is using that date as the date of initial application. The adoption of this guidance had no impact on the Company's disclosures to the consolidated financial statements.

Revenue from time chartering

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. Revenues from time chartering of vessels were $167,743, $122,235 and $177,673 for the years ended December 31, 2019, 2018 and 2017, respectively. The majority of revenue from time chartering is usually collected in advance.

(Expressed in thousands of U.S. Dollars except share and per share data)

Table of Contents

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 are 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 as variable rate operating leases on the accrual basis and is recognized in the period in which the variability is resolved. The Company recognizes net pool revenue on a monthly and quarterly basis, when the vessel has participated in a pool during the period and the amount of pool revenue can be estimated reliably based on the pool report. The allocation of such net revenue may be subject to future adjustments by the pool however, such changes are not expected to be material. Revenue for vessels operating in pooling arrangements amounted to $71,165, $52,989 and $46,626, for the years ended December 31, 2019, 2018 and 2017, respectively. The majority of revenue from pooling arrangements is usually collected through the month they are incurred.

Revenue from voyage contracts

The Company's revenues earned under voyage contracts (revenues for the transportation of cargo) were previously recognized ratably over the estimated relative transit time of each voyage. A voyage was deemed to commence when a vessel was available for loading and was deemed to end upon the completion of the discharge of the current cargo. 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. Upon adoption of ASC 606, the Company recognizes revenue ratably from port of loading 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. For the years ended December 31, 2019, 2018, and 2017 revenues under voyage contracts were $33,370, $11,638, and $2,071, respectively. Capitalized costs as of December 31, 2019 and 2018 related to costs to fulfill the contract amounted to $103 and $505, respectively, and are included under caption "Prepaid expenses and other current assets". Accounts receivable, net, as of December 31, 2019 that related to voyage contracts was $12,219 (December 31, 2018: $7,269). The majority of revenue from voyage contracts is usually collected after the discharging takes place.

Revenue from profit sharing

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, 2019, 2018 and 2017 amounted to $7,839, $1,084 and $918, 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.

Options to extend or terminate a lease

The Company's vessels have the following options to extent or renew their charters:

Vessel	Option
Nave Aquila	Charterer's option to extend the charter for one year at $16,886 net per day.
Nave Pulsar	Charterer's option to extend the charter for one year at $16,590 net per day plus ice-transit premium.
Nave Cetus	Charterer has the option to either charter the vessel for a period of two years at a rate of $16,088 net per day plus one optional year at a rate of $17,063 net per day.
Nave Luminosity	Charterer's option to extend the charter for one year at $18,022 net per day.
Nave Spherical	Contract provides 100% of BITR TD3C-TCE index plus $5,000 for a period of three years plus one optional year with 100% BITR TD3C index plus $1,500.
TBN	Charterer's option to extend the bareboat charter for five years at $29,751 net per day.

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

Time Charter and Voyage Expenses: Time charter and voyage expenses comprise all expenses related to each particular voyage, including 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. Contract fulfillment costs (mainly consisting of bunker expenses and port dues) for voyage charters are recognized as deferred contract costs and amortized over the voyage period when the relevant criteria under ASC 340-40 are met or are expensed 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 amended in May 2012, May 2014, May 2016 and May 2018, the Manager provided commercial and technical management services to Navios Acquisition's vessels for a fixed daily fee of: (a) $6.5 per MR2 product tanker and chemical tanker vessel; (b) $7.15 per LR1 product tanker vessel; and (c) the current daily fee of $9.5 per VLCC, through May 2020.

Following the Merger with Navios Midstream, completed on December 13, 2018, the Management Agreement covers vessels acquired.

In August 2019, Navios Acquisition extended the duration of its existing Management Agreement with the Manager until January 1, 2025, to be automatically renewed for another five years. In addition management fees are fixed for two years commencing from January 1, 2020 at: (a) $6.8 per day per MR2 product tanker and chemical tanker vessel; (b) $7.23 per day per LR1 product tanker vessel; and (c) $9.7 per day per VLCC. The agreement also provides for a technical and commercial management fee of $0.05 per day per vessel and an annual increase of 3% for the remaining period unless agreed otherwise and provides for payment of a termination fee, equal to the fees charged for the full calendar year preceding the termination date, by Navios Acquisition in the event the Management Agreement is terminated on or before December 31, 2024.

Following the Liquidation of Navios Europe I, Navios Acquisition acquired three MR1 product tankers and two LR1 product tankers. As per the Management Agreement as amended in December 2019, management fees are fixed for two years commencing from January 1, 2020 at: (a) $6.8 per day per MR1 product tanker; and (b) $7.23 per day per LR1 product tanker vessel. The agreement also provides for a technical and commercial management fee of $0.05 per day per vessel and an annual increase of 3% after January 1, 2022 for the remaining period unless agreed otherwise.

Drydocking expenses are reimbursed at cost for all vessels.

General and administrative expenses: On May 28, 2010, Navios Acquisition entered into an administrative services agreement with the Manager (the "Administrative Services Agreement"), pursuant to which the Manager 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 Manager 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 the Manager, until May 2020.

Following the Merger with Navios Midstream, completed on December 13, 2018, the Administrative Services Agreement covered the vessels acquired.

In August 2019, Navios Acquisition extended the duration of its existing Administrative Services Agreement with the Manager until January 1, 2025, to be automatically renewed for another five years. The agreement also provides for payment of a termination fee, equal to the fees charged for the full calendar year preceding the termination date, by Navios Acquisition in the event the Administrative Services Agreement is terminated on or before December 31, 2024.

Following the Liquidation of Navios Europe I, Navios Acquisition acquired three MR1 product tankers and two LR1 product tankers. The Administrative Services Agreement also covers the vessels acquired.

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.

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

Prepaid Expense and Other Current Assets: Prepaid expenses relate primarily to cash paid in advance for expenses associated with voyages, to working capital advances under pooling arrangements and insurance claims. These amounts are recognized as expense over the voyage or charter period. Insurance claims at each balance sheet date consist of claims submitted and/or claims in the process of compilation or submission (claims pending). They are recorded on an accrual basis and represent the claimable expenses, net of applicable deductibles, incurred through December 31 of each reported period, which are probable 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.

(w) Financial Instruments and Fair Value: Guidance on Fair Value Measurements provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level I measurements) and the lowest priority to unobservable inputs (Level III measurements).

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. In determining the appropriate levels, the Company performs a detailed analysis of the assets and liabilities that are subject to guidance on Fair Value Measurements.

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.

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.

(x) Earnings/ (Loss) 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 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 for the years ended December 31, 2019, 2018 and 2017 was adjusted for the purposes of loss per share calculation, for the dividends on the Series C Shares, the restricted common stock and for the undistributed income that is attributable to the Series C Convertible Preferred Stock.

On November 9, 2018 the Stockholders of Navios Acquisition approved the one-for-15 reverse stock split of its common stock. Following the effectiveness of the reverse stock split, as of November 14, 2018, any historical per share information has been adjusted to give effect to the reverse stock split.

(y) Dividends: Dividends are recorded in the Company's financial statements in the period in which they are declared.

(z) Stock based Compensation*:* The Company accounts for equity instruments issued to employees in accordance with accounting guidance that requires awards to be recorded at their fair value on the date of grant and are amortized over the vesting period of the award. The Company recognizes stock-based compensation expense, for the portion of the awards that are ultimately expected to vest, on a straight line basis over the requisite service period of the award, which is typically its vesting period for those awards.

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

In December 2018, Navios Acquisition authorized and issued in the aggregate 129,269 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 common stock are entitled to dividends paid on the same schedule as paid to the common 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 $5.36 per share (or total fair value of $693).

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

The effect of compensation expense arising from the stock-based arrangement described above was $355, $12 and $0 for the years ended December 31, 2019, 2018 and 2017, respectively, and 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 common stock forfeited or stock options exercised, forfeited or expired during the year ended December 31, 2019.

Restricted shares of common stock outstanding and not vested were 96,952 shares as of December 31, 2019.

The estimated compensation cost relating to service conditions of non-vested restricted stock, not yet recognized was $326 as of December 31, 2019 and is expected to be recognized over the weighted average time to vest of 3.0 years.

In December 2017, Navios Acquisition authorized and issued in the aggregate 118,328 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 common stock are entitled to dividends paid on the same schedule as paid to the common stock holders of the Company. The fair value of restricted common stock is determined by reference to the quoted stock price on the date of grant of $17.70 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 arrangement described above was $554, $1,064 and $57 for the year ended December 31, 2019, 2018 and 2017, respectively, 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 common stock forfeited or stock options exercised, forfeited or expired during the year ended December 31, 2019.

Restricted shares of common stock outstanding and not vested were 59,162 shares as of December 31, 2019.

The estimated compensation cost relating to service conditions of non-vested restricted stock, not yet recognized was $420 as of December 31, 2019 and is expected to be recognized over the weighted average time to vest of 2.0 years.

NOTE 3: ACQUISITION OF NAVIOS MIDSTREAM

On December 13, 2018, Navios Acquisition completed the Merger contemplated by the Merger Agreement, dated as of October 7, 2018, by and among Navios Acquisition, its direct wholly-owned subsidiary Merger Sub, Navios Midstream and NAP General Partner. Pursuant to the Merger Agreement, Merger Sub merged with and into Navios Midstream, with Navios Midstream surviving as a wholly-owned subsidiary of Navios Acquisition.

Navios Acquisition accounted for the Merger "as a business combination achieved in stages" which resulted in the application of the "acquisition method," as defined under ASC 805 Business Combinations, as well as the recalculation of Navios Acquisition's previously held equity interest in Navios Midstream to its fair value at the date the controlling interest was acquired and

(Expressed in thousands of U.S. Dollars except share and per share data)

Table of Contents

the recognition of a loss in earnings. Under the acquisition method, the consideration paid by Navios Acquisition in connection with the transaction was allocated to Navios Midstream's net assets based on their estimated fair values as of the completion of the Merger. The excess of the fair value of the identifiable net assets acquired of $123,450 over the total purchase price consideration of $54,499, resulted in a bargain purchase gain in the amount of $68,951.

As of December 13, 2018, our previously held interest of 58.97% in Navios Midstream with a carrying value of $107,213 was remeasured to a fair value of $31,515, resulting in a loss on acquisition of control in the amount of $75,698 and is presented within, "Equity /(loss) in net earnings of affiliated companies". Concurrently, the Company recognised $6,777 of accelerated amortization of the deferred gain recognized in relation to the sale of the Nave Celeste and the C. Dream to Navios Midstream in June 2015. The acquisition of the remaining non-controlling interest of 41.03% through the issuance of newly issued shares in Navios Acquisition was recorded at a fair value of $22,984 on the basis of 3,683,284 shares issued at a closing price per share of $6.24 on the day of the Merger.

The results of operations of Navios Midstream are included in Navios Acquisition's consolidated statements of operations following the completion of the Merger on December 13, 2018.

Transaction costs amounted to $2,175 and have been fully expensed in the statement of operations within the caption "General and administrative expenses".

If the acquisition had been consummated as of January 1, 2017, Navios Acquisitions' pro-forma revenues and net loss (income) for the year ended December 31, 2018 would have been $252,189 and $(159,897), respectively, and for the year ended December 31, 2017 would have been $293,949 and $(59,553), respectively. These pro-forma results include non-recurring items directly related to the business acquisition as follows: (a) the loss on acquisition of control in the amount of $75,698; (b) accelerated amortization of the deferred gain recognized in relation to the sale of the Nave Celeste and the C. Dream to Navios Midstream in June 2015 in the amount of $6,777; and (c) the bargain purchase gain in the amount of $68,951. Additionally, pro-forma net income for the year ended December 31, 2018 includes the operations of a vessel that was sold prior to the acquisition and for which no pro-forma adjustments have been made. The unaudited pro forma results are for comparative purposes only and do not purport to be indicative of the results that would have actually been obtained if the acquisition and related financing had occurred at the beginning of the period presented.

The Navios Midstream acquisition contributed revenues of $5,069 and net loss of $1,630 to Navios Acquisition for the year ended December 31, 2018.

The following table summarizes the consideration exchanged and the fair value of assets acquired and liabilities assumed on December 13, 2018:

Purchase price:	
Fair value of previously held interest (58.97%)	$ 31,515
Equity issuance (3,683,284 Navios Acquisition shares * $6.24)	22,984
Total purchase price	**54,499**
Fair value of assets and liabilities acquired:	
Vessels	234,000
Current assets (including cash of $25,260)	64,530
Favourable lease terms	36,900
Long term debt assumed (including current portion)	(198,337)
Current liabilities	(13,643)
Fair value of net assets acquired	**123,450**
Bargain purchase gain	**$ 68,951**

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

The acquired intangible assets, listed below, as determined at the acquisition date and are amortized under the straight line method over the period indicated below:

	Weighted Average Amortization (years)	Amortization per Year
Favorable lease terms	7.0	$ (5,275)

The following is a summary of the acquired identifiable intangible assets:

Description	Gross Amount
Favorable lease terms	$36,900

The transaction resulted in a bargain purchase gain as a result of the share price of Navios Midstream trading at a discount to their net asset value ("NAV"). The fair value of the vessels was determined based on vessel valuations, obtained from independent third party shipbrokers, which are among other things, based on recent sales and purchase transactions of similar vessels. The fair value of the favorable lease terms (intangible assets) was determined by reference to market data and the discounted amount of expected future cash flows. The key assumptions that were used in the discounted cash flow analysis were as follows: (i) the contracted charter rate of the acquired charter over the remaining lease term compared to (ii) the current market charter rates for a similar contract and (iii) discounted using the Company's weighted average cost of capital of 9.10%.

NOTE 4: CASH AND CASH EQUIVALENTS AND RESTRICTED CASH

Cash and cash equivalents consisted of the following:

	December 31, 2019	December 31, 2018
Cash on hand and at banks	$ 43,561	$ 27,764
Short-term deposits	—	16,245
Restricted cash	490	2,600
Total cash, cash equivalents and restricted cash	**$ 44,051**	**$ 46,609**

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.

Restricted cash includes amounts held in retention accounts in order to service debt and interest payments, as required by certain of Navios Acquisition's credit facilities.

NOTE 5: ACCOUNTS RECEIVABLE, NET

Accounts receivable consisted of the following:

	December 31, 2019	December 31, 2018
Accounts receivable	$ 34,235	$ 25,100
Less: Provision for doubtful accounts	—	—
Accounts receivable, net	**$ 34,235**	**$ 25,100**

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.

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

For the year ended December 31, 2019, Navios Acquisition's customers representing 10% or more of total revenue were Navig8 Group of Companies ("Navig8") and COSCO Dalian which accounted for 34.6% and 10.0%, respectively. For the year ended December 31, 2018, Navios Acquisition's customers representing 10% or more of total revenue were Navig8 and Mansel LTD ("Mansel") which accounted for 39.2% and12.1%, respectively. For the year ended December 31, 2017, Navios Acquisition's customers representing 10% or more of total revenue were Navig8, Mansel and Shell Tankers Singapore Private LTD ("Shell"), which accounted for 31.9%, 14.3% and 13.7%, respectively.

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

NOTE 6: PREPAID EXPENSES AND OTHER CURRENT ASSETS

Prepaid expenses and other current assets consisted of the following:

	December 31, 2019	December 31, 2018
Advances for working capital purposes	$ 7,250	$ 8,250
Insurance claims	4,785	—
Voyage charters deferred contract costs and other	791	1,086
Total prepaid expenses and other current assets	**$ 12,826**	**$ 9,336**

NOTE 7: VESSELS, NET

Vessels	Cost	Accumulated Depreciation	Net Book Value
Balance at December 31, 2016	**$1,505,013**	**$ (198,090)**	**$1,306,923**
(Depreciation)/Additions	—	(56,880)	(56,880)
Balance at December 31, 2017	**$1,505,013**	**$ (254,970)**	**$1,250,043**
Additions/ (Depreciation)	234,000	(56,052)	177,948
Disposals	(51,739)	7,353	(44,386)
Balance at December 31, 2018	**$1,687,274**	**$ (303,669)**	**$1,383,605**
Additions/ (Depreciation)	102,637	(63,935)	38,702
Disposals	(77,922)	11,153	(66,769)
Impairment loss	(7,287)	—	(7,287)
Balance at December 31, 2019	**$1,704,702**	**(356,451)**	**1,348,251**

Additions of vessels

2019

As of December 31, 2019, certain extraordinary fees and costs related to vessels' regulatory requirements, including ballast water treatment system installation and exhaust gas cleaning system installation, amounted to $18,207 (see Note 17 — Transactions with related parties).

During the quarter ended December 31, 2019, Navios Acquisition acquired five product tankers, two LR1 product tankers and three MR1 product tankers for an acquisition cost of approximately $84,430 in total, following the Liquidation of Navios Europe I, through bank financing of $32,500 and $33,210 receivables (Please refer to Note 10 – Investments in Affiliates).

For each of the vessels purchased from Navios Europe I, the acquisition of all 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.

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

2018

On December 13, 2018, Navios Acquisition completed the Merger contemplated by the Merger Agreement, dated as of October 7, 2018, by and among Navios Acquisition, its direct wholly-owned subsidiary Merger Sub, Navios Midstream and NAP General Partner. Pursuant to the Merger Agreement, Merger Sub merged with and into Navios Midstream, with Navios Midstream surviving as a wholly-owned subsidiary of Navios Acquisition. The fair value of vessels acquired was $234,000. Please refer also to Note 3.

Disposals of vessels

2019

On March 25, 2019, Navios Acquisition sold the C. Dream, a 2000-built VLCC vessel of 298,570 dwt to an unaffiliated third party for a sale price of $21,750. The gain on sale of the vessel amounted to $651, which is included in "(Loss)/ gain on sale of vessels and Impairment loss".

On May 10, 2019, following a collision incident, Navios Acquisition sold the Shinyo Ocean, a 2001-built VLCC vessel of 281,395 dwt to an unaffiliated third party for a sale price of $12,525. The gain on sale of the vessel, including the insurance claim proceeds, amounted to $2,594, which is included in "(Loss)/ gain on sale of vessels and Impairment loss".

On October 8, 2019, Navios Acquisition sold the Nave Electron, a 2002-built VLCC vessel of 305,178 dwt to an unaffiliated third party for a sale price of $25,250.

2018

On March 29, 2018, Navios Acquisition sold all the shares of the vessel-owning subsidiary of the Nave Galactic, a 2009-built VLCC vessel of 297,168 dwt to Navios Midstream for a sale price of $44,500, which was paid as of March 31, 2018. The gain on sale of the vessel, upon write-off of the unamortized dry-docking of $465 and working capital items of $376 (including costs of $200), was $25.

Impairment loss

2019

During the year ended December 31, 2019 and as a result of the impairment review performed, it was determined that the carrying amount of one tanker was not recoverable and, therefore, an impairment loss of $7,287 was recognized which is included in "(Loss)/ gain on sale of vessels and Impairment loss".

NOTE 8: INTANGIBLE ASSETS OTHER THAN GOODWILL

On December 13, 2018, Navios Acquisition acquired at fair value the intangible assets of Navios Midstream, consisting of favorable lease terms.

Intangible assets as of December 31, 2019, December 31, 2018 and December 31, 2017 consisted of the following:

Favorable lease terms	Cost	Accumulated Amortization	Net Book Value
Balance at December 31, 2016	$ —	$ —	$ —
Additions/Amortization	—	—	—
Balance at December 31, 2017	$ —	$ —	$ —
Additions/Amortization	36,900	(255)	36,645
Balance at December 31, 2018	**$ 36,900**	**$ (255)**	**$ 36,645**
Amortization	—	(3,957)	(3,957)
Impairment	(36,900)	4,212	(32,688)
Balance at December 31, 2019	—	—	—

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

On September 25, 2019, the U.S. Department of Treasury's Office of Foreign Assets Control added, amongst others, COSCO Shipping Tanker (Dalian) Co., Ltd. ("COSCO Dalian") to the Specially Designated Nationals and Blocked Persons list after being determined by the State Department to meet the criteria for the imposition of sanctions under Executive Order 13846. The Company had two VLCCs chartered to COSCO Dalian, the Nave Constellation (ex. Shinyo Saowalak) and the Nave Universe (ex. Shinyo Kieran), through June 18, 2025 and June 8, 2026, respectively, each at a net rate of $48,153 per day, with profit sharing above $54,388. Subsequent to September 30, 2019 both charter contracts have been terminated and the two vessels are now employed in the open market. As a result an impairment loss of $32,688 has been recorded which is included in "(Loss)/ gain on sale of vessels and Impairment loss".

COSCO Dalian was removed from the Specially Designated Nationals and Blocked Persons list on January 31, 2020.

Amortization expense of favorable lease terms for the years ended December 31, 2019, 2018 and 2017 is presented in the following table:

	December 31, 2019	December 31, 2018	December 31, 2017
Favorable lease terms charter-out	(3,957)	(255)	—
Total	**$ (3,957)**	**$ (255)**	$ —

NOTE 9: GOODWILL

Goodwill as of December 31, 2019 and December 31, 2018 amounted to:

Balance at January 1, 2018	$1,579
Balance at December 31, 2018	$1,579
Balance at December 31, 2019	**$1,579**

NOTE 10: 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 agreed to make available to Navios Europe I revolving loans up to $24,100 to fund working capital requirements (collectively, the "Navios Revolving Loans I"). In December 2018, the availability under the Revolving Loans I was increased by $30,000. Effective November 2014 and through the Liquidation completed in December 2019, Navios Holdings, Navios Acquisition and Navios Partners had a voting interest of 50%, 50% and 0%, respectively.

On an ongoing basis, Navios Europe I was 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.

Following the Liquidation of Navios Europe I, Navios Acquisition acquired five vessel owning companies for an acquisition cost of approximately $84,627 in total.

As of December 31, 2019 and subsequent to the Liquidation of Navios Europe I, the Company had no exposure. As of December 31, 2018, the estimated maximum potential loss by Navios Acquisition in Navios Europe I would have been $27,409, which represented the Company's carrying value of its investment of $4,750 the Company's portion of the carrying balance of the Navios Revolving Loans I including accrued interest on the Navios Term Loans I of $16,014, 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 $6,645 which is included under "Due from related parties, short-term". Refer to Note 17 for the terms of the Navios Revolving Loans I.

Income of $1,173 and $1,071 and a loss of $274 was recognized in "Equity/ (loss) in net earnings of affiliated companies" for the years ended December 31, 2019, 2018 and 2017, respectively.

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

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").

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.

As of December 31, 2019, the estimated maximum potential loss by Navios Acquisition in Navios Europe II would have been $51,558 (December 31, 2018: $45,115), which represented the Company's carrying value of the investment of $6,650 (December 31, 2018: $6,650), the Company's balance of the Navios Revolving Loans II including accrued interest on the Navios Term Loans II of $28,220 (December 31, 2018: $26,445), 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 $16,688 (December 31, 2018: $12,020), which is included under "Due from related parties, short-term". Refer to Note 17 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, 2019 was $1,775. Income recognized in "Equity/ (loss) in net earnings of affiliated companies" for the year ended December 31, 2018 was $2,032. Income recognized in "Equity/ (loss) in net earnings of affiliated companies" for the year ended December 31, 2017 was $2,456.

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.

The Company evaluated its investment in Navios Midstream under ASC 810 and concluded that Navios Midstream was not a "VIE". The Company further evaluated the power to control the board of directors of Navios Midstream under the voting interest model and concluded that it did maintain significant influence.

Following the deconsolidation of Navios Midstream, the Company accounted for all of its interest under the equity method.

On June 18, 2018, in accordance with the terms of the Partnership Agreement all of the issued and outstanding 1,592,920 subordinated Series A units of Navios Midstream converted into Navios Midstream's existing 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.

On December 13, 2018, Navios Acquisition completed the Merger contemplated by the previously announced Merger Agreement, dated as of October 7, 2018, by and among Navios Acquisition, Merger Sub, Navios Midstream and NAP General Partner. Pursuant to the Merger Agreement, Merger Sub merged with and into Navios Midstream, with Navios Midstream surviving as a wholly-owned subsidiary of Navios Acquisition.

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

Pursuant to the terms of the Merger Agreement, each outstanding common unit representing limited partner interests in Navios Midstream held by a common unit holder other than Navios Acquisition, Navios Midstream or their respective subsidiaries (the “NAP Public Units”) was converted into the right to receive 0.42 shares of Navios Acquisition common stock. As a result of the Merger, 3,683,284 shares of Navios Acquisition common stock were issued to former holders of NAP Public Units.

Following the completion of the Merger the results of operations of Navios Midstream are included in Navios Acquisition’s consolidated statements of operations.

For the year ended December 31, 2018 and 2017, total equity method income from Navios Midstream recognized in “Equity/ (loss) in net earnings of affiliated companies” pre-OTTI was $4,535 and $10,265, respectively. Dividends received during the year ended December 31, 2018 and 2017 were $10,053 and $21,301, respectively.

Following the results of the significant tests performed by the Company, it was concluded that on a combined basis all affiliates met the significant threshold requiring summarized financial information for all affiliated companies for the following periods. The separate consolidated financial statements and notes thereto for Navios Midstream for each of the years ended December 31, 2018 and 2017 have been incorporated by reference as part of this Annual Report on Form 20-F as a result of significance tests being met pursuant to Rule 3-09 of Regulation S-X.

	December 31, 2018	
Balance Sheet	Navios Europe I	Navios Europe II
Cash and cash equivalents, including restricted cash	$ 19,160	$ 27,544
Current assets	$ 22,732	$ 33,479
Non-current assets	$139,955	$195,805
Current liabilities	$ 83,059	$ 39,150
Long-term debt including current portion, net of deferred finance costs and discount	$ 64,818	$ 99,153
Non-current liabilities	$ 61,035	$168,195

	Year Ended December 31, 2018		Year Ended December 31, 2017	
Income Statement	Navios Europe I	Navios Europe II	Navios Europe I	Navios Europe II
Revenue	$ 34,885	$ 49,870	$ 37,468	$ 38,633
Net (loss)/ income before non-cash change in fair value of Junior Loan	$(22,881)	$(12,899)	$(20,778)	$(40,921)
Net (loss)/ income	$ (3,197)	$(12,169)	$ 9,762	$ (9,086)

NOTE 11: ACCOUNTS PAYABLE

Accounts payable as of December 31, 2019 and 2018 consisted of the following:

	December 31, 2019	December 31, 2018
Creditors	$ 10,602	$ 6,266
Brokers	2,567	2,049
Professional and legal fees	2,186	4,306
Total accounts payable	**$ 15,355**	**$ 12,621**

NOTE 12: DIVIDENDS PAID AND PAYABLE

On February 3, 2017, the Board of Directors declared a quarterly cash dividend in respect of the fourth quarter of 2016 of $0.75 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.

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

On May 12, 2017, the Board of Directors declared a quarterly cash dividend in respect of the first quarter of 2017 of $0.75 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 $0.75 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.

On October 25, 2017, the Board of Directors declared a quarterly cash dividend in respect of the third quarter of 2017 of $0.75 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.

On January 26, 2018, the Board of Directors declared a quarterly cash dividend in respect of the fourth quarter of 2017 of $0.30 per share of common stock payable on March 27, 2018 to stockholders of record as of March 22, 2018. A dividend in the aggregate amount of $3,102 was paid on March 27, 2018 out of which $2,948 was paid to the stockholders of record as of March 22, 2018 and $154 was paid to Navios Holdings, the holder of the 1,000 shares of Series C Convertible Preferred Stock.

On May 4, 2018, the Board of Directors declared a quarterly cash dividend in respect of the first quarter of 2018 of $0.30 per share of common stock payable on June 27, 2018 to stockholders of record as of June 21, 2018. A dividend in the aggregate amount of $3,065 was paid on June 27, 2018 out of which $2,911 was paid to the stockholders of record as of June 21, 2018 and $154 was paid to Navios Holdings, the holder of the 1,000 shares of Series C Convertible Preferred Stock.

On July 31, 2018, the Board of Directors declared a quarterly cash dividend in respect of the second quarter of 2018 of $0.30 per share of common stock payable on September 27, 2018 to stockholders of record as of September 20, 2018. A dividend in the aggregate amount of $3,039 was paid on September 27, 2018 out of which $2,885 was paid to the stockholders of record as of September 20, 2018 and $154 was paid to Navios Holdings, the holder of the 1,000 shares of Series C Convertible Preferred Stock.

On November 2, 2018, the Board of Directors declared a quarterly cash dividend in respect of the third quarter of 2018 of $0.30 per share of common stock payable on December 5, 2018 to stockholders of record as of November 27, 2018. A dividend in the aggregate amount of $3,007 was paid on December 5, 2018 out of which $2,853 was paid to the stockholders of record as of November 27, 2018 and $154 was paid to Navios Holdings, the holder of the 1,000 shares of Series C Convertible Preferred Stock.

On January 25, 2019, the Board of Directors declared a quarterly cash dividend in respect of the fourth quarter of 2018 of $0.30 per share of common stock of amount $4,121 which was paid on March 27, 2019 to stockholders of record as of February 27, 2019.

On May 10, 2019, the Board of Directors declared a quarterly cash dividend in respect of the first quarter of 2019 of $0.30 per share of common stock of amount $4,119 which was paid on June 27, 2019 to stockholders of record as of May 29, 2019.

On July 24, 2019, the Board of Directors declared a quarterly cash dividend in respect of the second quarter of 2019 of $0.30 per share of common stock of amount $4,119 which was paid on October 9, 2019, to stockholders of record as of September 25, 2019.

On November 5, 2019, the Board of Directors declared a quarterly cash dividend in respect of the third quarter of 2019 of $0.30 per share of common stock of amount $4,711 which was paid on January 9, 2020, to stockholders of record as of December 17, 2019, and is included under caption “Dividends payable” on the consolidated balance sheet.

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

NOTE 13: ACCRUED EXPENSES

Accrued expenses as of December 31, 2019 and December 31, 2018 consisted of the following:

	December 31, 2019	December 31, 2018
Accrued voyage expenses	$ 2,643	$ 1,067
Accrued loan interest	10,468	9,838
Accrued legal and professional fees	1,226	2,300
Total accrued expenses	**$ 14,337**	**$ 13,205**

As of December 31, 2019 and December 31, 2018 the amount of $525 and $1,970, respectively, was included in accrued legal and professional fees that was authorized and approved by the Compensation Committee of Navios Acquisition in December 2018 and 2019 to the directors and officers of the Company, subject to fulfillment of certain service conditions that were provided and completed as of December 31, 2019, and as of December 31, 2018, respectively. The total amount of $4,355, $3,945and $2,805 was recorded in general and administrative expenses in the statements of operations for the years ended December 31, 2019, 2018 and 2017, respectively, comprised of compensation authorized to the directors and officers of the Company.

NOTE 14: BORROWINGS

	December 31, 2019	December 31, 2018
BNP Paribas S.A. and DVB Bank S.E.	—	51,750
Eurobank Ergasias S.A. $52,200	—	32,841
Eurobank Ergasias S.A. $52,000	28,758	31,206
Norddeutsche Landesbank Girozentrale	—	22,266
DVB Bank S.E. and Credit Agricole Corporate and Investment Bank	39,453	42,578
Ship Mortgage Notes $670,000	658,000	670,000
Deutsche Bank AG Filiale Deutschlandgeschäft and Skandinaviska Enskilda Banken AB	39,173	46,846
BNP Paribas $44,000	28,000	32,000
HSH $24,000	18,280	20,568
Term Loan B	—	197,824
HCOB $31,800	31,800	—
Deutsche Bank AG Filiale Deutschlandgeschäft	32,500	—
Total credit facilities	**875,964**	**1,147,879**
Sale and Leaseback Agreements–$71,500	62,563	—
Sale and Leaseback Agreements–$103,155	97,723	68,521
Sale and Leaseback Agreements–$15,000	14,219	—
Sale and Leaseback Agreements–$47,220	45,858	—
Sale and Leaseback Agreements–$90,811	90,811	—
Total borrowings	**1,187,138**	**1,216,400**
Less: Deferred finance costs, net	(14,638)	(11,453)
Add: bond premium	617	890
Less: current portion of credit facilities, net of deferred finance costs	(141,214)	(45,403)
Less: current portion of Sale and Leaseback Agreements, net of deferred finance costs	(31,739)	(5,561)
Total long-term borrowings, net of current portion, bond premium and deferred finance costs	**$ 1,000,164**	**$ 1,154,873**

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%.

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

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) and the exception of Navios Midstream subsidiaries.

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.

In the fourth quarter of 2019, Navios Acquisition repurchased $12,000 of its ship mortgage notes for a cash consideration of $9,950 resulting in a gain on bond repurchase of $1,940 net of deferred fees written-off.

Following the acquisition of the Star N and the Hector N MR1 product tankers from Navios Europe I, the vessels were offered as collateral under its ship mortgage notes, in substitution of an amount of $25,405 that was held as cash collateral from the sale proceeds of the Nave Electron.

The 2021 Co-Issuers were in compliance with the covenants as of December 31, 2019.

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 different CUSIP numbers.

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) and the exception of Navios Midstream subsidiaries. The Company’s 2021 Notes are unregistered. The guarantees of the Company’s subsidiaries that own mortgaged vessels are senior secured guarantees and the guarantees of Company’s subsidiaries that do not own mortgaged vessels are senior unsecured guarantees. All subsidiaries, including Navios Acquisition Finance and Navios Midstream subsidiaries are 100% owned. Navios Acquisition does not have any independent assets or operations.

Credit Facilities

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 was repayable in 12 equal semi-annual installments of $750 each with a final balloon payment of $16,000 repayable on the last repayment date. It bore interest at a rate of LIBOR plus 250 bps. The loan also required compliance with certain financial covenants. The outstanding amount of $50,250 was fully prepaid in April 2019.

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 was 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 bore interest at a rate of LIBOR plus 275 bps and required compliance with certain financial covenants. The outstanding balance under the facility was fully prepaid in March 2019.

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

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 maturity date of the loan is in the third and fourth quarter of 2020. 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 $28,758 was outstanding as of December 31, 2019, under this loan agreement.

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 was repayable in 32 quarterly installments of $391 each with a final balloon payment of $15,625 repayable on the last repayment date. The facility bore interest at a rate of LIBOR plus 300 bps per annum and also required compliance with certain financial covenants. The outstanding balance under the facility of $21,485 was fully prepaid in June 2019.

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 maturity date of each of the tranches of the loan is in the second and third quarters of 2022. The loan also requires compliance with certain financial covenants. As of December 31, 2019, an amount of $39,453 was outstanding.

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.

On March 23, 2018, Navios Acquisition prepaid $26,770, being the respective tranche of the Deutsche Bank AG Filiale Deutschlandgeschäft and Skandinaviska Enskilda Banken AB facility that was drawn to finance the Nave Equinox and the Nave Pyxis, which substituted the Nave Galactic as collateral vessels under the 8 1/8% 2021 Notes. Following the prepayment, an amount of $297 was written-off in the consolidated statement of operations. As of December 31, 2019, the outstanding balance under this facility was $39,173.

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, 2019, the outstanding balance under this facility was $18,280.

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, 2019, an amount of $28,000 was outstanding under this facility.

In October 2019, Navios Acquisition entered into a loan agreement with Hamburg Commercial Bank AG of up to $31,800 in order to refinance one VLCC. The facility is repayable in 4 quarterly installments of $846 each with a final balloon payment of $28,416 repayable on the last repayment date. The facility matures in October 2020 and bears interest at LIBOR plus 280 bps per annum. As of December 31, 2019, an amount of $31,800 was outstanding under this facility.

In December 2019, Navios Acquisition entered into a loan agreement with Deutsche Bank AG Filiale Deutschlandgeschäft of up to $32,500 in order to finance two MR1s and one LR1 acquired from Navios Europe I. The facility is repayable in one single repayment on the last repayment date. The facility matures in June 2020 and bears interest at LIBOR plus 400 bps per annum. As of December 31, 2019, an amount of $32,500 was outstanding under this facility.

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.

As of December 31, 2019 no amount was available to be drawn from the Company's facilities.

Sale and Leaseback Agreements

On March 31, 2018, Navios Acquisition entered into a $71,500 sale and leaseback agreement with unrelated third parties to refinance the outstanding balance of the existing facility on four product tankers. Navios Acquisition has a purchase obligation to acquire the vessels at the end of the lease term and under ASC 842-40, the transaction was accounted for as a failed sale. In accordance with ASC 842-40 the Company did not derecognize the respective vessels from its balance sheet and accounted for the amounts received under sale and lease back agreement as a financial liability. The agreements will be repayable in 24 equal consecutive quarterly installments of $1,490 each, with a repurchase obligation of $35,750 on the last repayment date. The sale and leaseback agreement matures in April 2024 and bears interest at LIBOR plus 305 bps per annum. In April 2018, the Company drew $71,500 under this agreement. As of December 31, 2019, the outstanding balance under this agreement was $62,563. The agreement requires compliance with certain financial covenants in line with Navios Acquisition's other credit facilities.

In March and April 2019, Navios Acquisition entered into sale and leaseback agreements with unrelated third parties for $103,155 in order to refinance $50,250 outstanding on the existing facility on three product tankers and to finance two product tankers that were previously financed by Eurobank Ergasias S.A. and were fully prepaid in March 2019 by the amount of $32,159. Navios Acquisition has a purchase obligation to acquire the vessels at the end of the lease term and under ASC 842-40, the transaction was determined to be a failed sale. The agreements will be repayable in 28 equal consecutive quarterly installments of $2,267 each, with a purchase obligation of $39,675 to be repaid on the last repayment date. The sale and leaseback agreements mature in March and April 2026 and bear interest at LIBOR plus 350 bps per annum. The agreements require compliance with certain financial covenants in line with the other credit facilities of the Company. As of December 31, 2019, the outstanding balance under this agreement was $97,723.

In August, 2019, the Company entered into an additional sale and leaseback agreement of $15,000, with unrelated third parties in order to refinance one product tanker. Navios Acquisition has a purchase option in place and an assessment has been performed indicating that the likelihood of the vessel remaining in the property of the lessor is remote. In such a case, the buyer-lessor does not obtain control of the vessel and under ASC 842-40, the transaction was determined to be a failed sale. Navios Acquisition is obligated to make 60 consecutive monthly payments of approximately $156, commencing as of August 2019. The agreement matures in August 2024 and bear interest at LIBOR plus 240 bps per annum. As of December 31, 2019, the outstanding balance under this agreement was $14,219.

In September 2019, Navios Acquisition entered into additional sale and leaseback agreements with unrelated third parties for $47,220 in order to refinance three product tankers. Navios Acquisition has a purchase obligation to acquire the vessels at the end of the lease term and under ASC 842-40, the transaction was determined to be a failed sale. The agreements will be repaid through periods ranging from four to seven years in consecutive quarterly installments of up to $1,362 each, with a purchase obligation of $19,200 to be repaid on the last repayment date. The agreements mature in September 2023 and September 2026 and bear interest at LIBOR plus a margin ranging from 350 bps to 360 per annum, depending on the vessel financed. The agreements require compliance with certain financial covenants in line with the other credit facilities of the Company. As of December 31, 2019, the outstanding balance under this agreement was $45,858.

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

In October 2019, Navios Acquisition entered into sale and leaseback agreements with unrelated third parties for $90,811 in order to refinance six product tankers. Navios Acquisition has a purchase obligation to acquire the vessels at the end of the lease term and under ASC 842-40, the transaction was determined to be a failed sale. The agreements will be repaid through periods ranging from three to eight years in consecutive quarterly installments of up to $2,824 each, with a repurchase obligation of up to $25,810 in total. The sale and leaseback arrangement bears interest at LIBOR plus a margin ranging from 335 bps to 355 bps per annum, depending on the vessel financed. As of December 31, 2019, the outstanding balance under this agreement was $90,811.

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 was set to mature on June 18, 2020 and was 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 bore interest at LIBOR plus 4.50% per annum.

Amounts drawn under the Term Loan B were secured by first preferred mortgages on Navios Midstream’s vessels and other collateral and are guaranteed by each vessel-owning subsidiary under Navios Midstream.

In the first quarter of 2018, the Nave Galactic substituted for the Shinyo Kannika under the Term Loan B.

In March 2019, Navios Acquisition acquired the following VLCCs from Navios Midstream: Shinyo Kieran, Shinyo Saowalak, Nave Celeste and the Nave Galactic. In addition, Navios Acquisition sold to Navios Midstream the following vessels: Nave Orbit, Nave Equator, Nave Buena Suerte, Nave Ariadne, Nave Cielo, Nave Atropos, Nave Pulsar, Nave Equinox, Nave Pyxis and Bougainville. The vessels that were sold from Navios Midstream were released as collaterals from Term Loan B and were replaced by the ones acquired, whereas the vessels sold from Navios Acquisition were released as collaterals from ship mortgage notes and were replaced by the ones acquired.

On June 26, 2019, Navios Midstream acquired from Navios Acquisition the Nave Velocity, offered as collateral under the Term Loan B, in substitution of an equivalent amount of cash collateral that was previously retained as restricted cash.

In October 2019, Navios Acquisition fully prepaid its Term Loan B facility.

As of December 31, 2019, there was no outstanding balance under the Term Loan B. As of December 31, 2018, the outstanding balance of the Term Loan B was $197,824.

The maturity table below reflects the principal payments of all notes, credit facilities and the Financing arrangements outstanding as of December 31, 2019 for the next five years and thereafter are based on the repayment schedule of the respective financing arrangements (as described above) and the outstanding amount due under the 2021 Notes.

	December 31, 2019
Long-Term Debt Obligations:	
Year	
December 31, 2020	175,302
December 31, 2021	734,774
December 31, 2022	76,171
December 31, 2023	38,970
December 31, 2024	67,268
December 31, 2025 and thereafter	94,653
Total	**$ 1,187,138**

(Expressed in thousands of U.S. Dollars except share and per share data)

The financing arrangements include, among other things, compliance with loan to value ratios and certain financial covenants: (i) minimum liquidity at the 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 generally lower than 75% or 80% and for certain facilities, as amended for a specific period of time until December 31, 2019 to be ranging from a maximum of 80% to 85%. 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 or prepay part of the facility, to prevent such an event.

As of December 31, 2019, the Company was in compliance with its covenants.

NOTE 15: 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.

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, 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, 2019		December 31, 2018	
	Book Value	Fair Value	Book Value	Fair Value
Cash and cash equivalents	$ 43,561	$ 43,561	$ 44,009	$ 44,009
Restricted cash	$ 490	$ 490	$ 2,600	$ 2,600
Accounts receivable	$ 34,235	$ 34,235	$ 25,100	$ 25,100
Accounts payable	$ 15,355	$ 15,355	$ 12,621	$ 12,621
Ship mortgage notes and premium	$653,614	$527,005	$663,399	$511,331
Other long-term debt, net of deferred finance costs	$519,503	$529,138	$542,438	$535,519
Due from related parties, long-term	$ 42,878	$ 42,878	$ 58,016	$ 58,016

Fair Value Measurements

The estimated fair value of the 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.

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

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, 2019 and December 31, 2018.

	Fair Value Measurements at December 31, 2019 Using			
	Total	**Level I**	**Level II**	**Level III**
Cash and cash equivalents	$ 43,561	$ 43,561	$ —	$ —
Restricted cash	$ 490	$ 490	$ —	$ —
Accounts receivable	$ 34,235	$ 34,235	$ —	$ —
Accounts payable	$ 15,355	$ 15,355	$ —	$ —
Ship mortgage notes and premium	$527,005	$527,005	$ —	$ —
Other long-term debt(1)	$529,138	$ —	$529,138	$ —
Due from related parties, long-term(2)	$ 42,878	$ —	$ 42,878	$ —

	Fair Value Measurements at December 31, 2018 Using			
	Total	**Level I**	**Level II**	**Level III**
Cash and cash equivalents	$ 44,009	$ 44,009	$ —	$ —
Restricted cash	$ 2,600	$ 2,600	$ —	$ —
Accounts receivable	$ 25,100	$ 25,100	$ —	$ —
Accounts payable	$ 12,621	$ 12,621	$ —	$ —
Ship mortgage notes and premium	$ 511,331	$ 511,331	$ —	$ —
Other long-term debt(1)	$ 535,519	$ —	$ 535,519	$ —
Due from related parties, long-term(2)	$ 58,016	$ —	$ 58,016	$ —

(1) The fair value of the Company's other long-term debt is estimated based on currently available debt with similar contract terms, interest rate and remaining maturities as well as taking into account the Company's creditworthiness.
(2) The fair value of the Company's long term amounts due from related parties is estimated based on currently available debt with similar contract terms, interest rate and remaining maturities as well as taking into account the counterparty's creditworthiness.

NOTE 16: LEASES

Chartered-out:

The future minimum contractual lease income (charter-out rates are presented net of commissions) is as follows:

	Amount
2020	$145,750
2021	82,420
2022	55,391
2023	34,972
2024	35,067
Thereafter	37,175
Total minimum lease revenue, net of commissions	**$390,775**

Revenues from time charters are not generally received when a vessel is off-hire, including time required for scheduled maintenance of the vessel.

NOTE 17: TRANSACTIONS WITH RELATED PARTIES

Management fees: Pursuant to the management agreement with the Manager (the "Management Agreement") dated May 28, 2010 and as amended in May 2012, May 2014, May 2016 and May 2018, the Manager provided commercial and technical management services to Navios Acquisition's vessels for a fixed daily fee of: (a) $6.5 per MR2 product tanker and chemical tanker vessel; (b) $7.15 per LR1 product tanker vessel; and (c) the current daily fee of $9.5 per VLCC, through May 2020.

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

Following the Merger with Navios Midstream, completed on December 13, 2018, the Management Agreement also covers vessels acquired in the Merger.

In August 2019, Navios Acquisition extended the duration of its existing Management Agreement with the Manager until January 1, 2025, to be automatically renewed for another five years. In addition management fees are fixed for two years commencing from January 1, 2020 at: (a) $6.8 per day per MR2 product tanker and chemical tanker vessel; (b) $7.23 per day per LR1 product tanker vessel; and (c) $9.7 per day per VLCC. The agreement also provides for a technical and commercial management fee of $0.05 per day per vessel and an annual increase of 3% for the remaining period unless agreed otherwise and provides for payment of a termination fee, equal to the fees charged for the full calendar year preceding the termination date, by Navios Acquisition in the event the Management Agreement is terminated on or before December 31, 2024.

Following the Liquidation of Navios Europe I, Navios Acquisition acquired three MR1 product tankers and two LR1 product tankers. As per the Management Agreement as amended in December 2019, management fees are fixed for two years commencing from January 1, 2020 at: (a) $6.8 per day per MR1 product tanker; and (b) $7.23 per day per LR1 product tanker vessel. The agreement also provides for a technical and commercial management fee of $0.05 per day per vessel and an annual increase of 3% after January 1, 2022 for the remaining period unless agreed otherwise.

Drydocking expenses are reimbursed at cost for all vessels.

For the years ended December 31, 2019 and 2018 certain extraordinary fees and costs related to regulatory requirements, including ballast water treatment system installation and exhaust gas cleaning system installation and under Company's Management Agreement amounted to $18,207 and $0, respectively, and are presented under "Acquisition of vessels/ Vessels additions" in the condensed Consolidated Statements of Cash Flows. (Please refer to Note 7)

Total management fees for each of the years ended December 31, 2019, 2018 and 2017 amounted to $107,748, $94,019 and $94,973, respectively.

General and administrative expenses: On May 28, 2010, Navios Acquisition entered into an Administrative Services Agreement with the Manager, pursuant to which the Manager 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 Manager 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 the Manager, until May 2020.

Following the Merger with Navios Midstream, completed on December 13, 2018, the Administrative Services Agreement covered the vessels acquired.

In August 2019, Navios Acquisition extended the duration of its existing Administrative Services Agreement with the Manager until January 1, 2025, to be automatically renewed for another five years. The agreement also provides for payment of a termination fee, equal to the fees charged for the full calendar year preceding the termination date, by Navios Acquisition in the event the Administrative Services Agreement is terminated on or before December 31, 2024.

Following the Liquidation of Navios Europe I, Navios Acquisition acquired three MR1 product tankers and two LR1 product tankers. The Administrative Services Agreement also covers the vessels acquired.

For each of the years ended December 31, 2019, 2018 and 2017 the expense arising from administrative services rendered by the Manager amounted to $11,101, $8,883 and $9,000, respectively.

Balance due from related parties (excluding Navios Europe I, Navios Europe II): Balance due from related parties as of December 31, 2019 and December 31, 2018 was $14,658 and $15,818, respectively, and included the short-term and long-term amounts due from the Manager. The balances mainly consisted of working capital deposits, in accordance with the Management Agreement.

Balance due to related parties, short-term: Amounts due to related parties, short-term as of December 31, 2019 and December 31, 2018 were $32,150 and $12,029, respectively, and mainly consisted of payables to the Manager.

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

Navios Midstream Merger Agreement: On December 13, 2018, Navios Acquisition completed the Merger contemplated by the Merger Agreement, dated as of October 7, 2018, by and among Navios Acquisition, its direct wholly-owned subsidiary Merger Sub, Navios Midstream and NAP General Partner. Pursuant to the Merger Agreement, Merger Sub merged with and into Navios Midstream, with Navios Midstream surviving as a wholly-owned subsidiary of Navios Acquisition. Please refer to Navios Midstream under Note 10 "Investment in Affiliates".

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, liquefied petroleum gas ("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 have allowed 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 have 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 have agreed (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 do not apply to a: (a) sale, transfer or other disposition of vessels between any affiliated subsidiaries, or pursuant to the terms of any charter or other agreement with a charter party, or (b) merger with or into, or sale of substantially all of the assets to, an unaffiliated third-party.

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 ("Backstop Agreements"). 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. Backstop commitments were triggered if the actual rates achieved were below the backstop rates. The Company has recognized expense of $20,102 up to December 13, 2018 and $16,391 as "Time charter and voyage expenses" in the consolidated statements of operations for the years ended December 31, 2018 and 2017, respectively. The backstop commitment for the Shinyo Kannika was terminated in relation to 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. As of December 31, 2018, the accrued liability under the Backstop Agreements is eliminated as intercompany balance following the Merger with Navios Midstream.

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

In January and February 2019, all Backstop Agreements expired pursuant to their initial terms.

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.

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. In December 2018, the availability under the Navios Revolving Loans I was increased by $30,000. See Note 10 for the Investment in Navios Europe I.

Following the Liquidation of Navios Europe I, the balance due from Navios Europe I as of December 31, 2019 was $0. The balance due from Navios Europe I as of December 31, 2018 was $22,659 which included the Navios Revolving Loans I of $11,770, the non-current amount of $4,244 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 $6,645 under the caption “Due from related parties, short-term.”

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 10 for the Investment in Navios Europe II.

Balance due from Navios Europe II as of December 31, 2019 was $44,908 (December 31, 2018: $38,465) which included the Navios Revolving Loans II of $20,662 (December 31, 2018: $20,662), the non-current amount of $7,558 (December 31, 2018: $5,783) 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 $16,688 (December 31, 2018: $12,020) 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, 2019, the amount undrawn under the Navios Revolving Loans II was $4,503, of which Navios Acquisition may be required to fund an amount ranging from $0 to $4,503.

NOTE 18: COMMITMENTS AND CONTINGENCIES

In September 2018, Navios Acquisition agreed to a 12-year bareboat charter-in agreement with de-escalating purchase options for two newbuild Japanese VLCCs delivering in the third and fourth quarter of 2020, respectively. In the first quarter of 2019, Navios Acquisition exercised its option for a third Japanese VLCC newbuilding under a 12 year bareboat chartered-in agreement with de-escalating purchase options. The vessel is expected to be delivered in the third quarter of 2021.

The future minimum commitments as of December 31, 2019 of Navios Acquisition under its charter-in agreement for vessels delivery are as follows:

	Amount
Lease Obligations (Time Charters) for vessels to be delivered:	
Year	
December 31, 2020	2,107
December 31, 2021	19,511
December 31, 2022	25,076
December 31, 2023	25,076
December 31, 2024	25,144
December 31, 2025 and thereafter	204,198
Total	**$ 301,112**

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

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 19: PREFERRED AND COMMON STOCK

Preferred Stock

Series C Convertible Preferred Stock

On March 30, 2011, pursuant to an Exchange Agreement, Navios Holdings exchanged 511,733 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 512, subject to certain limitations. Upon the declaration of a common stock dividend, the holders of the Series C Convertible Preferred Stock are entitled to receive dividends on the Series C Convertible Preferred Stock in an amount equal to the amount that would have been received in the number of shares of Common Stock into which the Shares of Series C Convertible Preferred Stock held by each holder thereof could be converted. For the purpose of calculating earnings / (loss) per share this preferred stock is treated as in-substance common stock and is allocated income / (losses) and considered in the diluted calculation. On February 7, 2019, all of the outstanding Series C convertible Preferred Stock of Navios Acquisition was converted into 511,733 shares of common stock. As of December 31, 2019, no shares of Series C Convertible Preferred Stock were issued and outstanding.

As of December 31, 2018 the Company's issued and outstanding preferred stock consisted of the 1,000 Series C Convertible Preferred Stock.

On February 7, 2019, all of the outstanding Series C convertible preferred shares of Navios Acquisition were converted into 511,733 shares of common stock of Navios Acquisition. As of December 31, 2019, no shares of Series C Convertible Preferred Stock were issued and outstanding.

Common Stock and Puttable Common Stock

The Board of Directors of Navios Acquisition previously approved 1-for-15 reverse stock split of its issued and outstanding shares of common stock and on November 9, 2018, the reverse stock split was approved by Navios Acquisition's stockholders. The reverse stock split was effective on November 14, 2018 and the common stock commenced trading on such date on a split adjusted basis. Please refer to Note 2.

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 were 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 were determined by management based upon market conditions and other factors. Repurchases were made pursuant to a program adopted under Rule 10b5-1 under the Securities Exchange Act of 1934, as amended. The program did not require any minimum repurchase or any specific number or amount of shares of common stock and was suspended or reinstated at any time in Navios Acquisition's discretion and without notice. Repurchases were subject to restrictions under Navios Acquisition's credit facilities and indenture. As of December 31, 2019, the Company had repurchased and cancelled 735,251 shares of common stock, at a total cost of approximately $7,493. The program expired in February 2020.

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

Under the terms of the Merger with Navios Midstream on December 13, 2018, Navios Acquisition acquired all of the outstanding publicly held common units of Navios Midstream though the issuance of 3,683,284 newly issued shares of Navios Acquisition common stock in exchange for the publicly held common units of Navios Midstream at an exchange ratio of 0.42 shares of Navios Acquisition for each Navios Midstream common unit.

Equity Offering

In October 2019, Navios Acquisition completed a registered direct offering of 1,875,000 shares of its common stock at $8.00 per share, raising gross proceeds of $15,000. Total net proceeds of the above transactions, net of agents' costs of $675 and offering costs of $957, amounted to $13,368.

Continuous Offering Program

On November 29, 2019, as further updated on December 23, 2019 to provide for Navios Acquisition's replacement of its expiring universal shelf, Navios Acquisition entered into a Continuous Offering Program Sales Agreement, pursuant to which Navios Acquisition may issue and sell from time to time through the sales agent shares of common stock having an aggregate offering price of up to $25,000. The sales were being made pursuant to a prospectus supplement as part of a shelf registration statement which was set to expire in December 2019. Navios Acquisition went effective on a new shelf registration statement which was declared effective on December 23, 2019. Accordingly, an updated Continuous Offering Program Sales Agreement (the "Sales Agreement") was entered into on December 23, 2019. As before, the Sales Agreement contains, among other things, customary representations, warranties and covenants by Navios Acquisition and indemnification obligations of the parties thereto as well as certain termination rights for such parties. As of December 31, 2019, Navios Acquisition had issued 270,020 shares of common stock and received net proceeds of $2,099.

As of December 31, 2019, the Company was authorized to issue 250,000,000 shares of $0.0001 par value common stock of which 15,873,391 were issued and outstanding.

Stock based compensation

During 2019, the Company did not authorized and issue restricted shares of common stock to its directors and officers.

2018

In December 2018, Navios Acquisition authorized and issued in the aggregate 129,269 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 $5.36 per share (or total fair value of $693).

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

The effect of compensation expense arising from the stock-based arrangement described above was $355, $12 and $0 for the years ended December 31, 2019, 2018 and 2017, respectively, 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, 2019.

Restricted shares outstanding which have not vested were 96,952 shares as of December 31, 2019.

The estimated compensation cost relating to service conditions of non-vested restricted stock, not yet recognized was $327 as of December 31, 2019 and is expected to be recognized over the weighted average time to vest of 3.0 years.

2017

In December 2017, Navios Acquisition authorized and issued in the aggregate 118,328 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.

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

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 $17.7 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 arrangement described above was $554, $1,064 and $57 for the year ended December 31, 2019, 2018 and 2017 respectively, 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, 2019.

Restricted shares outstanding and not vested were 59,162 shares as of December 31, 2019.

The estimated compensation cost relating to service conditions of non-vested restricted stock, not yet recognized was $419 as of December 31, 2019 and is expected to be recognized over the weighted average time to vest of 2.0 years.

NOTE 20: 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.

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, 2019	Year Ended December 31, 2018	Year Ended December 31, 2017
Asia	$ 211,070	$ 118,176	$ 140,177
Europe	33,077	28,547	34,653
United States	35,970	41,223	52,458
Total Revenue	**$ 280,117**	**$ 187,946**	**$ 227,288**

NOTE 21: LOSS PER COMMON SHARE

Loss per share is calculated by dividing net loss attributable to common stockholders by the weighted average number of shares of common stock of Navios Acquisition outstanding during the period.

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

Net loss for the years ended December 31, 2019, 2018 and 2017 was adjusted for the purposes of loss per share calculation, the restricted common stock and for the undistributed income that is attributable to the Series C Convertible Preferred Stock.

	Year ended December 31, 2019	Year ended December 31, 2018	Year ended December 31, 2017
Numerator:			
Net loss	$ (65,441)	$ (86,373)	$ (78,899)
Less:			
Dividend declared on restricted shares	(253)	(172)	(89)
Undistributed (income)/ loss attributable to Series C participating preferred shares	(13)	4,312	3,835
Net loss attributable to common stockholders, basic	$ (65,707)	$ (82,233)	$ (75,153)
Plus:			
Net loss attributable to common stockholders, diluted	$ (65,707)	$ (82,233)	$ (75,153)
Denominator:			
Denominator for basic net loss per share — weighted average shares	13,823,754	9,784,507	10,027,469
Denominator for diluted net (loss)/ income per share — adjusted weighted average shares	13,823,754	9,784,507	10,027,469
Net loss per share, basic	$ (4.75)	$ (8.40)	$ (7.50)
Net loss per share, diluted	$ (4.75)	$ (8.40)	$ (7.50)

Potential common shares of 368,687 for the year ended December 31, 2019 (which includes stock options and shares of restricted common stock), 732,769 for the year ended December 31, 2018, 617,843, for the year ended December 31, 2017 (which includes Series C Preferred Stock, stock options and restricted shares) 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.

NOTE 22: 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, 2019, 2018 and 2017, related to the Greek Tonnage tax was $897, $938 and $616, 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.

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

NOTE 23: SUBSEQUENT EVENTS

On January 22, 2020, the Board of Directors declared a quarterly cash dividend in respect of the fourth quarter of 2019 of $0.30 per share of common stock which will be paid on April 7, 2020 to stockholders of record as of March 5, 2020.

DESCRIPTION OF THE RIGHTS OF EACH CLASS OF SECURITIES REGISTERED UNDER SECTION 12 OF THE EXCHANGE ACT

Common Stock

Each share of common stock would entitle the holder to one vote on all matters submitted to a vote of stockholders. Subject to preferences that may be applicable to any outstanding shares of preferred stock, holders of shares of common stock would be entitled to receive ratably all dividends, if any, declared by the board of directors out of funds legally available for dividends. Holders of common stock would not have conversion, redemption or preemptive rights to subscribe to any of our securities. All outstanding shares of common stock, when issued, will be fully paid and non-assessable. The rights, preferences and privileges of holders of common stock will be subject to the rights of the holders of any shares of preferred stock which we have issued or we may issue in the future.

Our board of directors is divided into three classes, each of which will generally serve for a term of three years with only one class of directors being elected in each year. There is no cumulative voting with respect to the election of directors, with the result that the holders of more than 50% of the shares voted for the election of directors can elect all of the directors.

Our stockholders have no conversion, preemptive or other subscription rights and there are no sinking fund or conversion provisions applicable to the common stock.

Dividends

At the present time, we intend to retain most of our available earnings generated by operations for the development and growth of our business. The 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.

Transfer Agent

The transfer agent for Navios Acquisition’s common stock is Continental Stock Transfer & Trust Company, 1 State Street Plaza- 30th Floor, New York, NY 10004.

Exhibit 4.41

EXECUTION VERSION

NAVIOS MARITIME ACQUISITION CORPORATION

Shares of Common Stock ($0.0001 par value per share)

CONTINUOUS OFFERING PROGRAM SALES AGREEMENT

December 23, 2019

S. Goldman Capital LLC
599 Lexington Avenue, 35th Floor
New York, New York 10022

Ladies and Gentlemen:

Navios Maritime Acquisition Corporation, a Republic of the Marshall Islands corporation (the "Company"), proposes, subject to the terms and conditions stated herein, to issue and sell from time to time to or through S. Goldman Capital LLC, as sales agent and/or principal (the "Agent"), up to shares of common stock, par value $0.0001 per share (the "Shares"), having an aggregate gross sales price of up to $23,825,839 on the terms set forth in Section 2 of this Continuous Offering Program Sales Agreement (the "Sales Agreement"). The shares of Common Stock, par value $0.0001 per share, of the Company to be outstanding after giving effect to the offer and sale of the Shares are hereinafter referred to as the "Common Stock." The Company agrees that whenever it determines to sell Shares directly to the Agent as principal, it will enter into a separate agreement (each, a "Terms Agreement") in substantially the form of Annex 1 hereto, relating to such sale in accordance with Section 3 of this Sales Agreement.

All references in this Sales Agreement to financial statements and schedules and other information which is "contained," "included" or "stated" in the Registration Statement or the Prospectus (each as defined herein) (or other references of like import) shall be deemed to mean and include all such financial statements and schedules and other information which are incorporated by reference in the Registration Statement or the Prospectus, as the case may be, at the relevant time.

Section 1. Representations and Warranties. The Company represents and warrants to the Agent that as of the date of this Sales Agreement, each Registration Statement Amendment Date (as defined in Section 3 below), each Company Periodic Report Date (as defined in Section 3 below), each Company Earnings Report Date (as defined in Section 3 below), each Request Date (as defined in Section 3 below), each Applicable Time (as defined in Section 1(a) below) and each Settlement Date (as defined in Section 2 below); provided, however, that if such date occurs during a period when the Company has not instructed the Agent to make any sales pursuant to Section 2(b) hereof or all such sales pursuant to prior instructions have been completed and the Company does not intend to issue an instruction pursuant to Section 2(b) for a period of not less than five (5) business days (in each case, a "Suspension Period"), the Company shall not make the representations and warranties of the Company contained in this Section 1 until the end of such Suspension Period; provided, further, that provision of the representations and warranties contained in this Section 1 by the Company shall be a condition precedent to the commencement of any offering of Shares under this Sales Agreement upon the termination of a Suspension Period:

(a) The Company has filed with the Securities and Exchange Commission (the "Commission") a shelf registration statement under the Securities Act of 1933, as amended (the "1933 Act"), on Form F-3 (File No. 333-235369), in respect of the Company's Shares not earlier than three years prior to the date hereof; each of the Registration Statement and any amendment thereto has become effective under the 1933 Act; the Company has complied with each request (if any) from the Commission for additional information; and no stop order suspending the effectiveness of such registration statement or any part thereof has been issued and no proceeding for that purpose has been initiated or, to the knowledge of the Company, threatened by the Commission, and no notice of objection of the Commission to the use of such form of registration statement or any post-effective amendment thereto pursuant to Rule 401(g)(2) under the 1933 Act has been received by the Company (the base prospectus filed as part of such registration statement, in the form in which it has most recently been filed with the Commission on or prior to the date of this Sales Agreement, is hereinafter called the "Basic Prospectus"; the various parts of such registration statement, excluding any Forms T-1 but including all other exhibits thereto and any prospectus supplement or prospectus relating to the Shares that is filed with the Commission and deemed by virtue of Rule 430B under the 1933 Act to be part of such registration statement, each as amended at the time such part of the registration statement became effective, are hereinafter collectively called the "Registration Statement"; the prospectus supplement specifically relating to the Shares prepared and filed with the Commission pursuant to Rule 424(b) under the 1933 Act is hereinafter called the "Prospectus Supplement"; the Basic Prospectus, as amended and supplemented by the Prospectus Supplement, is hereinafter called the "Prospectus"; any reference herein to the Basic Prospectus, the Prospectus Supplement or the Prospectus shall be deemed to refer to and include the documents incorporated by reference therein pursuant to Item 6 of Form F-3 under the 1933 Act; provided, however, that no representation contained in any exhibit to any such incorporated document, other than the representations contained herein, shall be deemed to be made to the Agent; any reference to any amendment or supplement to the Basic Prospectus, the Prospectus Supplement or the Prospectus shall be deemed to refer to and include any post-effective amendment to the Registration Statement, any prospectus supplement or base prospectus relating to the Shares filed with the Commission pursuant to Rule 424(b) under the 1933 Act and any documents filed under the Securities Exchange Act of 1934, as amended (the "1934 Act"), and incorporated therein, in each case after the date of the Basic Prospectus, the Prospectus Supplement or the Prospectus, as the case may be; any reference to any amendment to the Registration Statement shall be deemed to refer to and include any annual report of the Company filed pursuant to Section 13(a) or 15(d) of the 1934 Act after the effective date of the Registration Statement that is incorporated by reference in the Registration Statement; and any "issuer free writing prospectus" as defined in Rule 433 under the 1933 Act relating to the Shares is hereinafter called an "Issuer Free Writing Prospectus").

No order preventing or suspending the use of the Basic Prospectus, the Prospectus Supplement, the Prospectus or any Issuer Free Writing Prospectus has been issued by the Commission, and the Basic Prospectus and the Prospectus Supplement, at the time of filing thereof, conformed in all material respects to the requirements of the 1933 Act and the rules and regulations of the Commission thereunder (the "1933 Act Regulations") and did not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

For the purposes of this Sales Agreement, the "Applicable Time" means, with respect to any Shares, the time of sale of such Shares pursuant to this Sales Agreement; the Prospectus and the applicable Issuer Free Writing Prospectus(es) issued at or prior to such Applicable Time, taken together (collectively, and, with respect to any Shares sold hereunder, together with the public offering price of such Shares, the "General Disclosure Package") as of each Applicable Time and each Settlement Date, will not include any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; and each applicable Issuer Free Writing Prospectus will not conflict with the information contained in the Registration Statement, the Prospectus Supplement or the Prospectus and each such Issuer Free Writing Prospectus, as supplemented by and taken together with the General Disclosure Package as of such Applicable Time, will not include any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(b) The documents incorporated or deemed to be incorporated by reference in the Registration Statement and the Prospectus, when they became effective or were filed with the Commission, as the case may be, complied in all material respects with the requirements of the 1934 Act and the rules and regulations of the Commission thereunder (the "1934 Act Regulations"), and, when read together with the other information in the Prospectus, (a) at the time the Registration Statement became effective, (b) at the time the Prospectus was issued and (c) on the date of this Sales Agreement, did not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading.

(c) This Sales Agreement has been, and any Terms Agreement will be, duly authorized, executed and delivered by the Company.

(d) At the time of filing the Registration Statement and any post-effective amendment thereto, at the earliest time thereafter that the Company or another offering participant made a *bona fide* offer (within the meaning of Rule 164(h)(2) of the 1933 Act Regulations) of the Shares and at the date hereof, the Company was not and is not an “ineligible issuer,” as defined in Rule 405 under the 1933 Act.

(e) [Reserved].

(f) There are no restrictions on subsequent transfers of the Shares under the laws of the Republic of the Marshall Islands.

(g) The financial statements, together with the related schedules and notes, included in or incorporated by reference in the Registration Statement, the General Disclosure Package and the Prospectus present fairly in all material respects the financial position of the Company and its consolidated subsidiaries at the dates indicated and the statement of operations, stockholders’ equity and cash flows of the Company and its consolidated subsidiaries for the periods specified; said financial statements have been prepared in conformity with United States generally accepted accounting principles (“GAAP”) applied on a consistent basis throughout the periods involved except as otherwise disclosed in the Registration Statement, the General Disclosure Package and Prospectus. The supporting schedules, if any, included in the Registration Statement, the General Disclosure Package and the Prospectus present fairly in all material respects in accordance with GAAP the information required to be stated therein. The selected financial data and the summary financial information included in or incorporated by reference in the Registration Statement, the General Disclosure Package and the Prospectus present fairly in all material respects the information shown therein and have been compiled on a basis consistent with that of the audited financial statements included in the Registration Statement, the General Disclosure Package and the Prospectus except as otherwise disclosed therein. Except as included therein, no historical or pro forma financial statements or supporting schedules are required to be included or incorporated by reference into the Registration Statement, the General Disclosure Package or the Prospectus under the 1933 Act or the regulations promulgated thereunder.

(h) Except as otherwise stated therein, since the respective dates as of which information is given in the Registration Statement, the General Disclosure Package or the Prospectus, (A) there has been no material adverse change in the condition, financial or otherwise, or in the earnings, business affairs or business prospects of the Company and its subsidiaries considered as one enterprise, whether or not arising in the ordinary course of business (a “Material Adverse Effect”), (B) there have been no transactions entered into by the Company or any of its subsidiaries, other than those in the ordinary course of business, which are material with respect to the Company and its subsidiaries considered as one enterprise, or otherwise than as set forth or contemplated in the Registration Statement, the General Disclosure Package and the Prospectus, and (C) except as disclosed in the Registration Statement, the General Disclosure Package or the Prospectus, there has been no dividend or distribution of any kind declared, paid or made by the Company on any class of its capital stock.

(i) Except as described in the General Disclosure Package and the Prospectus, the Company has not sold, issued or distributed any Shares during the six-month period preceding the date hereof, including any sales pursuant to Rule 144A under, or Regulation D or S of, the 1933 Act, other than shares issued pursuant to employee benefit plans, qualified stock option plans or other employee compensation plans or pursuant to outstanding options, rights or warrants.

(j) PricewaterhouseCoopers S.A., who certified certain of the financial statements and supporting schedules included in, or incorporated by reference into, the Registration Statement, the General Disclosure Package and the Prospectus, (A) whose report appears in the Company's Annual Report on Form 20-F for the year ended December 31, 2018, which is incorporated by reference into the General Disclosure Package and Prospectus, and (B) and who has delivered the initial letter referred to in Section 6(g) hereof, is, and during the periods covered by such reports, was and is an independent registered public accountants as required by the 1933 Act, the 1933 Act Regulations and the Public Accounting Oversight Board.

(k) Ernst & Young (Hellas) Certified Auditors-Accountants S.A., who certified certain of the financial statements and supporting schedules included in, or incorporated by reference into, the Registration Statement, the General Disclosure Package and the Prospectus, who has delivered the initial letter referred to in Section 6(g) hereof, is, and during the periods covered by such reports, was and is an independent registered public accountants as required by the 1933 Act, the 1933 Act Regulations and the Public Accounting Oversight Board.

(l) The Company has been duly incorporated and is validly existing as a corporation, and is in good standing under the laws of the Republic of the Marshall Islands, and has full corporate power and authority necessary to own, lease and operate its properties and conduct its business as described in the Registration Statement, the General Disclosure Package and the Prospectus, to execute and deliver this Sales Agreement and to issue, sell and deliver the Shares as contemplated herein. The Company is duly qualified to transact business and is in good standing as a foreign corporation in each other jurisdiction in which such qualification is required for the conduct of the business as described in the Registration Statement, the General Disclosure Package and the Prospectus (and any documents incorporated by reference therein), except where the failure so to qualify or to be in good standing would not reasonably be expected to result in a Material Adverse Effect or subject the Company to any material liability or disability.

(m) Each subsidiary of the Company listed on Schedule I hereto (each a "Subsidiary" and collectively, the "Subsidiaries") has been duly organized and is validly existing as a corporation in good standing under the laws of the jurisdiction of its incorporation, has corporate power and authority to own, lease and operate its properties and to conduct its business as described in the Registration Statement, the General Disclosure Package and the Prospectus and is duly qualified as a foreign corporation to transact business and is in good standing in each jurisdiction in which such qualification is required, whether by reason of the ownership or leasing of property or the conduct of business, except where the failure so to qualify or to be in good standing would not result in a Material Adverse Effect; except as otherwise disclosed in the Registration Statement, the General Disclosure Package and the Prospectus, all of the issued and outstanding capital stock of each Subsidiary has been duly authorized and validly issued, is fully paid and non-assessable and is owned by the Company, directly or through subsidiaries, free and clear of any material security interest, mortgage, pledge, lien, encumbrance, claim or equity; none of the outstanding shares of capital stock of the Subsidiaries was issued in violation of any preemptive or similar rights of any security holder of such Subsidiary. The subsidiaries of the Company other than Subsidiaries, considered in the aggregate as a single subsidiary, do not constitute a "significant subsidiary" as defined in Rule 1-02 of Regulation S-X.

(n) The shares of Common Stock outstanding prior to the issuance of the Shares have been duly authorized and are validly issued, fully paid and non-assessable. The Shares have been duly authorized for issuance and sale and, when issued and delivered by the Company against payment therefor, will be validly issued, fully paid and non-assessable, and the issuance of such Shares will not be subject to any preemptive or similar rights. The authorized capital stock of the Company conforms as to legal matters to the description thereof contained in each of the Registration Statement, the General Disclosure Package and the Prospectus.

(o) Except as identified in the Registration Statement, the General Disclosure Package and the Prospectus, there are no (A) preemptive rights or other rights to subscribe for or to purchase, nor any restriction upon the voting or transfer of, any equity securities of the Company or (B) outstanding options or warrants to purchase any securities of the Company. Neither the filing of the Registration Statement nor the offering or sale of the Shares as contemplated by this Sales Agreement gives rise to any rights for or relating to the registration of any other Shares or other securities of the Company.

(p) This Sales Agreement has been duly authorized, executed and delivered by the Company.

(q) The Company is not (A) in violation of its articles of incorporation or by-laws, (B) in default in the performance or observance of any obligation, agreement, covenant or condition contained in any contract, indenture, mortgage, deed of trust, loan or credit agreement, note, lease or other agreement or instrument to which it is a party, or by which it may be bound, or to which any of the property or assets of the Company is subject (collectively, "Agreements and Instruments") except for such defaults that would not, singly or in the aggregate, result in a Material Adverse Effect, or (C) in violation of any law, statute, rule, regulation, judgment, order, writ or decree of any arbitrator, court, governmental body, regulatory body, administrative agency or other authority, body or agency having jurisdiction over the Company or any of its properties, assets or operations (each, a "Governmental Entity"), except for such violations that would not, singly or in the aggregate, result in a Material Adverse Effect. The execution, delivery and performance of this Sales Agreement and any Terms Agreement, including the consummation of the transactions contemplated in the Registration Statement, the General Disclosure Package and the Prospectus (including but not limited to the issuance and sale of the Shares and the use of the proceeds from the sale of the Shares as described therein under the caption "Use of Proceeds") and compliance by the Company with its obligations hereunder and thereunder have been duly authorized by all necessary corporate action and do not and will not, whether with or without the giving of notice or passage of time or both, conflict with or constitute a breach of, or default or Repayment Event (as defined below) under, or result in the creation or imposition of any lien, charge or encumbrance upon any property or assets of the Company pursuant to, the Agreements and Instruments (except for such conflicts, breaches, defaults or Repayment Events or liens, charges or encumbrances that would not, singly or in the aggregate, result in a Material Adverse Effect), nor will such action result in any violation of the provisions of the articles of incorporation or by-laws of the Company or any applicable law, statute, rule, regulation, judgment, order, writ or decree of any Governmental Entity. As used herein, a "Repayment Event" means any event or condition which gives the holder of any note, debenture or other evidence of indebtedness (or any person acting on such holder's behalf) the right to require the repurchase, redemption or repayment of all or a portion of such indebtedness by the Company.

(r) No permit, consent, approval, authorization, order, registration, filing or qualification ("Consent") of or with any court, governmental agency or body having jurisdiction over the Company or any of its properties or assets is required in connection with the transactions contemplated herein, the issuance or sale by the Company of the Shares, the execution, delivery and performance of this Sales Agreement by the Company except (A) for such permits, consents, approvals and similar authorizations required under the 1933 Act, the 1934 Act and state securities or "Blue Sky" laws, (B) for such consents that have been obtained, (C) for such consents that, if not obtained, would not, singly or in the aggregate, reasonably be expected to have a Material Adverse Effect or materially adversely affect the ability of the Company to consummate the transactions contemplated herein and (D) as disclosed in the Registration Statement, the General Disclosure Package and the Prospectus.

(s) The statements in the General Disclosure Package and the Prospectus, under the headings "Material U.S. Federal Income Tax Considerations," "Marshall Islands Tax Consequences," "The Securities We May Offer," and "Plan of Distribution" accurately and fairly summarize the matters therein described and the legal conclusions with respect to such matters.

(t) No labor dispute with the employees of the Company exists or, to the knowledge of the Company, is imminent, and the Company is not aware of any existing or imminent labor disturbance by the employees of any of their principal suppliers, manufacturers, customers or contractors, which, in either case, would result in a Material Adverse Effect.

(u) Except as disclosed in the Registration Statement, the General Disclosure Package and the Prospectus (or the documents incorporated by reference therein), there is no action, suit, proceeding, inquiry or investigation before or brought by any court or governmental agency or body, domestic or foreign, now pending, or, to the knowledge of the Company, threatened, against or affecting the Company or any of its subsidiaries, which is required to be disclosed in the Registration Statement, the General Disclosure Package and the Prospectus or the documents incorporated by reference therein, or which would reasonably be expected to, individually or in the aggregate, result in a Material Adverse Effect, or which could reasonably be expected to materially and adversely affect the properties or assets of the Company or any of its subsidiaries or the consummation of the transactions as contemplated in this Sales Agreement or the performance by the Company of its obligations hereunder; the aggregate of all pending legal or governmental proceedings to which the Company or any of its subsidiaries is a party or of which any of their respective properties or assets is the subject which are not described in the Registration Statement, the General Disclosure Package and the Prospectus or the documents incorporated by reference therein, including ordinary routine litigation incidental to the business, would not reasonably be expected to result in a Material Adverse Effect.

(v) There are no contracts or documents which are required to be described in the Registration Statement, the General Disclosure Package or the Prospectus (or the documents incorporated by reference therein) or to be filed as exhibits to the Registration Statement or the documents incorporated by reference therein which have not been so described and filed as required.

(w) The Company and its subsidiaries own or possess, or can acquire on reasonable terms, adequate patents, patent rights, licenses, inventions, copyrights, know-how (including trade secrets and other unpatented and/or unpatentable proprietary or confidential information, systems or procedures), trademarks, service marks, trade names or other intellectual property (collectively, "Intellectual Property") necessary to carry on the business now operated by them, except where the failure to do so would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect; and neither the Company nor any of its subsidiaries has received any notice or is otherwise aware of any infringement of or conflict with asserted rights of others with respect to any Intellectual Property or of any facts or circumstances which would render any Intellectual Property invalid or inadequate to protect the interest of the Company or its subsidiaries therein, and which infringement or conflict (if the subject of any unfavorable decision, ruling or finding) or invalidity or inadequacy would reasonably be expected to, individually or in the aggregate, result in a Material Adverse Effect.

(x) No filing with, or authorization, approval, consent, license, order, registration, qualification or decree of, any court or governmental authority or agency is necessary or required for the performance by the Company of its obligations hereunder, in connection with the offering, issuance or sale of the Shares hereunder, except such as have been already obtained or as may be required under the 1933 Act or the 1933 Act Regulations, the rules of the New York Stock Exchange (the "NYSE"), state securities laws or the rules of Financial Industry Regulatory Authority, Inc. ("FINRA").

(y) None of the Company nor any affiliate thereof has taken, directly or indirectly, any action which is designed to or which has constituted or which would be expected to cause or result in stabilization or manipulation of the price of any security of the Company to facilitate the sale or resale of the Shares. For the avoidance of doubt, the foregoing sentence shall not include any activities by the Agent, as to which the Company makes no representation.

(z) Each of the vessels described in the Registration Statement, the General Disclosure Package and the Prospectus as owned by a subsidiary of the Company has been duly registered in the name of the relevant subsidiary (as applicable) under the laws and regulations and flag of the nation of its registration, and no other action is necessary to establish and perfect such entity's title to and interest in any of the vessels as against any charterer or third party, and all such vessels are owned directly by such subsidiary free and clear of all material liens, claims, security interests or other encumbrances, and each such vessel is in good standing with respect to the payment of past and current taxes, fees and other amounts payable under the laws of the jurisdiction where it is registered as would affect its registry with the ship registry of such jurisdiction, except as described in or contemplated by the Registration Statement, the General Disclosure Package and the Prospectus.

(aa) Except as described in the Registration Statement, the General Disclosure Package and the Prospectus or except as would not, individually or in the aggregate, reasonably be expected to result in a Material Adverse Effect, (A) none the Company nor any of its subsidiaries is in violation of any federal, state, local, foreign or international statute, law, convention, protocol, rule, regulation, ordinance, code, guideline or rule of common law or any final and legally binding judicial or administrative interpretation thereof, including any judicial or administrative order, consent, decree or judgment, relating to pollution or protection of human health or safety, the environment (including, without limitation, ambient air, surface water, groundwater, land surface or subsurface strata) or wildlife, including, without limitation, laws and regulations relating to the release or threatened release of chemicals, pollutants, contaminants, wastes, toxic substances, hazardous substances, petroleum or petroleum products, friable asbestos-containing materials or toxic mold (collectively, "Hazardous Materials") or to the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of Hazardous Materials (collectively, "Environmental Laws"), (B) the Company and its subsidiaries have, or operate pursuant to, all applicable permits, authorizations, registrations, certifications, licenses and approvals required to conduct their business in the manner described in the Registration Statement, the General Disclosure Package and the Prospectus (and any documents incorporated by reference therein) under any applicable Environmental Laws (collectively, "Environmental Permits") and are each in compliance with their requirements and are not subject to any action to revoke, terminate, cancel, limit, amend or appeal any such Environmental Permits, (C) there are no pending or, to the knowledge of the Company, threatened, administrative, regulatory or judicial actions, suits, demands, demand letters, claims, liens, notices of noncompliance or violation, investigations or proceedings relating to any Environmental Law against the Company or any of its subsidiaries; (D) to the knowledge of the Company, there are no events or circumstances that would reasonably be expected to form the basis of an order for clean-up or remediation, or an action, suit or proceeding by any private party or governmental body or agency, against or affecting the Company or any of its subsidiaries relating to Hazardous Materials or any Environmental Laws; and (E) there has been no storage, generation, transportation, handling, treatment, disposal, discharge, emission or other release of any kind of Hazardous Materials by the Company or any of its subsidiaries (or, to the knowledge of the Company, any other entity for whose acts or omissions the Company or any of its subsidiaries is or may be liable) upon any property now or previously owned, leased or operated by the Company or any of its subsidiaries, or upon any other property or at or from any vessel owned or operated by the Company or any of its subsidiaries, which would be a violation of or give rise to any liability under any Environmental Law. Neither the Company nor any of its subsidiaries is a party to any judicial or administrative proceeding (including a notice of violation) under any Environmental Laws to which a governmental body or agency is also a party and which involves potential monetary sanctions, unless it could reasonably be expected that such proceeding will result in monetary sanctions of less than $100,000, and no such proceeding has been threatened or is known to be contemplated; and the Company is not aware of any matters regarding compliance with existing or reasonably anticipated Environmental Laws, or with any liabilities or other obligations under Environmental Laws (including asset retirement obligations), that could reasonably be expected to have a material effect on the capital expenditures, earnings or competitive position of the Company. In the ordinary course of its business, the Company reviews the effect of Environmental Laws on the business, operations and properties of the Company. On the basis of such review, the Company has reasonably concluded that the Company has not incurred any costs or liabilities associated with Environmental Laws (including, without limitation, any capital or operating expenditures required for clean-up, closure of properties or compliance with Environmental Laws or any Environmental Permit or any related constraints on operating activities and any potential liabilities to third parties) which would, individually or in the aggregate, have a Material Adverse Effect.

(bb) No subsidiary of the Company is currently prohibited, directly or indirectly, from paying any dividends to the Company, from making any other distribution on such subsidiary's capital stock, from repaying to the Company any loans or advances to such subsidiary from the Company or from transferring any of such subsidiary's property or assets to the Company or any other subsidiary of the Company, except as described in or contemplated by the Registration Statement, the General Disclosure Package and the Prospectus. All dividends and other distributions declared and payable on the shares of capital stock of the Company may under the current laws and regulations of the Republic of the Marshall Islands be paid in United States dollars and may be freely transferred out of the Republic of the Marshall Islands, and all such dividends and other distributions are not subject to withholding or other taxes under the current laws and regulations of the Republic of the Marshall Islands and are otherwise free and clear of any other tax, withholding or deduction in, and without the necessity of obtaining any consents, approvals, authorizations, orders, licenses, registrations, clearances and qualifications of or with any court or governmental agency or body or any stock exchange authorities in, the Republic of the Marshall Islands.

(cc) The Company maintains a system of internal accounting controls sufficient to provide reasonable assurances that (i) transactions are executed in accordance with management's general or specific authorization; (ii) transactions are recorded as necessary to permit preparation of financial statements in conformity with GAAP and to maintain accountability for assets; (iii) access to assets is permitted only in accordance with management's general or specific authorization; and (iv) the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences. Except as described in the Registration Statement, the General Disclosure Package and the Prospectus, since the end of the Company's most recent audited fiscal year, there has been (x) no material weakness in the Company's internal control over financial reporting (whether or not remediated) and (y) no change in the Company's internal control over financial reporting that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

The Company employs disclosure controls and procedures that are designed to ensure that information required to be disclosed by the Company in the reports that it files or submits under the 1934 Act is recorded, processed, summarized and reported, within the time periods specified in the Commission's rules and forms, and is accumulated and communicated to the Company's management, including its principal executive officer or officers and principal financial officer or officers, as appropriate, to allow timely decisions regarding disclosure.

(dd) There is and has been no failure on the part of the Company and any of the Company's directors or officers, in their capacities as such, to comply in all material respects with any applicable provision of the Sarbanes-Oxley Act of 2002 and the rules and regulations promulgated in connection therewith (the "Sarbanes-Oxley Act") applicable to the Company.

(ee) There are no transfer, documentary, stamp, capital, issuance, registration, transaction, value-added or withholding taxes, duties or charges or other similar taxes, fees or charges under the laws of the Republic of the Marshall Islands (or any political subdivision thereof) required to be paid (i) in connection with the execution and delivery of this Sales Agreement or (ii) in connection with the issuance and sale of the Shares by the Company or the consummation of the transactions contemplated by this Sales Agreement.

(ff) Each of the Company and its subsidiaries has filed all U.S. federal, state, local and non-U.S. tax returns required to be filed through the date hereof (taking into account any properly obtained extensions with respect thereto), which returns are correct and complete in all material respects, except in any case in which the failure so to file would not reasonably be expected to result, individually or in the aggregate, in a Material Adverse Effect, and has paid all taxes due thereon, except such as are being contested in good faith by appropriate proceedings and for which adequate reserves have been established in accordance with generally accepted accounting principles, or as would not reasonably be expected to result, individually or in the aggregate, in a Material Adverse Effect, and there are no tax deficiencies, assessments or other claims that have been, or could reasonably be expected to be, asserted against the Company or its subsidiaries that would have, individually or in the aggregate, a Material Adverse Effect.

(gg) The Company is not now, nor after giving effect to the transactions contemplated herein will be, an “investment company” or a company “controlled by” an “investment company” under the Investment Company Act of 1940, as amended (the “1940 Act”).

(hh) After giving effect to the transactions contemplated herein, based on the Company’s actual and projected income, assets and activities as described in the Registration Statement, General Disclosure Package and the Prospectus, and based on the assumptions and subject to the limitations described therein, the Company should not be treated as a “passive foreign investment company” (a “PFIC”) within the meaning of Section 1297 of the United States Internal Revenue Code of 1986, as amended (the “Code”), for the current taxable year and subsequent taxable years.

(ii) After giving effect to the transactions contemplated herein, based upon the assumptions and subject to the limitations set forth in the Registration Statement, General Disclosure Package and the Prospectus (or any documents incorporated by reference therein), the Company believes it will qualify for the exemption from U.S. federal income tax on its U.S. source international transportation income under Section 883 of the Code, as amended, for the tax year ending December 31, 2019 and will so qualify for future tax years, provided that less than 50% of its Common Stock is owned by “5-percent shareholders” (other than Navios Maritime Holdings Inc.) as defined in Treasury Regulation 1.883-2(d)(3) for more than half the number of days in the relevant year.

(jj) The Company and its subsidiaries carry or are entitled to the benefits of insurance, with financially sound and reputable insurers, in such amounts and covering such risks as is generally maintained by companies of established repute engaged in the same or similar business, and all such insurance is in full force and effect. The Company and its subsidiaries have no reason to believe that they will not be able (i) to renew their existing insurance coverage as and when such policies expire or (ii) to obtain comparable coverage from similar institutions as they may deem necessary or appropriate to conduct their business as now conducted and at a cost that would not reasonably be expected to have a Material Adverse Effect.

(kk) Any statistical, industry-related and market-related data included in the Registration Statement, the General Disclosure Package and the Prospectus are based on or derived from sources that the Company believes, after reasonable inquiry, to be reliable and accurate in all material respects and, to the extent required, the Company has obtained the written consent to the use of such data from such sources.

(ll) None of the Company nor any of its subsidiaries nor, to the knowledge of the Company, any director, officer, agent, employee, affiliate or other person acting on behalf of the Company or any subsidiary is aware of or has taken any action, directly or indirectly, that would result in a violation by such persons of the Foreign Corrupt Practices Act of 1977, as amended, and the rules and regulations thereunder (the "FCPA"), including, without limitation, making use of the mails or any means or instrumentality of interstate commerce corruptly in furtherance of an offer, payment, promise to pay or authorization of the payment of any money, or other property, gift, promise to give, or authorization of the giving of anything of value to any "foreign official" (as such term is defined in the FCPA) or any foreign political party or official thereof or any candidate for foreign political office, in contravention of the FCPA, and the Company and its subsidiaries and, to the knowledge of the Company, its affiliates have conducted their businesses in compliance with the FCPA and have instituted and maintain policies and procedures reasonably designed to ensure, and which are reasonably expected to continue to ensure, continued compliance therewith.

As used in this subsection and subsections ((mm)) and ((nn)), references to any director, officer, agent, employee, affiliate or other person acting on behalf of the Company shall be deemed to refer to such persons only insofar as they act in such capacities.

(mm) The operations of the Company and its subsidiaries are and have been conducted at all times in compliance with applicable financial recordkeeping and reporting requirements of the Currency and Foreign Transactions Reporting Act of 1970, as amended, the money laundering statutes of all jurisdictions, the rules and regulations thereunder and any related or similar rules, regulations or guidelines, issued, administered or enforced by any governmental agency (collectively, the "Money Laundering Laws") and no action, suit or proceeding by or before any court or governmental agency, authority or body or any arbitrator involving the Company or any of its subsidiaries with respect to the Money Laundering Laws is pending or, to the best knowledge of the Company, threatened.

(nn) Neither the Company, any of its subsidiaries nor, to the knowledge of the Company, any director, officer, employee, affiliate or agent of the Company or any of its subsidiaries or any entity or individual ("Person") in control of or acting on behalf of the Company, is, (i) the subject of any sanctions administered by the Office of Foreign Assets Control of the U.S. Department of the Treasury ("OFAC") or the U.S. State Department, the United Nations Security Council, the European Union or any European Union member state, Her Majesty's Treasury, or any other relevant sanctions authority (collectively, "Sanctions"), or (ii) located, organized or resident in a country or territory that is the subject of Sanctions (collectively, "Embargoed Countries"). The Company will not use the proceeds of the offering, or lend, contribute or otherwise make available such proceeds to any subsidiary, joint venture partner, vessel or other Person, to fund any activities of or business with any Person, vessel or entity, in any Embargoed Country or any other country or territory that, at the time of such funding, is the subject of Sanctions, or in any manner that would result in a violation of Sanctions by any Person (including any Person participating in the offering, whether as placement agent, advisor, investor or otherwise). Except as otherwise disclosed in the Registration Statement, the General Disclosure Package and the Prospectus, neither the Company, any of its subsidiaries (while a subsidiary) nor, to the knowledge of the Company, any director, officer or agent of the Company or any of its subsidiaries or any Person in control of the Company has, within the past five years, (i) engaged in or is currently engaged in any dealings or transactions with any Person subject to Sanctions, or in any Embargoed Country, that at the time of the dealing or transaction would cause the Company, any of its subsidiaries or any of its directors, officers, agents or entity or Person in control of the Company to be in violation of Sanctions or (ii) been subject to civil or criminal enforcement for the violation of Sanctions. The Company will operate its business in a manner that is compliant with Sanctions laws and regulations from the perspective of the Company, its subsidiaries, any director, officer or other affiliate or agent of the Company or any of its subsidiaries and/or any person participating in the offering, whether as placement agent, advisor, investor or otherwise, and will take such actions as it may be permitted to take under law and contract as it may deem necessary or appropriate to avoid violations of Sanctions laws and regulations from such various perspectives including, to the extent so necessary, the exercise of its contract rights to reject port calls in certain locations, including Iran, by its charterers. The Company has and will maintain in place written systems, policies and procedures reasonably designed to monitor and ensure compliance with the preceding representations.

(oo) Other than as described in the Registration Statement, the General Disclosure Package and the Prospectus (or any documents incorporated by reference therein), the Company is not party to any contract, agreement or understanding with any person (other than this Sales Agreement) that would give rise to a valid claim against the Company or the Agent for a brokerage commission, finder's fee or like payment in connection with the offering and sale of the Shares.

(pp) No relationship, direct or indirect, exists between or among the Company or any subsidiary of the Company, on the one hand, and any director, officer, stockholder, customer or supplier of the Company or any subsidiary, on the other hand, which is required to be disclosed in the Registration Statement, the General Disclosure Package and the Prospectus (or any documents incorporated by reference therein) that is not so described.

(qq) Except as described in the Registration Statement, the General Disclosure Package and the Prospectus (and any documents incorporated by reference therein), distributions made by the Company to holders of the Shares will not be subject under the current laws of the Marshall Islands or any political subdivision thereof to any withholding or similar charges for or on account of taxation.

(rr) The choice of the laws of the State of New York as the governing law of this Sales Agreement is a valid choice of law under the laws of the jurisdiction of formation of the Company (each a "Relevant Jurisdiction") and any political subdivision thereof and courts of each Relevant Jurisdiction should honor this choice of law. The Company has the power to submit and pursuant to Section 15 of this Sales Agreement has legally, validly, effectively and irrevocably submitted to the non-exclusive personal jurisdiction of the United States District

Court for the Southern District of New York and the Supreme Court of New York, New York County (including, in each case, any appellate courts thereof) in any suit, action or proceeding against it arising out of or related to this Sales Agreement or with respect to its obligations, liabilities or any other matter arising out of or in connection with the sale of Shares by the Company and has validly and irrevocably waived any objection to the venue of a proceeding in any such court; and the Company has the power to designate, appoint and empower and pursuant to Section 15 of this Sales Agreement has legally, validly, effectively and irrevocably consented to service of process in the manner set forth herein.

(ss) The Company, and its obligations under this Sales Agreement, are subject to civil and commercial law and to suit and none of the Company nor any of its respective properties, assets or revenues have any right of immunity, on the grounds of sovereignty, from any legal action, suit or proceeding, from the giving of any relief in any such legal action, suit or proceeding, from setoff or counterclaim, from the jurisdiction of any of any Greek, Marshall Islands, New York State or U.S. federal court, as the case may be, from service of process, attachment upon or prior to judgment, or attachment in aid of execution of judgment, or from execution or enforcement of a judgment, or other legal process or proceeding for the giving of any relief or for the enforcement of a judgment, in any such court, with respect to its obligations or liabilities or any other matter under or arising out of or in connection with this Sales Agreement; and, to the extent that the Company or any of its properties, assets or revenues may have or may hereafter become entitled to any such right of immunity in any such court in which proceedings may at any time be commenced, the Company waived or will waive such right to the extent permitted by law and has consented to such relief and enforcement as provided in this Sales Agreement.

(tt) Except as described in the Registration Statement, the General Disclosure Package and the Prospectus (or any documents incorporated by reference therein) and subject to the relevant exequatur procedure, any final judgment for a fixed or readily calculable sum of money rendered by any court of the State of New York or of the United States located in the State of New York having jurisdiction under its own domestic laws in respect of any suit, action or proceeding against the Company based upon this Sales Agreement would be declared enforceable against the Company by the courts of any Relevant Jurisdiction without reexamination, review of the merits of the cause of action in respect of which the original judgment was given or re-litigation of the matters adjudicated upon or payment of any stamp, registration or similar tax or duty.

(uu) It is not necessary under the laws of any Relevant Jurisdiction or any political subdivision thereof or authority or agency therein in order to enable the Agent to enforce its rights under this Sales Agreement for the Agent to be licensed, qualified, or otherwise entitled to carry on business in such Relevant Jurisdiction or any political subdivision thereof or authority or agency therein; this Sales Agreement is in proper legal form under the laws of each Relevant Jurisdiction and any political subdivision thereof or authority or agency therein for the enforcement thereof against the Company and it is not necessary to ensure the legality, validity, enforceability or admissibility in evidence of this Sales Agreement in any Relevant Jurisdiction or any political subdivision thereof or agency therein that any of them be filed or recorded with any court, authority or agency in, or that any stamp, registration or similar taxes or duties be paid to any court, authority or agency of such Relevant Jurisdiction or any political subdivision thereof.

(vv) There are no contracts, agreements or understandings between the Company and any person granting such person the right to require the Company to file a registration statement under the 1933 Act with respect to any securities of the Company or to require the Company to include such securities with the Shares registered pursuant to the Registration Statement, except as otherwise disclosed in the Registration Statement, the General Disclosure Package and the Prospectus.

(ww) Neither the issuance, sale and delivery of the Shares nor the application of the net proceeds thereof by the Company will violate Regulation T, U or X of the Board of Governors of the Federal Reserve System.

(xx) The Company is a "foreign private issuer" (as defined in Regulation S under the 1933 Act).

(yy) The interactive data in eXtensible Business Reporting Language included or incorporated by reference in the Registration Statement fairly presents the information called for in all material respects and has been prepared in accordance with the Commission's rules and guidelines applicable thereto.

(zz) The aggregate market value worldwide of the Company's outstanding voting and non-voting common equity held by non-affiliates of the Company immediately prior to the date hereof, as calculated under Item B.1. of Form F-3 and the instructions thereto, was the equivalent of $75.0 million or more.

Any certificate signed by any officer of the Company delivered to the Agent or to counsel for the Agent shall be deemed a representation and warranty by the Company to the Agent as to the matters covered thereby.

Section 2. Sale and Delivery of Shares.

(a) Subject to the terms and conditions set forth herein, the Company agrees to issue and sell through the Agent acting as sales agent or directly to the Agent acting as principal from time to time, and the Agent agrees to use its commercially reasonable efforts to sell as sales agent for the Company, the Shares. Sales of the Shares, if any, through the Agent acting as sales agent or directly to the Agent acting as principal, will be made by means of ordinary brokers' transactions on the NYSE or otherwise at market prices prevailing at the time of sale, at prices related to prevailing market prices or at negotiated prices.

(b) The Shares are to be sold on a daily basis or otherwise (including on a weekly or bi-weekly basis) as shall be agreed to by the Company and the Agent on any trading day (other than a day on which the NYSE is scheduled to close prior to its regular weekday closing time, each, a "Trading Day") that the Company has satisfied its obligations under Section 6 of this Sales Agreement and that the Company has instructed the Agent to make such sales. On any Trading Day, the Company may instruct the Agent by telephone (in one or more telephone calls throughout such Trading Day) (confirmed promptly by telecopy or email, which confirmation will be promptly acknowledged by the Agent) as to the maximum number of Shares to be sold by the Agent on such day or for such other longer time period as the Company and the Agent shall agree (in any event not in excess of the number available for issuance under the Prospectus and the currently effective Registration Statement) and the minimum price per Share at which such Shares may be sold. Subject to the terms and conditions hereof, the Agent shall use its commercially reasonable efforts to sell as sales agent all of the Shares so designated by the Company. The Company and the Agent each acknowledge and agree that (A) there can be no assurance that the Agent will be successful in selling the Shares, (B) the Agent will incur no liability or obligation to the Company or any other person or entity if it does not sell Shares for any reason other than a failure by the Agent to use its commercially reasonable efforts consistent with its normal trading and sales practices and applicable law and regulations to sell such Shares as required by this Sales Agreement, and (C) the Agent shall be under no obligation to purchase Shares on a principal basis except as otherwise specifically agreed by the Agent and the Company pursuant to a Terms Agreement. In the event of a conflict between the terms of this Sales Agreement and the terms of a Terms Agreement, the terms of such Terms Agreement will control.

(c) Notwithstanding the foregoing, the Company shall not authorize the issuance and sale of, and the Agent as sales agent shall not be obligated to use its commercially reasonable efforts to sell, any Shares (i) at a price lower than the minimum price therefor authorized from time to time, (ii) in a number or with an aggregate gross sales price in excess of the number or gross sales price, as the case may be, of Shares authorized from time to time to be issued and sold under this Sales Agreement, in each case, by the Company's board of directors, or a duly authorized committee thereof, or (iii) in a number in excess of the number of Shares approved for listing on the NYSE, and in each case notified to the Agent in writing; provided, however, that clause (iii) of this subsection ((c)) shall not apply until the earlier of (x) the approval for listing of the Shares on the NYSE or (y) two business days after the date hereof. In addition, the Company or the Agent may, upon notice to the other party hereto by telephone (confirmed promptly by telecopy or email, which confirmation will be promptly acknowledged), suspend the offering of the Shares pursuant to this Sales Agreement for any reason and at any time; provided, however, that such suspension or termination shall not affect or impair the parties' respective obligations with respect to the Shares sold hereunder prior to the giving of such notice.

(d) The gross sales price of any Shares sold pursuant to this Sales Agreement by the Agent acting as sales agent of the Company shall be the market price prevailing at the time of sale for the Company's Shares sold by the Agent on the NYSE or otherwise, at prices relating to prevailing market prices or at negotiated prices. The compensation payable to the Agent for sales of Shares shall be equal to 2.5% of the gross sales price of the Shares sold pursuant to this Sales Agreement. The Company may sell Shares to the Agent as principal at a price agreed upon at the relevant Applicable Time and pursuant to a separate Terms Agreement. The remaining proceeds, after further deduction for any transaction fees or similar fees imposed by any governmental, regulatory or self-regulatory organization in respect of such sales, and any stock or other transfer taxes and any stamp or other duties payable upon the sale, issuance or delivery of the Shares to the Agent, shall constitute the net proceeds to the Company for such Shares (the "Net Proceeds"). The Agent shall notify the Company as promptly as practicable if any deduction referenced in the preceding sentence will be required, and shall as promptly as practicable provide an itemization of such deductions. Notwithstanding the foregoing, in the event the Company engages the Agent for a sale of Shares that would constitute a "distribution," within the meaning of Rule 100 of Regulation M under the 1934 Act, the Company and the Agent will agree to compensation that is customary for the Agent with respect to such transactions.

(e) The Agent shall provide written confirmation to the Company following the close of trading on the NYSE each day in which Shares are sold under this Sales Agreement setting forth the number of Shares sold on such day, the aggregate gross sales proceeds of the Shares, the aggregate Net Proceeds to the Company and the aggregate compensation payable by the Company to the Agent with respect to such sales.

(f) Under no circumstances shall the aggregate gross sales price or number, as the case may be, of Shares sold pursuant to this Sales Agreement and any Terms Agreement exceed the aggregate gross sales price or number, as the case may be, of Shares (i) set forth in the preamble paragraph of this Sales Agreement, (ii) available for issuance under the Prospectus and the then currently effective Registration Statement, (iii) authorized from time to time to be issued and sold under this Sales Agreement or any Terms Agreement by the Company's board of directors, or a duly authorized committee thereof or (iv) approved for listing on the NYSE; provided, however, that clause (iv) of this subsection ((f)) shall not apply until the earlier of (x) the approval for listing of the Shares on the NYSE or (y) two business days after the date hereof. In addition, under no circumstances shall any Shares be sold at a price lower than the minimum price therefor authorized from time to time by the Company's board of directors, or a duly authorized committee thereof, and notified to the Agent in writing.

(g) Settlement for sales of Shares pursuant to this Section 2 will occur on the second business day that is also a Trading Day following the trade date on which such sales are made, unless another date shall be agreed to by the Company and the Agent (each such day, a "Settlement Date"). On each Settlement Date, the Shares sold through the Agent for settlement on such date shall be delivered by the Company to the Agent against payment of the Net Proceeds from the sale of such Shares. Settlement for all Shares shall be effected by book-entry delivery of Shares to the Agent's account at The Depository Trust Company against payment by the Agent of the Net Proceeds from the sale of such Shares in same day funds delivered to an account designated by the Company. If the Company shall default on its obligation to deliver Shares on any Settlement Date, the Company shall (i) indemnify and hold the Agent harmless against any loss, claim or damage arising from or as a result of such default by the Company and (ii) pay the Agent any commission to which it would otherwise be entitled absent such default. If the Agent breaches this Sales Agreement by failing to deliver the applicable Net Proceeds on any Settlement Date for Shares delivered by the Company, the Agent will pay the Company interest based on the effective overnight federal funds rate until such proceeds, together with such interest, have been fully paid.

(h) Notwithstanding any other provision of this Sales Agreement, the Company shall not offer, sell or deliver, or request the offer or sale, any Shares and, by notice to the Agent given by telephone (confirmed promptly by telecopy or email), shall cancel any instructions for the offer or sale of any Shares, and the Agent shall not be obligated to offer or sell any Shares, (i) during any period in which the Company is, or could be deemed to be, in possession of material non-public information or (ii) except as provided in Section 3(j) below, at any time from and including the date that is the first trading day following the end of a fiscal quarter (each, a "Fiscal

Period End Date") through and including the time that is 24 hours after the time that the Company files (a "Filing Time") a Report on Form 6-K with quarterly financial information (a "Quarterly 6-K") or an Annual Report on Form 20-F that includes consolidated financial statements as of and for the same period or periods, as the case may be, covered by a press release containing its earnings, revenues or other results of operations (each, an "Earnings Announcement").

(i) If the Company wishes to offer, sell or deliver Shares at any time during the period from and including a Fiscal Period End Date through and including the time that is 24 hours after the corresponding Filing Time, the Company shall (i) prepare and deliver to the Agent (with a copy to counsel to the Agent) a Report on Form 6-K which shall include substantially the same financial and related information as was set forth in the relevant Earnings Announcement (other than any earnings projections, similar forward-looking data and officers' quotations) (each, an "Earnings 6-K"), in form and substance reasonably satisfactory to the Agent, (ii) provide the Agent with the officers' certificate, accountants' letter and opinions and letters of counsel called for by Section 3(j), (k) and (l) hereof, respectively, subject to further agreement between the Company and the Agent, (iii) afford the Agent the opportunity to conduct a due diligence review in accordance with Section 3(o) hereof and (iv) file such Earnings 6-K with the Commission, then the provisions of clause (iii) of Section 2(h) shall not be applicable for the period from and after the time at which the foregoing conditions shall have been satisfied (or, if later, the time that is 24 hours after the time that the relevant Earnings Announcement was first publicly released) through and including the time that is 24 hours after the Filing Time of the relevant Quarterly 6-K or Annual Report on Form 20-F, as the case may be. For the avoidance of doubt, the parties hereto agree that (A) the delivery of any officers' certificate, accountants' letter and opinions and letters of counsel pursuant to this Section 2(i) shall not relieve the Company from any of its obligations under this Sales Agreement with respect to any Quarterly 6-K or Annual Report on Form 20-F, as the case may be, including, without limitation, the obligation to deliver officers' certificates, accountants' letters and legal opinions and letters as provided in Section 3 hereof and (B) this Section 2(i) shall in no way affect or limit the operation of the provisions of clauses (i) and (ii) of Section 2(h), which shall have independent application.

Section 3. Covenants. The Company agrees with the Agent:

(a) During any period when the delivery of a prospectus is required in connection with the offering or sale of Shares (whether physically or through compliance with Rule 153 or 172, or in lieu thereof, a notice referred to in Rule 173(a) under the 1933 Act), (i) to promptly notify the Agent of the time when any amendment to the Registration Statement has been filed or becomes effective or any amendment or supplement to the Prospectus has been filed and, if requested, to furnish the Agent with copies thereof, (ii) to file promptly all other material required to be filed by the Company with the Commission pursuant to Rule 433(d) under the 1933 Act, (iii) to file promptly all reports and any definitive proxy or information statements required to be filed by the Company with the Commission pursuant to Section 13(a), 13(c), 14 or 15(d) of the 1934 Act, (iv) to advise the Agent, promptly after it receives notice thereof, of the issuance by the Commission of any stop order or of any order preventing or suspending the use of the Prospectus or other prospectus in respect of the Shares, of any notice of objection of the Commission to the use of the form of the Registration Statement or any post-effective amendment thereto, of the suspension of the qualification of the Shares for offering or sale in any jurisdiction, of the initiation or threatening of any proceeding for any such purpose, or of any request by the Commission for the amending or supplementing of the form of the Registration Statement or the Prospectus or for additional information, and (v) in the event of the issuance of any such stop order or of any such order preventing or suspending the use of the Prospectus in respect of the Shares or suspending any such qualification, to promptly use its commercially reasonable efforts to obtain the withdrawal of such order; and in the event of any such issuance of a notice of objection, promptly to take such reasonable steps as may be necessary to permit offers and sales of the Shares by the Agent, which may include, without limitation, amending the Registration Statement or filing a new registration statement, at the Company's expense (references herein to the Registration Statement shall include any such amendment or new registration statement).

(b) Promptly from time to time to take such action as the Agent may reasonably request to qualify the Shares for offering and sale under the securities laws of such United States jurisdictions as the Agent may request and to comply with such laws so as to permit the continuance of sales and dealings therein in such jurisdictions for as long as may be necessary to complete the sale of the Shares, provided that in connection therewith the Company shall not be required to qualify as a foreign corporation or to file a general consent to service of process or subject itself or any of its subsidiaries to taxation in any jurisdiction; and to promptly advise the Agent of the receipt by the Company of any notification with respect to the suspension of the qualification of the Shares for offer or sale in any jurisdiction or the initiation or threatening of any proceeding for such purpose.

(c) The Company will make available to the Agent, as soon as practicable after the execution of this Sales Agreement and thereafter during any period when the delivery of a prospectus is required (whether physically or through compliance with Rules 153 or 172, or in lieu thereof, a notice referred to in Rule 173(a) under the 1933 Act) in connection with the offering or sale of Shares, copies of the most recent Prospectus in such quantities and at such locations as the Agent may reasonably request for the purposes contemplated by the 1933 Act. During any period when the delivery of a prospectus is required (whether physically or through compliance with Rules 153 or 172, or in lieu thereof, a notice referred to in Rule 173(a) under the 1933 Act) in connection with the offering or sale of Shares, and if at such time any event shall have occurred as a result of which the Prospectus as then amended or supplemented would include an untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made when such Prospectus is delivered, not misleading, or, if for any other reason it shall be necessary during such same period to amend or supplement the Prospectus or to file under the 1934 Act any document incorporated by reference in the Prospectus in order to comply with the 1933 Act or the 1934 Act, to notify the Agent and to file such document and to prepare and furnish without charge to the Agent as many written and electronic copies as the Agent may from time to time reasonably request of an amended Prospectus or a supplement to the Prospectus which will correct such statement or omission or effect such compliance.

(d) To make generally available to its securityholders as soon as practicable, but in any event not later than sixteen months after the effective date of the Registration Statement (as defined in Rule 158(c) under the 1933 Act), an earnings statement of the Company and its subsidiaries (which need not be audited) complying with Section 11(a) of the 1933 Act and the rules and regulations of the Commission thereunder (including, at the option of the Company, Rule 158).

(e) To pay the required Commission filing fees (if not already paid) relating to the Shares within the time required by Rule 456 under the 1933 Act.

(f) To use the Net Proceeds received by it from the sale of the Shares pursuant to this Sales Agreement and any Terms Agreement in the manner specified in the General Disclosure Package.

(g) In connection with the offering and sale of the Shares, the Company will file with the NYSE all documents and notices, and make all certifications, required by the NYSE of companies that have securities that are listed on the NYSE and will use its reasonable best efforts to maintain such listing.

(h) To not take, directly or indirectly, any action designed to cause or result in, or that has constituted or might reasonably be expected to constitute, under the 1934 Act or otherwise, the stabilization or manipulation of the price of any securities of the Company to facilitate the sale or resale of the Shares.

(i) In each Annual Report on Form 20-F or Quarterly 6-K filed by the Company in respect of any quarter in which sales of Shares were made by or through the Agent under this Sales Agreement or any Terms Agreement (each date on which any such document is filed, and any date on which an amendment to any such document is filed, a "Company Periodic Report Date"), the Company shall set forth with regard to such quarter the number of Shares sold through the Agent under this Sales Agreement or any Terms Agreement, the Net Proceeds received by the Company and the compensation paid by the Company to the Agent with respect to sales of Shares pursuant to this Sales Agreement or any Terms Agreement.

(j) Upon commencement of the offering of Shares under this Sales Agreement and promptly after each (i) date the Registration Statement or the Prospectus shall be amended or supplemented (other than (1) by an amendment or supplement providing solely for the determination of the terms of the Shares, (2) in connection with the filing of any Reports on Form 6-K (other than an Earnings 6-K and any other Reports on Form 6-K that contain capsule financial information, financial statements, supporting schedules or other financial data) or (3) by a prospectus supplement relating to the offering of other securities (including, without limitation, other Shares)) (each such date, a "Registration Statement Amendment Date"), (ii) date on which an Earnings 6-K shall be filed with the Commission as contemplated by Section 2(i) hereof (a "Company Earnings Report Date"), (iii) Company Periodic Report Date, (iv) promptly after each reasonable request by the Agent (each date of any such request by the Agent, a "Request Date") and (v) termination of a Suspension Period if another Representation Date (as defined below) occurred during such Suspension Period (a "Suspension Period Termination Date") (each of the date of the commencement of the offering of Shares under this Sales Agreement, each such Settlement Date and each Registration Statement Amendment Date, Company Earnings Report Date, Company Periodic Report Date, Request Date and Suspension Period Termination Date is hereinafter called a "Representation Date"), the Company will furnish or cause to be furnished to the Agent (with a copy to counsel to the Agent) a certificate the date of delivery thereof to the

Agent (or, in the case of an amendment or supplement to the Registration Statement or the Prospectus (including, without limitation, by the filing of any document under the 1934 Act that is incorporated by reference therein), the date of the effectiveness of such amendment to the Registration Statement or the date of filing with the Commission of such supplement or incorporated document, as the case may be), in form and substance reasonably satisfactory to the Agent and its counsel, stating (x) the amount remaining available for sale pursuant to this Sales Agreement and (y) to the effect that the statements contained in the certificate referred to in Section 6(h) of this Sales Agreement that was last furnished to the Agent are true and correct as of the date of such certificate as though made at and as of the date of such certificate (except that such statements shall be deemed to relate to the Registration Statement, the Prospectus and the General Disclosure Package as amended and supplemented to the date of such certificate) or, in lieu of such certificate, a certificate of the same tenor as the certificate referred to in Section 6(h), but modified as necessary to relate to the Registration Statement, the Prospectus and the General Disclosure Package as amended and supplemented to the date of such certificate and to state the amount remaining available for sale pursuant to this Sales Agreement; provided, however, that the delivery requirements of this Section 3(j) shall not be in effect during a Suspension Period. As used in this paragraph, to the extent there shall be an Applicable Time on or following the applicable Representation Date, "promptly" shall be deemed to be on or prior to the next succeeding Applicable Time.

(k) Upon commencement of the offering of Shares under this Sales Agreement and promptly after each other Representation Date, the Company will furnish or cause to be furnished to the Agent (with a copy to counsel to the Agent) the written opinion and letter of each counsel to the Company (who shall be reasonably acceptable to the Agent), dated the date of delivery thereof to the Agent (or, in the case of an amendment or supplement to the Registration Statement or the Prospectus (including, without limitation, by the filing of any document under the 1934 Act that is incorporated by reference therein), the date of the effectiveness of such amendment to the Registration Statement or the date of filing with the Commission of such supplement or incorporated document, as the case may be), in form and substance reasonably satisfactory to the Agent and its counsel, of the same tenor as the opinions and letters referred to in Section 6(b), (c), (d) and (e) of this Sales Agreement, but modified as necessary to relate to the Registration Statement, the Prospectus and the General Disclosure Package as amended and supplemented to the date of such opinion and letter or, in lieu of any such opinion and letter, counsel last furnishing such opinion and letter to the Agent shall furnish the Agent (with a copy to counsel for the Agent) with a letter substantially to the effect that the Agent may rely on such counsel's last opinion and letter to the same extent as though each were dated the date of such letter authorizing reliance (except that statements in such last opinion and letter shall be deemed to relate to the Registration Statement, the Prospectus and the General Disclosure Package as amended and supplemented to the date of such letter authorizing reliance); provided, however, that the delivery requirements of this Section 3(k) shall not be in effect during a Suspension Period. As used in this paragraph, to the extent there shall be an Applicable Time on or following the applicable Representation Date, "promptly" shall be deemed to be on or prior to the next succeeding Applicable Time.

(l) Upon commencement of the offering of Shares under this Sales Agreement and promptly after each other Representation Date, the Company will cause each of PricewaterhouseCoopers S.A. and Ernst & Young (Hellas) Certified Auditors-Accountants S.A., or other independent registered public accounting firm reasonably satisfactory to the Agent, to furnish to the Agent a letter, dated the date of effectiveness of such amendment or the date of filing of such supplement or other document with the Commission, as the case may be, in form reasonably satisfactory to the Agent and its counsel, of the same tenor as the letter referred to in Section 6(g) hereof, but modified as necessary to relate to the Registration Statement, the General Disclosure Package and the Prospectus, as amended and supplemented, or to the document incorporated by reference into the Prospectus, to the date of such letter; provided, however, that the delivery requirements of this Section 3(l) shall not be in effect during a Suspension Period. As used in this paragraph, to the extent there shall be an Applicable Time on or following the applicable Representation Date, "promptly" shall be deemed to be on or prior to the next succeeding Applicable Time.

(m) The Company consents to the Agent trading in the Company Common Stock for the Agent's own account and for the account of its clients at the same time as sales of Shares occur pursuant to this Sales Agreement or any Terms Agreement.

(n) If, to the knowledge of the Company, all filings required by Rule 424 in connection with this offering shall not have been made or the representations in Section 1(a) shall not be true and correct on the applicable Settlement Date, the Company will offer to any person who has agreed to purchase Shares from the Company as the result of an offer to purchase solicited by the Agent the right to refuse to purchase and pay for such Shares.

(o) The Company will cooperate timely with any reasonable due diligence review conducted by the Agent or its counsel from time to time in connection with the transactions contemplated hereby or in any Terms Agreement, including, without limitation, and upon reasonable notice providing information and making available documents and appropriate corporate officers, during regular business hours and at the Company's principal offices, as the Agent may reasonably request.

(p) Other than during a Suspension Period, the Company will not, without giving the Agent prior written notice no later than the Trading Day prior to the date of the proposed sale (i) specifying the nature of the proposed sale and the date of such proposed sale, in which case the Agent may suspend activity under this program if deemed appropriate by the Agent in light of the proposed sale or (ii) instructing the Agent to suspend activity under this program, (A) directly or indirectly offer, pledge, announce the intention to sell, sell, contract to sell, grant or sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant for the sale of, lend, transfer or establish an open "put equivalent position" within the meaning of Rule 16a-1 under the 1934 Act, or otherwise transfer or dispose of, directly or indirectly, any shares of Common Stock or securities convertible into or exchangeable or exercisable for or repayable with shares of Common Stock, or file any registration statement under the 1933 Act with respect to any of the foregoing (other than a shelf registration statement under Rule 415 under the 1933 Act, a registration statement on Form S-8 or post-effective amendment to the Registration Statement), or (B) enter into any swap or other agreement or any transaction that transfers in whole or in part, directly or indirectly, any of the economic consequence of ownership of shares of Common Stock, or any securities convertible into or exchangeable or exercisable for or repayable with shares of Common Stock, whether any such swap or transaction described in clause (A) or (B) above is to be settled by delivery of Common

Stock or such other securities, in cash or otherwise. The foregoing sentence shall not apply to (i) the Shares to be offered and sold through the Agent pursuant to this Sales Agreement or any Terms Agreement; (ii) shares of Common Stock or other securities issued pursuant to employee benefit plans, qualified stock option plans, dividend reinvestment plans or other employee compensation plans; (iii) shares issued in connection with the exchange or conversion, as applicable, of any previously issued exchangeable or convertible securities; and (iv) sales or offers in private placement transactions to, or in direct public placements to, sellers, relating to the acquisition of real property or interests therein, including mortgage or leasehold interests, or in conjunction with any joint venture transaction or other investment made to any seller of such real property or such joint venture interest or investment.

(q) If immediately prior to the third anniversary (the "Renewal Deadline") of the initial effective date of the Registration Statement, any of the Shares remain unsold, the Company will, prior to the Renewal Deadline, if it has not already done so and is eligible to do so, file a new shelf registration statement relating to the Shares, in a form satisfactory to the Agent, and will use its reasonable best efforts to cause such registration statement to be declared effective within 60 days after the Renewal Deadline. The Company will take all other action necessary or appropriate to permit the issuance and sale of the Shares to continue as contemplated in the expired registration statement relating to the Shares. References herein to the Registration Statement shall include such new shelf registration statement.

Section 4. Free Writing Prospectus.

(a) (i) The Company represents and agrees that without the prior consent of the Agent, it has not made and will not make any offer relating to the Shares that would constitute a "free writing prospectus" as defined in Rule 405 under the 1933 Act; and

(ii) the Agent represents and agrees that, without the prior consent of the Company it has not made and will not make any offer relating to the Shares that would constitute a free writing prospectus required to be filed with the Commission.

(b) The Company has complied and will comply with the requirements of Rule 433 under the 1933 Act applicable to any Issuer Free Writing Prospectus (including any free writing prospectus identified in Section 4(a) hereof), including timely filing with the Commission or retention where required and legending.

Section 5. Payment of Expenses.

(a) The Company agrees to pay or cause to be paid the following: (i) the fees, disbursements and expenses of the Company's counsel and accountants in connection with the registration of the Shares under the 1933 Act and all other expenses in connection with the preparation, printing and filing of the Registration Statement, the Basic Prospectus, Prospectus Supplement, any Issuer Free Writing Prospectus and the Prospectus and amendments and supplements thereto, and the delivering of copies thereof to the Agent; (ii) costs incident to the preparation, and delivery of this Sales Agreement or any Terms Agreement, any Blue Sky (including related reasonable fees and expenses of counsel to the Agent) and Legal Investment Memoranda, closing documents (including any compilations thereof) and any other documents in connection with the offering, purchase, sale and delivery of the Shares; (iii) all expenses in connection with the qualification of the Shares for offering and sale under state securities laws as provided in Section 3(b) hereof, including the reasonable fees and disbursements of counsel for the Agent in connection with such qualification and in connection with the Blue Sky Surveys; (iv) any filing fees incident to, and the reasonable fees and disbursements of counsel for the Agent in connection with, any required review by FINRA of the terms of the sale of the Shares; (v) all fees and expenses in connection with listing the Shares on the NYSE; (vi) the cost of preparing the Shares, any stock or other transfer taxes and any stamp or other duties payable upon the sale, issuance or delivery of the Shares to the Agent; (vii) the costs and charges of any transfer agent or registrar or any dividend distribution agent; (viii) the fees and disbursements of the Company's counsel and accountants; and (ix) all other costs and expenses incident to the performance of its obligations hereunder which are not otherwise specifically provided for in this Section 5. It is understood, however, that, except as provided in this Section 5, Section 7 and Section 9 hereof, the Agent will pay all of its own costs and expenses, including the fees of its counsel and any advertising expenses connected with any offers it may make.

(b) If a lesser number of Shares having an aggregate offering price of $10,825,839 have not been offered and sold under this Sales Agreement by December 23, 2020 (or such earlier date on which the Company terminates this Sales Agreement), the Company shall reimburse the Agent for its reasonable out-of-pocket expenses, including the reasonable fees and disbursements of a single counsel for the Agent incurred by it in connection with the offering contemplated by this Sales Agreement, up to a maximum reimbursement of $100,000.

Section 6. Conditions of Agent's Obligation. The obligations of the Agent hereunder shall be subject, in its discretion, to the condition that all representations and warranties and other statements of the Company herein or in certificates of any officer of the Company delivered pursuant to the provisions hereof are true and correct as of the time of the execution of this Sales Agreement, the date of any executed Terms Agreement and as of each Representation Date, Applicable Time and Settlement Date, to the condition that the Company shall have performed all of its obligations hereunder theretofore to be performed, and the following additional conditions:

(a) The Prospectus Supplement shall have been filed with the Commission pursuant to Rule 424(b) under the 1933 Act on or prior to the date hereof and in accordance with Section 3(a) hereof, any other material required to be filed by the Company pursuant to Rule 433(d) under the 1933 Act shall have been filed with the Commission within the applicable time periods prescribed for such filings by Rule 433; no stop order suspending the effectiveness of the Registration Statement or any part thereof shall have been issued and no proceeding for that purpose shall have been initiated or threatened by the Commission and no notice of objection of the Commission to the use of the form of the Registration Statement or any post-effective amendment thereto pursuant to Rule 401(g)(2) under the 1933 Act shall have been received; no stop order suspending or preventing the use of the Prospectus or any Issuer Free Writing Prospectus shall have been initiated or threatened by the Commission; and all requests for additional information on the part of the Commission shall have been complied with to the reasonable satisfaction of the Agent.

(b) On every date specified in Section 3(k) hereof (including, without limitation, on every Request Date), Fried, Frank, Harris, Shriver & Jacobson LLP, counsel for the Agent, shall have furnished to the Agent such written opinion or opinions, dated as of such date, with respect to such matters as the Agent may reasonably request, and such counsel shall have received such papers and information as they may reasonably request to enable them to pass upon such matters.

(c) On every date specified in Section 3(k) hereof (including, without limitation, on every Request Date), Thompson Hine LLP, counsel for the Company, shall have furnished to the Agent written opinion or opinions, dated as of such date, in form and substance satisfactory to the Agent.

(d) On every date specified in Section 3(k) hereof (including, without limitation, on every Request Date), Reeder & Simpson, P.C., Marshall Islands counsel for the Company, shall have furnished to the Agent written opinion or opinions, dated as of such date, in form and substance satisfactory to the Agent.

(e) On every date specified in Section 3(k) hereof (including, without limitation, on every Request Date), Vasiliki Papaefthymiou, Secretary of the Company, shall have furnished to the Agent written opinion or opinions, dated as of such date, in form and substance satisfactory to the Agent.

(f) [Reserved].

(g) At the dates specified in Section 3(l) hereof (including, without limitation, on every Request Date), each of Pricewaterhouse Coopers S.A. and Ernst & Young (Hellas) Certified Auditors-Accountants S.A., the independent accountants of the Company who have certified certain of the financial statements of the Company and its subsidiaries included or incorporated by reference in the Registration Statement, the General Disclosure Package and the Prospectus shall have furnished to the Agent a letter dated as of the date of delivery thereof and addressed to the Agent in form and substance reasonably satisfactory to the Agent and its counsel, containing statements and information of the type ordinarily included in accountants' "comfort letters" to underwriters with respect to the financial statements of the Company and its subsidiaries included or incorporated by reference in the Registration Statement, the General Disclosure Package and the Prospectus.

(h) (i) Upon commencement of the offering of Shares under this Sales Agreement and on such other dates as reasonably requested by Agent, the Company will furnish or cause to be furnished promptly to the Agent a certificate of an officer in a form satisfactory to the Agent stating the minimum gross sales price per unit for the sale of such Shares pursuant to this Sales Agreement and the maximum number of Shares that may be issued and sold pursuant to this Sales Agreement or, alternatively, maximum gross proceeds from such sales, as authorized from time to time by the Company's board of directors or a duly authorized committee thereof, and the number of Shares that have been approved for listing on the NYSE (provided, however, that the immediately foregoing requirement shall not apply until the earlier of (x) the approval for listing of the Shares on the NYSE, or (y) two business days after the date hereof) or, in connection with any amendment, revision or modification of such minimum price or maximum Shares number or amount, a new certificate with respect thereto and (ii) on each date specified in

Section 3(j) (including, without limitation, on every Request Date), the Agent shall have received from the Company a certificate, dated as of the date thereof, of its Chief Executive Officer and Chief Financial Officer stating that, (A) there has been no Material Adverse Effect since the date as of which information is given in the Prospectus as then amended or supplemented, (B) the representations and warranties in Section 1 hereof are true and correct as of such date and (C) the Company has complied with all of the agreements entered into, to which it is a party, in connection with the transaction contemplated herein and satisfied all conditions on its part to be performed or satisfied.

(i) Subsequent to the effective date of this Sales Agreement, there shall not have occurred any (i) Material Adverse Effect (ii) any change or decrease specified in the bring-down letter(s) referred to in paragraph (g) of this Section 6 which is, in the judgment of the Agent, so material and adverse as to make it impractical or inadvisable to proceed with the offering or of the Shares as contemplated by the General Disclosure Package and the Prospectus, (iii) any downgrading, or any notice have been given of any intended or potential downgrading or of any review for a possible change that does not indicate the direction of the possible change, in the rating accorded any securities of the Company or any of its subsidiaries by any “nationally recognized statistical rating organization” as such term is defined for purposes of Section 3(a)(62) under the 1934 Act, or (iv) any event or development relating to or involving the Company, or any partner, officer, director or trustee thereof, which makes any statement of a material fact made in the Prospectus untrue or which, in the opinion of the Company and its counsel or the Agent and counsel for the Agent, requires the making of any addition to or change in the General Disclosure Package in order to state a material fact required by the 1933 Act or any other law to be stated therein or necessary in order to make the statements therein not misleading, if amending or supplementing the General Disclosure Package to reflect such event or development would, in the opinion of the Agent, adversely affect the market for the Shares.

(j) The Company shall have complied with the provisions of Section 3(c) hereof with respect to the timely furnishing of prospectuses.

(k) On such dates as reasonably requested by the Agent, the Company shall have conducted due diligence sessions, in form and substance satisfactory to the Agent.

(l) All filings with the Commission required by Rule 424 under the 1933 Act to have been filed by each Applicable Time or related Settlement Date shall have been made within the applicable time period prescribed for such filing by Rule 424 (without reliance on Rule 424(b)(8)).

(m) The Shares shall have received approval for listing on the NYSE prior to the first Settlement Date.

(n) Counsel for the Agent shall have been furnished with such documents and opinions as they may reasonably require in order to evidence the accuracy of any of the representations or warranties, or the fulfillment of any of the conditions, contained herein or in any applicable Terms Agreement; and all proceedings taken by the Company in connection with the issuance and sale of the Shares as contemplated herein or in any applicable Terms Agreement and in connection with the other transactions contemplated by this Sales Agreement or any such Terms Agreement shall be reasonably satisfactory in form and substance to the Agent and counsel for the Agent.

Section 7. Indemnification.

(a) The Company will indemnify and hold harmless the Agent against any losses, claims, damages or liabilities, joint or several, to which the Agent may become subject, under the 1933 Act or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon an untrue statement or alleged untrue statement of a material fact contained in the Registration Statement, the Basic Prospectus, the Prospectus Supplement or the Prospectus or any amendment or supplement thereto, any Issuer Free Writing Prospectus or any "issuer information" filed or required to be filed pursuant to Rule 433(d) under the 1933 Act, or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they are made, not misleading, and will reimburse the Agent for any legal or other expenses reasonably incurred by the Agent in connection with investigating or defending any such action or claim as such expenses are incurred; provided, however, that the Company shall not be liable in any such case to the extent that any such loss, claim, damage or liability arises out of or is based upon an untrue statement or alleged untrue statement or omission or alleged omission made in the Registration Statement, the Basic Prospectus, the Prospectus Supplement or the Prospectus, or any amendment or supplement thereto, or any Issuer Free Writing Prospectus, in reliance upon and in conformity with written information furnished to the Company by the Agent expressly for use therein, which information is set forth in Exhibit A hereto.

(b) The Agent will indemnify and hold harmless the Company against any losses, claims, damages or liabilities to which the Company may become subject, under the 1933 Act or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon an untrue statement or alleged untrue statement of a material fact contained in the Registration Statement, the Basic Prospectus, the Prospectus Supplement or the Prospectus, or any amendment or supplement thereto, or any Issuer Free Writing Prospectus, or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they are made, not misleading, in each case to the extent, but only to the extent, that such untrue statement or alleged untrue statement or omission or alleged omission was made in the Registration Statement, the Basic Prospectus, the Prospectus Supplement or the Prospectus, or any such amendment or supplement thereto, or any Issuer Free Writing Prospectus, in reliance upon and in conformity with written information furnished to the Company by the Agent expressly for use therein, which information is set forth in Exhibit A hereto; and will reimburse the Company for any legal or other expenses reasonably incurred by the Company in connection with investigating or defending any such action or claim as such expenses are incurred.

(c) Promptly after receipt by an indemnified party under subsection (a) or (b) above of notice of the commencement of any action, such indemnified party shall, if a claim in respect thereof is to be made against an indemnifying party under such subsection, notify the indemnifying party in writing of the commencement thereof; but the omission so to notify such indemnifying party shall not relieve it from any liability which it may have to any indemnified party otherwise than under such subsection except and then only to the extent such indemnifying party materially prejudiced thereby. In case any such action shall be brought against any indemnified party and it shall notify the indemnifying party of the commencement thereof, the indemnifying party shall be entitled to participate therein and, to the extent that it shall wish, jointly with any other indemnifying party similarly notified, to assume the defense thereof, with counsel reasonably satisfactory to such indemnified party (who shall not, except with the consent of the indemnified party, be counsel to the indemnifying party), and, after notice from the indemnifying party to such indemnified party of its election so to assume the defense thereof, the indemnifying party shall not be liable to such indemnified party under such subsection for any legal or other expenses, in each case subsequently incurred by such indemnified party, in connection with the defense thereof other than reasonable costs of investigation. Notwithstanding the indemnifying party's election to appoint counsel to represent the indemnified party in an action, the indemnified party shall have the right to employ separate counsel (including local counsel), but the fees and expenses of such counsel shall be at the expense of the indemnified party unless the employment of such counsel shall have been authorized in writing by the Company or the indemnifying party shall not have, within a reasonable period of time in light of the circumstances, employed counsel reasonably satisfactory to the Agent to have charge of the defense of such proceeding or such indemnified party shall have reasonably concluded that there may be defenses available to it which are in conflict with or in addition to those available to the Company (in which case the Company shall not have the right to direct the defense of such proceeding on behalf of the indemnified parties), in any of which events such fees and expenses shall be borne by the indemnifying party (it being understood, however, that the indemnifying party shall not be liable for the fees or expenses of more than one separate counsel in any one proceeding or series of related proceedings in the same jurisdiction representing the indemnified parties who are parties to such proceeding. No indemnifying party shall, without the written consent of the indemnified party, effect the settlement or compromise of, or consent to the entry of any judgment with respect to, any pending or threatened action or claim in respect of which indemnification or contribution may be sought hereunder (whether or not the indemnified party is an actual or potential party to such action or claim) unless such settlement, compromise or judgment (i) includes an unconditional release of the indemnified party from all liability arising out of such action or claim and (ii) does not include any statement as to or an admission of fault, culpability or a failure to act, by or on behalf of any indemnified party.

(d) If the indemnification provided for in this Section 7 is unavailable to hold harmless an indemnified party under subsection (a) or (b) above in respect of any losses, claims, damages or liabilities (or actions in respect thereof) referred to therein, then each indemnifying party shall contribute to the amount paid or payable by such indemnified party as a result of such losses, claims, damages or liabilities (or actions in respect thereof) in such proportion as is appropriate to reflect the relative benefits received by the Company on the one hand and the Agent on the other from the offering of the Shares to which such loss, claim, damage or liability (or action in respect thereof) relates. If, however, the allocation provided by the immediately preceding sentence is not permitted by applicable law, then each indemnifying party shall contribute to such amount paid or payable by such indemnified party in such proportion as is appropriate to reflect not only such relative benefits but also the relative fault of the Company on the one hand and the Agent on the other in connection with the statements or omissions which resulted in such losses, claims, damages or liabilities (or actions in respect thereof), as well as any other relevant equitable considerations. The relative benefits received by the Company on the one hand and the Agent on the other shall be deemed to be in the same proportion as the total net proceeds from the offering (before deducting expenses) received by the Company bear to the total commissions received by the Agent. The relative fault shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the Company on the one hand or the Agent on the other and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission. The Company and the Agent agree that it would not be just and equitable if contribution pursuant to this subsection (d) were determined by pro rata allocation or by any other method of allocation which does not take account of the equitable considerations referred to above in this subsection (d). The amount paid or payable by an indemnified party as a result of the losses, claims, damages or liabilities (or actions in respect thereof) referred to above in this subsection (d) shall be deemed to include any legal or other expenses reasonably incurred by such indemnified party in connection with investigating or defending any such action or claim. Notwithstanding the provisions of this subsection (d), the Agent shall not be required to contribute any amount in excess of the amount by which the total price at which the Shares sold by it to the public were offered to the public exceeds the amount of any damages which the Agent has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the 1933 Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. The indemnifying party shall not be required to indemnify the indemnified party for any amount paid or payable by the indemnified party in the settlement of any action, proceeding or investigation without the written consent of the indemnifying party, which consent shall not be unreasonably withheld, but if settled with such consent, the indemnifying party agrees to indemnify the indemnified party against any loss, claim, damage, liability or expense by reason of such settlement. Notwithstanding the foregoing sentence, if at any time an indemnified party shall have requested an indemnifying party to reimburse the indemnified party for fees and expenses of counsel as contemplated by this Section 7, the indemnifying party agrees that it shall be liable for any settlement of any proceeding effected without its written consent if (i) such settlement is entered into more than 30 days after receipt by such indemnifying party of the aforesaid request and (ii) such indemnifying party shall not have reimbursed the indemnified party in accordance with such request prior to the date of such settlement.

(e) The obligations of the Company under this Section 7 shall be in addition to any liability which the Company may otherwise have and shall extend, upon the same terms and conditions, to each person, if any, who controls the Agent within the meaning of the 1933 Act; and the obligations of the Agent under this Section 7 shall be in addition to any liability which the Agent may otherwise have and shall extend, upon the same terms and conditions, to each officer and director of the Company and to each person, if any, who controls the Company within the meaning of the 1933 Act.

Section 8. Representations, Warranties and Agreements to Survive Delivery. The respective indemnities, agreements, representations, warranties and other statements of the Company and the Agent, as set forth in this Sales Agreement or made by or on behalf of them, respectively, pursuant to this Sales Agreement, shall remain in full force and effect, regardless of any investigation (or any statement as to the results thereof) made by or on behalf of the Agent or any controlling person of the Agent, or the Company, or any officer or director or controlling person of the Company, and shall survive delivery of and payment for the Shares.

Section 9. No Advisory or Fiduciary Relationship. The Company acknowledges and agrees that (i) the Agent is acting solely in the capacity of an arm's length contractual counterparty to the Company with respect to the offering of Shares contemplated hereby (including in connection with determining the terms of such offering) and (ii) the Agent has not assumed an advisory or fiduciary responsibility in favor of the Company with respect to the offering contemplated hereby or the process leading thereto (irrespective of whether the Agent has advised or is currently advising the Company on other matters) or any other obligation to the Company except the obligations expressly set forth in this Sales Agreement and (iii) the Company has consulted its own legal and financial advisors to the extent it deemed appropriate. The Company agrees that it will not claim that the Agent has rendered advisory services of any nature or respect, or owes a fiduciary or similar duty to the Company, in connection with such transaction or the process leading thereto.

Section 10. Termination.

(a) The Company shall have the right, by giving written notice as hereinafter specified, to terminate this Sales Agreement in its sole discretion at any time. Any such termination shall be without liability of any party to any other party, except that (i) with respect to any pending sale through the Agent for the Company or with respect to any pending sale to the Agent pursuant to a Terms Agreement or any offering or resale of any Shares purchased or to be purchased by the Agent pursuant to a Terms Agreement, the obligations of the Company, including in respect of compensation of the Agent, shall remain in full force and effect notwithstanding such termination; and (ii) the provisions of Section 1, Section 5(b), Section 7 and Section 8 of this Sales Agreement shall remain in full force and effect notwithstanding such termination.

(b) The Agent shall have the right, by giving written notice as hereinafter specified, to terminate this Sales Agreement in its sole discretion at any time. Any such termination shall be without liability of any party to any other party, except that the provisions of Section 1, Section 5(b), Section 7 and Section 8 of this Sales Agreement shall remain in full force and effect notwithstanding such termination.

(c) This Sales Agreement shall remain in full force and effect until and unless terminated pursuant to Section 10(a) or (b) above or otherwise by mutual agreement of the parties; provided that any such termination by mutual agreement or pursuant to this clause (c) shall in all cases be deemed to provide that Section 1, Section 5(b), Section 7 and Section 8 of this Sales Agreement shall remain in full force and effect.

(d) Any termination of this Sales Agreement shall be effective on the date specified in such notice of termination; provided that such termination shall not be effective until the close of business on the date of receipt of such notice by the Agent or the Company, as the case may be. If such termination shall occur prior to the Settlement Date for any sale of Shares, such sale shall settle in accordance with the provisions of Section 2(h) hereof.

(e) In the case of any purchase by the Agent pursuant to a Terms Agreement, the Agent may terminate such purchase, at any time at or prior to the Settlement Date (i) if there has been, since the time of execution of the Sales Agreement or since the respective dates as of which information is given in the Prospectus or General Disclosure Package, any material adverse change in the condition, financial or otherwise, or in the earnings, business affairs or business prospects of the Company and its subsidiaries considered as one enterprise, whether or not arising in the ordinary course of business, or (ii) if there has occurred any material adverse change in the financial markets in the United States or the international financial markets, any outbreak of hostilities or escalation thereof or other calamity or crisis or any change or development involving a prospective change in national or international political, financial or economic conditions, in each case the effect of which is such as to make it, in the judgment of the Agent, impracticable or inadvisable to market the Shares or to enforce contracts for the sale of Shares, or (iii) if trading in any securities of the Company has been suspended or materially limited by the Commission of the NYSE, or if trading generally on the NYSE or the Nasdaq Stock Market has been suspended or materially limited, or minimum or maximum prices for trading have been fixed, or maximum ranges for prices have been required, by any of said exchanges or by such system or by order of the Commission, FINRA or any other governmental authority, or (iv) a material disruption has occurred in commercial banking or securities settlement or clearance services in the United States, or (v) if a banking moratorium has been declared by either Federal of New York authorities.

Section 11. Notices. All statements, requests, notices and agreements hereunder shall be in writing, and if to the Agent shall be delivered or sent by mail, telex or facsimile transmission to:

S. Goldman Capital LLC
599 Lexington Avenue, 35th Floor
New York, New York 10022
Facsimile: +1.212.4045745
Attention: Gerry Jaeger

and if to the Company to:

Navios Maritime Acquisition Corporation
7 Avenue de Grande Bretagne, Office 11B2
Monte Carlo, MC 98000 Monaco
Attention: Vasiliki Papaefthymiou

Any such statements, requests, notices or agreements shall take effect upon receipt thereof.

Section 12. Parties. This Sales Agreement shall be binding upon, and inure solely to the benefit of, the Agent and the Company and, to the extent provided in Sections 7 and 8 hereof, the officers and directors of the Company and the Agent and each person who controls the Company or the Agent, and their respective heirs, executors, administrators, successors and assigns, and no other person shall acquire or have any right under or by virtue of this Sales Agreement. No purchaser of Shares through the Agent shall be deemed a successor or assign by reason merely of such purchase.

Section 13. Time of the Essence. Time shall be of the essence of this Sales Agreement. As used herein, the term "business day" shall mean any day when the Commission's office in Washington, D.C. is open for business.

Section 14. Trial by Jury. The Company (on its behalf and, to the extent permitted by applicable law, on behalf of its equityholders and affiliates) and the Agent hereby irrevocably waives, to the fullest extent permitted by applicable law, any and all right to trial by jury in any legal proceeding arising out of or relating to this Sales Agreement or the transactions contemplated hereby.

Section 15. Consent to Jurisdiction; Waiver of Immunity. Any legal suit, action or proceeding arising out of or based upon this Sales Agreement or the transactions contemplated hereby ("Related Proceedings") shall be instituted in (i) the federal courts of the United States of America located in the City and County of New York, Borough of Manhattan or (ii) the courts of the State of New York located in the City and County of New York, Borough of Manhattan (collectively, the "Specified Courts"), and each party irrevocably submits to the exclusive jurisdiction (except for proceedings instituted in regard to the enforcement of a judgment of any such court (a "Related Judgment"), as to which such jurisdiction is non-exclusive) of such courts in any such suit, action or proceeding. Service of any process, summons, notice or document by mail to such party's address set forth above shall be effective service of process for any suit, action or other proceeding brought in any such court. The parties irrevocably and unconditionally waive any objection to the laying of venue of any suit, action or other proceeding in the Specified Courts and irrevocably and unconditionally waive and agree not to plead or claim in any such court that any such suit, action or other proceeding brought in any such court has been brought in an inconvenient forum. Each party not located in the United States irrevocably appoints CT Corporation System as its agent to receive service of process or other legal summons for purposes of any such suit, action or proceeding that may be instituted in any state or federal court in the City and County of New York. With respect to any Related Proceeding, each party irrevocably waives, to the fullest extent permitted by applicable law, all immunity (whether on the basis of sovereignty or otherwise) from jurisdiction, service of process, attachment (both before and after judgment) and execution to which it might otherwise be entitled in the Specified Courts, and with respect to any Related Judgment, each party waives any such immunity in the Specified Courts or any other court of competent jurisdiction, and will not raise or claim or cause to be pleaded any such immunity at or in respect of any such Related Proceeding or Related Judgment, including, without limitation, any immunity pursuant to the United States Foreign Sovereign Immunities Act of 1976, as amended.

Section 16. Governing Law. THIS SALES AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK WITHOUT REFERENCE TO ITS PRINCIPLES OF CONFLICTS OF LAW.

Section 17. Counterparts. This Sales Agreement and any Terms Agreement may be executed by any one or more of the parties hereto and thereto in any number of counterparts, each of which shall be deemed to be an original, but all such respective counterparts shall together constitute one and the same instrument. This Sales Agreement and any Terms Agreement may be delivered by any party by facsimile or other electronic transmission.

Section 18. Severability. The invalidity or unenforceability of any Section, paragraph or provision of this Sales Agreement or any Terms Agreement shall not affect the validity or enforceability of any other Section, paragraph or provision hereof or thereof, or any Section, paragraph or provision thereof, as the case may be. If any Section, paragraph or provision of this Sales Agreement or any Terms Agreement is for any reason determined to be invalid or unenforceable, there shall be deemed to be made such minor changes (and only such minor changes) as are necessary to make it valid and enforceable.

Section 19. Headings. The headings herein are inserted for convenience of reference only and are not intended to be part of, or to affect the meaning or interpretation of, this Sales Agreement.

Section 20. USA Patriot Act. In accordance with the requirements of the USA Patriot Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)), the Agent is required to obtain, verify and record information that identifies its clients, including the Company, which information may include the name and address of its clients, as well as other information that will allow the Agent to properly identify its clients.

Section 21. Foreign Taxes. All payments by the Company to the Agent hereunder (including any underwriting discount) shall be made free and clear of, and without deduction or withholding for or on account of, any and all present and future income, stamp or other taxes, levies, imposts, duties, charges, fees, deductions or withholdings, now or hereinafter imposed, levied, collected, withheld or assessed by any jurisdiction in which the Company is organized, resident or doing business for tax purposes (including any political subdivision therein) or any jurisdiction through which payment is made or deemed to be made (including any political subdivision therein), excluding (i) any such tax imposed by reason of such Agent having some connection with any such jurisdiction other than its participation as an Agent hereunder, and (ii) any income or franchise tax on the overall net income of such Agent imposed by the United States or by the State of New York or any political subdivision of the United States or of the State of New York (all such non-excluded taxes, "Foreign Taxes"). If the Company is prevented by operation of law or otherwise from paying, causing to be paid or remitting that portion of amounts payable hereunder represented by Foreign Taxes withheld or deducted, then amounts payable under this Sales Agreement shall, to the extent permitted by law, be increased to such amount as is necessary to yield and remit to each Agent an amount which, after deduction of all Foreign Taxes (including all Foreign Taxes payable on such increased payments) equals the amount that would have been payable if no Foreign Taxes applied

Section 22. Tax Disclosure. Notwithstanding any other provision of this Sales Agreement, immediately upon commencement of discussions with respect to the transactions contemplated hereby, the Company (and each employee, representative or other agent of the Company) may disclose to any and all persons, without limitation of any kind, the tax treatment and tax structure of the transactions contemplated hereby and all materials of any kind (including opinions or other tax analyses) that are provided to the Company relating to such tax treatment and tax structure. For purposes of the foregoing, the term "tax treatment" is the purported or claimed federal income tax treatment of the transactions contemplated hereby, and the term "tax structure" includes any fact that may be relevant to understanding the purported or claimed federal income tax treatment of the transactions contemplated hereby.

Section 23. Recognition of the U.S. Special Resolution Regimes. (a) In the event that the Agent that is a Covered Entity becomes subject to a proceeding under a U.S. Special Resolution Regime, the transfer from the Agent of this Sales Agreement, and any interest and obligation in or under this Sales Agreement, will be effective to the same extent as the transfer would be effective under the U.S. Special Resolution Regime if this Sales Agreement, and any such interest and obligation, were governed by the laws of the United States or a state of the United States.

(b) In the event that the Agent that is a Covered Entity or a BHC Act Affiliate of the Agent becomes subject to a proceeding under a U.S. Special Resolution Regime, Default Rights under this Sales Agreement that may be exercised against the Agent are permitted to be exercised to no greater extent than such Default Rights could be exercised under the U.S. Special Resolution Regime if this Sales Agreement were governed by the laws of the United States or a state of the United States.

For purposes of this Section a "BHC Act Affiliate" has the meaning assigned to the term "affiliate" in, and shall be interpreted in accordance with, 12 U.S.C. § 1841(k). "Covered Entity" means any of the following: (i) a "covered entity" as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 252.82(b); (ii) a "covered bank" as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 47.3(b); or (iii) a "covered FSI" as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 382.2(b). "Default Right" has the meaning assigned to that term in, and shall be interpreted in accordance with, 12 C.F.R. §§ 252.81, 47.2 or 382.1, as applicable. "U.S. Special Resolution Regime" means each of (i) the Federal Deposit Insurance Act and the regulations promulgated thereunder and (ii) Title II of the Dodd-Frank Wall Street Reform and Consumer Protection Act and the regulations promulgated thereunder.

[SIGNATURES APPEAR ON FOLLOWING PAGES]

If the foregoing is in accordance with your understanding of our agreement, please sign and return to the Company a counterpart hereof, whereupon this instrument, along with all counterparts, will become a binding agreement between the Agent and the Company in accordance with its terms.

Very truly yours,

NAVIOS MARITIME ACQUISITION CORPORATION

By: /s/ Vasiliki Papaefthymiou
Name: Vasiliki Papaefthymiou
Title: Secretary

Accepted as of the date hereof:

S. GOLDMAN CAPITAL LLC

By: /s/ Sheldon M Goldman
Name: Sheldon M Goldman
Title: Senior Managing Director

Exhibit A

The following information appearing in the General Disclosure Package and the Prospectus has been furnished by the Agent for use in the preparation of the Prospectus:

- The name of the Agent.

The Agent confirms and the Company acknowledges and agrees that the information set forth above constitutes the only information furnished in writing to the Company by the Agent specifically for inclusion in the Registration Statement, the Basic Prospectus, the Prospectus Supplement, any Issuer Free Writing Prospectus and the Prospectus.

Schedule I

Exhibit 8.1

Subsidiaries of Navios Maritime Acquisition Corporation

Navios Maritime Acquisition Corporation and Subsidiaries: **Company Name**	Nature	Country of Incorporation
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 Compan)	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 Midstream Partners GP LLC	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	Hong Kong
Shinyo Navigator Limited	Former Vessel-Owning Company	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	Marshall Is.
Makronisos Shipping Corporation	Former Vessel-Owning Company	Marshall Is.
Iraklia Shipping Corporation	Vessel-Owning Company	Marshall Is.
Paxos Shipping Corporation	Former Vessel-Owning Company	Marshall Is.
Antipaxos Shipping Corporation	Vessel-Owning Company	Marshall Is.
Donoussa Shipping Corporation	Former Vessel-Owning Company	Marshall Is.
Schinousa Shipping Corporation	Former Vessel-Owning Company	Marshall Is.
Navios Acquisition Europe Finance Inc	Sub-Holding Company	Marshall Is.
Kerkyra Shipping Corporation	Vessel-Owning Company	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	Former 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.
Agistri Shipping Corporation	Operating Subsidiary	Malta
Olivia Enterprises Corp.	Vessel-Owning Company	Marshall Is.
Cyrus Investments Corp.	Vessel-Owning Company	Marshall Is.
Doxa International Corp.	Vessel-Owning Company	Marshall Is.

Navios Maritime Midstream Operating LLC	Sub-Holding Company	Marshall Is.
Navios Maritime Midstream Partners L.P.	Sub-Holding Company	Marshall Is.
Navios Maritime Midstream Partners Finance (US) Inc.	Co-borrower	Delaware
Shinyo Kannika Limited	Former Vessel-Owning Company	Hong Kong
Shinyo Ocean Limited	Former Vessel-Owning Company	Hong Kong
Shinyo Saowalak Limited	Vessel-Owning Company	British Virgin Is.
Shinyo Kieran Limited	Vessel-Owning Company	British Virgin Is.
Shinyo Dream Limited	Former Vessel-Owning Company	Hong Kong
Sikinos Shipping Corporation	Vessel-Owning Company	Marshall Is.
Alkmene Shipping Corporation	Vessel-Owning Company	Marshall Is.
Persephone Shipping Corporation	Vessel-Owning Company	Marshall Is.
Rhea Shipping Corporation	Vessel-Owning Company	Marshall Is.
Aphrodite Shipping Corporation	Vessel-Owning Company	Marshall Is.
Dione Shipping Corporation	Vessel-Owning Company	Marshall Is.

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, 2019 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: March 6, 2020

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, 2019 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: March 6, 2020

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, 2019 (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: March 6, 2020	/s/ Angeliki Frangou Angeliki Frangou Chief Executive Officer
Dated: March 6, 2020	/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 Statement on Form F-3 (No. 333-235369) of Navios Maritime Acquisition Corporation of our report dated April 19, 2019 relating to the financial statements, which appears in this Form 20-F.

/s/ PricewaterhouseCoopers S.A.

Athens, Greece
March 6, 2020

Exhibit 15.2

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the Registration Statement (Form F-3 No. 333-235369) of Navios Maritime Acquisition Corporation and in the related Prospectus of our reports dated March 6, 2020, with respect to the consolidated financial statements of Navios Maritime Acquisition Corporation, and the effectiveness of internal control over financial reporting of Navios Maritime Acquisition Corporation, included in this Annual Report (Form 20-F) for the year ended December 31, 2019.

Ernst & Young (Hellas) Certified Auditors Accountants S.A.

Athens, Greece
March 6, 2020

Exhibit 15.3

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the Registration Statement (Form F-3 No. 333-235369) of Navios Maritime Acquisition Corporation and in the related Prospectus of our report dated April 19, 2019, 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, 2019.

/s/ Ernst & Young (Hellas) Certified Auditors Accountants S.A.

Athens, Greece
March 6, 2020