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

FORM 6-K

REPORT OF FOREIGN PRIVATE ISSUER
PURSUANT TO RULE 13a-16 OR 15d-16
OF THE SECURITIES EXCHANGE ACT OF 1934

Dated: December 1, 2016

Commission File No. 001-33311

NAVIOS MARITIME HOLDINGS INC.

7 Avenue de Grande Bretagne, Office 11B2
Monte Carlo, MC 98000 Monaco
(Address of Principal Executive Offices)

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

Form 20-F ☒ Form 40-F ☐

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

Yes ☐ No ☒

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

Yes ☐ No ☒

The information contained in this Report is incorporated by reference into the Registration Statements on Form S-8, File No. 333-147186 and 333-202141, and the related prospectuses.

Operating and Financial Review and Prospects

The following is a discussion of the financial condition and results of operations of Navios Maritime Holdings Inc. ("Navios Holdings" or the "Company") for the three and nine month periods ended September 30, 2016 and 2015. Navios Holdings' financial statements have been prepared in accordance with Generally Accepted Accounting Principles in the United States of America ("U.S. GAAP"). You should read this section together with the consolidated financial statements and the accompanying notes included in Navios Holdings' Annual Report on Form 20-F for the year ended December 31, 2015 filed with the Securities and Exchange Commission ("SEC") and the condensed consolidated financial statements and the accompanying notes included elsewhere in this report.

This report contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. All statements herein other than statements of historical fact, including statements regarding business and industry prospects or future results of operations or financial position, should be considered forward-looking. These forward looking statements are based on Navios Holdings' current expectations and observations. Included among the factors that, in management's view, could cause actual results to differ materially from the forward-looking statements contained in this report are changes in any of the following: (i) charter demand and/or charter rates; (ii) production or demand for the types of dry bulk products that are transported by Navios Holdings' vessels; (iii) operating costs including, but not limited to, changes in crew salaries, insurance, provisions, repairs, maintenance and overhead expenses; or (iv) changes in interest rates. Other factors that could cause our actual results to differ from our current expectations and observations include, but are not limited to, those discussed under Part I, Item 3D — Risk Factors in Navios Holdings' Annual Report on Form 20-F for the year ended December 31, 2015. All forward-looking statements made in this report speak only as of the date of this document. The Company undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Recent Developments

Unsecured Bond Repurchases

During October 2016, the Company repurchased $26.9 million of its 8.125% Senior Notes due 2019 ("2019 Notes") for a cash consideration of $14.9 million. Since July 2016, the Company repurchased a total of $58.9 million in par value of its 2019 Notes for $30.5 million of cash.

Other Debt Developments

During October 2016, the Company prepaid one of its secured credit facilities which had an outstanding balance of $15.3 million, using $13.8 million in cash, thus achieving a $1.5 million benefit to nominal value.

In November 2016, the Company entered into a new facility to refinance one Capesize vessel. The amount drawn under the new facility was $16.1 million. The first instalment will be due 15 months from the loan drawdown date. The credit facility bears interest at LIBOR plus 300 bps per annum. The loan has a tenor of six years. The foregoing description is subject in all respects to the actual terms of the loan agreement. A copy of the loan agreement is furnished as Exhibit 10.1 to this Report and is incorporated by reference.

Series G and Series H ADS Exchange Offer

On November 8, 2016, the Company announced the completion of its offer to exchange cash and/or newly issued shares of common stock for any and all outstanding American Depository Shares ("ADSs"), each representing 1/100th of a share of its Series G and Series H Cumulative Redeemable Perpetual Preferred Stock ("Series G" and "Series H" respectively). A total number of ADSs representing 24,431 shares of Series G and Series H were validly tendered in the exchange offer, representing an aggregate nominal value of $61.1 million. We reduced our annual dividend obligation by $5.3 million and we also eliminated $4.0 million of accrued dividends. The consideration delivered to the holders in the exchange offer was comprised of $8.7 million in cash and the issuance of a total of 7.6 million shares of common stock representing a 28% to par cost.

As of November 21, 2016, Navios Holdings had outstanding 117,127,796 shares of common stock, 14,551 shares of Series G, 29,018 shares of Series H and 5,935 shares of convertible preferred stock.

Overview

General

Navios Holdings is a global, vertically integrated seaborne shipping and logistics company focused on the transport and transshipment of dry bulk commodities, including iron ore, coal and grain. Navios Holdings technically and commercially manages its owned fleet, Navios Maritime Acquisition Corporation's ("Navios Acquisition") fleet, Navios Maritime Partners L.P.'s ("Navios Partners") fleet, Navios Maritime Midstream Partners L.P.'s ("Navios Midstream") fleet, Navios Europe Inc.'s ("Navios Europe I") fleet, and Navios Europe (II) Inc.'s ("Navios Europe II") fleet, and commercially manages its chartered-in fleet. Navios Holdings has in-house ship management expertise that allows it to oversee every step of ship management, including the shipping operations throughout the life of the vessels and the superintendence of maintenance, repairs and drydocking.

Navios Logistics

Navios South American Logistics Inc. ("Navios Logistics"), a consolidated subsidiary of the Company, is one of the largest logistics companies in the Hidrovia region of South America, focusing on the Hidrovia river system, the main navigable river system in the region, and on cabotage trades along the eastern coast of South America. Navios Logistics is focused on providing its customers integrated transportation, storage and related services through its port facilities, its large, versatile fleet of dry and liquid cargo barges and its product tankers. Navios Logistics serves the needs of a number of growing South American industries, including mineral and grain commodity providers as well as users of refined petroleum products. Navios Holdings currently owns 63.8% of Navios Logistics.

Affiliates (not consolidated under Navios Holdings)

Navios Partners (NYSE:NMM) is an international owner and operator of dry cargo vessels and is engaged in seaborne transportation services of a wide range of dry bulk commodities including iron ore, coal, grain, fertilizer and also containers, chartering its vessels under medium to long-term charters. As of September 30, 2016, Navios Holdings owns a 20.1% interest in Navios Partners, including a 2.0% general partner interest.

Navios Acquisition (NYSE: NNA), an affiliate (former subsidiary) of the Company, is an owner and operator of tanker vessels focusing in the transportation of petroleum products (clean and dirty) and bulk liquid chemicals. As of September 30, 2016, Navios Holdings' ownership of the outstanding voting stock of Navios Acquisition is 43.3% and its economic interest in Navios Acquisition is 46.3%.

Navios Midstream (NYSE: NAP) is a publicly traded master limited partnership which owns and operates crude oil tankers under long-term employment contracts. Currently, Navios Holdings owns no direct equity interest in Navios Midstream.

Navios Europe I is engaged in the marine transportation industry through the ownership of five tankers and five container vessels. Navios Holdings, Navios Acquisition and Navios Partners have voting interests of 50%, 50% and 0%, respectively, and 47.5%, 47.5% and 5% economic interest, respectively, in Navios Europe I.

Navios Europe II is engaged in the marine transportation industry through the ownership of seven dry bulk and seven container vessels. Navios Holdings, Navios Acquisition and Navios Partners have voting interests of 50%, 50% and 0%, respectively, and 47.5%, 47.5% and 5% economic interest, respectively, in Navios Europe II.

Fleet

The following is the current "core fleet" employment profile (excluding Navios Logistics). The current "core fleet" consists of 66 vessels totaling 6.7 million dwt. The employment profile of the fleet as of November 24, 2016 is reflected in the tables below. The 60 vessels in current operation aggregate approximately 6.1 million dwt and have an average age of 7.7 years. Navios Holdings has currently fixed 98.1% (including 18.9% index-linked charters) and 38.3% (including 28.2% index-linked charters) for the remaining three months of 2016 and for 2017, respectively, of its fleet (excluding vessels which are utilized to fulfill Contracts of Affreightment ("COAs")), representing contracted fees (net of commissions), from the contracted base charter rates of our current charter agreements of $32.6 million and $21.8 million, respectively. Although these fees are based on contractual charter rates, any contract is subject to performance by the counterparties and us. Additionally, the level of these fees would decrease depending on the vessels' off-hire days to perform periodic maintenance. The average contractual daily charter-out base rate for the core fleet (excluding vessels which are utilized to fulfill COAs) is $7,783 and $9,249 for the remaining three months of 2016 and for 2017, respectively. The average daily charter-in rate for the active long-term charter-in vessels (excluding vessels which are utilized to fulfill COAs) for the remaining three months of 2016 and for 2017 is estimated at $12,102 and $12,168, respectively. We estimate the days of the long-term charter-in vessels (excluding vessels which are utilized to fulfill COAs) for the remaining three months of 2016 and 2017 are 1,606 and 8,696 days, respectively.

Owned Fleet. Navios Holdings owns a fleet comprised of 14 Ultra Handymax vessels, 13 Capesize vessels, 12 Panamax vessels and one Handysize vessel, which have an average age of approximately 9.5 years.

Vessels	Type	Built	DWT	Charter-out Rate (1)	Profit Share	Expiration Date (2)
Navios Serenity	Handysize	2011	34,690	5,225	No	12/2016
Navios Ionian	Ultra Handymax	2000	52,067	3,040	No	12/2016
Navios Horizon	Ultra Handymax	2001	50,346	8,788	No	01/2017
Navios Herakles	Ultra Handymax	2001	52,061	6,318	No	02/2017
Navios Achilles	Ultra Handymax	2001	52,063	6,413	No	01/2017
Navios Vector	Ultra Handymax	2002	50,296	7,363	No	05/2017
Navios Meridian	Ultra Handymax	2002	50,316	4,750	No	12/2016
Navios Mercator	Ultra Handymax	2002	53,553	4,750	No	03/2017
Navios Arc	Ultra Handymax	2003	53,514	4,228	No	12/2016
Navios Hios	Ultra Handymax	2003	55,180	5,299 —	Pool Earnings + 4%	10/2016 02/2017
Navios Kypros	Ultra Handymax	2003	55,222	5,380 —	Pool Earnings + 4%	10/2016 02/2017
Navios Astra	Ultra Handymax	2006	53,468	5,938	No	02/2017
Navios Ulysses	Ultra Handymax	2007	55,728	5,601 —	Pool Earnings + 4%	10/2016 04/2017
Navios Celestial	Ultra Handymax	2009	58,063	8,075	No	12/2016
Navios Vega	Ultra Handymax	2009	58,792	5,347 —	Pool earnings +7%	10/2016 12/2016
Navios Magellan	Panamax	2000	74,333	7,410	No	02/2017
Navios Star	Panamax	2002	76,662	9,986 —	No 100% of average Baltic Panamax Index 4TC Routes less $2,488/day	12/2016 12/2018
Navios Amitie	Panamax	2005	75,395	9,986 —	No 100% of average Baltic Panamax Index 4TC Routes less $2,488/day	12/2016 12/2018
Navios Northern Star	Panamax	2005	75,395	5,510	No	04/2017
Navios Taurus	Panamax	2005	76,596	5,313 —	Average basis Panamax Index 4TC Routes + 4%	12/2016 01/2017
Navios Asteriks	Panamax	2005	76,801	4,556 —	Average basis Panamax Index 4TC Routes + 4%	11/2016 11/2018
N Amalthia	Panamax	2006	75,318	9,986 —	No 100% of average Baltic Panamax Index 4TC Routes less $2,488/day	12/2016 12/2018
N Bonanza	Panamax	2006	76,596	4,640 —	No Average basis Panamax Index 4TC Routes + 4%	11/2016 11/2018
Navios Galileo	Panamax	2006	76,596	9,986 —	No 100% of average Baltic Panamax Index 4TC Routes less $2,488/day	12/2016 12/2018
Navios Avior	Panamax	2012	81,355	5,273 —	Weighted average basis Panamax Index Routes +16.5%	11/2016 03/2017

Navios Centaurus	Panamax	2012	81,472	11,983 —	No 110% of average Panamax Index 4TC Routes less adjustment to be based on index formula	12/2016 12/2018
Navios Sphera	Panamax	2016	84,872	11,983 —	No 123% of average Panamax Index 4TC Routes less adjustment to be based on index formula	01/2017 01/2019
Navios Stellar	Capesize	2009	169,001	—	$9,480 adjusted for 50% Pool Earnings or Weighted Average Baltic Capesize 5TC Index Routes	10/2017
Navios Happiness	Capesize	2009	180,022	8,074 —	$4,750 + 50% weighted average Baltic Capesize Index 5TC Index Routes	12/2016 01/2017
Navios Bonavis	Capesize	2009	180,022	11,400	No	12/2016
Navios Phoenix	Capesize	2009	180,242	—	$9,480 adjusted for 50% Pool Earnings or Weighted Average Baltic Capesize 5TC Index Routes	08/2017(15)
Navios Lumen	Capesize	2009	180,661	5,083	No	01/2017
Navios Antares	Capesize	2010	169,059	13,200	No	02/2017
Navios Etoile	Capesize	2010	179,234	9,025	No	01/2018
Navios Bonheur	Capesize	2010	179,259	—	Pool Earnings	01/2017
Navios Altamira	Capesize	2011	179,165	—	$9,480 adjusted for 50% Pool Earnings or Weighted Average Baltic Capesize 5TC Index Routes	09/2017
Navios Azimuth	Capesize	2011	179,169	5,083	No	02/2017
Navios Ray	Capesize	2012	179,515	8,075	No	01/2017
Navios Gem	Capesize	2014	181,336	8,416 —	$5,000 + 55% Weighted Average Baltic Capesize Index 5TC Index Routes	12/2016 01/2017
Navios Mars	Capesize	2016	181,259	—	$11,455 adjusted for 50% Pool Earnings or Weighted Average Baltic Capesize 5TC Index Routes	10/2017

Long-Term Fleet. In addition to the 40 owned vessels, Navios Holdings controls a fleet of 11 Panamax, eight Capesize, six Ultra Handymax, and one Handysize vessels under long-term charter-in contracts, which have an average age of approximately 5.1 years. Of the 26 chartered-in vessels, 20 are currently in operation and six are scheduled for delivery at various times during the fourth quarter of 2016 and the first quarter of 2017, as set forth in the following table:

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Long-term Chartered-in Vessels

Vessels	Type	Built	DWT	Purchase Option (3)	Charter-out Rate (1)	Expiration Date (2)
Navios Lyra	Handysize	2012	34,718	Yes(4)	5,700	12/2016
Navios Primavera	Ultra Handymax	2007	53,464	Yes	6,649	03/2017
Mercury Ocean	Ultra Handymax	2008	53,452	No	6,650	03/2017
Kouju Lily	Ultra Handymax	2011	58,872	No	9,025	04/2017
Navios Oriana	Ultra Handymax	2012	61,442	Yes	5,941(5)	10/2016
					— (5)	02/2017
Navios Mercury	Ultra Handymax	2013	61,393	Yes	5,942(5)	10/2016
					— (5)	02/2017
Navios Venus	Ultra Handymax	2015	61,339	Yes	6,080(5)	10/2016
					— (5)	02/2017
Navios Aldebaran	Panamax	2008	76,500	Yes	6,508	04/2017
Navios Marco Polo	Panamax	2011	80,647	Yes	11,983	01/2017
					— (6)	09/2018
Navios Southern Star	Panamax	2013	82,224	Yes	6,077(7)	11/2016
					— (8)	02/2017
Sea Victory	Panamax	2014	77,095	Yes	9,986	11/2016
					— (9)	11/2018
Navios Sky	Panamax	2015	82,056	Yes	11,983	03/2017
					— (10)	03/2019
Navios Amber	Panamax	2015	80,994	Yes	11,983	01/2017
					— (11)	01/2019
Navios Coral	Panamax	2016	84,904	Yes	7,986(12)	11/2016
					— (12)	06/2017
King Ore	Capesize	2010	176,800	Yes		
Navios Koyo	Capesize	2011	181,415	Yes	7,810(13)	11/2016
					— (13)	01/2017
Navios Obeliks	Capesize	2012	181,415	Yes		
Dream Canary	Capesize	2015	180,528	Yes	9,975	12/2017
Dream Coral	Capesize	2015	181,249	Yes	12,350	02/2018
Navios Felix	Capesize	2016	180,221	Yes	14,205(14)	11/2016
					— (14)	11/2017

Long-term Chartered-in Vessels to be Delivered

Vessels	Type	Delivery Date	Purchase Option	DWT
Osmarine	Panamax	Q1 2017	No	76,000
KM Imabari	Panamax	Q1 2017	No	76,000
Navios Citrine	Panamax	Q1 2017	Yes	81,000
Navios Dolphin	Panamax	Q1 2017	Yes	81,000
Equator Prosper	Capesize	Q4 2016	No	170,000
Pacific Explorer	Capesize	Q4 2016	No	177,000

(1) Daily rate net of commissions.
(2) Expected redelivery basis midpoint of full redelivery period.
(3) Generally, Navios Holdings may exercise its purchase option after three to five years of service.
(4) Navios Holdings holds the initial 50% purchase option on the vessel.
(5) Based on Pool Earnings + 18%.

(6) Based on 113% of average Baltic Panamax Index 4TC Routes less adjustment to be based on index formula.
(7) Based on 120% in excess of $6,000 basis Panamax Index 4TC Routes.
(8) Based on 114% in excess of $3,350 basis Panamax Index 4TC Routes.
(9) Based on 114% of average Baltic Panamax Index 4TC Routes less $2,488/day.
(10) Based on 115% of average Baltic Panamax Index 4TC Routes less adjustment to be based on index formula.
(11) Based on 120% of average Baltic Panamax 4TC Routes less adjustment to be based on index formula.
(12) Based on 120.5% of average Baltic Panamax Index 4TC Routes.
(13) Based on 150% in excess of $4,750 basis Baltic Capesize Index 5TC.
(14) Based on 120% of average Baltic Capesize 4TC Routes less adjustment to be based on index formula.
(15) Subject to COA of $34,013 per day for the remaining period until fourth quarter of 2016.

Many of Navios Holdings' current long-term chartered-in vessels are chartered from ship owners with whom Navios Holdings has long-standing relationships. Navios Holdings pays these ship owners daily rates of hire for such vessels, and then charters out these vessels to other parties, who pay Navios Holdings a daily rate of hire. Navios Holdings also enters into COAs pursuant to which Navios Holdings has agreed to carry cargoes, typically for industrial customers, who export or import dry bulk cargoes. Further, Navios Holdings enters into spot market voyage contracts, where Navios Holdings is paid a rate per ton to carry a specified cargo from point A to point B.

Short-Term Fleet. Navios Holdings' short-term fleet is comprised of Capesize, Panamax and Ultra Handymax vessels chartered-in for durations of less than 12 months. The number of short-term vessels varies from time to time. These vessels are not included in the "core fleet" of the Company.

Charter Policy and Industry Outlook

Navios Holdings' policy has been to take a portfolio approach to managing operating and counterparty risks. This policy may lead Navios Holdings to time charter-out many of the vessels that it is operating (i.e., vessels owned by Navios Holdings or which Navios Holdings has taken into its fleet under charters having a duration of more than 12 months) for long-term periods to various shipping industry counterparties considered by Navios Holdings to have appropriate credit profiles. By doing this, Navios Holdings aims to lock in, subject to credit and operating risks, favorable forward revenue and cash flows which it believes will cushion it against unfavorable market conditions, when the Company deems necessary. In addition, Navios Holdings trades additional vessels taken in on shorter term charters of less than 12 months duration as well as voyage charters or COAs and Forward Freight Agreements ("FFAs").

The average daily charter-in vessel cost for the Navios Holdings long-term charter-in fleet (excluding vessels, which are utilized to serve voyage charters or COAs) was $11,452 per day for the nine month period ended September 30, 2016. The average long-term charter-in hire rate per vessel included in this document was computed by (a) multiplying (i) the daily charter-in rate for each vessel by (ii) the number of days each vessel is in operation for the period under review; (b) summing those individual multiplications; and (c) dividing such total by the total number of charter-in vessel days for the period. These rates exclude gains and losses from FFAs. Furthermore, Navios Holdings has the ability to increase its owned fleet through purchase options exercisable in the future at favorable prices relative to the then-current market. Generally, this chartering policy had the effect of generating Time Charter Equivalents ("TCE") that were higher than spot employment.

Navios Holdings believes that a decrease in global commodity demand from its current level, and the delivery of dry bulk carrier new buildings into the world fleet, could have an adverse impact on future revenue and profitability. However, Navios Holdings believes that the operating cost advantage of its owned vessels will continue to help mitigate the impact of the declines in freight rates. A reduced freight rate environment also has an adverse impact on the value of Navios Holdings' owned fleet. In reaction to a decline in freight rates, available ship financing can also be negatively impacted.

Navios Logistics owns and operates vessels, barges and pushboats located mainly in Argentina, the largest independent bulk transfer and storage port facility in Uruguay, and an upriver liquid port facility located in Paraguay. Operating results for Navios Logistics are highly correlated to: (i) South American grain production and export, in particular Argentinean, Brazilian, Paraguayan, Uruguayan and Bolivian production and export; (ii) South American iron ore production and export, mainly from Brazil; and (iii) sales (and logistic services) of petroleum products in the Argentine and Paraguayan markets. Navios Holdings believes that the continuing development of these businesses will foster throughput growth and therefore increase revenues at Navios Logistics. Should this development be delayed, grain harvests be reduced, or the market experience an overall decrease in the prices or the demand for grain or iron ore, the operations of Navios Logistics could be adversely affected.

Factors Affecting Navios Holdings' Results of Operations

Navios Holdings believes the principal factors that will affect its 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 its vessels engage in business. Please read "Risk Factors" included in Navios Holdings' Annual Report on Form 20-F for the year ended December 31, 2015 filed with the SEC for a discussion of certain risks inherent in its business.

Navios Holdings actively manages the risk in its operations by: (i) operating the vessels in its fleet in accordance with all applicable international standards of safety and technical ship management; (ii) enhancing vessel utilization and profitability through an appropriate mix of long-term charters complemented by spot charters (time charters for short-term employment) and COAs; (iii) monitoring the financial impact of corporate exposure from both physical and FFAs transactions; (iv) monitoring market and counterparty credit risk limits; (v) adhering to risk management and operation policies and procedures; and (vi) requiring counterparty credit approvals.

Navios Holdings believes that important measures for analyzing trends in its results of operations include the following:

- *Market Exposure:* Navios Holdings manages the size and composition of its fleet by seeking a mix between chartering and owning vessels in order to adjust to anticipated changes in market rates. Navios Holdings aims to achieve an appropriate balance between owned vessels and long and short-term chartered-in vessels and controls approximately 6.7 million dwt in dry bulk tonnage. Navios Holdings' options to extend the charter duration of vessels it has under long-term time charter (durations of over 12 months) and its purchase options on chartered vessels permit Navios Holdings to adjust the cost and the fleet size to correspond to market conditions.
- *Available days:* Available days are the total number of days a vessel is controlled by a company, less the aggregate number of days that the vessel is off-hire due to scheduled repairs or repairs under guarantee, vessel upgrades or special surveys. The shipping industry uses available days to measure the number of days in a period during which vessels should be capable of generating revenues.
- *Operating days:* Operating days are the number of available days in a period, less the aggregate number of days that the vessels are off-hire due to any reason, including lack of demand or unforeseen circumstances. The shipping industry uses operating days to measure the aggregate number of days in a period during which vessels actually generate revenues.
- *Fleet utilization:* Fleet utilization is obtained by dividing the number of operating days during a period by the number of available days during the 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 or repairs under guarantee, vessel upgrades, special surveys or vessel positioning.
- *TCE rates:* TCE rates are defined as voyage and time charter revenues less voyage expenses during a period divided by the number of available days during the period. The TCE rate is a standard shipping industry performance measure used primarily to compare daily earnings generated by vessels on time charters with daily earnings generated by vessels on voyage charters, because charter hire rates for vessels on voyage charters are generally not expressed in per day amounts, while charter hire rates for vessels on time charters generally are expressed in such amounts.
- *Equivalent vessels:* Equivalent vessels are defined as the available days of the fleet divided by the number of the calendar days in the period.

Voyage and Time Charter

Revenues are driven primarily by the number and type of vessels in the fleet, the number of days during which such vessels operate and the amount of daily charter hire rates that the vessels earn under charters, which, in turn, are affected by a number of factors, including:

- the duration of the charters;
- the level of spot market rates at the time of charters;
- decisions relating to vessel acquisitions and disposals;

- the amount of time spent positioning vessels;
- the amount of time that vessels spend in drydock undergoing repairs and upgrades;
- the age, condition and specifications of the vessels; and
- the aggregate level of supply and demand in the dry bulk shipping industry.

Time charters are available for varying periods, ranging from a single trip (spot charter) to a long-term period which may be many years. Under a time charter, owners assume no risk for finding business and obtaining and paying for fuel or other expenses related to the voyage, such as port entry fees. 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. Vessel charter rates are affected by world economics, international events, weather conditions, labor strikes, governmental policies, supply and demand, and many other factors that might be beyond the control of management.

Consistent with industry practice, Navios Holdings uses TCE rates, as a method of analyzing fluctuations between financial periods and as a method of equating revenue generated from a voyage charter to time charter revenue.

TCE rate also serves as an industry standard for measuring revenue and comparing results between geographical regions and among competitors.

The cost to maintain and operate a vessel increases with the age of the vessel. Older vessels are less fuel efficient, cost more to insure and require upgrades from time to time to comply with new regulations. The average age of Navios Holdings' owned fleet is 9.5 years. However, as such fleet ages or if Navios Holdings expands its fleet by acquiring previously owned and older vessels, the cost per vessel would be expected to rise and, assuming all else, including rates, remains constant, vessel profitability would be expected to decrease.

COAs and FFAs

Navios Holdings enhances vessel utilization and profitability through a mix of voyage charters, short-term charter-out contracts, COAs and strategic cargo contracts.

Navios Holdings may enter into dry bulk shipping FFAs as economic hedges relating to identifiable ship and/or cargo positions or as economic hedges of transactions the Company expects to carry out in the normal course of its shipping business. FFAs cover periods generally ranging from one month to one year and are based on time charter rates or freight rates on specific quoted routes. FFAs are executed either over-the-counter, between two parties, or through LCH, the London clearing house. FFAs are settled in cash monthly based on publicly quoted indices. No over-the-counter trades have been executed since 2012. Navios Holdings has implemented specific procedures designed to respond to credit risk associated with over-the-counter trades, including the establishment of a list of approved counterparties and a credit committee which meets regularly.

Listing Developments

Navios Holdings received confirmation from the New York Stock Exchange ("NYSE") on September 1, 2016, that it had regained compliance with all NYSE continued listing requirements after its average closing share price for the 30 trading-day period ended August 31, 2016, and its closing price on August 31, 2016, was $1.00.

Statement of Operations Breakdown by Segment

Navios Holdings reports financial information and evaluates its operations by charter revenues and not by vessel type, length of ship employment, customers or type of charter. Navios Holdings does not use discrete financial information to evaluate the operating results for each such type of charter. Although revenue can be identified for each type of charter, management does not identify expenses, profitability or other financial information on a charter-by-charter or type of charter basis. The reportable segments reflect the internal organization of the Company and are strategic businesses that offer different products and services. The Company currently has two reportable segments: Dry bulk Vessel Operations and Logistics Business. The Dry bulk Vessel Operations segment consists of the transportation and handling of bulk cargoes through the ownership, operation, and trading of vessels, freight, and FFAs. The Logistics Business segment consists of port terminal business, barge business and cabotage business in the Hidrovia region of South America. Navios Holdings measures segment performance based on net income attributable to Navios Holdings' common stockholders.

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Period over Period Comparisons

For the Three Month Period Ended September 30, 2016 Compared to the Three Month Period Ended September 30, 2015

The following table presents consolidated revenue and expense information for the three month periods ended September 30, 2016 and 2015, respectively. This information was derived from the unaudited condensed consolidated revenue and expense accounts of Navios Holdings for the respective periods.

(in thousands of U.S. dollars)	Three Month Period Ended September 30, 2016 (unaudited)	Three Month Period Ended September 30, 2015 (unaudited)
Revenue	$ 113,087	$ 130,955
Administrative fee revenue from affiliates	5,472	4,142
Time charter, voyage and logistics business expenses	(41,846)	(63,386)
Direct vessel expenses	(33,269)	(33,751)
General and administrative expenses incurred on behalf of affiliates	(5,472)	(4,142)
General and administrative expenses	(6,182)	(6,303)
Depreciation and amortization	(41,432)	(27,356)
Interest expense and finance cost, net	(26,809)	(27,534)
Gain on bond extinguishment	15,956	—
Other expense, net	(3,844)	(6,709)
Loss before equity in net earnings of affiliated companies	**$ (24,339)**	**$ (34,084)**
Equity in net (loss)/ earnings of affiliated companies	(735)	16,828
Loss before taxes	**$ (25,074)**	**$ (17,256)**
Income tax expense	(1,413)	(955)
Net loss	**$ (26,487)**	**$ (18,211)**
Less: Net income attributable to the noncontrolling interest	(1,016)	(3,850)
Net loss attributable to Navios Holdings common stockholders	**$ (27,503)**	**$ (22,061)**

Set forth below are selected historical and statistical data for the Dry Bulk Vessel Operations segment for each of the three month periods ended September 30, 2016 and 2015 that the Company believes may be useful in better understanding the Company's financial position and results of operations.

	Three Month Period Ended September 30,	
	2016 (unaudited)	2015 (unaudited)
FLEET DATA		
Available days	5,215	6,245
Operating days	5,206	6,122
Fleet utilization	99.8%	98.0%
Equivalent vessels	57	68
AVERAGE DAILY RESULTS		
Time Charter Equivalents	$ 9,010	$ 8,570

During the three month period ended September 30, 2016, there were 1,030 less available days, as compared to the same period in 2015, mainly due to a decrease in short-term charter-in and long-term charter-in fleet available days by 1,246 days. The decrease was partially mitigated by an increase in available days for owned vessels by 216 days, mainly due to the delivery of the Navios Sphera and Navios Mars in January 2016.

The average TCE rate for the three month period ended September 30, 2016 was $9,010 per day, which was $440 per day higher than the rate achieved in the same period in 2015, due to lower voyage expenses.

Revenue: Revenue from dry bulk vessel operations for the three month period ended September 30, 2016 was $49.7 million as compared to $63.6 million for the same period in 2015. The decrease in dry bulk revenue was mainly attributable to (i) a net decrease in available days of our fleet; and (ii) the decline in the freight market during 2016, as compared to the same period in 2015.

Revenue from the logistics business was $63.4 million for the three months ended September 30, 2016 as compared to $67.3 million for the same period in 2015. This decrease was mainly attributable to (i) a decrease of the cargo moved in the dry port terminal; (ii) a decrease in the number of available days of the cabotage fleet; and (iii) a decrease in the volume of cargo transported under spot contracts. The total decrease of revenue from the logistics business was partially mitigated by an increase in sales of products in the liquid terminal.

Administrative Fee Revenue From Affiliates: Administrative fee revenue from affiliates increased by $1.4 million, or 32.1%, to $5.5 million for the three month period ended September 30, 2016, as compared to $4.1 million for the same period in 2015. See the General and Administrative Expenses discussion below.

Time Charter, Voyage and Logistics Business Expenses: Time charter, voyage and logistics business expenses decreased by $21.5 million, or 34.0%, to $41.8 million for the three month period ended September 30, 2016, as compared to $63.4 million for the three month period ended September 30, 2015.

The time charter and voyage expenses from dry bulk operations decreased by $24.2 million, or 50.5%, to $23.7 million for the three month period ended September 30, 2016, as compared to $47.9 million for the three month period ended September 30, 2015. This decrease was mainly attributable to (i) a decrease in charter-in expenses by $16.8 million, mainly due to a decrease in charter-in available days; (ii) a decrease in fuel expenses by $3.8 million; and (iii) a decrease in other voyage expenses by $3.6 million.

Of the total amounts of time charter, voyages and logistics business expenses for the three month periods ended September 30, 2016 and 2015, $18.1 million and $15.5 million, respectively, were related to Navios Logistics. The increase in time charter, voyage and logistics business expenses related to Navios Logistics was mainly attributable to (i) an increase in volume of products sold in the liquid port terminal in Paraguay; (ii) higher number of trips performed for the barge business; (iii) and an increase in short-term time charter expenses of the cabotage business.

Direct Vessel Expenses: Direct vessel expenses decreased by $0.5 million, or 1.4%, to $33.3 million for the three month period ended September 30, 2016, as compared to $33.8 million for the three month period ended September 30, 2015. Direct vessel expenses include crew costs, provisions, deck and engine stores, lubricating oils, insurance premiums and costs for maintenance and repairs.

Direct vessel expenses from dry bulk operations decreased by $0.1 million, or 1.1%, to $12.3 million for the three month period ended September 30, 2016, as compared to $12.4 million for the three month period ended September 30, 2015. This decrease was mainly attributable to a decrease in lubricants and chemicals expenses, partially mitigated by an increase in available days of our own fleet.

Of the total amounts of direct vessel expenses for the three month periods ended September 30, 2016 and 2015, $21.0 million and $21.4 million, respectively, related to Navios Logistics. The decrease in direct vessel expenses related to Navios Logistics was mainly attributable to lower crew costs in the cabotage business.

General and Administrative Expenses Incurred on Behalf of Affiliates: General and administrative expenses incurred on behalf of affiliates increased by $1.4 million, or 32.1%, to $5.5 million for the three month period ended September 30, 2016, as compared to $4.1 million for the same period in 2015. See the General and Administrative Expenses discussion below.

General and Administrative Expenses: General and administrative expenses of Navios Holdings comprise the following:

(in thousands of U.S. dollars)	Three Month Period Ended September 30, 2016 (unaudited)	Three Month Period Ended September 30, 2015 (unaudited)
Administrative fee revenue from affiliates	$ (5,472)	$ (4,142)
General and administrative expenses incurred on behalf of affiliates	$ 5,472	$ 4,142
General and administrative expenses	$ 6,182	$ 6,303

(in thousands of U.S. dollars)	Three Month Period Ended September 30, 2016 (unaudited)	Three Month Period Ended September 30, 2015 (unaudited)
Dry Bulk Vessel Operations	$ 2,763	$ 3,202
Logistics Business	$ 3,419	$ 3,101
General and administrative expenses	**$ 6,182**	**$ 6,303**

The decrease in general and administrative expenses by $0.1 million, or 1.9%, to $6.2 million for the three month period ended September 30, 2016, as compared to $6.3 million for the three month period ended September 30, 2015, was mainly attributable to (i) a $0.1 million decrease in payroll and other related costs; (ii) a $0.2 million decrease in professional, legal and audit fees; and (iii) a $0.1 million decrease in other administrative expenses. The decrease was partially mitigated by a $0.3 million increase attributable to the logistics business due to an increase in payroll and related expenses.

Depreciation and Amortization: For the three month period ended September 30, 2016, depreciation and amortization increased by $14.0 million, or 51.5%, to $41.4 million as compared to $27.4 million for the three month period ended September 30, 2015. The increase was mainly attributable to (i) an increase in depreciation of dry bulk vessels by $0.7 million, due to the delivery of the Navios Sphera and Navios Mars in January 2016; (ii) a $12.1 million increase in amortization expense mainly due to the early redelivery of one vessel to the headowner in the third quarter of 2016, resulting in the subsequent write-off of the related purchase option and the favorable lease balance; and (iii) an increase in depreciation and amortization of the logistics business by $1.2 million.

Interest Expense and Finance Cost, Net: Interest expense and finance cost, net for the three month period ended September 30, 2016 decreased by $0.7 million, or 2.6%, to $26.8 million, as compared to $27.5 million in the same period in 2015. The decrease was mainly due to (i) a $0.9 million decrease in the interest expense and finance cost, net attributable to the logistics business; and (ii) a $0.2 million increase in interest expense and finance cost, net attributable to the dry bulk vessel operations.

Gain on bond extinguishment: During the three month period ended September 30, 2016, the Company repurchased $32.0 million of its 2019 Notes for a cash consideration of $15.7 million resulting in a gain on bond extinguishment of $16.0 million, net of deferred fees written-off.

Other Expense, Net: Other expense, net decreased by $2.9 million, or 42.7%, to a $3.8 million for the three month period ended September 30, 2016, as compared to $6.7 million for the same period in 2015. This decrease was due to a $3.4 million decrease in other expense, net of dry bulk vessel operations, partially mitigated by a $0.5 million increase in other expense, net attributable to the logistics business.

The decrease in other expense, net of dry bulk vessels operations was mainly due to (i) a $1.8 million decrease in expense relating to the reclassification to earnings of available-for-sale securities for an other-than-temporary impairment recorded during the third quarter of 2015; (ii) a $1.4 million decrease in expenses relating to claims, under the "Navios Partners Guarantee" (as defined below) recorded during the third quarter of 2015; and (ii) a $0.2 million decrease in other expense, net relating to miscellaneous voyage expenses.

The increase in other expense, net related to the logistics business was mainly due to an increase in other expense, net in the barge business mainly due to foreign exchange differences, partially mitigated by a decrease in other expense, net in the cabotage business, mainly due to decreases in taxes other than income taxes and other expenses, and a decrease in other expense.

Equity in Net (Loss)/ Earnings of Affiliated Companies: Equity in net earnings of affiliated companies decreased by $17.5 million, or 104.4%, to net loss of $0.7 million for the three month period ended September 30, 2016, as compared to net profit of $16.8 million for the same period in 2015, due to (i) a $17.2 million decrease in equity method income; and (ii) a $0.3 million decrease in amortization of deferred gain from the sale of vessels to Navios Partners (as more fully described below). The $17.2 million decrease in equity method income was mainly due to (i) a $9.6 million decrease in equity method income from Navios Partners; (ii) a $6.9 million decrease in equity method income from Navios Acquisition; and (iii) a $0.8 million decrease in equity method income from Navios Europe I and Navios Europe II. Total decrease was partially mitigated by a $0.1 million increase in equity method from Acropolis.

The Company recognizes the gain from the sale of vessels to Navios Partners immediately in earnings only to the extent of the interest in Navios Partners owned by third parties and defers recognition of the gain to the extent of its own ownership interest in Navios Partners. See also the Related Party Transactions discussion below.

Income Tax Expense: Income tax expense increased by $0.4 million to $1.4 million for the three month period ended September 30, 2016, as compared to $1.0 million expense for the same period in 2015. The total change in income tax was attributable to Navios Logistics and related to a $0.2 million increase in income tax of the barge business and a $0.2 million increase in income tax expense of the cabotage business.

Net Income Attributable to the Noncontrolling Interest: Net income attributable to the noncontrolling interest decreased by $2.8 million to $1.0 million for the three month period ended September 30, 2016, as compared to $3.8 million for the same period in 2015. This decrease was attributable to lower net income of the logistics business for the three month period ended September 30, 2016, as compared to the same period in 2015.

For the Nine Month Period Ended September 30, 2016 Compared to the Nine Month Period Ended September 30, 2015

The following table presents consolidated revenue and expense information for the nine month periods ended September 30, 2016 and 2015. This information was derived from the unaudited condensed consolidated revenue and expense accounts of Navios Holdings for the respective periods.

(in thousands of U.S. dollars)	Nine Month Period Ended September 30, 2016 (unaudited)	Nine Month Period Ended September 30, 2015 (unaudited)
Revenue	$ 320,307	$ 369,074
Administrative fee revenue from affiliates	16,417	11,946
Time charter, voyage and logistics business expenses	(124,322)	(191,176)
Direct vessel expenses	(98,028)	(100,316)
General and administrative expenses incurred on behalf of affiliates	(16,417)	(11,946)
General and administrative expenses	(19,012)	(21,782)
Depreciation and amortization	(88,391)	(76,040)
Interest expense and finance cost, net	(81,257)	(83,410)
Gain on bond extinguishment	15,956	—
Other income/(expense), net	5,290	(11,944)
Loss before equity in net earnings of affiliated companies	**$ (69,457)**	**$ (115,594)**
Equity in net earnings of affiliated companies	15,641	48,708
Loss before taxes	**$ (53,816)**	**$ (66,886)**
Income tax (expense)/benefit	(1,837)	888
Net loss	**$ (55,653)**	**$ (65,998)**
Less: Net income attributable to the noncontrolling interest	(5,731)	(7,554)
Net loss attributable to Navios Holdings common stockholders	**$ (61,384)**	**$ (73,552)**

Set forth below are selected historical and statistical data for the Dry Bulk Vessel Operations segment for each of the nine month periods ended September 30, 2016 and 2015 that the Company believes may be useful in better understanding the Company's financial position and results of operations.

	Nine Month Period Ended September 30,	
	2016 (unaudited)	2015 (unaudited)
FLEET DATA		
Available days	16,373	17,429
Operating days	16,238	17,188
Fleet utilization	99.2%	98.6%
Equivalent vessels	60	64
AVERAGE DAILY RESULTS		
Time Charter Equivalents	$ 8,102	$ 7,776

During the nine month period ended September 30, 2016, there were 1,056 less available days as compared to the same period in 2015, due to a decrease in short-term charter-in and long-term charter-in fleet available days by 1,857 days, partially mitigated by an increase in available days for owned vessels by 801 days, mainly due to the delivery of the Navios Sphera and Navios Mars in January 2016.

The average TCE rate for the nine month period ended September 30, 2016 was $8,102 per day, $326 per day higher than the rate achieved in the same period in 2015, due to lower voyage expenses.

Revenue: Revenue from dry bulk vessel operations for the nine months ended September 30, 2016 was $142.9 million as compared to $170.4 million for the same period during 2015. The decrease in dry bulk revenue was mainly attributable to (i) a net decrease in available days of our fleet; and (ii) the decline in the freight market during 2016, as compared to the same period in 2015.

Revenue from the logistics business was $177.4 million for the nine months ended September 30, 2016 as compared to $198.6 million for the same period in 2015. This decrease was mainly attributable to (i) a decrease of products transported in the dry and liquid port terminals; (ii) a decrease in the number of available days of the cabotage fleet; and (iii) the decrease in sales of products in the liquid terminal.

Administrative Fee Revenue From Affiliates: Administrative fee revenue from affiliates increased by $4.5 million, or 37.4%, to $16.4 million for the nine month period ended September 30, 2016, as compared to $11.9 million for the same period in 2015. See the General and Administrative Expenses discussion below.

Time Charter, Voyage and Logistics Business Expenses: Time charter, voyage and logistics business expenses decreased by $66.9 million, or 35.0%, to $124.3 million for the nine month period ended September 30, 2016, as compared to $191.2 million for the nine month period ended September 30, 2015.

The time charter and voyage expenses from dry bulk operations decreased by $54.9 million, or 41.1%, to $78.7 million for the nine month period ended September 30, 2016, as compared to $133.6 million for the nine month period ended September 30, 2015. This was primarily due to (i) a decrease in charter-in expenses by $30.3 million, mainly due to a decrease in charter-in available days; (ii) a decrease in fuel expenses by $15.8 million; and (iii) a decrease in other voyage expenses by $8.8 million.

Of the total amounts of time charter, voyage and logistics business expenses for the nine month periods ended September 30, 2016 and 2015, $45.6 million and $57.5 million, respectively, were related to Navios Logistics. The decrease in time charter, voyage and logistics business expenses related to Navios Logistics was mainly attributable to (i) a decrease in volume and price of products sold in the liquid port in Paraguay; and (ii) a decrease in the number of available days of the cabotage fleet. The decrease was partially mitigated by an increase in port terminal expenses.

Direct Vessel Expenses: Direct vessel expenses decreased by $2.3 million, or 2.3%, to $98.0 million for the nine month period ended September 30, 2016, as compared to $100.3 million for the same period in 2015. Direct vessel expenses include crew costs, provisions, deck and engine stores, lubricating oils, insurance premiums and costs for maintenance and repairs.

Direct vessel expenses from dry bulk operations increased by $1.0 million, or 2.5%, to $38.9 million for the nine month period ended September 30, 2016, as compared to $38.0 million for the nine month period ended September 30, 2015. This increase was mainly attributable to an increase in available days for owned vessels mainly due to the delivery of Navios Sphera and Navios Mars in January 2016.

Of the total amounts of direct vessel expenses for the nine month periods ended September 30, 2016 and 2015, $59.1 million and $62.3 million, respectively, related to Navios Logistics. The decrease in direct vessel expenses related to Navios Logistics was mainly attributable to a decrease in crew costs in the cabotage and barge business, partially mitigated by an increase in the direct vessel expenses of the barge business.

General and Administrative Expenses Incurred on Behalf of Affiliates: General and administrative expenses incurred on behalf of affiliates increased by $4.5 million, or 37.4%, to $16.4 million for the nine month period ended September 30, 2016, as compared to $11.9 million for the same period in 2015. See the General and Administrative Expenses discussion below.

General and Administrative Expenses: General and administrative expenses of Navios Holdings comprise of the following:

(in thousands of U.S. dollars)	Nine Month Period Ended September 30, 2016 (unaudited)	Nine Month Period Ended September 30, 2015 (unaudited)
Administrative fee revenue from affiliates	$ (16,417)	$ (11,946)
General and administrative expenses incurred on behalf of affiliates	$ 16,417	$ 11,946
General and administrative expenses	$ 19,012	$ 21,782

(in thousands of U.S. dollars)	Nine Month Period Ended September 30, 2016 (unaudited)	Nine Month Period Ended September 30, 2015 (unaudited)
Dry Bulk Vessel Operations	$ 8,757	$ 11,164
Logistics Business	$ 10,255	$ 10,618
General and administrative expenses	**$ 19,012**	**$ 21,782**

The decrease in general and administrative expenses by $2.8 million, or 12.7%, to $19.0 million for the nine month period ended September 30, 2016, as compared to $21.8 million for the nine month period ended September 30, 2015, was mainly attributable to (i) a $1.3 million decrease in payroll and other related costs; (ii) a $0.4 million decrease attributable to the logistics business mainly due to a decrease in payroll and related expenses; (iii) a $0.3 million decrease in professional, legal and audit fees; and (iv) a $0.8 million decrease in other administrative expenses, including office expenses.

Depreciation and Amortization: For the nine month period ended September 30, 2016, depreciation and amortization increased by $12.4 million, or 16.2%, to $88.4 million as compared to $76.0 million for the nine month period ended September 30, 2015. The increase was mainly attributable to (i) an increase in depreciation of dry bulk vessels by $2.2 million, due to the delivery of the Navios Sphera and Navios Mars in January 2016; (ii) an $ 9.0 million increase in amortization expenses mainly due to the earlier redelivery of one vessel to the headowner in the third quarter of 2016, resulting in the subsequent write-off of the purchase option and the favorable lease balance and (iii) an increase in depreciation and amortization of the logistics business by $1.2 million.

Interest Expense and Finance Cost, Net: Interest expense and finance cost, net for the nine month period ended September 30, 2016 decreased by $2.1 million, or 2.6%, to $81.3 million, as compared to $83.4 million in the same period of 2015. This decrease was mainly due to (i) a $2.4 million decrease in interest expense and finance cost, net attributable to the logistics business; (ii) a $2.2 million increase in interest expense and finance cost, net attributable to the dry bulk vessel operations, mainly due to the new loan concluded in January 2016, to finance the acquisition of Navios Mars and Navios Sphera; and (iii) a $1.9 million increase in interest income of the dry bulk vessel operations, mainly due to higher interest income from loans provided to Navios Europe II and Navios Partners under the Navios Partners Credit Facility (as defined herein).

Gain on bond extinguishment: During the nine month period ended September 30, 2016, the Company repurchased $32.0 million of its 2019 Notes for a cash consideration of $15.7 million resulting in a gain on bond extinguishment of $16.0 million, net of deferred fees written-off.

Other Income/(Expense), Net: Other income/(expense), net increased by $17.2 million, or 144.3%, to $5.3 million of income for the nine month period ended September 30, 2016, as compared to $11.9 million of expense for the same period in 2015. This increase was due to (i) a $15.0 million increase in other income, net of dry bulk vessel operations; and (ii) a $2.2 million decrease in other expense, net of the logistics business.

The increase in other income, net of dry bulk vessels operations was mainly due to (i) the early redelivery of a vessel, in exchange for $13.0 million in cash and settlement of outstanding claims payable to the charterer amounting to $1.9 million; and (ii) a $1.4 million decrease in expense relating to the reclassification to earnings of available-for-sale securities for other-than-temporary impairment. This increase was mitigated by (i) a $2.2 million increase in loss from foreign exchange differences; (ii) a $0.3 million decrease in miscellaneous other expense, net.

The decrease in other expense, net by $2.2 million related to the logistics business was mainly due to (i) lower taxes, other-than-income taxes; and (ii) favorable foreign exchange differences.

Equity in Net Earnings of Affiliated Companies: Equity in net earnings of affiliated companies decreased by $33.1 million, or 67.9%, to $15.6 million for the nine month period ended September 30, 2016, as compared to the same period in 2015, due to (i) a $32.2 million decrease in equity method income; and (ii) a $0.9 million decrease in amortization of deferred gain from the sale of vessels to Navios Partners (as more fully described below). The $32.2 million decrease in equity method income was mainly due to (i) a $18.6 million decrease in equity method income from Navios Partners; (ii) a $12.8 million decrease in equity method income from Navios Acquisition; (iii) a $0.8 million decrease in equity method income from Navios Europe I and Navios Europe II, and was partially mitigated by a $0.1 million increase in equity method from Acropolis.

The Company recognizes the gain from the sale of vessels to Navios Partners immediately in earnings only to the extent of the interest in Navios Partners owned by third parties and defers recognition of the gain to the extent of its own ownership interest in Navios Partners. See also the Related Party Transactions discussion below.

Income Tax (Expense)/Benefit: Income tax expense for the nine month period ended September 30, 2016 increased by $2.7 million, to $1.8 million expense for the nine month period ended September 30, 2016, as compared to a $0.9 million tax benefit for the same period in 2015. The total change in income tax was attributable to Navios Logistics and was mainly related to a $2.9 million increase in income tax of the barge business, partially mitigated by a $0.2 million decrease in income tax expense of the cabotage business.

Net Income Attributable to the Noncontrolling Interest: Net income attributable to the noncontrolling interest decreased by $1.9 million to $5.7 million for the nine month period ended September 30, 2016, as compared to $7.6 million for the same period in 2015. This increase was attributable to lower net income of the logistics business for the nine month period ended September 30, 2016, as compared to net income the same period in 2015.

Liquidity and Capital Resources

Navios Holdings has historically financed its capital requirements with cash flows from operations, equity contributions from stockholders, issuance of debt and borrowings under bank credit facilities. Main uses of funds have been capital expenditures for the acquisition of new vessels, new construction and upgrades at the port terminals, expenditures incurred in connection with ensuring that the owned vessels comply with international and regulatory standards, repayments and/or prepayments of debt and payments of dividends. Navios Holdings may from time to time, subject to restrictions under its debt and equity instruments, including limitations on dividends and repurchases under its preferred stock, depending upon market conditions and financing needs, use funds to refinance or repurchase its debt and/or equity in privately negotiated or open market transactions, by tender offer or otherwise, in compliance with applicable laws, rules and regulations, at prices and on terms Navios Holdings deems appropriate and subject to Navios Holdings cash requirements for other purposes, compliance with the covenants under Navios Holdings' debt agreements and equity instruments, and other factors management deems relevant. Generally, Navios Holdings' sources of funds may be from cash from operations, long-term borrowings and other debt or equity financings, proceeds from asset sales and proceeds from sale of its stake in its investments. We cannot assure you that we will be able to secure adequate financing or obtain additional funds on favorable terms, to meet our liquidity needs as our ability to secure adequate financing and obtain additional funds is partially dependent on market and industry factors. See "Working Capital Position" and "Long-Term Debt Obligations and Credit Arrangements" for further discussion of Navios Holdings' working capital position.

The following table presents cash flow information derived from the unaudited condensed consolidated statements of cash flows of Navios Holdings for the nine month periods ended September 30, 2016 and 2015.

(in thousands of U.S. dollars)	Nine Month Period Ended September 30, 2016 (unaudited)	Nine Month Period Ended September 30, 2015 (unaudited)
Net cash provided by operating activities	$ 42,277	$ 22,378
Net cash used in investing activities	(129,409)	(27,624)
Net cash provided by/(used in) financing activities	82,275	(68,950)
Decrease in cash and cash equivalents	**(4,857)**	**(74,196)**
Cash and cash equivalents, beginning of year	163,412	247,556
Cash and cash equivalents, end of period	**$ 158,555**	**$ 173,360**

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

Net cash provided by operating activities increased by $19.9 million to $42.3 million for the nine month period ended September 30, 2016, as compared to $22.4 million for the nine month period ended September 30, 2015. In determining net cash provided by operating activities, net loss is adjusted for the effects of certain non-cash items as discussed below.

The aggregate adjustments to reconcile net loss to net cash provided by operating activities was a $88.8 million non-cash gain for the nine month period ended September 30, 2016, which consisted mainly of the following adjustments: $88.5 million of depreciation and amortization, $10.2 million of amortization of deferred drydock expenses, $4.1 million of amortization of deferred finance fees, $2.5 million relating to share-based compensation, $1.8 million movement in income taxes, $0.3 million realized holding loss on investment in available-for-sale securities, and $0.6 million provision for losses on accounts receivable. These adjustments were mitigated by a $16.0 million gain on bond extinguishment and by a $3.2 million movement in earnings in affiliates net of dividends received.

The net cash inflow resulting from the change in operating assets and liabilities of $9.1 million for the nine month period ended September 30, 2016 resulted from a $18.8 million increase in amounts due to affiliates, a $18.3 million increase in other long term liabilities and a $10.5 million increase in accounts payable. These were mitigated by a $12.1 million decrease in accrued expenses, $7.4 million in payments for drydock and special survey costs, a $4.7 million increase in inventories, a $5.9 million increase in prepaid expenses and other assets, a $2.9 million increase in restricted cash, a $2.9 million decrease in deferred income and a $2.5 million increase in accounts receivable.

The aggregate adjustments to reconcile net loss to net cash provided by operating activities was a $70.3 million non-cash gain for the nine month period ended September 30, 2015, which consisted mainly of the following adjustments: $76.0 million of depreciation and amortization, $9.5 million of amortization of deferred drydock and special survey costs, $3.3 million of amortization of deferred finance fees, $2.2 million relating to share-based compensation, $0.1 million provision for losses on accounts receivable and $1.8 million reclassification to earnings of available-for-sale securities for an other-than-temporary impairment. These adjustments were mitigated by a $0.9 million movement in income taxes and a $21.7 million movement in earnings in affiliates, net of dividends received.

The net cash inflow resulting from the change in operating assets and liabilities of $18.0 million for the nine month period ended September 30, 2015 resulted from a $16.3 million decrease in accounts receivable, a $24.4 million decrease in amounts due from affiliates, a $6.9 million increase in accounts payable and a $9.7 million decrease in inventories. These were mitigated by a $19.8 million payment for drydock and special survey costs, a $11.4 million decrease in accrued expenses, a $2.5 increase in prepaid expenses and other assets, a $2.1 million decrease in deferred income and a $3.5 million decrease in other long term liabilities.

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

Cash used in investing activities was $129.4 million for the nine month period ended September 30, 2016, as compared to $27.6 million for the same period in 2015.

Cash used in investing activities for the nine months ended September 30, 2016 was the result of (i) $60.1 million in payments relating to the acquisition of Navios Sphera and Navios Mars, delivered in January 2016; (ii) $65.3 million in payments for the expansion of the Navios Logistics' dry port terminal; (iii) $1.1 million in payments for the construction of the Navios Logistics' three new pushboats; (iv) a $4.3 million loan to Navios Europe II; and (v) $3.9 million of payments in other fixed assets mainly relating to amounts paid by Navios Logistics. These were mitigated by $5.3 million proceeds from the sale of available-for-sale securities.

Cash used in investing activities for the nine months ended September 30, 2015 was the result of (i) $16.2 million in payments for the acquisition of common units and general partner units following Navios Partners' offering in February 2015; (ii) $6.9 million in payments relating to deposits for the acquisition of Navios Sphera and Navios Mars, delivered in January 2016; (iii) a $6.6 million loan to Navios Europe II; (iv) $0.2 million of payments in other fixed assets; (v) $6.7 million investment in Navios Europe II; and (vi) $15.1 million of payments relating to Navios Logistics as follows: (a) $0.8 million in payments for the transportation and other acquisition costs of new dry barges, (b) $4.6 million in payments for the expansion of the dry port terminal, (c) $4.6 million in payments for the construction of the three new pushboats; and (d) $5.1 million in payments for improvements and purchase of other fixed assets. The above was partially offset by (i) $14.6 million in dividends received from Navios Acquisition; and (ii) $9.5 million loan repayment from Navios Acquisition.

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

Cash provided by financing activities was $82.3 million for the nine month period ended September 30, 2016, compared to $69.0 million used in for the same period of 2015.

Cash provided by financing activities for the nine months ended September 30, 2016 was the result of (i) $39.1 million of loan proceeds (net of $0.8 million finance fees) to finance the acquisition of Navios Sphera and Navios Mars; (ii) $28.9 million of proceeds from Navios Logistics' Notes Payable (as defined herein); (iii) $11.6 million decrease in restricted cash relating to loan repayments and security under certain credit facilities; and (iv) $48.4 million of loan proceeds from the Navios Acquisition credit facility (net of $1.6 million finance fees). This was partially offset by (i) $22.4 million of payments performed in connection with the Company's outstanding indebtedness; (ii) $15.7 million of payment for the repurchases of the 2019 Notes; (iii) $3.7 million of dividends paid to the Company's holders of Series G and Series H; (iv) $0.8 million in payments for the acquisition of treasury stock; (v) $2.5 million relating to payments for capital lease obligations; and (vi) $0.6 million of payments in connection with Navios Logistics' Notes Payable.

Cash used in financing activities for the nine months ended September 30, 2015 was the result of (i) $31.0 million of payments performed in connection with the Company's outstanding indebtedness, of which $24.1 million related to installments for the year 2015 and the remaining $6.9 million to installments for the year 2016; (ii) $6.8 million for the payment of the balance of the purchase price for two companies acquired by Navios Logistics in 2014 (both acquisitions of intangible assets), (iii) $1.0 million relating to payments for capital lease obligations; and (iv) $31.4 million of dividends paid to the Company's stockholders. This was partially offset by a $1.2 million movement in restricted cash relating to loan repayments.

Adjusted EBITDA: Adjusted EBITDA represents net (loss)/income attributable to Navios Holdings' common stockholders before interest and finance costs, before depreciation and amortization, income taxes and stock-based compensation. We use Adjusted EBITDA as liquidity measure and reconcile Adjusted EBITDA to net cash provided by operating activities, the most comparable U.S. GAAP liquidity measure. Adjusted EBITDA is calculated as follows: net cash provided by 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) deferred finance charges and gains/(losses) on bond and debt extinguishment, (v) provision for losses on accounts receivable, (vi) equity in affiliates, net of dividends received, (vii) payments for drydock and special survey costs, (viii) noncontrolling interest, and (ix) loss on sale and reclassification to earnings of available–for-sale securities and impairment charges. Navios Holdings believes that Adjusted EBITDA is a basis upon which liquidity can be assessed and represents useful information to investors regarding Navios Holdings' ability to service and/or incur indebtedness, pay capital expenditures, meet working capital requirements and pay dividends. Navios Holdings also believes that Adjusted EBITDA is used (i) by prospective and current lessors as well as 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.

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

Adjusted EBITDA Reconciliation to Cash from Operations

	Three Months Ended	
(in thousands of U.S. dollars)	**September 30, 2016 (unaudited)**	**September 30, 2015 (unaudited)**
Net cash provided by operating activities	$ 2,140	$ 20,639
Net increase in operating assets	8,247	30,837
Net (increase) in operating liabilities	(3,381)	(45,771)
Net interest cost	26,809	27,534
Deferred finance charges	(1,359)	(1,135)
Provision for losses on accounts receivable	(453)	(95)
Equity in affiliates, net of dividends received	(4,857)	7,512
Payments for drydock and special survey costs	4,303	3,867
Noncontrolling interest	(1,016)	(3,850)
Loss on sale and reclassification to earnings of available for sale securities	—	(1,783)
Gain on bond extinguishment	15,956	—
Adjusted EBITDA	**$ 46,389**	**$ 37,755**

(in thousands of U.S. dollars)	Nine Months Ended September 30, 2016 (unaudited)	Nine Months Ended September 30, 2015 (unaudited)
Net cash provided by operating activities	$ 42,277	$ 22,378
Net decrease/ (increase) in operating assets	20,023	(28,671)
Net (increase) in operating liabilities	(36,537)	(9,142)
Net interest cost	81,257	83,410
Deferred finance charges	(4,054)	(3,290)
Provision for losses on accounts receivable	(602)	(104)
Equity in affiliates, net of dividends received	3,248	21,674
Payments for drydock and special survey costs	7,375	19,783
Noncontrolling interest	(5,731)	(7,554)
Loss on sale and reclassification to earnings of available for sale securities	(345)	(1,783)
Gain on bond extinguishment	15,956	—
Adjusted EBITDA	**$ 122,867**	**$ 96,701**

Adjusted EBITDA for the three months ended September 30, 2016 increased by $8.6 million to $46.4 million as compared to $37.8 million for the same period of 2015. The $8.6 million increase in Adjusted EBITDA was primarily due to (i) a $21.6 million decrease in time charter, voyage and logistics business expenses; (ii) a 16.0 million gain on bond extinguishment; (iii) a $2.9 million decrease in net income attributable to noncontrolling interest; (iv) a $2.7 million decrease in other expense, net; (v) a $0.5 million decrease in direct vessel expenses (excluding the amortization of deferred drydock and special survey costs); and (vi) a $0.3 million decrease in general and administrative expenses (excluding share-based compensation expenses). This overall increase of $44.0 million was partially mitigated by (i) a $17.9 million decrease in revenue; and (ii) a $17.5 million decrease in equity in net earnings from affiliated companies.

Adjusted EBITDA for the nine month period ended September 30, 2016 increased by $26.2 million to $122.9 million as compared to $96.7 million for the same period of 2015. The $26.2 million increase in Adjusted EBITDA was primarily due to (i) a $66.9 million decrease in time charter, voyage and logistics business expenses; (ii) a $17.3 million increase in other income, net; (iii) a $16.0 million gain on bond extinguishment, (iv) a $3.0 million decrease in general and administrative expenses (excluding share-based compensation expenses); (v) a $3.0 million decrease in direct vessel expenses (excluding the amortization of deferred drydock and special survey costs); and (vi) a $1.9 million decrease in net income attributable to the noncontrolling interest. This overall increase of $108.1 million was partially mitigated by (i) a $48.8 million decrease in revenue; and (ii) a $33.1 million decrease in equity in net earnings from affiliated companies.

Long-Term Debt Obligations and Credit Arrangements

Secured Credit Facilities

As of September 30, 2016, the Company had secured credit facilities with various banks with a total outstanding balance of $250.6 million. The purpose of the facilities was to finance the construction or acquisition of vessels or refinance existing indebtedness. All of the facilities are denominated in U.S. Dollars and bear interest based on LIBOR plus spread ranging from 2.25% to 3.60% per annum. The facilities are repayable in either semi-annual or quarterly installments, followed by balloon payments with maturities, ranging from September 2018 to November 2022. See also the maturity table included below.

The facilities are secured by first priority mortgages on certain of Navios Holdings' vessels and other collateral.

The credit facilities contain a number of restrictive covenants that limit Navios Holdings and/or certain of its subsidiaries from, among other things: incurring or guaranteeing indebtedness; entering into affiliate transactions; charging, pledging or encumbering the vessels securing such facilities; changing the flag, class, management or ownership of certain Navios Holdings' vessels; changing the commercial and technical management of certain Navios Holdings' vessels; selling or changing the ownership of certain Navios Holdings' vessels; and subordinating the obligations under the credit facilities to any general and administrative costs relating to the vessels. The credit facilities also require the vessels to comply with the ISM Code and ISPS Code and to maintain valid safety management certificates and documents of compliance at all times. Additionally, the credit facilities require compliance with the covenants contained in the indentures governing the 2019 Notes and the 2022 Notes (as defined below). Among other events, it will be an event of default under the credit facilities if the financial covenants are not complied with or if Angeliki Frangou and her affiliates, together, own less than 20% of the outstanding share capital of Navios Holdings.

The majority of the Company's senior secured credit facilities require compliance with maintenance covenants, including (i) value-to-loan ratio covenants, based on either charter-adjusted valuations, or charter-free valuations, ranging from over 115% to 130%, (ii) minimum liquidity up to a maximum of $40.0 million, and (iii) net total debt divided by total assets, as defined in each senior secured credit facility, ranging from a maximum of 75% to 80%. Certain covenants in our senior secured credit facilities have been waived for a specific period of time ranging from a minimum of one quarter to a maximum of four quarters (from the current balance sheet date) and/or amended to include (i) value-to-loan ratio covenants, based on either charter-adjusted valuations, or charter-free valuations, ranging from over 90% to 130%, and (ii) net total debt divided by total assets, as defined in each senior secured credit facility, ranging from a maximum of 80% to 90%.

As of September 30, 2016, the Company was in compliance with all of the covenants under each of its credit facilities.

Senior Notes

On January 28, 2011, the Company and its wholly owned subsidiary, Navios Maritime Finance II (US) Inc. (together with the Company, the "2019 Co-Issuers") completed the sale of $350.0 million of 8.125% Senior Notes due 2019 (the "2019 Notes"). During July and August 2016, the Company repurchased $32.0 million of its 2019 Notes for a cash consideration of $15.7 million resulting in a gain on bond extinguishment of $16.0 million, net of deferred fees written-off.

The 2019 Notes are fully and unconditionally guaranteed, jointly and severally and on an unsecured senior basis, by all of the Company's subsidiaries, other than Navios Maritime Finance II (US) Inc., Navios Maritime Finance (US) Inc., Navios Logistics and its subsidiaries and Navios GP L.L.C. The subsidiary guarantees are "full and unconditional", except that the indenture provides for an individual subsidiary's guarantee to be automatically released in certain customary circumstances, such as when a subsidiary is sold or all of the assets of the subsidiary are sold, the capital stock is sold, when the subsidiary is designated as an "unrestricted subsidiary" for purposes of the indenture, upon liquidation or dissolution of the subsidiary or upon legal or covenant defeasance or satisfaction and discharge of the 2019 Notes. The 2019 Co-Issuers have the option to redeem the 2019 Notes in whole or in part, at a fixed price of 104.063% of the principal amount, which price declines ratably until it reaches par in 2017, plus accrued and unpaid interest, if any. In addition, upon the occurrence of certain change of control events, the holders of the 2019 Notes will have the right to require the 2019 Co-Issuers to repurchase some or all of the 2019 Notes at 101% of their face amount, plus accrued and unpaid interest to the repurchase date.

The 2019 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 2019 Co-Issuers' properties and assets and creation or designation of restricted subsidiaries. The 2019 Co-Issuers were in compliance with the covenants as of September 30, 2016.

Ship Mortgage Notes

In November 2009, the Company and its wholly-owned subsidiary, Navios Maritime Finance (US) Inc. (together, the "Mortgage Notes Co-Issuers") issued $400.0 million of first priority ship mortgage notes due on November 1, 2017 at a fixed rate of 8.875% (the "2017 Notes"). In July 2012, the Mortgage Notes Co-Issuers issued an additional $88.0 million of the 2017 Notes at par value. On November 29, 2013, Navios Holdings completed the sale of $650.0 million of its 7.375% First Priority Ship Mortgage Notes due 2022 (the "2022 Notes"). The net proceeds of the offering of the 2022 Notes have been used: (i) to repay in full the 2017 Notes; and (ii) to repay in full indebtedness of $123.3 million relating to six vessels added as collateral under the 2022 Notes. The remainder has been used for general corporate purposes.

The 2022 Notes are senior obligations of Navios Holdings and Navios Maritime Finance II (US) Inc. (the "2022 Co- Issuers") and are secured by first priority ship mortgages on 23 dry bulk vessels owned by certain subsidiary guarantors and certain other associated property and contract rights. The 2022 Notes are unregistered and fully and unconditionally guaranteed, jointly and severally by all of the Company's direct and indirect subsidiaries that guarantee the 2019 Notes and Navios Maritime Finance II (US) Inc. The guarantees of the Company's subsidiaries that own mortgage vessels are senior secured guarantees and the guarantees of the Company's subsidiaries that do not own mortgage vessels are senior unsecured guarantees. In addition, the 2022 Co-Issuers have the option to redeem the 2022 Notes in whole or in part, at any time (i) before January 15, 2017, at a redemption price equal to 100% of the principal amount plus a make whole price which is based on a formula calculated using a discount rate of treasury bonds plus 50 basis points, and (ii) on or after January 15, 2017, at a fixed price of 105.531%, which price declines ratably until it reaches par in 2020.

Furthermore, upon occurrence of certain change of control events, the holders of the 2022 Notes may require the 2022 Co-Issuers to repurchase some or all of the notes at 101% of their face amount. The 2022 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 into certain transactions with affiliates, merging or consolidating or selling all or substantially all of the 2022 Co-Issuers' properties and assets and creation or designation of restricted subsidiaries. The 2022 Co-Issuers were in compliance with the covenants as of September 30, 2016.

2022 Logistics Senior Notes

On April 22, 2014, Navios Logistics and its wholly owned subsidiary Navios Logistics Finance (US) Inc. ("Logistics Finance" and together with Navios Logistics, the "Logistics Co-Issuers") issued $375.0 million in aggregate principal amount of senior notes due on May 1, 2022 (the "2022 Logistics Senior Notes"), at a fixed rate of 7.25%. The net proceeds from the sale of the 2022 Logistics Senior Notes were partially used to redeem any and all of Navios Logistics then-outstanding 9.25% Senior Notes due 2019 and pay related transaction fees and expenses. The 2022 Logistics Senior Notes are unregistered and are fully and unconditionally guaranteed, jointly and severally, by all of Navios Logistics' direct and indirect subsidiaries except for Horamar do Brasil Navegação Ltda ("Horamar do Brasil"), Naviera Alto Parana S.A. ("Naviera Alto Parana"), and Terra Norte Group S.A. ("Terra Norte"), which do not guarantee the 2022 Logistics Senior Notes pursuant to certain exceptions under the indenture, and Logistics Finance, which is the co-issuer of the 2022 Logistics Senior Notes. The subsidiary guarantees are "full and unconditional," except that the indenture provides for an individual subsidiary's guarantee to be automatically released in certain customary circumstances, such as in connection with a sale or other disposition of all or substantially all of the assets of the subsidiary, in connection with the sale of a majority of the capital stock of the subsidiary, if the subsidiary is designated as an "unrestricted subsidiary" in accordance with the indenture, upon liquidation or dissolution of the subsidiary or upon legal or covenant defeasance or satisfaction and discharge of the 2022 Logistics Senior Notes.

The Logistics Co-Issuers have the option to redeem the 2022 Logistics Senior Notes in whole or in part, at their option, at any time (i) before May 1, 2017, at a redemption price equal to 100% of the principal amount plus the applicable make-whole premium plus accrued and unpaid interest, if any, to the redemption date and (ii) on or after May 1, 2017, at a fixed price of 105.438%, which price declines ratably until it reaches par in 2020. At any time before May 1, 2017, the Logistics Co-Issuers may redeem up to 35% of the aggregate principal amount of the 2022 Logistics Senior Notes with the net proceeds of an equity offering at 107.250% of the principal amount of the 2022 Logistics Senior Notes, plus accrued and unpaid interest, if any, to the redemption date so long as at least 65% of the originally issued aggregate principal amount of the 2022 Logistics Senior Notes remains outstanding after such redemption. In addition, upon the occurrence of certain change of control events, the holders of the 2022 Logistics Senior Notes will have the right to require the Logistics Co-Issuers to repurchase some or all of the 2022 Logistics Senior Notes at 101% of their face amount, plus accrued and unpaid interest to the repurchase date.

The indenture governing the 2022 Logistics Senior Notes contains covenants which, among other things, limit the incurrence of additional indebtedness, issuance of certain preferred stock, the payment of dividends in excess of 6% per annum of the net proceeds received by or contributed to Navios Logistics in or from any public offering, redemption or repurchase of capital stock or making restricted payments and investments, creation of certain liens, transfer or sale of assets, entering into transactions with affiliates, merging or consolidating or selling all or substantially all of Navios Logistics' properties and assets and creation or designation of restricted subsidiaries.

The indenture governing the 2022 Logistics Senior Notes include customary events of default, including failure to pay principal and interest on the 2022 Logistics Senior Notes, a failure to comply with covenants, a failure by Navios Logistics or any significant subsidiary or any group of restricted subsidiaries that, taken together, would constitute a significant subsidiary to pay material judgments or indebtedness and bankruptcy and insolvency events with respect to us or any significant subsidiary or any group of restricted subsidiaries that, taken together, would constitute a significant subsidiary.

As of September 30, 2016, all subsidiaries, including Logistics Finance, Horamar do Brasil, Naviera Alto Parana and Terra Norte are 100% owned. Logistics Finance, Horamar do Brasil, and Terra Norte do not have any independent assets or operations.

In addition, there are no significant restrictions on (i) the ability of the parent company, any issuer (or co-issuer) or any guarantor subsidiaries of the 2022 Logistics Senior Notes to obtain funds by dividend or loan from any of their subsidiaries or (ii) the ability of any subsidiaries to transfer funds to the issuer (or co-issuer) or any guarantor subsidiaries.

The Logistics Co-Issuers were in compliance with the covenants as of September 30, 2016.

Navios Logistics Notes Payable

In connection with the purchase of mechanical equipment for the expansion of its dry port terminal, Corporacion Navios S.A. ("CNSA") entered into an unsecured export financing line of credit for a total amount of $42.0 million, including all related fixed financing costs, available in multiple drawings upon the completion of certain milestones ("Drawdown Events"). CNSA incurs the obligation for the respective amount drawn by signing promissory notes ("Notes Payable"). Each drawdown is repayable in 16 consecutive semi-annual installments, starting six months after the completion of each Drawdown Event. Together with each Note Payable, CNSA shall pay interest equal to six-month LIBOR. The unsecured export financing line is fully and unconditionally guaranteed by Navios Logistics. As of September 30, 2016, the remaining available amount was $8.3 million.

During the nine month period ended September 30, 2016, the Company, in relation to its secured credit facilities, paid $22.4 million, relating to installments for the year 2016.

In January 2016, the Company entered into a facility agreement with DVB Bank SE, to finance the acquisition of Navios Mars and Navios Sphera. As of September 30, 2016, the total amount drawn under the facility was $39.9 million.

On September 19, 2016, Navios Holdings entered into a $70.0 million secured credit facility with Navios Acquisition. Please refer to "Related Party Transactions".

The annualized weighted average interest rates of the Company's total borrowings were 6.93% and 6.98% for the three month periods ended September 30, 2016 and 2015, respectively, and 7.01% and 6.99% for the nine month periods ended September 30, 2016 and 2015, respectively.

The maturity table below reflects the principal payments for the next five years and thereafter of all borrowings of Navios Holdings (including Navios Logistics) outstanding as of September 30, 2016, based on the repayment schedules of the respective loan facilities (as described above) and the outstanding amount due under the debt securities.

Payment due by period	
September 30, 2017	$ 25.8
September 30, 2018	51.8
September 30, 2019	410.3
September 30, 2020	58.8
September 30, 2021	27.2
September 30, 2022 and thereafter	1,098.9
Total	**$1,672.8**

Contractual Obligations:

	September 30, 2016 Payment due by period (Amounts in millions of U.S. dollars)				
	Total	**Less than 1 year**	**1-3 years**	**3-5 years**	**More than 5 years**
Long-term Debt(1)	$1,672.8	$ 25.8	$ 462.1	$ 86.0	$ 1,098.9
Operating Lease Obligations (Time Charters) for vessels in operation (2)	520.7	100.5	183.8	134.8	101.6
Operating Lease Obligations (Time Charters) for vessels to be delivered	76.9	6.6	19.8	19.7	30.8
Operating Lease Obligations (Barges)	0.1	0.1	—	—	—
Capital Lease Obligations	18.1	3.0	3.6	11.5	—
Navios Logistics contractual payments(3)	37.5	37.5	—	—	—
Rent Obligations(4)	9.6	5.1	3.6	0.9	—
Total	**$2,335.7**	**$ 178.6**	**$ 672.9**	**$ 252.9**	**$ 1,231.3**

(1) The amount identified does not include interest costs associated with the outstanding credit facilities, which are based on LIBOR rates, plus the costs of complying with any applicable regulatory requirements and a margin ranging from 2.25% to 3.60% per annum. The amount does not include interest costs for the 2019 Notes, the 2022 Notes, the 2022 Logistics Senior Notes and the secured credit facility with Navios Acquisition. The expected interest payments are; $109.2 million (less than 1 year), $198.7 million (1-3 years), $158.5 million (3-5 years) and $43.2 million (more than 5 years). Expected interest payments are based on outstanding principal amounts, currently applicable effective interest rates and margins as of September 30, 2016, timing of scheduled payments and the term of the debt obligations.

(2) Approximately 42% of the time charter payments included above are estimated to relate to operational costs for these vessels.

(3) Navios Logistics' future contractual payments for the acquisition of three new pushboats and for work related to the expansion of Navios Logistics' dry port facility, which is expected to be financed through committed, undrawn export financing of up to $8.3 million (including all related costs). The amount in the table excludes $5.4 million already included in accounts payable in the accompanying unaudited condensed consolidated balance sheets.

(4) Navios Corporation also leases approximately 16,703 square feet of space in New York pursuant to a lease that expires in 2019. Navios Shipmanagement Inc. and Navios Corporation lease approximately 3,882 square meters of space in Piraeus, Greece, pursuant to lease agreements that expire in 2017 and 2019. Navios Shipmanagement Inc. also leases office space in Monaco pursuant to a lease that expires in June 2018. Kleimar N.V. leases approximately 632 square meters for its offices, in Antwerp, Belgium, pursuant to a lease that expires in 2019. Navios Tankers Management Inc. leases approximately for 254 square meters in Piraeus, Greece pursuant to a lease that expires in 2019. The table above incorporates the lease obligations of the offices of Navios Holdings, indicated in this footnote, and of Navios Logistics. See also Item 4.B. "Business Overview – Facilities" in our Annual Report on Form 20-F for the year ended December 31, 2015, filed with the SEC.

Navios Holdings, Navios Acquisition and Navios Partners will make available to Navios Europe I (in each case, in proportion to their ownership interests in Navios Europe I) revolving loans of up to $24.1 million to fund working capital requirements (collectively, the "Navios Revolving Loans I"). As of September 30, 2016, Navios Holding's portion of the undrawn amount relating to the Navios Revolving Loans I was $4.3 million.

Navios Holdings, Navios Acquisition and Navios Partners will make available to Navios Europe II (in each case, in proportion to their ownership interests in Navios Europe II) revolving loans of up to $38.5 million to fund working capital requirements (collectively, the "Navios Revolving Loans II"). As of September 30, 2016, Navios Holding's portion of the undrawn amount relating to the Navios Revolving Loans II was $6.7 million.

Working Capital Position

On September 30, 2016, Navios Holdings' current assets totaled $296.2 million, while current liabilities totaled $252.1 million, resulting in a positive working capital position of $44.1 million. Navios Holdings anticipates that cash on hand, borrowings and internally generated cash flows will be sufficient to fund the operations of the dry bulk vessel operations and the logistics business, including its present working capital requirements and payments of principal and interest relating to its indebtedness for the next 12 months through September 30, 2017.

Capital Expenditures

On January 12, 2016, Navios Holdings took delivery of the Navios Sphera, a 2016-Japanese built 84,872 dwt Panamax vessel, and the Navios Mars, a 2016-Japanese built 181,259 dwt Capesize vessel, for a total acquisition cost of $89.8 million, of which $49.9 million was paid in cash and $39.9 million was financed through a loan.

On June 30, 2015, Navios Logistics entered into an agreement for the restructuring of its capital leases for the Ferni H and the San San H, by extending their duration until January 2020 and April 2020, respectively, and amending the purchase price obligation to $5.3 million and $5.2 million, respectively, payable at the end of the extended period. As of September 30, 2016, the obligations for these vessels were accounted for as capital leases and the lease payments during the nine month period ended September 30, 2016 were $2.5 million.

On February 11, 2014, Navios Logistics entered into an agreement, as amended on June 3, 2016, for the construction of three new pushboats with a purchase price of $7.3 million for each pushboat. As of September 30, 2016, the Company had paid $15.8 million for the construction of the new pushboats which are expected to be delivered in the first quarter of 2017.

As of September 30, 2016, Navios Logistics had paid $117.6 million relating to the expansion of its dry port terminal in Uruguay, which included deposits for vessels, port terminals and other fixed assets and port terminal operating rights. In total, including the contractual obligations as of September 30, 2016, Navios Logistics had paid or incurred $144.2 million relating to the expansion of its dry port terminal in Uruguay.

Dividend Policy

In November 2015, due to the prolonged weakness in the dry bulk industry, Navios Holdings announced that the Board of Directors decided to suspend the quarterly dividend to its common stockholders in order to conserve cash and improve its liquidity. In February 2016, in furtherance of its efforts to reduce its cash requirements, Navios Holdings announced the suspension of payment of quarterly dividends on its preferred stock, including the Series G and Series H, until market conditions improve. The Board of Directors and Navios Holdings' management believe such a decision is in the best long-term interests of the Company and its stakeholders. The Board of Directors will reassess the Company's distribution policy as the environment changes. The reinstatement, declaration and payment of any further dividend remains subject to the discretion of the Board of Directors and will depend on, among other things, market conditions, Navios Holdings' cash requirements after taking into account market opportunities, restrictions under its equity instruments, credit agreements, indentures and other debt obligations and such other factors as the Board of Directors may deem advisable.

Concentration of Credit Risk

Accounts receivable

Concentration of credit risk with respect to accounts receivable is limited due to the fact that Navios Holdings' customers are internationally dispersed and have a variety of end markets in which they sell, therefore, management believes that no additional credit risk beyond amounts provided for collection losses is inherent in Navios Holdings' trade receivables. For the nine month periods ended September 30, 2016 and 2015, two customers accounted for more than 10% of the Company's revenue.

If one or more of our customers does not perform under one or more contracts with us and we are not able to find a replacement contract, or if a customer exercises certain rights to terminate the contract, we could suffer a loss of revenues that could materially adversely affect our business, financial condition and results of operations.

We could lose a customer or the benefits of a contract if, among other things:

- the customer fails to make payments because of its financial inability, the curtailment or cessation of its operations, its disagreements with us or otherwise;
- the customer terminates the contract because we fail to meet their contracted storage needs;
- the customer terminates the contract 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 off-hire, default under the contract; or
- the customer terminates the contract because the vessel has been subject to seizure for more than a specified number of days.

On March 30, 2016, Navios Logistics received written notice from Vale International S.A. ("Vale International") stating that Vale International will not be performing the service contract entered between CNSA and Vale International on September 27, 2013 relating to the iron ore port facility currently under construction in Nueva Palmira, Uruguay. Navios Logistics believes that Vale International's position is without merit and initiated arbitration proceedings in London on June 10, 2016 pursuant to the dispute resolution provisions of the service contract. No assurances can be provided that Navios Logistics will prevail in the arbitration or that Vale International will finally perform the contract. If Vale International fails to perform, there may be a significant impact on Navios Logistics' future business. While the arbitration proceedings are confidential, Navios Logistics will seek to provide periodic updates.

On August 31, 2016, Hanjin Shipping Corporation Ltd. ("Hanjin") filed for rehabilitation. Navios Holdings had one Capesize vessel chartered to Hanjin at a net rate of $29,356 per day until December 2020. In September, the vessel was redelivered to Navios Holdings' commercial management and was rechartered to a third party. Navios Holdings is closely monitoring the developments related to the rehabilitation and is proceeding with progressing claims for lost revenues.

Cash deposits with financial institutions

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

Effects of Inflation

Navios Holdings does not consider inflation to be a significant risk to the cost of doing business in the foreseeable future. Inflation has a moderate impact on operating expenses, drydocking expenses and corporate overhead.

Off-Balance Sheet Arrangements

Charter hire payments to third parties for chartered-in vessels are treated as operating leases for accounting purposes. Navios Holdings is also committed to making rental payments under operating leases for its office premises. Future minimum rental payments under Navios Holdings' non-cancelable operating leases are included in the contractual obligations schedule above. As of September 30, 2016, Navios Holdings was contingently liable for letters of guarantee and letters of credit amounting to $0.6 million issued by various banks in favor of various organizations and the total amount was collateralized by cash deposits, which are included as a component of restricted cash.

In addition, 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 can be reasonably estimated, based upon facts known on the date the financial statements were prepared. Although the Company cannot predict with certainty the ultimate resolutions of these matters, in the opinion of management, the ultimate disposition of these matters is not expected to have a material adverse effect on the Company's financial position, results of operations or liquidity.

On October 7, 2016, a putative class action complaint was filed against the Company and six of its directors in the United States District Court for the Southern District of New York by a purported holder of the Series G and Series H ADSs. The complaint asserted claims for breach of fiduciary duty and contract arising from the exchange offer and consent solicitation (the "Exchange Offer") the Company launched in September 2016. Following the expiration of the Exchange Offer, on November 28, 2016, the plaintiff informed the Court that his claims are now moot and that he expects the lawsuit to be dismissed without prejudice. The remaining issue in the litigation is the plaintiff's anticipated application to the Court for an award of attorney's fees, which request the defendants intend to vigorously contest.

Navios Logistics issued a guarantee and indemnity letter that guarantees the performance by Petrolera San Antonio S.A. of all its obligations to Vitol S.A. up to $12.0 million. This guarantee expires on March 1, 2017.

Navios Logistics currently has a dispute with Vale regarding the termination date of a COA, contract which is under arbitration proceedings in New York. Navios Logistics has received full security for its claim to date. Navios Logistics issued a letter of credit amounting to $2.9 million and the total amount was collateralized by a cash deposit, which was presented as restricted cash.

See also above, under "Concentration of Credit Risk", for an update relating to Vale International and Navios Logistics' iron ore port facility currently under construction, in Nueva Palmira, Uruguay.

Related Party Transactions

Office rent: The Company has entered into lease agreements with Goldland Ktimatiki-Ikodomiki-Touristiki Xenodohiaki Anonimos Eteria and Emerald Ktimatiki-Ikodomiki Touristiki Xenodohiaki Anonimos Eteria, both of which are Greek corporations that are currently majority-owned by Angeliki Frangou, Navios Holdings' Chairman and Chief Executive Officer. The lease agreements provide for the leasing of facilities located in Piraeus, Greece to house the operations of most of the Company's subsidiaries. The total annual lease payments are in the aggregate €0.9 million (approximately $1.1 million) and the lease agreements expire in 2017 and 2019. These payments are subject to annual adjustments, which are based on the inflation rate prevailing in Greece as reported by the Greek State at the end of each year.

Purchase of services: The Company utilizes its affiliate company, Acropolis, as a broker. Commissions charged from Acropolis for the three month periods ended September 30, 2016 and 2015 were $0 and $0, respectively, and for the nine month periods ended September 30, 2016 and 2015 were $0 and less than $0.1 million, respectively. Included in the trade accounts payable at both September 30, 2016 and December 31, 2015 were amounts due to Acropolis of $0.1 million, respectively.

Vessels charter hire: Beginning in 2012, Navios Holdings entered into charter-in contracts for certain of Navios Partners' vessels, all of which have been redelivered by April 2016.

In February 2012, the Company chartered-in from Navios Partners the Navios Apollon, a 2000-built Ultra-Handymax vessel. The term of this charter was approximately two years at a net daily rate of $12,500 for the first year and $13,500 for the second year, plus 50/50 profit sharing based on actual earnings. In January 2014, the Company extended this charter for approximately six months at a net daily rate of $13,500 plus 50/50 profit sharing based on actual earnings and in October 2014, the Company further extended this charter for approximately one year at a net daily rate of $12,500 plus 50/50 profit sharing based on actual earnings. In April 2015, this charter was further extended for approximately one year at a net daily rate of $12,500 plus 50/50 profit sharing based on actual earnings at the end of the period. Any adjustment by the charterers for hire expense/loss will be settled accordingly at the end of the charter period. In April 2016, the Company redelivered Navios Apollon to Navios Partners.

In May 2012, the Company chartered-in from Navios Partners the Navios Prosperity, a 2007-built Panamax vessel. The term of this charter was approximately one year with two six-month extension options granted to the Company, at a net daily rate of $12,000 plus profit sharing. In April 2014, the Company extended this charter for approximately one year and the owners received 100% of the first $1,500 in profits above the base rate, and thereafter all profits were split 50/50 to each party. Effective from March 5, 2015, Navios Holdings and Navios Partners entered into a novation agreement with the respective owners of Navios Prosperity whereby the rights to the time charter contracts of the Navios Prosperity were transferred to Navios Holdings. On July 2, 2015, Navios Prosperity was redelivered to headowners.

In September 2012, the Company chartered-in from Navios Partners the Navios Libra II, a 1995-built Panamax vessel. The term of this charter was approximately three years at a net daily rate of $12,000 plus 50/50 profit sharing based on actual earnings. In April 2015, this charter was further extended for approximately one year at a net daily rate of $12,000 plus 50/50 profit sharing based on actual earnings, at the end of the period. Any adjustment by the charterers for hire expense/loss will be settled accordingly at the end of the charter period. In April 2016, the Company redelivered Navios Libra II to Navios Partners.

In May 2013, the Company chartered-in from Navios Partners the Navios Felicity, a 1997-built Panamax vessel. The term of this charter was approximately one year, at a net daily rate of $12,000 plus profit sharing, with two six-month extension options granted to the Company. The owners received 100% of the first $1,500 in profits above the base rate, and thereafter all profits were split 50/50 to each party. In February 2014, the Company exercised its first option to extend this charter, and in August 2014, the Company exercised its second option. In April 2015, this charter was further extended for approximately one year at a net daily rate of $12,000 plus 50/50 profit sharing based on actual earnings, at the end of the period. Any adjustment by the charterers for hire expense/loss will be settled accordingly at the end of the charter period. In April 2016, the Company redelivered Navios Felicity to Navios Partners.

In May 2013, the Company chartered-in from Navios Partners the Navios Aldebaran, a 2008-built Panamax vessel, for six months, at a net daily rate of $11,000 plus profit sharing, with a six-month extension option. In December 2013, the Company exercised its option to extend this charter. The owners received 100% of the first $2,500 in profits above the base rate, and thereafter all profits were split 50/50 to each party. In July 2014, the Company further extended this charter for approximately six to nine months. Effective from February 28, 2015, Navios Holdings and Navios Partners entered into a novation agreement with the respective owners of Navios Aldebaran whereby the rights to the time charter contracts of the Navios Aldebaran were transferred to Navios Holdings.

In July 2013, the Company chartered-in from Navios Partners the Navios Hope, a 2005-built Panamax vessel. The term of this charter was approximately one year at a net daily rate of $10,000. In December 2013, the Company extended this charter for approximately six months and in January 2015, the Company extended this charter for approximately one year at a net daily rate of $10,000 plus 50/50 profit sharing based on actual earnings. Any adjustment by the Company for hire expense/loss will be settled accordingly at the end of the charter period. In December 2015, the Company redelivered Navios Hope to Navios Partners.

In February 2015, the Company chartered-in from Navios Partners the Navios Pollux, a 2009-built Capesize vessel. The term of this charter was approximately twelve months at a daily rate of $11,400 net per day plus 50/50 profit sharing based on actual earnings. Any adjustment by the Company for hire expense/loss will be settled accordingly at the end of the charter period. In February 2016, the Company redelivered Navios Pollux to Navios Partners.

In March 2015, the Company chartered-in from Navios Partners the Navios Gemini, a 1994-built Panamax vessel. The term of this charter was approximately nine months at a net daily rate of $7,600 plus 50/50 profit sharing based on actual earnings. Any adjustment by the Company for hire expense/loss will be settled accordingly at the end of the charter period. In January 2016, the Company redelivered Navios Gemini to Navios Partners.

In April 2015, the Company chartered-in from Navios Partners the Navios Fantastiks, a 2005-built Capesize vessel. The terms of this charters is approximately ten months at a net daily rate of $12,500 plus 50/50 profit sharing on actual earnings. Any adjustment by the Company for hire expense/loss will be settled accordingly at the end of the charter period. In April 2016, the Company redelivered Navios Fantastiks to Navios Partners.

In April 2015, the Company chartered-in from Navios Partners the Navios Sun, the Navios Orbiter, the Navios Soleil, the Navios Alegria, the Navios Harmony and the Navios Hyperion. The terms of these charters are at a net daily rate of $12,000 plus 50/50 profit sharing on actual earnings. Any adjustment by the Company for hire expense/loss will be settled accordingly at the end of the charter period. In December 2015, in January 2016 and in April 2016, the Company redelivered all these vessels to Navios Partners.

Total charter hire income/(expense) for all vessels for the three month periods ended September 30, 2016 and 2015 were $0 and $(13.8) million, respectively, and for the nine month periods ended September 30, 2016 and 2015 were $(1.2) million and $(28.7) million, respectively, and were included in the statement of comprehensive (loss)/income under “Time charter, voyage and logistics business expenses”.

Management fees: Navios Holdings provides commercial and technical management services to Navios Partners' vessels for a daily fixed fee. This daily fee covered all of the vessels' operating expenses, including the cost of drydock and special surveys. In each of October 2013, August 2014 and February 2015, the Company amended its existing management agreement with Navios Partners to fix the fees for ship management services of its owned fleet at: (i) $4,000 daily rate per Ultra-Handymax vessel; (ii) $4,100 daily rate per Panamax vessel; (iii) $5,100 daily rate per Capesize vessel; (iv) $6,500 daily rate per container vessel of Twenty-Foot Equivalent Vessel ("TEU") 6,800; (v) $7,200 daily rate per container vessel of more than TEU 8,000; and (vi) $8,500 daily rate per very large container vessel of more than TEU 13,000 through December 31, 2015. In February 2016, the Company further amended its existing management agreement to fix the fees for ship management services of its owned fleet at: (i) $4,100 daily rate per Ultra-Handymax vessel; (ii) $4,200 daily rate per Panamax vessel; (iii) $5,250 daily rate per Capesize vessel; (iv) $6,700 daily rate per container vessel of TEU 6,800; (v) $7,400 daily rate per container vessel of more than TEU 8,000; and (vi) $8,750 daily rate per very large container vessel of more than TEU 13,000 through December 31, 2017. Drydocking expenses under this agreement will be reimbursed by Navios Partners at cost at occurrence. Total management fees for the three month periods ended September 30, 2016 and 2015 amounted to $14.9 million and $14.5 million, respectively, and for the nine month periods ended September 30, 2016 and 2015 amounted to $44.3 million and $42.0 million , respectively, and are presented net under the caption "Direct vessel expenses".

Effective August 31, 2016, Navios Partners could, upon request to Navios Holdings, partially or fully defer the reimbursement of dry docking and other extraordinary fees and expenses under the management agreement to a later date, but not later than January 5, 2018, and if reimbursed on a later date, such amounts would bear interest at a rate of 1% per annum over LIBOR. Total amounts due from Navios Partners as of September 30, 2016 amounted to $11.0 million (December 31, 2015: $0) and is presented under the caption "Long-term receivable from affiliate company".

Navios Holdings provides commercial and technical management services to Navios Acquisition's vessels for a daily fee that was fixed until May 2014, of $6,000 per owned MR2 product tanker and chemical tanker vessel, $7,000 per owned LR1 product tanker vessel and $10,000 per owned VLCC vessel. This daily fee covers all of the vessels' operating expenses, other than certain fees and costs. Actual operating costs and expenses will be determined in a manner consistent with how the initial fixed fees were determined. Drydocking expenses until May 2014 were fixed under this agreement for up to $0.3 million per LR1 and MR2 product tanker vessel and will be reimbursed at cost for VLCC vessels. In May 2014, Navios Holdings extended the duration of its existing management agreement with Navios Acquisition until May 2020 and fixed the fees for ship management services of Navios Acquisition owned fleet for two additional years through May 2016 at the same rates for product tanker and chemical tanker vessels, and reduced the daily fee to $9,500 per VLCC vessel. In May 2016, Navios Holdings amended its agreement with Navios Acquisition to fix the fees for ship management services of Navios Acquisition owned fleet at a daily fee of (i) $6,350 per MR2 product tanker and chemical tanker vessel; (ii) $7,150 per LR1 product tanker vessel; and (iii) $9,500 per VLCC through May 2018. Drydocking expenses under this agreement will be reimbursed at cost at occurrence for all vessels.

Effective March 30, 2012, Navios Acquisition could, upon request to Navios Holdings, partially or fully defer the reimbursement of drydocking and other extraordinary fees and expenses under the management agreement to a later date, but not later than January 5, 2016, and if reimbursed on a later date, such amounts would bear interest at a rate of 1% per annum over LIBOR. Commencing September 28, 2012, Navios Acquisition could, upon request, reimburse Navios Holdings partially or fully for any fixed management fees outstanding for a period of not more than nine months under the management agreement at a later date, but not later than January 5, 2016, and if reimbursed on a later date, such amounts would bear interest at a rate of 1% per annum over LIBOR. Total management fees for the three month periods ended September 30, 2016 and 2015 amounted to $25.1 million and $23.1 million, respectively, and for the nine month periods ended September 30, 2016 and 2015 amounted to $73.6 million and $71.4 million, respectively, and are presented net under the caption "Direct vessel expenses".

Pursuant to a management agreement dated December 13, 2013, Navios Holdings provides commercial and technical management services to Navios Europe I's tanker and container vessels. The term of this agreement is for a period of six years. Management fees under this agreement are reimbursed at cost on demand. Total management fees for the three month periods ended September 30, 2016 and 2015 amounted to $5.1 million and $4.9 million, respectively, and for the nine month periods ended September 30, 2016 and 2015 amounted to $15.5 million and $15.1 million, respectively, and are presented net under the caption "Direct vessel expenses".

Pursuant to a management agreement dated November 18, 2014, as further amended in October 2016, Navios Holdings provides commercial and technical management services to Navios Midstream's vessels for a daily fixed fee of $9,500 per owned VLCC vessel effective through December 31, 2018. Drydocking expenses under this agreement will be reimbursed at cost at occurrence for all vessels. The term of this agreement is for a period of five years. Total management fees for the three month periods ended September 30, 2016 and 2015 amounted to $5.2 million and $5.2 million, respectively, and for the nine month periods ended September 30, 2016 and 2015 amounted to $15.6 million and $12.4 million, respectively, and are presented net under the caption "Direct vessel expenses".

Pursuant to a management agreement dated June 5, 2015, Navios Holdings provides commercial and technical management services to Navios Europe II's dry bulker and container vessels. The term of this agreement is for a period of six years. Management fees under this agreement are reimbursed at cost on demand. Total management fees for the three month periods ended September 30, 2016 and 2015 amounted to $6.2 million and $3.7 million, respectively, and for the nine month periods ended September 30, 2016 and 2015 amounted to $17.7 million and $4.2 million, respectively, and are presented net under the caption "Direct vessel expenses".

Navios Partners Guarantee: In November 2012 (as amended in March 2014), the Company entered into an agreement with Navios Partners (the "Navios Partners Guarantee") to provide Navios Partners with guarantees against counterparty default on certain existing charters, which had previously been covered by the charter insurance for the same vessels, same periods and same amounts. The Navios Partners Guarantee provides for a maximum possible payout of $20 million by the Company to Navios Partners. Premiums that are calculated on the same basis as the restructured charter insurance are included in the management fee that is paid by Navios Partners to Navios Holdings pursuant to the management agreement. As of September 30, 2016 and 2015, Navios Partners has submitted one claim under this agreement to the Company. As at September 30, 2016, the fair value of the claim was estimated at $19.4 million and was recorded in "Other long-term liabilities and deferred income" in the condensed consolidated balance sheet.

General and administrative expenses incurred on behalf of affiliates/Administrative fee revenue from affiliates: Navios Holdings provides administrative services to Navios Partners. Navios Holdings is reimbursed for reasonable costs and expenses incurred in connection with the provision of these services. Navios Holdings extended the duration of its existing administrative services agreement with Navios Partners until December 31, 2017, pursuant to its existing terms. Total general and administrative fees for the three month periods ended September 30, 2016 and 2015 amounted to $1.9 million and $1.6 million, respectively, and for the nine month periods ended September 30, 2016 and 2015 amounted to $5.8 million and $4.7 million, respectively.

Navios Holdings provides administrative services to Navios Acquisition. Navios Holdings extended the duration of its existing administrative services agreement with Navios Acquisition until May 2020 pursuant to its existing terms. Navios Holdings is reimbursed for reasonable costs and expenses incurred in connection with the provision of these services. Total general and administrative fees for the three month periods ended September 30, 2016 and 2015 amounted to $2.4 million and $1.9 million, respectively, and for the nine month periods ended September 30, 2016 and 2015 amounted to $7.1 million and $5.7 million, respectively.

Navios Holdings provides administrative services to Navios Logistics. In April 2016, Navios Holdings extended the duration of its existing administrative services agreement with Navios Logistics until December 2021, pursuant to its existing terms. Navios Holdings is reimbursed for reasonable costs and expenses incurred in connection with the provision of these services. Total general and administrative fees for the three month periods ended September 30, 2016 and 2015 amounted to $0.3 million and $0.2 million, respectively, and for the nine month periods ended September 30, 2016 and 2015 amounted to $0.8 million and $0.6 million, respectively. The general and administrative fees have been eliminated upon consolidation.

Pursuant to an administrative services agreement dated December 13, 2013, Navios Holdings provides administrative services to Navios Europe I's tanker and container vessels. The term of this agreement is for a period of six years. Navios Holdings is reimbursed for reasonable costs and expenses incurred in connection with the provision of these services. Total general and administrative fees charged for the three month periods ended September 30, 2016 and 2015 amounted to $0.3 million and $0.2 million, respectively, and for the nine month periods ended September 30, 2016 and 2015 amounted to $1.0 million and $0.6 million, respectively.

Pursuant to an administrative services agreement dated November 18, 2014, Navios Holdings provides administrative services to Navios Midstream. The term of this agreement is for a period of five years. Navios Holdings is reimbursed for reasonable costs and expenses incurred in connection with the provision of these services. Total general and administrative fees for the three month periods ended September 30, 2016 and 2015 amounted to $0.4 million and $0.3 million, respectively, and for the nine month periods ended September 30, 2016 and 2015 amounted to $1.1 million and $0.7 million, respectively.

Pursuant to an administrative services agreement dated June 5, 2015, Navios Holdings provides administrative services to Navios Europe II's dry bulk and container vessels. The term of this agreement is for a period of six years. Navios Holdings is reimbursed for reasonable costs and expenses incurred in connection with the provision of these services. Total general and administrative fees for the three month periods ended September 30, 2016 and 2015 amounted to $0.5 million and $0.2 million, respectively, and for the nine month periods ended September 30, 2016 and 2015 amounted to $1.4 million and $0.3 million, respectively.

Balance due from/ (to) affiliates (excluding Navios Europe I and Navios Europe II): Balance due from affiliates as of September 30, 2016 amounted to $0 (December 31, 2015: $8.9 million).

Balance due to affiliates as of September 30, 2016 amounted to $34.0 million (December 31, 2015: $17.8 million), and the non-current amount amounted to $6.4 million (December 31, 2015: $0).

The balances mainly consisted of management fees, administrative fees, drydocking and other expenses and other amounts payable.

Omnibus agreements: Navios Holdings entered into an omnibus agreement with Navios Partners (the "Partners Omnibus Agreement") in connection with the closing of Navios Partners' IPO governing, among other things, when Navios Holdings and Navios Partners may compete against each other as well as rights of first offer on certain dry bulk carriers. Pursuant to the Partners Omnibus Agreement, Navios Partners generally agreed not to acquire or own Panamax or Capesize dry bulk carriers under time charters of three or more years without the consent of an independent committee of Navios Partners. In addition, Navios Holdings has agreed to offer to Navios Partners the opportunity to purchase vessels from Navios Holdings when such vessels are fixed under time charters of three or more years.

Navios Holdings entered into an omnibus agreement with Navios Acquisition and Navios Partners (the "Acquisition Omnibus Agreement") in connection with the closing of Navios Acquisition's initial vessel acquisition, pursuant to which, among other things, Navios Holdings and Navios Partners agreed not to acquire, charter-in or own liquid shipment vessels, except for container vessels and vessels that are primarily employed in operations in South America, without the consent of an independent committee of Navios Acquisition. In addition, Navios Acquisition, under the Acquisition Omnibus Agreement, agreed to cause its subsidiaries not to acquire, own, operate or charter drybulk carriers subject to specific exceptions. Under the Acquisition Omnibus Agreement, Navios Acquisition and its subsidiaries granted to Navios Holdings and Navios Partners, a right of first offer on any proposed sale, transfer or other disposition of any of its drybulk carriers and related charters owned or acquired by Navios Acquisition. Likewise, Navios Holdings and Navios Partners agreed to grant a similar right of first offer to Navios Acquisition for any liquid shipment vessels it might own. These rights of first offer will not apply to a (i) sale, transfer or other disposition of vessels between any affiliated subsidiaries, or pursuant to the terms of any charter or other agreement with a counterparty, or (ii) merger with or into, or sale of substantially all of the assets to, an unaffiliated third party.

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

Midstream General Partner Option Agreement: Navios Holdings entered into an option agreement, with Navios Acquisition under which Navios Acquisition, which owns and controls Navios Midstream GP LLC ("Midstream General Partner"), granted Navios Holdings the option to acquire a minimum of 25% of the outstanding membership interests in Navios Maritime Midstream GP LLC and 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. The purchase price for the acquisition for all or part of the option interest shall be an amount equal to its fair market value. As of September 30, 2016, Navios Holdings had not exercised any part of that option.

Sale of vessels and sale of rights to Navios Partners: Upon the sale of vessels to Navios Partners, Navios Holdings recognizes the gain immediately in earnings only to the extent of the interest in Navios Partners owned by third parties and defers recognition of the gain to the extent of its own ownership interest in Navios Partners (the "deferred gain"). Subsequently, the deferred gain is amortized to income over the remaining useful life of the vessel. The recognition of the deferred gain is accelerated in the event that (i) the vessel is subsequently sold or otherwise disposed of by Navios Partners or (ii) the Company's ownership interest in Navios Partners is reduced. In connection with the public offerings of common units by Navios Partners, a pro rata portion of the deferred gain is released to income upon dilution of the Company's ownership interest in Navios Partners. As of September 30, 2016 and December 31, 2015, the unamortized deferred gain for all vessels and rights sold totaled $12.3 million and $13.7 million, respectively. For the three month periods ended September 30, 2016 and 2015, Navios Holdings recognized $0.5 million and $0.7 million, respectively, and for the nine months ended September 30, 2016 and 2015, Navios Holdings recognized $1.4 million and $2.2 million, respectively, of the deferred gain in "Equity in net earnings of affiliated companies".

Participation in offerings of affiliates: On February 4, 2015, Navios Holdings entered into a share purchase agreement with Navios Partners pursuant to which Navios Holdings made an investment in Navios Partners by purchasing common units, and general partnership interests, in order to maintain its 20% partnership interest in Navios Partners following its equity offering in February 2015. In connection with this agreement, Navios Holdings entered into a registration rights agreement with Navios Partners pursuant to which Navios Partners provided Navios Holdings with certain rights relating to the registration of the common units.

The Navios Acquisition Credit Facilities: On September 19, 2016, Navios Holdings entered into a $70.0 million secured credit facility with Navios Acquisition. This credit facility is secured by all of the Company's' interest in Navios Acquisition and 78.5% of the Company's interest in Navios Logistics, representing a majority of the shares outstanding of Navios Logistics. This facility was provided for an arrangement fee of $0.7 million, is available for up to five drawings and has a fixed interest rate of 8.75%, compounded semi-annually to be paid upon maturity on November 15, 2018. As of September 30, 2016, the outstanding balance was $48.6 million which consists of $50.0 million drawn amount plus the accrued interest of $0.1 million, net of unamortized balance of deferred fees of $1.5 million.

On November 11, 2014, Navios Acquisition entered into a short-term credit facility with Navios Holdings pursuant to which Navios Acquisition could borrow up to $200.0 million for general corporate purposes. The facility provided for an arrangement fee of $4.0 million, and bore fixed interest of 600 basis points. All amounts drawn under this facility were fully repaid by the maturity date of December 29, 2014.

In 2010, Navios Acquisition entered into a $40.0 million credit facility with Navios Holdings, which matured in December 2015. The facility was available for multiple drawings up to a limit of $40.0 million and has a margin of LIBOR plus 300 basis points. As of its maturity date, December 31, 2015, all amounts drawn have been fully repaid and there was no outstanding amount under this facility.

The Navios Partners Credit Facility: In May 2015, Navios Partners entered into a credit facility with Navios Holdings of up to $60.0 million. The Navios Partners Credit Facility bears an interest of LIBOR plus 300 basis points. The final maturity date is January 2, 2017. As of September 30, 2016, there was no outstanding amount under this facility. In April 2016, Navios Partners has drawn $21.0 million from the Navios Partners Credit Facility, which was fully repaid during April 2016.

Balance due from /(to) Navios Europe I: Balance due from Navios Europe I as of September 30, 2016, amounted to $1.7 million (December 31, 2015: $1.6 million), which included the net current amount payable of $0.3 million (current amount receivable from Navios Europe I as of December 31, 2015: $0.2 million), mainly consisting of management fees, accrued interest income earned under the Navios Revolving Loans I (as defined herein) and other expenses and the non-current amount receivable of $2.0 million (December 31, 2015: $1.4 million) related to the accrued interest income earned under the Navios Term Loans I (as defined in herein).

The Navios Revolving Loans I and the Navios Term Loans I earn interest and an annual preferred return, respectively, at 1,270 basis points 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 September 30, 2016, the outstanding amount relating to the Navios Revolving Loans I was $7.1 million (December 31, 2015: $7.1 million), under the caption "Loan receivable from affiliate companies." As of September 30, 2016, the available amount under the Revolving Loans I was $9.1 million, of which Navios Holdings is committed to fund $4.3 million.

Balance due from Navios Europe II: Balance due from Navios Europe II as of September 30, 2016, amounted to $7.4 million (December 31, 2015: $4.2 million), which included the current amounts of $5.8 million (December 31, 2015: $3.6 million), mainly consisting of management fees and accrued interest income earned under the Navios Revolving Loans II (as defined in Note 13) and other expenses and the non-current amount of $1.7 million (December 31, 2015: $0.6 million) related to the accrued interest income earned under the Navios Term Loans II (as defined herein).

The Navios Revolving Loans II and the Navios Term Loans II earn interest and an annual preferred return, respectively, at 1,800 basis points 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 September 30, 2016, the outstanding amount relating to Navios Holdings' portion under the Navios Revolving Loans II was $11.6 million (December 31, 2015: $7.3 million), under the caption "Loan receivable from affiliate companies." As of September 30, 2016, the amount undrawn from the Revolving Loans II was $14.1 million, of which Navios Holdings is committed to fund $6.7 million.

Quantitative and Qualitative Disclosures about Market Risks

Navios Holdings is exposed to certain risks related to interest rate, foreign currency and charter rate risks. To manage these risks, Navios Holdings may use interest rate swaps (for interest rate risk) and FFAs (for charter rate risk).

Interest Rate Risk

Debt Instruments — On September 30, 2016 and December 31, 2015, Navios Holdings had a total of $1,672.8 million and $1,608.5 million, respectively, of long-term indebtedness. The debt is U.S. dollar-denominated and bears interest at a floating rate, except for the 2019 Notes, the 2022 Notes, the 2022 Logistics Senior Notes, the Navios Acquisition credit facility and one Navios Logistics' loan discussed in "Liquidity and Capital Resources" that bear interest at a fixed rate.

The interest on the loan facilities is at a floating rate and, therefore, changes in interest rates would affect their related interest expense. As of September 30, 2016, the outstanding amount of the Company's floating rate loan facilities was $279.3 million. The interest rate on the 2019 Notes, the 2022 Notes, the 2022 Logistics Senior Notes, the Navios Acquisition credit facility and the Navios Logistics loan is fixed and, therefore, changes in interest rates affect their fair value, which as of September 30, 2016 was $827.9 million, but do not affect the related interest expense. A change in the LIBOR rate of 100 basis points would change interest expense for the nine months ended September 30, 2016 by $2.1 million.

For a detailed discussion of Navios Holdings' debt instruments refer to the section "Long-Term Debt Obligations and Credit Arrangements" included elsewhere in this document.

Foreign Currency Risk

Foreign Currency: In general, the shipping industry is a U.S. dollar dominated industry. Revenue is set mainly in U.S. dollars, and approximately 53.1% of Navios Holdings' expenses are also incurred in U.S. dollars. Certain of our expenses are paid in foreign currencies and a one percent change in the exchange rates of the various currencies at September 30, 2016 would change net income by approximately $1.1 million for the nine months ended September 30, 2016.

Critical Accounting Policies

The Navios Holdings' interim condensed consolidated financial statements have been prepared in accordance with U.S. GAAP. The preparation of these financial statements requires Navios Holdings to make estimates in the application of its accounting policies based on the best assumptions, judgments and opinions of management. Critical accounting policies are those that reflect significant judgments or uncertainties, and potentially result in materially different results under different assumptions and conditions. All significant accounting policies are as described in the Company's Annual Report on Form 20-F for the year ended December 31, 2015.

Investments in Equity Securities

Navios Holdings evaluates its investments in Navios Acquisition, Navios Partners, Navios Europe I and Navios Europe II, Korean Line Corporation ("KLC") and Pan Ocean Co. Ltd ("STX") for other-than-temporary impairment ("OTTI") on a quarterly basis. Consideration is given to (i) the length of time and the extent to which the fair value has been less than the carrying value, (ii) the financial condition and near-term prospects of such companies, and (iii) the intent and ability of the Company to retain its investment in these companies for a period of time sufficient to allow for any anticipated recovery in fair value. As of September 30, 2016, management considers the decline in the market value of its investment in Navios Partners and Navios Acquisition to be temporary. However, there is the potential for future impairment charges relative to these equity securities if their respective fair values do not recover and our OTTI analysis indicates such write downs are necessary which may have a material adverse impact on our results of operations in the period recognized (see also Note 13 included elsewhere in this Report).

As of June 30, 2016, the Company considered the decline in fair value of the KLC and STX shares as "other-than-temporary" and therefore recognized a loss of $0.3 million out of accumulated other comprehensive loss. The respective loss was included in other (expense)/income, net in the accompanying consolidated statement of comprehensive loss. During the third quarter of 2016, the Company sold all KLC and STX securities held for a total consideration of $5.3 million.

Recent Accounting Pronouncements

The Company's recent accounting pronouncements are included in the accompanying notes to the unaudited condensed consolidated financial statements included elsewhere in this report.

NAVIOS MARITIME HOLDINGS INC.

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NAVIOS MARITIME HOLDINGS INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(Expressed in thousands of U.S. dollars — except share data)

	Note	September 30, 2016 (unaudited)	December 31, 2015 (unaudited)
ASSETS			
Current assets			
Cash and cash equivalents	7	$ 158,555	$ 163,412
Restricted cash		4,771	13,480
Accounts receivable, net		68,278	64,813
Due from affiliate companies	8	5,760	12,669
Inventories		29,153	24,443
Prepaid expenses and other current assets	13	29,653	24,142
Total current assets		**296,170**	**302,959**
Deposits for vessels, port terminals and other fixed assets	3	116,424	73,949
Vessels, port terminals and other fixed assets, net	3	1,844,143	1,823,961
Other long-term assets		39,304	43,758
Long-term receivable from affiliate company	8	11,001	—
Loan receivable from affiliate companies	8	22,406	16,474
Investments in affiliates	8,13	383,337	381,746
Investments in available-for-sale securities	13	—	5,173
Intangible assets other than goodwill	4	128,540	150,457
Goodwill		160,336	160,336
Total non-current assets		**2,705,491**	**2,655,854**
Total assets		**$ 3,001,661**	**$ 2,958,813**
LIABILITIES AND STOCKHOLDERS'EQUITY			
Current liabilities			
Accounts payable		$ 88,825	$ 72,605
Accrued expenses and other liabilities		87,888	103,095
Deferred income and cash received in advance		10,564	13,492
Due to affiliate companies	8	34,240	17,791
Current portion of capital lease obligations		3,022	2,929
Current portion of long-term debt, net	5	24,925	16,944
Total current liabilities		**249,464**	**226,856**
Senior and ship mortgage notes, net	5	1,322,218	1,350,941
Long-term debt, net of current portion	5	251,482	213,423
Capital lease obligations, net of current portion		15,117	17,720
Unfavorable lease terms	4	—	7,526
Other long-term liabilities and deferred income	8	39,170	20,878
Loan payable to affiliate company	5,8	48,574	—
Long-term payable to affiliate companies	8	6,404	—
Deferred tax liability		12,777	10,917
Total non-current liabilities		**1,695,742**	**1,621,405**
Total liabilities		**1,945,206**	**1,848,261**
Commitments and contingencies	7	—	—
Stockholders' equity			
Preferred stock — $0.0001 par value, authorized 1,000,000 shares, and 73,935 issued and outstanding as of both September 30, 2016 and December 31, 2015.	9	—	—
Common stock — $0.0001 par value, authorized 250,000,000 shares, and 109,538,620 and 110,468,753 issued and outstanding as of September 30, 2016 and December 31, 2015, respectively.	9	11	11
Additional paid-in capital		728,502	726,791
Accumulated other comprehensive loss		—	(445)
Retained earnings		200,619	262,603
Total Navios Holdings' stockholders' equity		**929,132**	**988,960**
Noncontrolling interest		127,323	121,592
Total stockholders' equity		**1,056,455**	**1,110,552**
Total liabilities and stockholders' equity		**$ 3,001,661**	**$ 2,958,813**

See unaudited condensed notes to condensed consolidated financial statements

NAVIOS MARITIME HOLDINGS INC.
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
(Expressed in thousands of U.S. dollars — except share and per share data)

	Note	Three Month Period Ended September 30, 2016 (unaudited)	Three Month Period Ended September 30, 2015 (unaudited)	Nine Month Period Ended September 30, 2016 (unaudited)	Nine Month Period Ended September 30, 2015 (unaudited)
Revenue	11	$ 113,087	$ 130,955	$ 320,307	$ 369,074
Administrative fee revenue from affiliates	8	5,472	4,142	16,417	11,946
Time charter, voyage and logistics business expenses	8	(41,846)	(63,386)	(124,322)	(191,176)
Direct vessel expenses	8	(33,269)	(33,751)	(98,028)	(100,316)
General and administrative expenses incurred on behalf of affiliates	8	(5,472)	(4,142)	(16,417)	(11,946)
General and administrative expenses	8	(6,182)	(6,303)	(19,012)	(21,782)
Depreciation and amortization	3,4	(41,432)	(27,356)	(88,391)	(76,040)
Interest expense and finance cost, net		(26,809)	(27,534)	(81,257)	(83,410)
Gain on bond extinguishment	5	15,956	—	15,956	—
Other (expense)/ income, net	10,13	(3,844)	(6,709)	5,290	(11,944)
Loss before equity in net earnings of affiliated companies		**(24,339)**	**(34,084)**	**(69,457)**	**(115,594)**
Equity in net (loss)/ earnings of affiliated companies	13	(735)	16,828	15,641	48,708
Loss before taxes		**$ (25,074)**	**$ (17,256)**	**$ (53,816)**	**$ (66,886)**
Income tax (expense)/benefit		(1,413)	(955)	(1,837)	888
Net loss		**(26,487)**	**(18,211)**	**(55,653)**	**(65,998)**
Less: Net income attributable to the noncontrolling interest		(1,016)	(3,850)	(5,731)	(7,554)
Net loss attributable to Navios Holdings common stockholders		**$ (27,503)**	**$ (22,061)**	**$ (61,384)**	**$ (73,552)**
Loss attributable to Navios Holdings common stockholders, basic	12	**$ (31,490)**	**$ (26,115)**	**$ (73,312)**	**$ (85,772)**
Loss attributable to Navios Holdings common stockholders, diluted	12	**$ (31,490)**	**$ (26,115)**	**$ (73,312)**	**$ (85,772)**
Basic loss per share attributable to Navios Holdings common stockholders		**$ (0.30)**	**$ (0.25)**	**$ (0.69)**	**$ (0.81)**
Weighted average number of shares, basic	12	**106,423,653**	**106,409,052**	**106,157,410**	**105,641,650**
Diluted loss per share attributable to Navios Holdings common stockholders		**$ (0.30)**	**$ (0.25)**	**$ (0.69)**	**$ (0.81)**
Weighted average number of shares, diluted	12	**106,423,653**	**106,409,052**	**106,157,410**	**105,641,650**
Other Comprehensive income/(loss)					
Unrealized holding (loss)/ gain on investments in available-for-sale securities	13	$ —	$ (707)	$ 100	$ (1,197)
Reclassification to earnings	13	—	1,782	345	1,782
Other comprehensive loss of affiliated companies		—	(1,447)	—	(1,447)
Total other comprehensive income/(loss)		**$ —**	**$ (372)**	**$ 445**	**$ (862)**
Total comprehensive loss		**$ (26,487)**	**$ (18,583)**	**$ (55,208)**	**$ (66,860)**
Comprehensive loss attributable to the noncontrolling interest		(1,016)	(3,850)	(5,731)	(7,554)
Total comprehensive loss attributable to Navios Holdings common stockholders		**$ (27,503)**	**$ (22,433)**	**$ (60,939)**	**$ (74,414)**

See unaudited condensed notes to condensed consolidated financial statements.

NAVIOS MARITIME HOLDINGS INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in thousands of U.S. dollars)

	Note	Nine Month Period Ended September 30, 2016 (unaudited)	Nine Month Period Ended September 30, 2015 (unaudited)
OPERATING ACTIVITIES:			
Net loss		$ (55,653)	$ (65,998)
Adjustments to reconcile net loss to net cash provided by operating activities:			
Non-cash adjustments		88,791	70,346
(Increase)/decrease in operating assets		(20,023)	28,671
Increase in operating liabilities		36,537	9,142
Payments for drydock and special survey costs		(7,375)	(19,783)
Net cash provided by operating activities		**42,277**	**22,378**
INVESTING ACTIVITIES:			
Acquisition of investments in affiliates	13	—	(22,846)
Acquisition of vessels	3	(60,115)	—
Deposits for vessels, port terminals and other fixed assets acquisition	3	(66,421)	(16,119)
Dividends from affiliate companies	2, 13	—	14,595
Loan to affiliate company	8	(4,275)	(6,614)
Decrease in long-term receivable from affiliate companies	8	—	9,488
Purchase of property, equipment and other fixed assets	3	(3,901)	(6,128)
Disposal of available-for-sale securities	13	5,303	—
Net cash used in investing activities		**(129,409)**	**(27,624)**
FINANCING ACTIVITIES:			
Repayment of long-term debt and payment of principal	5	(23,061)	(31,038)
Repurchase of senior notes	5	(15,703)	—
Proceeds from long-term loans, net of deferred finance fees	5	67,999	—
Proceeds from loan payable to affiliate company, net of deferred finance fees	8	48,438	
Dividends paid		(3,681)	(31,369)
Acquisition of treasury stock	9	(819)	—
Payment for acquisition of intangible asset		—	(6,800)
Payments of obligations under capital leases		(2,510)	(977)
Decrease in restricted cash		11,612	1,234
Net cash provided by/(used in) financing activities		**82,275**	**(68,950)**
Decrease in cash and cash equivalents		**(4,857)**	**(74,196)**
Cash and cash equivalents, beginning of period		**163,412**	**247,556**
Cash and cash equivalents, end of period		**$ 158,555**	**$ 173,360**
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION			
Cash paid for interest, net of capitalized interest		$ 93,209	$ 93,873
Cash paid for income taxes		$ 92	$ 29
Non-cash investing and financing activities			
Accrued interest on loan receivable from affiliate companies		$ 1,656	$ 843
Deposits for vessels, port terminals and other fixed assets		$ (5,748)	$ (1,739)
Purchase of property, equipment and other fixed assets		$ (471)	$ (710)
Revaluation of vessels due to restructuring of capital lease obligation		$ —	$ 210
Decrease in capital lease obligation due to restructuring		$ —	$ (210)

See unaudited condensed notes to condensed consolidated financial statements.

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NAVIOS MARITIME HOLDINGS INC.
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Expressed in thousands of U.S. dollars — except share data)

	Number of Preferred Shares	Preferred Stock	Number of Common Shares	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Total Navios Holdings' Stockholders' Equity	Noncontrolling Interest	Total Equity
Balance December 31, 2014	**75,069**	**$ —**	**105,831,718**	**$ 11**	**$ 721,465**	**$432,065**	**$ (578)**	**$ 1,152,963**	**$ 113,547**	**$1,266,510**
Net (loss)/income	—	—	—	—	—	(73,552)	—	(73,552)	7,554	(65,998)
Total other comprehensive loss	—	—	—	—	—	—	(862)	(862)	—	(862)
Conversion of preferred stock to common stock (Note 9)	(1,134)	—	1,134,000	—	—	—	—	—	—	—
Stock-based compensation expenses	—	—	1,166,052	—	2,191	—	—	2,191	—	2,191
Cancellation of shares	—	—	(4,018)	—	—	—	—	—	—	—
Dividends declared/ paid	—	—	—	—	—	(31,369)	—	(31,369)	—	(31,369)
Balance September 30, 2015 (unaudited)	**73,935**	**$ —**	**108,127,752**	**$ 11**	**$ 723,656**	**$327,144**	**$ (1,440)**	**$ 1,049,371**	**$ 121,101**	**$1,170,472**
Balance December 31, 2015	**73,935**	**$ —**	**110,468,753**	**$ 11**	**$ 726,791**	**$262,603**	**$ (445)**	**$ 988,960**	**$ 121,592**	**$1,110,552**
Net loss	—	—	—	—	—	(61,384)	—	(61,384)	5,731	(55,653)
Total other comprehensive income	—	—	—	—	—	—	445	445	—	445
Acquisition of treasury stock (Note 9)	—	—	(948,584)	—	(819)	—	—	(819)	—	(819)
Stock-based compensation expenses	—	—	21,301	—	2,530	—	—	2,530	—	2,530
Cancellation of shares	—	—	(2,850)	—	—	—	—	—	—	—
Dividends declared/ paid	—	—	—	—	—	(600)	—	(600)	—	(600)
Balance September 30, 2016 (unaudited)	**73,935**	**$ —**	**109,538,620**	**$ 11**	**$ 728,502**	**$200,619**	**$ —**	**$ 929,132**	**$ 127,323**	**$1,056,455**

See unaudited condensed notes to condensed consolidated financial statements.

NAVIOS MARITIME HOLDINGS INC.
UNAUDITED CONDENSED NOTES TO THE
CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in thousands of U.S. dollars — except share data)

NOTE 1: DESCRIPTION OF BUSINESS

Navios Maritime Holdings Inc. ("Navios Holdings" or the "Company") (NYSE:NM) is a global, vertically integrated seaborne shipping and logistics company focused on the transport and transshipment of dry bulk commodities, including iron ore, coal and grain.

Navios Logistics

Navios South American Logistics Inc. ("Navios Logistics"), a consolidated subsidiary of the Company, is one of the largest logistics companies in the Hidrovia region of South America, focusing on the Hidrovia river system, the main navigable river system in the region, and on cabotage trades along the eastern coast of South America. Navios Logistics is focused on providing its customers integrated transportation, storage and related services through its port facilities, its large, versatile fleet of dry and liquid cargo barges and its product tankers. Navios Logistics serves the needs of a number of growing South American industries, including mineral and grain commodity providers as well as users of refined petroleum products. As of September 30, 2016, Navios Holdings owned 63.8% of Navios Logistics.

Navios Partners

Navios Maritime Partners L.P. ("Navios Partners") (NYSE:NMM) is an international owner and operator of dry cargo vessels and is engaged in seaborne transportation services of a wide range of dry cargo commodities including iron ore, coal, grain, fertilizer and also containers, chartering its vessels under medium to long-term charters.

As of September 30, 2016, Navios Holdings owned a 20.1% interest in Navios Partners, including a 2.0% general partner interest.

Navios Acquisition

Navios Maritime Acquisition Corporation ("Navios Acquisition") (NYSE: NNA), an affiliate of the Company, is an owner and operator of tanker vessels focusing on the transportation of petroleum products (clean and dirty) and bulk liquid chemicals.

As of September 30, 2016, Navios Holdings' ownership of the outstanding voting stock of Navios Acquisition was 43.3% and its economic interest was 46.3%.

Navios Midstream

Navios Maritime Midstream Partners L.P. ("Navios Midstream") (NYSE: NAP) is a publicly traded master limited partnership which owns and operates crude oil tankers under long-term employment contracts.

As of September 30, 2016, Navios Holdings owned no direct equity interest in Navios Midstream.

Navios Europe I

On October 9, 2013, Navios Holdings, Navios Acquisition and Navios Partners established Navios Europe Inc. ("Navios Europe I") and have economic interests of 47.5%, 47.5% and 5.0%, respectively. Navios Europe I is engaged in the marine transportation industry through the ownership of five tanker and five container vessels. Effective November 2014, Navios Holdings, Navios Acquisition and Navios Partners have voting interests of 50%, 50% and 0%, respectively.

Navios Europe II

On February 18, 2015, Navios Holdings, Navios Acquisition and Navios Partners established Navios Europe (II) Inc. ("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 bulkers and seven container vessels.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) ***Basis of presentation:*** The accompanying interim condensed consolidated financial statements are unaudited, but, in the opinion of management, reflect all adjustments for a fair statement of Navios Holdings' consolidated balance sheets, statements of comprehensive (loss)/income, statements of cash flows and statements of changes in equity for the periods presented. The results of operations for the interim periods are not necessarily indicative of results for the full year. The footnotes are condensed as permitted by the requirements for interim financial statements and accordingly, do not include information and disclosures required under United States generally accepted accounting principles ("U.S. GAAP") for complete financial statements. All such adjustments are deemed to be of a normal recurring nature. These interim financial statements should be read in conjunction with the Company's consolidated financial statements and notes included in Navios Holdings' Annual Report for the year ended December 31, 2015 filed on Form 20-F with the Securities and Exchange Commission ("SEC").

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

Subsidiaries: Subsidiaries are those entities in which the Company has an interest of more than one half of the voting rights 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. 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. All subsidiaries included in the consolidated financial statements are 100% owned, except for Navios Logistics, which is 63.8% owned.

NAVIOS MARITIME HOLDINGS INC.
UNAUDITED CONDENSED NOTES TO THE
CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in thousands of U.S. dollars — except share data)

Investments in Affiliates: 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 shares qualifies as a sale of 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.

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

In the consolidated financial statements of Navios Holdings, the following entities are included as affiliates and are accounted for under the equity method for such periods: (i) Navios Partners and its subsidiaries (ownership interest as of September 30, 2016 was 20.1%, which includes a 2.0% general partner interest); (ii) Navios Acquisition and its subsidiaries (economic interest as of September 30, 2016 was 46.3%); (iii) Acropolis Chartering and Shipping Inc. ("Acropolis") (economic interest as of September 30, 2016 was 35.0%); (iv) Navios Europe I and Navios Europe II and their subsidiaries (economic interest as of September 30, 2016 was 47.5% in each).

(c) ***Recent Accounting Pronouncements:***

In November 2016, the Financial Accounting Standards Board ("FASB") issued ASU 2016-18, Statement of Cash Flows (Topic 230): Restricted Cash. This update addresses the classification and presentation of changes in restricted cash on the statement of cash flows under Topic 230, Statement of Cash Flows. The amendments are effective for public business entities for fiscal years beginning after December 15, 2017, and interim periods within those fiscal years. Early adoption is permitted for all entities. The Company is currently assessing the impact that adopting this new accounting guidance will have on its consolidated financial statements.

In August 2016, FASB issued ASU 2016-15, Statement of Cash Flows: Classification of Certain Cash Receipts and Cash Payments. This update addresses eight specific cash flow issues with the objective of reducing the existing diversity in practice. The amendments are effective for public business entities for fiscal years beginning after December 15, 2017, and interim periods within those fiscal years. Early adoption is permitted for all entities. The Company is currently assessing the impact that adopting this new accounting guidance will have on its consolidated financial statements and footnotes disclosures.

In March 2016, FASB issued ASU 2016-09, "Compensation—Stock Compensation (Topic 718)", which simplifies several aspects of accounting for share-based compensation including the tax consequences, classification of awards as equity or liabilities, forfeitures and classification on the statement of cash flows. ASU 2016-09 is effective for fiscal years beginning after December 15, 2016, including interim periods within those fiscal years. Early application is permitted. The adoption of this new standard is not expected to have a material impact on the Company's results of operations, financial position or cash flows.

In February 2016, FASB issued ASU 2016-02, "Leases (Topic 842)". ASU 2016-02 will apply to both capital (or finance) leases and operating leases. According to ASU 2016-02, lessees will be required to recognize assets and liabilities on the balance sheet for the rights and obligations created by all leases with terms of more than 12 months. ASU 2016-02 is effective for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years. Early application is permitted. The Company is currently assessing the impact that adopting this new accounting guidance will have on its consolidated financial statements and footnotes disclosures.

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

In November 2015, FASB issued ASU 2015-17, "Income Taxes (Topic 740)- Balance Sheet Classification of Deferred Taxes", which requires that deferred tax liabilities and assets be classified as noncurrent in a classified statement of financial position. The current requirement that deferred tax liabilities and assets of a tax-paying component of an entity be offset and presented as a single amount is not affected by the amendments in this ASU. For public business entities, the amendments in this ASU are effective for fiscal years beginning after December 15, 2016, including interim periods within those fiscal years. The adoption of this new standard is not expected to have a material impact on the Company's results of operations, financial position or cash flows.

In July 2015, FASB issued ASU 2015-11, "Inventory (Topic 330)- Simplifying the Measurement of Inventory", which requires an entity to measure inventory at the lower of cost or market. Market could be replacement cost, net realizable value, or net realizable value less an approximately normal profit margin. The amendments in this ASU require an entity to measure inventory within the scope of this ASU at the lower of cost and net realizable value. For public business entities, the amendments in this ASU are effective for fiscal years beginning after December 15, 2016, including interim periods within those fiscal years. The amendments in this ASU should be applied prospectively with earlier application permitted as of the beginning of an interim or annual reporting period. The adoption of this new standard is not expected to have a material impact on the Company's results of operations, financial position or cash flows.

In February 2015, the FASB issued the ASU 2015-02, "Consolidation (Topic 810)—Amendments to the Consolidation Analysis", which amends the criteria for determining which entities are considered VIEs, amends the criteria for determining if a service provider possesses a variable interest in a

VIE and ends the deferral granted to investment companies for application of the VIE consolidation model. The ASU is effective for annual periods beginning after December 15, 2016. Early application is permitted. The adoption of the new standard is not expected to have a material impact on the Company's results of operations, financial position or cash flows.

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In August 2014, FASB issued ASU 2014-15, “Presentation of Financial Statements-Going Concern (Subtopic 205-40): Disclosure of Uncertainties About an Entity’s Ability to Continue as a Going Concern”. This standard requires management to assess an entity’s ability to continue as a going concern, and to provide related footnote disclosures in certain circumstances. Before this new standard, no accounting guidance existed for management on when and how to assess or disclose going concern uncertainties. The amendments are effective for annual periods ending after December 15, 2016, and interim periods within annual periods beginning after December 15, 2016. Early application is permitted. We plan to adopt this standard effective December 31, 2016. The adoption of the new standard is not expected to have a material impact on the Company’s results of operations, financial position or cash flows.

In May 2014, FASB issued ASU 2014-09, “Revenue from Contracts with Customers”, clarifying the method used to determine the timing and requirements for revenue recognition on the statements of income. Under the new standard, an entity must identify the performance obligations in a contract, the transaction price and allocate the price to specific performance obligations to recognize the revenue when the obligation is completed. The amendments in this update also require disclosure of sufficient information to allow users to understand the nature, amount, timing and uncertainty of revenue and cash flow arising from contracts. The new accounting guidance was originally effective for interim and annual periods beginning after December 15, 2016. In August 2015, the FASB issued ASU 2015-14 which deferred the effective date of ASU 2014-09 for all entities by one year. The standard will be effective for public entities for annual reporting periods beginning after December 15, 2017 and interim periods therein. The Company is currently reviewing the effect of ASU No. 2014-09 on its revenue recognition.

NOTE 3: VESSELS, PORT TERMINALS AND OTHER FIXED ASSETS, NET

Vessels, Port Terminals and Other Fixed Assets, net	Cost	Accumulated Depreciation	Net Book Value
Balance December 31, 2015	**$2,434,639**	**$ (610,678)**	**$1,823,961**
Additions	94,182	(74,000)	20,182
Balance September 30, 2016	**$2,528,821**	**$ (684,678)**	**$1,844,143**

Deposits for Vessel, Port Terminal and Other Fixed Assets Acquisitions

On February 11, 2014, Navios Logistics entered into an agreement, as amended on June 3, 2016, for the construction of three new pushboats with a purchase price of $7,344 for each pushboat. As of September 30, 2016 and December 31, 2015, Navios Logistics had paid $15,837 and $14,770, respectively, for the construction of the new pushboats which are expected to be delivered in the first quarter of 2017.

As of September 30, 2016 and December 31, 2015, Navios Logistics had paid $100,587 and $29,484, respectively, for the expansion of its dry port in Uruguay, which is currently an asset under construction.

Capitalized interest included in deposits for vessels, port terminals and other fixed assets amounted to $6,834 and $2,954 as of September 30, 2016 and December 31, 2015, respectively.

Vessel Acquisitions

On January 12, 2016, Navios Holdings took delivery of the Navios Sphera, a 2016-Japanese built 84,872 dwt Panamax vessel, and Navios Mars, a 2016-Japanese built 181,259 dwt Capesize vessel, for an acquisition cost of $34,352 and $55,458, respectively, of which $49,910 was paid from available cash and $39,900 was financed through a loan. As of March 31, 2016, deposits of $29,695, relating to the acquisition of Navios Sphera and Navios Mars, had been transferred to vessels’ cost.

Navios Logistics

On June 30, 2015, Navios Logistics entered into an agreement for the restructuring of its capital leases for the Ferni H and the San San H, by extending their duration until January 2020 and April 2020, respectively, and amending the purchase price obligation to $5,325 and $5,150, respectively, payable at the end of the extended period. As of September 30, 2016, the obligations for these vessels were accounted for as capital leases and the lease payments during the nine month periods ended September 30, 2016 and 2015 for both vessels were $2,510 and $977, respectively.

NOTE 4: INTANGIBLE ASSETS OTHER THAN GOODWILL

	September 30, 2016	December 31, 2015
Intangible assets		
Acquisition cost (*) (***)	$ 200,610	$ 271,547
Accumulated amortization (*)	(72,070)	(121,090)
Total Intangible assets net book value	**128,540**	**150,457**
Unfavorable lease terms		
Acquisition cost (**)	—	(24,721)
Accumulated amortization	—	17,195
Unfavorable lease terms net book value	—	**(7,526)**
Total Intangibles net book value	**$ 128,540**	**$ 142,931**

(*) During the nine months ended September 30, 2016, $61,542 of favorable lease terms, $9,395 of purchase options and accumulated depreciation of favorable lease terms of $57,930 were written-off resulting in a loss of $13,007. This write-off resulted from the redelivery of one vessel. As of September 30, 2016 and December 31, 2015, the intangible assets included in the acquisition cost $10,368 and $71,910, respectively, associated with favorable lease terms. As of September 30, 2016 and December 31, 2015, the intangible assets included in the acquisition cost $1,180 and $10,575, respectively, related to purchase options for the vessels.

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(**) During the nine months ended September 30, 2016, $7,314 of unfavorable lease terms were written-off. This write-off resulted from the early redelivery of one vessel (See Note 10). During the nine months ended September 30, 2016, acquisition cost and accumulated amortization of $17,407, of fully amortized unfavorable lease terms were written-off. As of September 30, 2016 and December 31, 2015, the intangible liability associated with the unfavorable lease terms included an amount of $0 and $(467), respectively, related to purchase options held by third parties. As of December 31, 2015, no purchase options held by third parties were exercised.

(***) As of September 30, 2016, Navios Logistics had paid $17,000 for the expansion of its dry port terminal in Uruguay.

Amortization (expense)/income, net for the three month periods ended September 30, 2016 and 2015 amounted to $(15,938) and $(3,897), respectively, and for the nine month periods ended September 30, 2016 and 2015 amounted to $(14,391) and $(5,554), respectively.

The remaining aggregate amortization of acquired intangibles as of September 30, 2016 will be as follows:

Period	
Year One	$ 7,164
Year Two	6,477
Year Three	6,217
Year Four	6,224
Year Five	6,217
Thereafter	95,061
Total	**$127,360**

NOTE 5: BORROWINGS

Borrowings, as of September 30, 2016 and December 31, 2015, consisted of the following:

Facility	September 30, 2016	December 31, 2015
Secured credit facilities	$ 250,618	$ 233,136
2019 Notes	318,035	350,000
2022 Notes	650,000	650,000
2022 Logistics Senior Notes	375,000	375,000
Navios Logistics other long-term loans	28,987	390
Navios Acquisition Loan	50,122	—
Total borrowings	**1,672,762**	**1,608,526**
Less: current portion, net	(24,925)	(16,944)
Less: deferred finance costs, net	(25,563)	(27,218)
Total long-term borrowings	**$ 1,622,274**	**$ 1,564,364**

Secured Credit Facilities

As of September 30, 2016, the Company had secured credit facilities with various banks with a total outstanding balance of $250,618. The purpose of the facilities was to finance the construction or acquisition of vessels or refinance existing indebtedness. All of the facilities are denominated in U.S. Dollars and bear interest based on LIBOR plus spread ranging from 2.25% to 3.60% per annum. The facilities are repayable in either semi-annual or quarterly installments, followed by balloon payments with maturities, ranging from September 2018 to November 2022. See also the maturity table included below.

The facilities are secured by first priority mortgages on certain of Navios Holdings' vessels and other collateral.

The credit facilities contain a number of restrictive covenants that limit Navios Holdings and/or certain of its subsidiaries from, among other things: incurring or guaranteeing indebtedness; entering into affiliate transactions; charging, pledging or encumbering the vessels securing such facilities; changing the flag, class, management or ownership of certain Navios Holdings' vessels; changing the commercial and technical management of certain Navios Holdings' vessels; selling or changing the ownership of certain Navios Holdings' vessels; and subordinating the obligations under the credit facilities to any general and administrative costs relating to the vessels. The credit facilities also require the vessels to comply with the ISM Code and ISPS Code and to maintain valid safety management certificates and documents of compliance at all times. Additionally, the credit facilities require compliance with the covenants contained in the indentures governing the 2019 Notes (as defined below) and the 2022 Notes (as defined below). Among other events, it will be an event of default under the credit facilities if the financial covenants are not complied with or if Angeliki Frangou and her affiliates, together, own less than 20% of the outstanding share capital of Navios Holdings.

The majority of the Company's senior secured credit facilities require compliance with maintenance covenants, including (i) value-to-loan ratio covenants, based on either charter-adjusted valuations, or charter-free valuations, ranging from over 115% to 130%, (ii) minimum liquidity up to a maximum of $40,000, and (iii) net total debt divided by total assets, as defined in each senior secured credit facility, ranging from a maximum of 75% to 80%. Certain covenants in our senior secured credit facilities have been waived for a specific period of time ranging from a minimum of one quarter to a maximum of four quarters (from the current balance sheet date) and/or amended to include (i) value-to-loan ratio covenants, based on either charter-adjusted valuations, or charter-free valuations, ranging from over 90% to 130%, and (ii) net total debt divided by total assets, as defined in each senior secured credit facility, ranging from a maximum of 80% to 90%.

As of September 30, 2016, the Company was in compliance with all of the covenants under each of its credit facilities.

Senior Notes

On January 28, 2011, the Company and its wholly owned subsidiary, Navios Maritime Finance II (US) Inc. (together with the Company, the "2019 Co-Issuers") completed the sale of $350,000 of 8.125% Senior Notes due 2019 (the "2019 Notes"). During July and August 2016, the Company repurchased $31,965 of its 2019 Notes for a cash consideration of $15,703 resulting in a gain on bond extinguishment of $15,956, net of deferred fees written-off.

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The 2019 Notes are fully and unconditionally guaranteed, jointly and severally and on an unsecured senior basis, by all of the Company's subsidiaries, other than Navios Maritime Finance II (US) Inc., Navios Maritime Finance (US) Inc., Navios Logistics and its subsidiaries and Navios GP L.L.C. The subsidiary guarantees are "full and unconditional", except that the indenture provides for an individual subsidiary's guarantee to be automatically released in certain customary circumstances, such as when a subsidiary is sold or all of the assets of the subsidiary are sold, the capital stock is sold, when the subsidiary is designated as an "unrestricted subsidiary" for purposes of the indenture, upon liquidation or dissolution of the subsidiary or upon legal or covenant defeasance or satisfaction and discharge of the 2019 Notes. The 2019 Co-Issuers have the option to redeem the 2019 Notes in whole or in part, at a fixed price of 104.063% of the principal amount, which price declines ratably until it reaches par in 2017, plus accrued and unpaid interest, if any. In addition, upon the occurrence of certain change of control events, the holders of the 2019 Notes will have the right to require the 2019 Co-Issuers to repurchase some or all of the 2019 Notes at 101% of their face amount, plus accrued and unpaid interest to the repurchase date.

The 2019 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 2019 Co-Issuers' properties and assets and creation or designation of restricted subsidiaries. The 2019 Co-Issuers were in compliance with the covenants as of September 30, 2016.

Ship Mortgage Notes

In November 2009, the Company and its wholly-owned subsidiary, Navios Maritime Finance (US) Inc. (together, the "Mortgage Notes Co-Issuers") issued $400,000 of first priority ship mortgage notes due on November 1, 2017 at a fixed rate of 8.875% (the "2017 Notes"). In July 2012, the Mortgage Notes Co-Issuers issued an additional $88,000 of the 2017 Notes at par value. On November 29, 2013, Navios Holdings completed the sale of $650,000 of its 7.375% First Priority Ship Mortgage Notes due 2022 (the "2022 Notes"). The net proceeds of the offering of the 2022 Notes have been used: (i) to repay in full the 2017 Notes; and (ii) to repay in full indebtedness of $123,257 relating to six vessels added as collateral under the 2022 Notes. The remainder has been used for general corporate purposes.

The 2022 Notes are senior obligations of Navios Holdings and Navios Maritime Finance II (US) Inc. (the "2022 Co- Issuers") and are secured by first priority ship mortgages on 23 dry bulk vessels owned by certain subsidiary guarantors and certain other associated property and contract rights. The 2022 Notes are unregistered and fully and unconditionally guaranteed, jointly and severally by all of the Company's direct and indirect subsidiaries that guarantee the 2019 Notes and Navios Maritime Finance II (US) Inc. The guarantees of the Company's subsidiaries that own mortgage vessels are senior secured guarantees and the guarantees of the Company's subsidiaries that do not own mortgage vessels are senior unsecured guarantees. In addition, the 2022 Co-Issuers have the option to redeem the 2022 Notes in whole or in part, at any time (i) before January 15, 2017, at a redemption price equal to 100% of the principal amount plus a make whole price which is based on a formula calculated using a discount rate of treasury bonds plus 50 basis points, and (ii) on or after January 15, 2017, at a fixed price of 105.531%, which price declines ratably until it reaches par in 2020.

Furthermore, upon occurrence of certain change of control events, the holders of the 2022 Notes may require the 2022 Co-Issuers to repurchase some or all of the notes at 101% of their face amount. The 2022 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 into certain transactions with affiliates, merging or consolidating or selling all or substantially all of the 2022 Co-Issuers' properties and assets and creation or designation of restricted subsidiaries. The 2022 Co-Issuers were in compliance with the covenants as of September 30, 2016.

2022 Logistics Senior Notes

On April 22, 2014, Navios Logistics and its wholly owned subsidiary Navios Logistics Finance (US) Inc. ("Logistics Finance" and together with Navios Logistics, the "Logistics Co-Issuers") issued $375,000 in aggregate principal amount of senior notes due on May 1, 2022 (the "2022 Logistics Senior Notes"), at a fixed rate of 7.25%. The net proceeds from the sale of the 2022 Logistics Senior Notes were partially used to redeem any and all of Navios Logistics then-outstanding 9.25% Senior Notes due 2019 and pay related transaction fees and expenses. The 2022 Logistics Senior Notes are unregistered and are fully and unconditionally guaranteed, jointly and severally, by all of Navios Logistics' direct and indirect subsidiaries except for Horamar do Brasil Navegação Ltda ("Horamar do Brasil"), Naviera Alto Parana S.A. ("Naviera Alto Parana") and Terra Norte Group S.A. ("Terra Norte"), which do not guarantee the 2022 Logistics Senior Notes pursuant to certain exceptions under the indenture, and Logistics Finance, which is the co-issuer of the 2022 Senior Notes. The subsidiary guarantees are "full and unconditional," except that the indenture provides for an individual subsidiary's guarantee to be automatically released in certain customary circumstances, such as in connection with a sale or other disposition of all or substantially all of the assets of the subsidiary, in connection with the sale of a majority of the capital stock of the subsidiary, if the subsidiary is designated as an "unrestricted subsidiary" in accordance with the indenture, upon liquidation or dissolution of the subsidiary or upon legal or covenant defeasance or satisfaction and discharge of the 2022 Logistics Senior Notes.

The Logistics Co-Issuers have the option to redeem the 2022 Logistics Senior Notes in whole or in part, at their option, at any time (i) before May 1, 2017, at a redemption price equal to 100% of the principal amount plus the applicable make-whole premium plus accrued and unpaid interest, if any, to the redemption date and (ii) on or after May 1, 2017, at a fixed price of 105.438%, which price declines ratably until it reaches par in 2020. At any time before May 1, 2017, the Logistics Co-Issuers may redeem up to 35% of the aggregate principal amount of the 2022 Logistics Senior Notes with the net proceeds of an equity offering at 107.250% of the principal amount of the 2022 Logistics Senior Notes, plus accrued and unpaid interest, if any, to the redemption date so long as at least 65% of the originally issued aggregate principal amount of the 2022 Logistics Senior Notes remains outstanding after such redemption. In addition, upon the occurrence of certain change of control events, the holders of the 2022 Logistics Senior Notes will have the right to require the Logistics Co-Issuers to repurchase some or all of the 2022 Logistics Senior Notes at 101% of their face amount, plus accrued and unpaid interest to the repurchase date.

The indenture governing the 2022 Logistics Senior Notes contains covenants which, among other things, limit the incurrence of additional indebtedness, issuance of certain preferred stock, the payment of dividends in excess of 6% per annum of the net proceeds received by or contributed to Navios Logistics in or from any public offering, redemption or repurchase of capital stock or making restricted payments and investments, creation of certain liens, transfer or sale of assets, entering into transactions with affiliates, merging or consolidating or selling all or substantially all of Navios Logistics' properties and assets and creation or designation of restricted subsidiaries.

The indenture governing the 2022 Logistics Senior Notes include customary events of default, including failure to pay principal and interest on the 2022 Logistics Senior Notes, a failure to comply with covenants, a failure by Navios Logistics or any significant subsidiary or any group of restricted subsidiaries that, taken together, would constitute a significant subsidiary to pay material judgments or indebtedness and bankruptcy and insolvency events with respect to us or any significant subsidiary or any group of restricted subsidiaries that, taken together, would constitute a significant subsidiary.

As of September 30, 2016, all subsidiaries, including Logistics Finance, Horamar do Brasil, Naviera Alto Parana and Terra Norte are 100% owned. Logistics Finance, Horamar do Brasil and Terra Norte do not have any independent assets or operations.

In addition, there are no significant restrictions on (i) the ability of the parent company, any issuer (or co-issuer) or any guarantor subsidiaries of the 2022 Logistics Senior Notes to obtain funds by dividend or loan from any of their subsidiaries or (ii) the ability of any subsidiaries to transfer funds to the issuer (or co-issuer) or any guarantor subsidiaries.

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The Logistics Co-Issuers were in compliance with the covenants as of September 30, 2016.

Navios Logistics Notes Payable

In connection with the purchase of mechanical equipment for the expansion of its dry port terminal, Corporacion Navios S.A. ("CNSA") entered into an unsecured export financing line of credit for a total amount of $41,964, including all related fixed financing costs, available in multiple drawings upon the completion of certain milestones ("Drawdown Events"). CNSA incurs the obligation for the respective amount drawn by signing promissory notes ("Notes Payable"). Each drawdown is repayable in 16 consecutive semi-annual installments, starting six months after the completion of each Drawdown Event. Together with each Note Payable, CNSA shall pay interest equal to six-month LIBOR. The unsecured export financing line is fully and unconditionally guaranteed by Navios Logistics. As of September 30, 2016, the remaining available amount was $8,324.

During the nine month period ended September 30, 2016, the Company, in relation to its secured credit facilities, paid $22,417, relating to installments for the year 2016.

In January 2016, the Company entered into a facility agreement with DVB Bank SE, to finance the acquisition of Navios Mars and Navios Sphera. As of September 30, 2016, the total amount drawn under the facility was $39,900.

On September 19, 2016, Navios Holdings entered into a $70,000 secured credit facility with Navios Acquisition. Please refer to "Note 8: Transactions with Related Parties".

The annualized weighted average interest rates of the Company's total borrowings were 6.93% and 6.98% for the three month periods ended September 30, 2016 and 2015, respectively, and 7.01% and 6.99% for the nine month periods ended September 30, 2016 and 2015, respectively.

The maturity table below reflects the principal payments for the next five years and thereafter of all borrowings of Navios Holdings (including Navios Logistics) outstanding as of September 30, 2016, based on the repayment schedules of the respective loan facilities (as described above) and the outstanding amount due under the debt securities.

Payment due by period	
September 30, 2017	$ 25,829
September 30, 2018	51,786
September 30, 2019	410,290
September 30, 2020	58,742
September 30, 2021	27,244
September 30, 2022 and thereafter	1,098,871
Total	**$1,672,762**

NOTE 6: FAIR VALUE OF FINANCIAL INSTRUMENTS

The following methods and assumptions were used to estimate the fair value of each class of financial instrument:

Cash and cash equivalents: The carrying amounts reported in the consolidated balance sheets for interest bearing deposits and money market funds 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.

Borrowings: 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. The 2019 Notes, the 2022 Notes, the 2022 Logistics Senior Notes and the Navios Logistics loan are fixed rate borrowings and their fair value was determined based on quoted market prices.

Capital leases: The capital leases are fixed rate obligations and their carrying amounts approximate their fair value.

Long-term receivable from affiliate company: The carrying amount of the floating rate receivable approximates its fair value.

Loan receivable from affiliate companies: The carrying amount of the floating rate loan approximates its fair value.

Long-term payable to affiliate companies: The carrying amount of the long-term payable approximates its fair value.

Investments in available-for-sale securities: The carrying amount of the investments in available-for-sale securities reported in the consolidated balance sheets represents unrealized gains and losses on these securities, which are reflected directly in equity unless an unrealized loss is considered "other-than-temporary", in which case it is transferred to the statements of comprehensive (loss)/income. During the third quarter of 2016, the Company sold all its available-for-sale securities.

The estimated fair values of the Company's financial instruments are as follows:

	September 30, 2016		December 31, 2015	
	Book Value	Fair Value	Book Value	Fair Value
Cash and cash equivalents	$ 158,555	$ 158,555	$ 163,412	$ 163,412
Restricted cash	$ 4,771	$ 4,771	$ 13,480	$ 13,480
Investments in available-for-sale-securities	$ —	$ —	$ 5,173	$ 5,173
Long-term receivable from affiliate company	$ 11,001	$ 11,001	$ —	$ —
Loan receivable from affiliate companies	$ 22,406	$ 22,406	$ 16,474	$ 16,474
Capital lease obligations, including current portion	$ (18,139)	$ (18,139)	$ (20,649)	$ (20,649)
Senior and ship mortgage notes, net	$(1,322,218)	$(777,475)	$(1,350,941)	$(735,002)
Long-term debt, including current portion	$ (276,407)	$(279,605)	$ (230,367)	$(233,526)
Loan payable to affiliate company	$ (48,574)	$ (50,122)	$ —	$ —
Other long term payable to affiliate companies	$ (6,404)	$ (6,404)	$ —	$ —

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The following tables set forth our assets that are measured at fair value on a recurring basis categorized by fair value hierarchy level. As required by the fair value guidance, assets are categorized in their entirety based on the lowest level of input that is significant to the fair value measurement.

	Fair Value Measurements as of December 31, 2015			
Assets	Total	Quoted Prices in Active Markets for Identical Assets (Level I)	Significant Other Observable Inputs (Level II)	Significant Unobservable Inputs (Level III)
Investments in available-for-sale securities	$5,173	$ 5,173	$ —	$ —
Total	**$5,173**	**$ 5,173**	**$ —**	**$ —**

Fair Value Measurements

The estimated fair value of our financial instruments that are not measured at fair value on a recurring basis, categorized based upon the fair value hierarchy, are as follows:

Level I: Inputs are unadjusted, quoted prices for identical assets or liabilities in active markets that we have the ability to access. Valuation of these items does not entail a significant amount of judgment.

Level II: Inputs other than quoted prices included in Level I that are observable for the asset or liability through corroboration with market data at the measurement date.

Level III: Inputs that are unobservable.

	Fair Value Measurements at September 30, 2016			
	Total	(Level I)	(Level II)	(Level III)
Cash and cash equivalents	$ 158,555	$ 158,555	$ —	$ —
Restricted cash	$ 4,771	$ 4,771	$ —	$ —
Long-term receivable from affiliate company(2)	$ 11,001	$ —	$ 11,001	$ —
Loan receivable from affiliate companies(2)	$ 22,406	$ —	$ 22,406	$ —
Capital lease obligations, including current portion(1)	$ (18,139)	$ —	$ (18,139)	$ —
Senior and ship mortgage notes	$(777,475)	$(777,475)	$ —	$ —
Long-term debt, including current portion(1)	$(279,605)	$ —	$(279,605)	$ —
Loan payable to affiliate company(2)	$ (50,122)	$ —	$ (50,122)	$ —
Other long term payable to affiliate companies (2)	$ (6,404)	$ —	$ (6,404)	$ —

	Fair Value Measurements at December 31, 2015			
	Total	(Level I)	(Level II)	(Level III)
Cash and cash equivalents	$ 163,412	$ 163,412	$ —	$ —
Restricted cash	$ 13,480	$ 13,480	$ —	$ —
Loan receivable from affiliate companies(2)	$ 16,474	$ —	$ 16,474	$ —
Capital lease obligations, including current portion(1)	$ (20,649)	$ —	$ (20,649)	$ —
Senior and ship mortgage notes	$(735,002)	$(735,002)	$ —	$ —
Long-term debt, including current portion(1)	$(233,526)	$ —	$(233,526)	$ —

(1) The fair value of the Company's long-term debt is estimated based on currently available debt with similar contract terms, interest rates and remaining maturities, published quoted market prices as well as taking into account the Company's creditworthiness.
(2) The fair value of the Company's loan receivable from/payable to affiliate companies and long-term receivable/ payable to affiliate companies 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 7: COMMITMENTS AND CONTINGENCIES

As of September 30, 2016, the Company was contingently liable for letters of guarantee and letters of credit amounting to $590 (December 31, 2015: $590) issued by various banks in favor of various organizations and the total amount was collateralized by cash deposits, which were included as a component of restricted cash.

As of September 30, 2016, Navios Logistics had obligations related to the acquisition of three new pushboats and the expansion of its dry port facility of $10,933 and $26,576, respectively, until March 31, 2017.

Navios Logistics has issued a guarantee and indemnity letter that guarantees the performance by Petrolera San Antonio S.A. (a consolidated subsidiary) of all its obligations to Vitol S.A. up to $12,000. This guarantee expires on March 1, 2017.

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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 can be reasonably estimated, based upon facts known on the date the financial statements were prepared. Although the Company cannot predict with certainty the ultimate resolutions of these matters, in the opinion of management, the ultimate disposition of these matters is not expected to have a material adverse effect on the Company's financial position, results of operations or liquidity.

Navios Logistics is subject to legal proceedings, claims and contingencies arising in the ordinary course of business. When such amounts can be estimated and the contingency is probable, management accrues the corresponding liability. While the ultimate outcome of lawsuits or other proceedings against the Company cannot be predicted with certainty, management does not believe the costs, individually or in aggregate of such actions will have a material effect on the Company's consolidated financial position, results of operations or cash flows.

Navios Logistics currently has a dispute with Vale regarding the termination date of a COA contract which is under arbitration proceedings in New York. Navios Logistics has received full security for its claim to date. As of September 30, 2016, related to this arbitration, Navios Logistics issued a letter of credit amounting to $2,900 and the total amount was collateralized by a cash deposit, which was presented as restricted cash in the accompanying balance sheets.

On March 30, 2016, Navios Logistics received written notice from Vale International S.A. ("Vale International") stating that Vale International will not be performing the service contract entered into between Corporacion Navios S.A. and Vale International on September 27, 2013, relating to the iron ore port facility currently under construction in Nueva Palmira, Uruguay. Navios Logistics believes that Vale International's position is without merit and initiated arbitration proceedings in London on June 10, 2016 pursuant to the dispute resolution provisions of the service contract. No assurances can be provided that Navios Logistics will prevail in the arbitration or that Vale International will finally perform the contract. If Vale International fails to perform, there may be a significant impact on Navios Logistics's future business. While the arbitration proceedings are confidential, Navios Logistics will seek to provide periodic updates.

The Company, in the normal course of business, entered into contracts to time charter-in vessels for various periods through July 2026.

As of September 30, 2016, the Company's future minimum commitments, net of commissions under chartered-in vessels, barges and pushboats were as follows:

	In operation	To be delivered	Total
September 30, 2017	$ 100,479	$ 6,558	$107,037
September 30, 2018	97,474	9,892	107,366
September 30, 2019	86,356	9,892	96,248
September 30, 2020	78,887	9,919	88,806
September 30, 2021	55,961	9,892	65,853
September 30, 2022 and thereafter	101,550	30,773	132,323
Total	**$ 520,707**	**$ 76,926**	**$597,633**

NOTE 8: TRANSACTIONS WITH RELATED PARTIES

Office rent: The Company has entered into lease agreements with Goldland Ktimatiki-Ikodomiki-Touristiki Xenodohiaki Anonimos Eteria and Emerald Ktimatiki-Ikodomiki Touristiki Xenodohiaki Anonimos Eteria, both of which are Greek corporations that are currently majority-owned by Angeliki Frangou, Navios Holdings' Chairman and Chief Executive Officer. The lease agreements provide for the leasing of facilities located in Piraeus, Greece to house the operations of most of the Company's subsidiaries. The total annual lease payments are in the aggregate €943 (approximately $1,053) and the lease agreements expire in 2017 and 2019. These payments are subject to annual adjustments, which are based on the inflation rate prevailing in Greece as reported by the Greek State at the end of each year.

Purchase of services: The Company utilizes its affiliate company, Acropolis, as a broker. Commissions charged from Acropolis for the three month periods ended September 30, 2016 and 2015 were $0 and $0, respectively, and for the nine month periods ended September 30, 2016 and 2015 were $0 and $6, respectively. Included in the trade accounts payable at both September 30, 2016 and December 31, 2015 were amounts due to Acropolis of $76, respectively.

Vessels charter hire: Beginning in 2012, Navios Holdings entered into charter-in contracts for certain of Navios Partners' vessels, all of which have been redelivered by April 2016.

In February 2012, the Company chartered-in from Navios Partners the Navios Apollon, a 2000-built Ultra-Handymax vessel. The term of this charter was approximately two years at a net daily rate of $12.5 for the first year and $13.5 for the second year, plus 50/50 profit sharing based on actual earnings. In January 2014, the Company extended this charter for approximately six months at a net daily rate of $13.5 plus 50/50 profit sharing based on actual earnings and in October 2014, the Company further extended this charter for approximately one year at a net daily rate of $12.5 plus 50/50 profit sharing based on actual earnings. In April 2015, this charter was further extended for approximately one year at a net daily rate of $12.5 plus 50/50 profit sharing based on actual earnings at the end of the period. Any adjustment by the charterers for hire expense/loss will be settled accordingly at the end of the charter period. In April 2016, the Company redelivered Navios Apollon to Navios Partners.

In May 2012, the Company chartered-in from Navios Partners the Navios Prosperity, a 2007-built Panamax vessel. The term of this charter was approximately one year with two six-month extension options granted to the Company, at a net daily rate of $12.0 plus profit sharing. In April 2014, the Company extended this charter for approximately one year and the owners received 100% of the first $1.5 in profits above the base rate, and thereafter all profits were split 50/50 to each party. Effective from March 5, 2015, Navios Holdings and Navios Partners entered into a novation agreement with the respective owners of Navios Prosperity whereby the rights to the time charter contracts of the Navios Prosperity were transferred to Navios Holdings. On July 2, 2015, Navios Prosperity was redelivered to headowners.

In September 2012, the Company chartered-in from Navios Partners the Navios Libra II, a 1995-built Panamax vessel. The term of this charter was approximately three years at a net daily rate of $12.0 plus 50/50 profit sharing based on actual earnings. In April 2015, this charter was further extended for approximately one year at a net daily rate of $12.0 plus 50/50 profit sharing based on actual earnings, at the end of the period. Any adjustment by the charterers for hire expense/loss will be settled accordingly at the end of the charter period. In April 2016, the Company redelivered Navios Libra II to Navios Partners.

In May 2013, the Company chartered-in from Navios Partners the Navios Felicity, a 1997-built Panamax vessel. The term of this charter was approximately one year, at a net daily rate of $12.0 plus profit sharing, with two six-month extension options granted to the Company. The owners received 100% of the first $1.5 in profits above the base rate, and thereafter all profits were split 50/50 to each party. In February 2014, the Company exercised its first option to extend this charter, and in August 2014, the Company exercised its second option. In April 2015, this charter was further extended for approximately one year at a net daily rate of $12.0 plus 50/50 profit sharing based on actual earnings, at the end of the period. Any adjustment by the charterers for hire expense/loss will be settled accordingly at the end of the charter period. In April 2016, the Company redelivered Navios Felicity to Navios Partners.

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In May 2013, the Company chartered-in from Navios Partners the Navios Aldebaran, a 2008-built Panamax vessel, for six months, at a net daily rate of $11.0 plus profit sharing, with a six-month extension option. In December 2013, the Company exercised its option to extend this charter. The owners received 100% of the first $2.5 in profits above the base rate, and thereafter all profits were split 50/50 to each party. In July 2014, the Company further extended this charter for approximately six to nine months. Effective from February 28, 2015, Navios Holdings and Navios Partners entered into a novation agreement with the respective owners of Navios Aldebaran whereby the rights to the time charter contracts of the Navios Aldebaran were transferred to Navios Holdings.

In July 2013, the Company chartered-in from Navios Partners the Navios Hope, a 2005-built Panamax vessel. The term of this charter was approximately one year at a net daily rate of $10.0. In December 2013, the Company extended this charter for approximately six months and in January 2015, the Company extended this charter for approximately one year at a net daily rate of $10.0 plus 50/50 profit sharing based on actual earnings. Any adjustment by the Company for hire expense/loss will be settled accordingly at the end of the charter period. In December 2015, the Company redelivered Navios Hope to Navios Partners.

In February 2015, the Company chartered-in from Navios Partners the Navios Pollux, a 2009-built Capesize vessel. The term of this charter was approximately twelve months at a daily rate of $11.4 net per day plus 50/50 profit sharing based on actual earnings. Any adjustment by the Company for hire expense/loss will be settled accordingly at the end of the charter period. In February 2016, the Company redelivered Navios Pollux to Navios Partners.

In March 2015, the Company chartered-in from Navios Partners the Navios Gemini, a 1994-built Panamax vessel. The term of this charter was approximately nine months at a net daily rate of $7.6 plus 50/50 profit sharing based on actual earnings. Any adjustment by the Company for hire expense/loss will be settled accordingly at the end of the charter period. In January 2016, the Company redelivered Navios Gemini to Navios Partners.

In April 2015, the Company chartered-in from Navios Partners the Navios Fantastiks, a 2005-built Capesize vessel. The terms of this charters is approximately ten months at a net daily rate of $12.5 plus 50/50 profit sharing on actual earnings. Any adjustment by the Company for hire expense/loss will be settled accordingly at the end of the charter period. In April 2016, the Company redelivered Navios Fantastiks to Navios Partners.

In April 2015, the Company chartered-in from Navios Partners the Navios Sun, the Navios Orbiter, the Navios Soleil, the Navios Alegria, the Navios Harmony and the Navios Hyperion. The terms of these charters are at a net daily rate of $12.0 plus 50/50 profit sharing on actual earnings. Any adjustment by the Company for hire expense/loss will be settled accordingly at the end of the charter period. In December 2015, in January 2016 and in April 2016, the Company redelivered all these vessels to Navios Partners.

Total charter hire income/(expense) for all vessels for the three month periods ended September 30, 2016 and 2015 were $0 and $(13,761), respectively, and for the nine month periods ended September 30, 2016 and 2015 were $(1,214) and $(28,680), respectively, and were included in the statement of comprehensive (loss)/income under “Time charter, voyage and logistics business expenses”.

Management fees: Navios Holdings provides commercial and technical management services to Navios Partners’ vessels for a daily fixed fee. This daily fee covered all of the vessels’ operating expenses, including the cost of drydock and special surveys. In each of October 2013, August 2014 and February 2015, the Company amended its existing management agreement with Navios Partners to fix the fees for ship management services of its owned fleet at: (i) $4.0 daily rate per Ultra-Handymax vessel; (ii) $4.1 daily rate per Panamax vessel; (iii) $5.1 daily rate per Capesize vessel; (iv) $6.5 daily rate per container vessel of Twenty-Foot Equivalent Vessel (“TEU”) 6,800; (v) $7.2 daily rate per container vessel of more than TEU 8,000; and (vi) $8.5 daily rate per very large container vessel of more than TEU 13,000 through December 31, 2015. In February 2016, the Company further amended its existing management agreement to fix the fees for ship management services of its owned fleet at: (i) $4.1 daily rate per Ultra-Handymax vessel; (ii) $4.2 daily rate per Panamax vessel; (iii) $5.25 daily rate per Capesize vessel; (iv) $6.7 daily rate per container vessel of TEU 6,800; (v) $7.4 daily rate per container vessel of more than TEU 8,000; and (vi) $8.75 daily rate per very large container vessel of more than TEU 13,000 through December 31, 2017. Drydocking expenses under this agreement will be reimbursed by Navios Partners at cost at occurrence. Total management fees for the three month periods ended September 30, 2016 and 2015 amounted to $14,881 and $14,481, respectively, and for the nine month periods ended September 30, 2016 and 2015 amounted to $44,320 and $42,023, respectively, and are presented net under the caption “Direct vessel expenses”.

Effective August 31, 2016, Navios Partners could, upon request to Navios Holdings, partially or fully defer the reimbursement of dry docking and other extraordinary fees and expenses under the management agreement to a later date, but not later than January 5, 2018, and if reimbursed on a later date, such amounts would bear interest at a rate of 1% per annum over LIBOR. Total amounts due from Navios Partners as of September 30, 2016 amounted to $11,001 (December 31, 2015: $0) and is presented under the caption “Long-term receivable from affiliate company”.

Navios Holdings provides commercial and technical management services to Navios Acquisition’s vessels for a daily fee that was fixed until May 2014, of $6.0 per owned MR2 product tanker and chemical tanker vessel, $7.0 per owned LR1 product tanker vessel and $10.0 per owned VLCC vessel. This daily fee covers all of the vessels’ operating expenses, other than certain fees and costs. Actual operating costs and expenses will be determined in a manner consistent with how the initial fixed fees were determined. Drydocking expenses until May 2014 were fixed under this agreement for up to $300 per LR1 and MR2 product tanker vessel and will be reimbursed at cost for VLCC vessels. In May 2014, Navios Holdings extended the duration of its existing management agreement with Navios Acquisition until May 2020 and fixed the fees for ship management services of Navios Acquisition owned fleet for two additional years through May 2016 at the same rates for product tanker and chemical tanker vessels, and reduced the daily fee to $9.5 per VLCC vessel. In May 2016, Navios Holdings amended its agreement with Navios Acquisition to fix the fees for ship management services of Navios Acquisition owned fleet at a daily fee of (i) $6.35 per MR2 product tanker and chemical tanker vessel; (ii) $7.15 per LR1 product tanker vessel; and (iii) $9.5 per VLCC through May 2018. Drydocking expenses under this agreement will be reimbursed at cost at occurrence for all vessels.

Effective March 30, 2012, Navios Acquisition could, upon request to Navios Holdings, partially or fully defer the reimbursement of drydocking and other extraordinary fees and expenses under the management agreement to a later date, but not later than January 5, 2016, and if reimbursed on a later date, such amounts would bear interest at a rate of 1% per annum over LIBOR. Commencing September 28, 2012, Navios Acquisition could, upon request, reimburse Navios Holdings partially or fully for any fixed management fees outstanding for a period of not more than nine months under the management agreement at a later date, but not later than January 5, 2016, and if reimbursed on a later date, such amounts would bear interest at a rate of 1% per annum over LIBOR. Total management fees for the three month periods ended September 30, 2016 and 2015 amounted to $25,107 and $23,092, respectively, and for the nine month periods ended September 30, 2016 and 2015 amounted to $73,611 and $71,427, respectively, and are presented net under the caption "Direct vessel expenses".

Pursuant to a management agreement dated December 13, 2013, Navios Holdings provides commercial and technical management services to Navios Europe I's tanker and container vessels. The term of this agreement is for a period of six years. Management fees under this agreement are reimbursed at cost on demand. Total management fees for the three month periods ended September 30, 2016 and 2015 amounted to $5,065 and $4,894, respectively, and for the nine month periods ended September 30, 2016 and 2015 amounted to $15,457 and $15,141, respectively, and are presented net under the caption "Direct vessel expenses".

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Pursuant to a management agreement dated November 18, 2014, as further amended in October 2016, Navios Holdings provides commercial and technical management services to Navios Midstream's vessels for a daily fixed fee of $9.5 per owned VLCC vessel effective through December 31, 2018. Drydocking expenses under this agreement will be reimbursed at cost at occurrence for all vessels. The term of this agreement is for a period of five years. Total management fees for the three month periods ended September 30, 2016 and 2015 amounted to $5,244 and $5,244, respectively, and for the nine month periods ended September 30, 2016 and 2015 amounted to $15,618 and $12,369, respectively, and are presented net under the caption "Direct vessel expenses".

Pursuant to a management agreement dated June 5, 2015, Navios Holdings provides commercial and technical management services to Navios Europe II's dry bulker and container vessels. The term of this agreement is for a period of six years. Management fees under this agreement are reimbursed at cost on demand. Total management fees for the three month periods ended September 30, 2016 and 2015 amounted to $6,212 and $3,726, respectively, and for the nine month periods ended September 30, 2016 and 2015 amounted to $17,677 and $4,163, respectively, and are presented net under the caption "Direct vessel expenses".

Navios Partners Guarantee: In November 2012 (as amended in March 2014), the Company entered into an agreement with Navios Partners (the "Navios Partners Guarantee") to provide Navios Partners with guarantees against counterparty default on certain existing charters, which had previously been covered by the charter insurance for the same vessels, same periods and same amounts. The Navios Partners Guarantee provides for a maximum possible payout of $20,000 by the Company to Navios Partners. Premiums that are calculated on the same basis as the restructured charter insurance are included in the management fee that is paid by Navios Partners to Navios Holdings pursuant to the management agreement. As of September 30, 2016 and 2015, Navios Partners has submitted one claim under this agreement to the Company. As at September 30, 2016, the fair value of the claim was estimated at $19,445 and was recorded in "Other long-term liabilities and deferred income" in the condensed consolidated balance sheet.

General and administrative expenses incurred on behalf of affiliates/Administrative fee revenue from affiliates: Navios Holdings provides administrative services to Navios Partners. Navios Holdings is reimbursed for reasonable costs and expenses incurred in connection with the provision of these services. Navios Holdings extended the duration of its existing administrative services agreement with Navios Partners until December 31, 2017, pursuant to its existing terms. Total general and administrative fees for the three month periods ended September 30, 2016 and 2015 amounted to $1,938 and $1,550, respectively, and for the nine month periods ended September 30, 2016 and 2015 amounted to $5,813 and $4,655, respectively.

Navios Holdings provides administrative services to Navios Acquisition. Navios Holdings extended the duration of its existing administrative services agreement with Navios Acquisition until May 2020 pursuant to its existing terms. Navios Holdings is reimbursed for reasonable costs and expenses incurred in connection with the provision of these services. Total general and administrative fees for the three month periods ended September 30, 2016 and 2015 amounted to $2,375 and $1,850, respectively, and for the nine month periods ended September 30, 2016 and 2015 amounted to $7,143 and $5,711, respectively.

Navios Holdings provides administrative services to Navios Logistics. In April 2016, Navios Holdings extended the duration of its existing administrative services agreement with Navios Logistics until December 2021, pursuant to its existing terms. Navios Holdings is reimbursed for reasonable costs and expenses incurred in connection with the provision of these services. Total general and administrative fees for the three month periods ended September 30, 2016 and 2015 amounted to $250 and $190, respectively, and for the nine month periods ended September 30, 2016 and 2015 amounted to $750 and $570, respectively. The general and administrative fees have been eliminated upon consolidation.

Pursuant to an administrative services agreement dated December 13, 2013, Navios Holdings provides administrative services to Navios Europe I's tanker and container vessels. The term of this agreement is for a period of six years. Navios Holdings is reimbursed for reasonable costs and expenses incurred in connection with the provision of these services. Total general and administrative fees charged for the three month periods ended September 30, 2016 and 2015 amounted to $327 and $201, respectively, and for the nine month periods ended September 30, 2016 and 2015 amounted to $973 and $598, respectively.

Pursuant to an administrative services agreement dated November 18, 2014, Navios Holdings provides administrative services to Navios Midstream. The term of this agreement is for a period of five years. Navios Holdings is reimbursed for reasonable costs and expenses incurred in connection with the provision of these services. Total general and administrative fees for the three month periods ended September 30, 2016 and 2015 amounted to $375 and $300, respectively, and for the nine month periods ended September 30, 2016 and 2015 amounted to $1,125 and $714, respectively.

Pursuant to an administrative services agreement dated June 5, 2015, Navios Holdings provides administrative services to Navios Europe II's dry bulk and container vessels. The term of this agreement is for a period of six years. Navios Holdings is reimbursed for reasonable costs and expenses incurred in connection with the provision of these services. Total general and administrative fees for the three month periods ended September 30, 2016 and 2015 amounted to $457 and $240, respectively, and for the nine month periods ended September 30, 2016 and 2015 amounted to $1,363 and $267, respectively.

Balance due from/ (to) affiliates (excluding Navios Europe I and Navios Europe II): Balance due from affiliates as of September 30, 2016 amounted to $0 (December 31, 2015: $8,887).

Balance due to affiliates as of September 30, 2016 amounted to $33,977 (December 31, 2015: $17,791), and the non-current amount amounted to $6,404 (December 31, 2015: $0).

The balances mainly consisted of management fees, administrative fees, drydocking and other expenses and other amounts payable.

Omnibus agreements: Navios Holdings entered into an omnibus agreement with Navios Partners (the "Partners Omnibus Agreement") in connection with the closing of Navios Partners' IPO governing, among other things, when Navios Holdings and Navios Partners may compete against each other as well as rights of first offer on certain dry bulk carriers. Pursuant to the Partners Omnibus Agreement, Navios Partners generally agreed not to acquire or own Panamax or Capesize dry bulk carriers under time charters of three or more years without the consent of an independent committee of Navios Partners. In addition, Navios Holdings has agreed to offer to Navios Partners the opportunity to purchase vessels from Navios Holdings when such vessels are fixed under time charters of three or more years.

Navios Holdings entered into an omnibus agreement with Navios Acquisition and Navios Partners (the "Acquisition Omnibus Agreement") in connection with the closing of Navios Acquisition's initial vessel acquisition, pursuant to which, among other things, Navios Holdings and Navios Partners agreed not to acquire, charter-in or own liquid shipment vessels, except for container vessels and vessels that are primarily employed in operations in South America, without the consent of an independent committee of Navios Acquisition. In addition, Navios Acquisition, under the Acquisition Omnibus Agreement, agreed to cause its subsidiaries not to acquire, own, operate or charter drybulk carriers subject to specific exceptions. Under the Acquisition Omnibus Agreement, Navios Acquisition and its subsidiaries granted to Navios Holdings and Navios Partners, a right of first offer on any proposed sale, transfer or other disposition of any of its drybulk carriers and related charters owned or acquired by Navios Acquisition. Likewise, Navios Holdings and Navios Partners agreed to grant a similar right of first offer to Navios Acquisition for any liquid shipment vessels it might own. These rights of first offer will not apply to a (i) sale, transfer or other disposition of vessels between any affiliated subsidiaries, or pursuant to the terms of any charter or other agreement with a counterparty, or (ii) merger with or into, or sale of substantially all of the assets to, an unaffiliated third party.

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

Midstream General Partner Option Agreement: Navios Holdings entered into an option agreement, with Navios Acquisition under which Navios Acquisition, which owns and controls Navios Midstream GP LLC ("Midstream General Partner"), granted Navios Holdings the option to acquire a minimum of 25% of the outstanding membership interests in Navios Maritime Midstream GP LLC and 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. The purchase price for the acquisition for all or part of the option interest shall be an amount equal to its fair market value. As of September 30, 2016, Navios Holdings had not exercised any part of that option.

Sale of vessels and sale of rights to Navios Partners: Upon the sale of vessels to Navios Partners, Navios Holdings recognizes the gain immediately in earnings only to the extent of the interest in Navios Partners owned by third parties and defers recognition of the gain to the extent of its own ownership interest in Navios Partners (the "deferred gain"). Subsequently, the deferred gain is amortized to income over the remaining useful life of the vessel. The recognition of the deferred gain is accelerated in the event that (i) the vessel is subsequently sold or otherwise disposed of by Navios Partners or (ii) the Company's ownership interest in Navios Partners is reduced. In connection with the public offerings of common units by Navios Partners, a pro rata portion of the deferred gain is released to income upon dilution of the Company's ownership interest in Navios Partners. As of September 30, 2016 and December 31, 2015, the unamortized deferred gain for all vessels and rights sold totaled $12,319 and $13,680, respectively. For the three month periods ended September 30, 2016 and 2015, Navios Holdings recognized $473 and $737, respectively, and for the nine months ended September 30, 2016 and 2015, Navios Holdings recognized $1,360 and $2,206, respectively, of the deferred gain in "Equity in net earnings of affiliated companies".

Participation in offerings of affiliates: On February 4, 2015, Navios Holdings entered into a share purchase agreement with Navios Partners pursuant to which Navios Holdings made an investment in Navios Partners by purchasing common units, and general partnership interests, in order to maintain its 20% partnership interest in Navios Partners following its equity offering in February 2015. In connection with this agreement, Navios Holdings entered into a registration rights agreement with Navios Partners pursuant to which Navios Partners provided Navios Holdings with certain rights relating to the registration of the common units.

The Navios Acquisition Credit Facilities:

On September 19, 2016, Navios Holdings entered into a $70,000 secured credit facility with Navios Acquisition. This credit facility is secured by all of the Company's' interest in Navios Acquisition and 78.5% of the Company's interest in Navios Logistics, representing a majority of the shares outstanding of Navios Logistics. This facility was provided for an arrangement fee of $700, is available for up to five drawings and has a fixed interest rate of 8.75%, compounded semi-annually to be paid upon maturity on November 15, 2018. As of September 30, 2016, the outstanding balance was $48,574 which consists of $50,000 drawn amount plus the accrued interest of $122, net of unamortized balance of deferred fees of $1,548.

On November 11, 2014, Navios Acquisition entered into a short-term credit facility with Navios Holdings pursuant to which Navios Acquisition could borrow up to $200,000 for general corporate purposes. The facility provided for an arrangement fee of $4,000, and bore fixed interest of 600 basis points. All amounts drawn under this facility were fully repaid by the maturity date of December 29, 2014.

In 2010, Navios Acquisition entered into a $40,000 credit facility with Navios Holdings, which matured in December 2015. The facility was available for multiple drawings up to a limit of $40,000 and has a margin of LIBOR plus 300 basis points. As of its maturity date, December 31, 2015, all amounts drawn have been fully repaid and there was no outstanding amount under this facility.

The Navios Partners Credit Facility: In May 2015, Navios Partners entered into a credit facility with Navios Holdings of up to $60,000. The Navios Partners Credit Facility bears an interest of LIBOR plus 300 basis points. The final maturity date is January 2, 2017. As of September 30, 2016, there was no outstanding amount under this facility. In April 2016, Navios Partners has drawn $21,000 from the Navios Partners Credit Facility, which was fully repaid during April 2016.

Balance due from /(to) Navios Europe I: Balance due from Navios Europe I as of September 30, 2016, amounted to $1,748 (December 31, 2015: $1,609), which included the net current amount payable of $263 (current amount receivable from Navios Europe I as of December 31, 2015: $211), mainly consisting of management fees, accrued interest income earned under the Navios Revolving Loans I (as defined in Note 13) and other expenses and the non-current amount receivable of $2,011 (December 31, 2015: $1,398) related to the accrued interest income earned under the Navios Term Loans I (as defined in Note 13).

The Navios Revolving Loans I and the Navios Term Loans I earn interest and an annual preferred return, respectively, at 1,270 basis points 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 September 30, 2016, the outstanding amount relating to the Navios Revolving Loans I was $7,125 (December 31, 2015: $7,125), under the caption "Loan receivable from affiliate companies." As of September 30, 2016, the available amount under the Revolving Loans I was $9,100, of which Navios Holdings is committed to fund $4,323.

Balance due from Navios Europe II: Balance due from Navios Europe II as of September 30, 2016, amounted to $7,428 (December 31, 2015: $4,196), which included the current amounts of $5,760 (December 31, 2015: $3,571), mainly consisting of management fees and accrued interest income earned under the Navios Revolving Loans II (as defined in Note 13) and other expenses and the non-current amount of $1,668 (December 31, 2015: $625) related to the accrued interest income earned under the Navios Term Loans II (as defined in Note 13).

The Navios Revolving Loans II and the Navios Term Loans II earn interest and an annual preferred return, respectively, at 1,800 basis points 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 September 30, 2016, the outstanding amount relating to Navios Holdings' portion under the Navios Revolving Loans II was $11,602 (December 31, 2015: $7,327), under the caption "Loan receivable from affiliate companies." As of September 30, 2016, the amount undrawn from the Revolving Loans II was $14,075, of which Navios Holdings is committed to fund $6,686.

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NOTE 9: PREFERRED AND COMMON STOCK

Issuances to Employees and Exercise of Options

During both the nine month periods ended September 30, 2016 and 2015, no options were exercised, pursuant to the stock plan approved by the Board of Directors.

On December 11, 2015, pursuant to the stock plan approved by the Board of Directors, Navios Holdings granted to its employees 2,540,000 shares of restricted common stock, and 1,000,000 stock options.

Vested, Surrendered and Forfeited

During the nine month periods ended September 30, 2016 and 2015, 21,301 and 15,000 restricted stock units, respectively, issued to the Company's employees vested.

During the nine month periods ended September 30, 2016 and 2015, 2,850 and 4,018 restricted shares of common stock, respectively, were forfeited upon termination of employment.

Cumulative Perpetual Preferred Stock

The Company's 2,000,000 American Depositary Shares, Series G Cumulative Redeemable Perpetual Preferred Stock (the "Series G") and the 4,800,000 American Depositary Shares, Series H Cumulative Redeemable Perpetual Preferred Stock (the "Series H") are recorded at fair market value on issuance. Each of the shares represents 1/100th of a share of the Series G and Series H, with a liquidation preference of $2,500.00 per share ($25.00 per American Depositary Share). Dividends are payable quarterly in arrears on the Series G at a rate of 8.75% per annum and on the Series H at a rate of 8.625% per annum of the stated liquidation preference. The Company has accounted for these shares as equity.

Conversion of Preferred Stock

During the nine month period ended September 30, 2016, there were no conversions of preferred stock. During the nine month period ended September 30, 2015, 1,134 shares of convertible preferred stock were automatically converted into 1,134,000 shares of common stock. The shares of convertible preferred stock were converted pursuant to their original terms, which provided that five years after the issuance date of the convertible preferred stock, 30% of the then-outstanding shares of preferred stock shall automatically convert into shares of common stock determined by dividing the amount of the liquidation preference ($10,000 per share) by a conversion price equal to $10.00 per share of common stock.

In February 2016, Navios Holdings announced the suspension of payment of quarterly dividends on its preferred stock, including the Series G and Series H. Total undeclared preferred dividends as of September 30, 2016 were $11,328.

Navios Holdings had outstanding as of September 30, 2016 and December 31, 2015, 109,538,620 and 110,468,753 shares of common stock, respectively, and 73,935 (20,000 Series G, 48,000 Series H and 5,935 shares of convertible preferred stock) as of both September 30, 2016 and December 31, 2015.

Acquisition of Treasury Stock

In November 2015, the Board of Directors approved a share repurchase program for up to $25,000 of the Navios Holdings' common stock. Share repurchases were made pursuant to a program adopted under Rule 10b5-1 under the Securities Exchange Act. Repurchases were subject to restrictions under the terms of the Company's credit facilities and indenture. The program did not require any minimum purchase or any specific number or amount of shares and could be suspended or reinstated at any time in the Company's discretion and without notice. In particular, Navios Holdings, pursuant to the terms of its Series G and Series H, may not redeem, repurchase or otherwise acquire its common stock or preferred shares, including the Series G and Series H (other than through an offer made to all holders of Series G and Series H) unless full cumulative dividends on Series G and Series H, when payable, have been paid. In total, up until February 2016, 1,147,908 shares were repurchased under this program, for a total consideration of $1,071. Since that time, this program has been suspended by the Company.

NOTE 10: OTHER (EXPENSE)/INCOME, NET

During the nine month period ended September 30, 2016 and 2015, taxes other-than income taxes of Navios Logistics amounted to $7,312 and $8,993, respectively, and were included in the statements of comprehensive loss within the caption "Other (expense)/income, net".

In March 2016, the Company agreed with a charterer for the early redelivery of one of its vessels in exchange for $13,000 in cash and settlement of outstanding claims payable to the charterer amounting to $1,871. The total amount of $14,871 was included in the statement of comprehensive loss within the caption of "Other (expense)/income, net".

NOTE 11: SEGMENT INFORMATION

The Company currently has two reportable segments from which it derives its revenues: Dry bulk Vessel Operations and Logistics Business. The reportable segments reflect the internal organization of the Company and are strategic businesses that offer different products and services. The Dry bulk Vessel Operations business consists of the transportation and handling of bulk cargoes through the ownership, operation, and trading of vessels, freight, and Forward Freight Agreements. The Logistics Business consists of operating ports and transfer station terminals, handling of vessels, barges and push boats as well as upriver transport facilities in the Hidrovia region.

The Company measures segment performance based on net (loss)/income attributable to Navios Holdings common stockholders. Inter-segment sales and transfers are not significant and have been eliminated and are not included in the following tables. Summarized financial information concerning each of the Company’s reportable segments is as follows:

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	Drybulk Vessel Operations		Logistics Business		Total	
	Three Month Period Ended September 30, 2016	Three Month Period Ended September 30, 2015	Three Month Period Ended September 30, 2016	Three Month Period Ended September 30, 2015	Three Month Period Ended September 30, 2016	Three Month Period Ended September 30, 2015
Revenue	$ 49,688	$ 63,645	$ 63,399	$ 67,310	$ 113,087	$ 130,955
Administrative fee revenue from affiliates	5,472	4,142	—	—	5,472	4,142
Interest expense and finance cost, net	(21,479)	(21,013)	(5,636)	(6,521)	(27,115)	(27,534)
Depreciation and amortization	(33,753)	(20,870)	(7,679)	(6,486)	(41,432)	(27,356)
Equity in net (loss)/ earnings of affiliated companies	(735)	16,828	—	—	(735)	16,828
Net (loss)/income attributable to Navios Holdings common stockholders	(29,299)	(28,854)	1,796	6,793	(27,503)	(22,061)
Total assets	2,345,838	2,401,380	655,823	600,711	3,001,661	3,002,091
Goodwill	56,240	56,240	104,096	104,096	160,336	160,336
Capital expenditures	(106)	(4,825)	(22,287)	(6,220)	(22,393)	(11,045)
Investments in affiliates	383,337	375,737	—	—	383,337	375,737
Cash and cash equivalents	91,268	86,025	67,287	87,335	158,555	173,360
Restricted cash	1,871	1,131	2,900	—	4,771	1,131
Long-term debt (including current and non-current portion)	$ 1,201,720	$ 1,217,797	$ 396,906	$ 367,344	$ 1,598,625	$ 1,585,141

	Drybulk Vessel Operations		Logistics Business		Total	
	Nine Month Period Ended September 30, 2016	Nine Month Period Ended September 30, 2015	Nine Month Period Ended September 30, 2016	Nine Month Period Ended September 30, 2015	Nine Month Period Ended September 30, 2016	Nine Month Period Ended September 30, 2015
Revenue	$ 142,947	$ 170,446	$ 177,360	$ 198,628	$ 320,307	$ 369,074
Administrative fee revenue from affiliates	16,417	11,946	—	—	16,417	11,946
Interest expense and finance cost, net	(63,894)	(63,341)	(17,669)	(20,069)	(81,563)	(83,410)
Depreciation and amortization	(67,651)	(56,496)	(20,739)	(19,544)	(88,391)	(76,040)
Equity in net earnings of affiliated companies	15,641	48,708	—	—	15,641	48,708
Net (loss)/income attributable to Navios Holdings common stockholders	(71,498)	(86,879)	10,114	13,327	(61,384)	(73,552)
Total assets	2,345,838	2,401,380	655,823	600,711	3,001,661	3,002,091
Goodwill	56,240	56,240	104,096	104,096	160,336	160,336
Capital expenditures	(60,319)	(7,101)	(70,118)	(15,146)	(130,437)	(22,247)
Investments in affiliates	383,337	375,737	—	—	383,337	375,737
Cash and cash equivalents	91,268	86,025	67,287	87,335	158,555	173,360
Restricted cash	1,871	1,131	2,900	—	4,771	1,131
Long-term debt (including current and non-current portion)	$ 1,201,720	$ 1,217,797	$ 396,906	$ 367,344	$ 1,598,625	$ 1,585,141

NOTE 12: LOSS PER COMMON SHARE

Loss per share is calculated by dividing net loss by the weighted average number of shares of Navios Holdings outstanding during the period.

For the three month period ended September 30, 2016, 3,118,636 potential common shares and 5,935,000 potential shares of convertible preferred stock have an anti-dilutive effect (i.e. those that increase income per share or decrease loss per share) and are therefore excluded from the calculation of diluted net loss per share.

For the three month period ended September 30, 2015, 1,591,891 potential common shares and 6,193,848 potential shares of convertible preferred stock have an anti-dilutive effect (i.e. those that increase income per share or decrease loss per share) and are therefore excluded from the calculation of diluted net loss per share.

For the nine month period ended September 30, 2016, 3,456,128 potential common shares and 5,935,000 potential shares of convertible preferred stock have an anti-dilutive effect (i.e. those that increase income per share or decrease loss per share) and are therefore excluded from the calculation of diluted net loss per share.

For the nine month period ended September 30, 2015, 1,632,089 potential common shares and 6,720,560 potential shares of convertible preferred stock have an anti-dilutive effect (i.e. those that increase income per share or decrease loss per share) and are therefore excluded from the calculation of diluted net loss per share.

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	Three Month Period Ended September 30, 2016	Three Month Period Ended September 30, 2015	Nine Month Period Ended September 30, 2016	Nine Month Period Ended September 30, 2015
Numerator:				
Net loss attributable to Navios Holdings common stockholders	$ (27,503)	$ (22,061)	$ (61,384)	$ (73,552)
Less:				
Dividend on Preferred Stock and on unvested restricted shares	(3,987)	(4,054)	(11,928)	(12,220)
Loss available to Navios Holdings common stockholders, basic and diluted	$ (31,490)	$ (26,115)	$ (73,312)	$ (85,772)
Denominator:				
Denominator for basic and diluted net loss per share attributable to Navios Holdings common stockholders — weighted average shares	106,423,653	106,409,052	106,157,410	105,641,650
Basic and diluted net losses per share attributable to Navios Holdings common stockholders	$ (0.30)	$ (0.25)	$ (0.69)	$ (0.81)

NOTE 13: INVESTMENT IN AFFILIATES AND AVAILABLE-FOR-SALE SECURITIES

Navios Partners

On August 7, 2007, Navios Holdings formed Navios Partners under the laws of Marshall Islands. Navios GP L.L.C. (the "General Partner"), a wholly owned subsidiary of Navios Holdings, was also formed on that date to act as the general partner of Navios Partners and received a 2.0% general partner interest.

In February 2015, Navios Partners completed a public offering of 4,600,000 common units, raising gross proceeds of $60,214. In addition, Navios Partners completed a private placement of 1,120,547 common units and 22,868 general partner units to Navios Holdings raising additional gross proceeds of $14,967.

As of September 30, 2016, Navios Holdings holds a total of 15,344,310 common units and 1,695,509 general partners units, representing a 20.1% interest in Navios Partners, including the 2.0% general partner interest, and the entire investment in Navios Partners is accounted for under the equity method.

As of September 30, 2016 and December 31, 2015, the unamortized difference between the carrying amount of the investment in Navios Partners and the amount of the Company's underlying equity in net assets of Navios Partners was $30,030 and $32,300, respectively. This difference is amortized through "Equity in net earnings of affiliated companies" over the remaining life of Navios Partners tangible and intangible assets.

Total equity method (loss)/income and amortization of deferred gain of $(5,016) and $4,815 were recognized in "Equity in net earnings of affiliated companies" for the three month periods ended September 30, 2016 and 2015, respectively, and equity method (loss)/income and amortization of deferred gain of $(6,483) and $12,985 were recognized in "Equity in net earnings of affiliated companies" for the nine month periods ended September 30, 2016 and 2015, respectively.

As of September 30, 2016 and December 31, 2015, the carrying amount of the investment in Navios Partners was $107,589 and $115,432, respectively.

Dividends received during the three month periods ended September 30, 2016 and 2015 were $0 and $8,124, respectively, and for the nine month periods ended September 30, 2016 and 2015 were $0 and $24,372, respectively.

As of September 30, 2016, the market value of the investment in Navios Partners was $23,685.

Acropolis

Navios Holdings has a 50% interest in Acropolis, a brokerage firm for freight and shipping charters. Although Navios Holdings owns 50% of Acropolis' stock, Navios Holdings agreed with the other shareholder that the earnings and amounts declared by way of dividends will be allocated 35% to the Company with the balance to the other shareholder. As of September 30, 2016 and December 31, 2015, the carrying amount of the investment was $293 and $175, respectively. During the three month periods ended September 30, 2016 and 2015, the Company received dividends of $0 and $454, respectively, and during the nine month periods ended September 30, 2016 and 2015, the Company received dividends of $85 and $454, respectively.

Navios Acquisition

As of September 30, 2016, Navios Holdings had a 43.3% voting and a 46.3% economic interest in Navios Acquisition.

As of September 30, 2016 and December 31, 2015, the unamortized difference between the carrying amount of the investment in Navios Acquisition and the amount of the Company's underlying equity in net assets of Navios Acquisition was $(1,102) and $1,480, respectively. This difference is amortized through "Equity in net earnings of affiliated companies" over the remaining life of Navios Acquisition tangible and intangible assets.

Total equity method income of $3,987 and $10,911 were recognized in "Equity in net earnings of affiliated companies" for the three month periods ended September 30, 2016 and 2015, respectively, and total equity method income of $21,025 and $33,872 was recognized for the nine month periods ended September 30, 2016 and 2015, respectively.

As of September 30, 2016 and December 31, 2015, the carrying amount of the investment in Navios Acquisition was $263,364 and $253,286, respectively.

Dividends received during the three month periods ended September 30, 2016 and 2015 were $3,649 and $7,298, respectively, and for the nine month periods ended September 30, 2016 and 2015 were $10,947 and $14,596, respectively.

As of September 30, 2016, the market value of the investment in Navios Acquisition was $98,519.

Navios Europe I

On December 18, 2013, Navios Europe I acquired ten vessels for aggregate consideration consisting of (i) cash (which was funded with the proceeds of senior loan facilities (the "Senior Loans I") and loans aggregating to $10,000 from Navios Holdings, Navios Acquisition and Navios Partners (in each case, in proportion to their ownership interests in Navios Europe I) (collectively, the "Navios Term Loans I") and (ii) the assumption of a junior participating loan facility (the "Junior Loan I"). In addition to the Navios Term Loans I, Navios Holdings, Navios Acquisition and Navios Partners will also make available to Navios Europe I (in each case, in proportion to their ownership interests in Navios Europe I) revolving loans up to $24,100 to fund working capital requirements (collectively, the "Navios Revolving Loans I").

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On an ongoing basis, Navios Europe I is required to distribute cash flows (after payment of operating expenses and amounts due pursuant to the terms of the Senior Loans I) according to a defined waterfall calculation.

The Navios Term Loans I will be repaid from the future sale of vessels owned by Navios Europe I and is deemed to be the initial investment by Navios Holdings. Navios Holdings evaluated its investment in Navios Europe I under ASC 810 and concluded that Navios Europe I is a VIE and that they are not the party most closely associated with Navios Europe I and, accordingly, is not the primary beneficiary of Navios Europe I.

Navios Holdings further evaluated its investment in the common stock of Navios Europe I under ASC 323 and concluded that it has the ability to exercise significant influence over the operating and financial policies of Navios Europe I and, therefore, its investment in Navios Europe I is accounted for under the equity method.

The initial investment in Navios Europe I of $4,750 at the inception included the Company’s share of the basis difference between the fair value and the underlying book value of the assets of Navios Europe I, which amounted to $6,763. This difference is amortized through “Equity in net earnings of affiliated companies” over the remaining life of Navios Europe I. As of September 30, 2016 and December 31, 2015, the unamortized basis difference of Navios Europe I was $4,879, and $5,386, respectively.

As of September 30, 2016 and December 31, 2015, the estimated maximum potential loss by Navios Holdings in Navios Europe I would have been $17,648 and $15,763, respectively, which represents the Company’s carrying value of its investment including accrued interest, of $7,895 (December 31, 2015: $6,895) plus the Company’s balance of the Navios Revolving Loans I of $9,753 (December 31, 2015: $8,868), including accrued interest, and does not include the undrawn portion of the Navios Revolving Loans I.

Income of $331 and $408 was recognized in “Equity in net earnings of affiliated companies” for the three month periods ended September 30, 2016 and 2015, respectively, and income of $1,000 and $968 was recognized for the nine month periods ended September 30, 2016 and 2015, respectively.

As of September 30, 2016 and December 31, 2015, the carrying amount of the investment in Navios Europe I was $5,884 and $5,497, respectively.

Navios Europe II

On February 18, 2015, Navios Holdings, Navios Acquisition and Navios Partners established Navios Europe II. From June 8, 2015 through December 31, 2015, Navios Europe II acquired 14 vessels for aggregate consideration consisting of: (i) cash consideration of $145,550 (which was funded with the proceeds of a $131,550 senior loan facilities (the “Senior Loans II”) and loans aggregating $14,000 from Navios Holdings, Navios Acquisition and Navios Partners (in each case, in proportion to their ownership interests in Navios Europe II) (collectively, the “Navios Term Loans II”) and (ii) the assumption of a junior participating loan facility (the “Junior Loan II”) with a face amount of $182,150 and fair value $99,147 at the acquisition date. In addition to the Navios Term Loans II, Navios Holdings, Navios Acquisition and Navios Partners will also make available to Navios Europe II (in each case, in proportion to their ownership interests in Navios Europe II) revolving loans up to $38,500 to fund working capital requirements (collectively, the “Navios Revolving Loans II”).

On an ongoing basis, Navios Europe II is required to distribute cash flows (after payment of operating expenses, amounts due pursuant to the terms of the Senior Loans 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 Holdings. Navios Holdings evaluated its investment in Navios Europe II under ASC 810 and concluded that Navios Europe II is a VIE and that they are not the party most closely associated with Navios Europe II and, accordingly, is not the primary beneficiary of Navios Europe II.

Navios Holdings further evaluated its investment in the common stock of Navios Europe II under ASC 323 and concluded that it has the ability to exercise significant influence over the operating and financial policies of Navios Europe II and, therefore, its investment in Navios Europe II is accounted for under the equity method.

The initial investment in Navios Europe II recorded under the equity method of $6,650, at the inception included the Company's share of the basis difference between the fair value and the underlying book value of the assets of Navios Europe II, which amounted to $9,419. This difference is amortized through "Equity in net earnings of affiliated companies" over the remaining life of Navios Europe II. As of September 30, 2016 and December 31, 2015, the unamortized basis difference of Navios Europe II was $8,189 and $8,895, respectively.

As of September 30, 2016 and December 31, 2015, the estimated maximum potential loss by Navios Holdings in Navios Europe II would have been $21,565 and $15,858, respectively, which represents the Company's carrying value of its investment including accrued interest of $7,853 (December 31, 2015: $7,958) plus the Company's balance of the Navios Revolving Loans II of $13,712 (December 31, 2015: $7,900), including accrued interest, and does not include the undrawn portion of the Navios Revolving Loans II.

(Loss)/income of $(121) and $727 was recognized in "Equity in net earnings of affiliated companies" for the three month periods ended September 30, 2016 and 2015, respectively, and income of $105 and $760 was recognized for the nine month periods ended September 30, 2016 and 2015, respectively.

As of September 30, 2016 and December 31, 2015, the carrying amount of the investment in Navios Europe II was $6,185 and $7,333, respectively.

Summarized financial information of the affiliated companies is presented below:

	September 30, 2016				December 31, 2015			
Balance Sheet	**Navios Partners**	**Navios Acquisition**	**Navios Europe I**	**Navios Europe II**	**Navios Partners**	**Navios Acquisition**	**Navios Europe I**	**Navios Europe II**
Cash and cash equivalents, including restricted cash	$ 42,162	$ 49,048	$ 10,161	$ 16,851	$ 34,539	$ 61,645	$ 11,839	$ 17,366
Current assets	75,766	89,510	15,015	19,350	39,835	97,349	14,782	22,539
Non-current assets	1,225,008	1,673,927	172,361	236,241	1,310,456	1,676,742	179,023	245,154
Current liabilities	64,038	109,155	16,862	20,468	41,528	82,798	15,377	16,897
Long- term debt including current portion, net	554,461	1,154,173	88,695	121,726	598,078	1,197,583	96,580	129,185
Financial liabilities at fair value*	n/a	n/a	70,898	14,550	n/a	n/a	68,535	23,568
Non-current liabilities	554,981	1,088,114	178,256	168,216	576,548	1,143,922	182,537	173,543

(*) representing the fair value of Junior Loan I and Junior Loan II, respectively.

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	Three Month Period Ended September 30, 2016				Three Month Period Ended September 30, 2015			
Income Statement	**Navios Partners**	**Navios Acquisition**	**Navios Europe I**	**Navios Europe II**	**Navios Partners**	**Navios Acquisition**	**Navios Europe I**	**Navios Europe II**
Revenue	$ 50,341	$ 68,069	$ 9,946	$ 7,617	$ 57,103	$ 77,692	$ 11,051	$ 9,387
Net (loss)/income before non-cash change in fair value of Junior Loan I and Junior Loan II	n/a	n/a	(530)	(7,450)	n/a	n/a	542	1,492
Net (loss)/income	(33,863)	8,817	(498)	(3,223)	11,764	23,216	(740)	5,619

	Nine Month Period Ended September 30, 2016				Nine Month Period Ended September 30, 2015			
Income Statement	**Navios Partners**	**Navios Acquisition**	**Navios Europe I**	**Navios Europe II**	**Navios Partners**	**Navios Acquisition**	**Navios Europe I**	**Navios Europe II**
Revenue	$140,859	$ 222,983	$ 30,475	$ 22,343	$170,362	$ 236,711	$ 30,911	$ 10,381
Net (loss)/income before non-cash change in fair value of Junior Loan I and Junior Loan II	n/a	n/a	(1,270)	(19,364)	n/a	n/a	(813)	1,906
Net (loss)/income	(50,460)	44,771	(3,633)	(10,346)	33,998	69,612	(5,540)	6,033

Investments in available-for-sale securities

During 2013, the Company received shares of Korea Line Corporation ("KLC"), and during 2015 and 2016, the Company received shares of Pan Ocean Co.Ltd ("STX") as partial compensation for the claims filed under the Korean court for all unpaid amounts in respect of the employment of the Company's vessels. The shares were valued at fair value upon the day of issuance. During the third quarter of 2016, the Company sold all its 354,093 KLC and STX securities it held for a total consideration of $5,303. As of September 30, 2016 and December 31, 2015, the Company retained a total of 0 and 344,649 KLC and STX shares, respectively.

The shares received from KLC and STX were accounted for under the guidance for available-for-sale securities (the "AFS Securities"). The Company has no other types of available-for-sale securities.

As of September 30, 2016 and December 31, 2015, the carrying amount of the available-for-sale securities related to KLC and STX was $0 and $5,173, respectively. As of June 30, 2016, the Company considered the decline in fair value of its available-for-sale shares as "other-than-temporary" and therefore recognized a loss of $345 out of accumulated other comprehensive loss. The respective loss was included in other (expense)/income, net in the accompanying consolidated statement of comprehensive loss. As of September 30, 2016 and 2015, the unrealized holding losses related to these AFS Securities included in "Accumulated Other Comprehensive Loss" were $0 and $7, respectively.

NOTE 14: OTHER FINANCIAL INFORMATION

The Company's 2019 Notes are fully and unconditionally guaranteed on a joint and several basis by all of the Company's subsidiaries with the exception of Navios Maritime Finance II (US) Inc., Navios Maritime Finance (US) Inc., Navios Logistics and its subsidiaries and Navios GP L.L.C. The subsidiary guarantees are "full and unconditional", except that the indenture provides for an individual subsidiary's guarantee to be automatically released in certain customary circumstances, such as when a subsidiary is sold or all of the assets of the subsidiary are sold, the capital stock is sold, when the subsidiary is designated as an "unrestricted subsidiary" for purposes of the indenture, upon liquidation or dissolution of the subsidiary or upon legal or covenant defeasance or satisfaction and discharge of the notes. All subsidiaries, except for the non-guarantor Navios Logistics and its subsidiaries, are 100% owned.

These condensed consolidated statements of Navios Holdings, the guarantor subsidiaries and the non-guarantor subsidiaries have been prepared on an equity basis as permitted by U.S. GAAP.

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	Navios Maritime Holdings Inc. Issuer	Guarantor Subsidiaries	Non Guarantor Subsidiaries	Eliminations	Total
Statement of comprehensive (loss)/income for the three months ended September 30, 2016					
Revenue	$ —	$ 49,687	$ 63,400	$ —	$113,087
Administrative fee revenue from affiliates	—	5,472	—	—	5,472
Time charter, voyage and logistics business expenses	—	(23,722)	(18,124)	—	(41,846)
Direct vessel expenses	—	(12,260)	(21,009)	—	(33,269)
General and administrative expenses incurred on behalf of affiliates	—	(5,472)	—	—	(5,472)
General and administrative expenses	(1,187)	(1,576)	(3,419)	—	(6,182)
Depreciation and amortization	(708)	(33,045)	(7,679)	—	(41,432)
Interest expense and finance cost, net	(19,565)	(1,606)	(5,638)	—	(26,809)
Gain on bond extinguishment	15,956	—	—	—	15,956
Other income/(expense), net	(3)	(458)	(3,383)	—	(3,844)
(Loss)/income before equity in net earnings of affiliated companies	**(5,507)**	**(22,980)**	**4,148**	**—**	**(24,339)**
(Loss)/income from subsidiaries	(21,168)	1,791	—	19,377	—
Equity in net earnings of affiliated companies	(828)	768	(675)	—	(735)
(Loss)/income before taxes	**(27,503)**	**(20,421)**	**3,473**	**19,377**	**(25,074)**
Income tax (expense)/benefit	—	(72)	(1,341)	—	(1,413)
Net (loss)/income	**(27,503)**	**(20,493)**	**2,132**	**19,377**	**(26,487)**
Less: Net income attributable to the noncontrolling interest	—	—	(1,016)	—	(1,016)
Net (loss)/income attributable to Navios Holdings common stockholders	**$ (27,503)**	**$ (20,493)**	**$ 1,116**	**$ 19,377**	**$ (27,503)**
Other Comprehensive income/(loss)					
Unrealized holding gain/(loss) on investments in available-for-sale securities	$ —	$ —	$ —	$ —	$ —
Reclassification to earnings	—	—	—	—	—
Total other comprehensive income/(loss)	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**
Total comprehensive (loss)/income	**$ (27,503)**	**$ (20,493)**	**$ 2,132**	**$ 19,377**	**$ (26,487)**
Comprehensive income attributable to noncontrolling interest	—	—	(1,016)	—	(1,016)
Total comprehensive income/(loss) attributable to Navios Holdings common stockholders	**$ (27,503)**	**$ (20,493)**	**$ 1,116**	**$ 19,377**	**$ (27,503)**

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	Navios Maritime Holdings Inc. Issuer	Guarantor Subsidiaries	Non Guarantor Subsidiaries	Eliminations	Total
Statement of comprehensive (loss)/income for the three months ended September 30, 2015					
Revenue	$ —	$ 63,644	$ 67,311	$ —	$130,955
Administrative fee revenue from affiliates	—	4,142	—	—	4,142
Time charter, voyage and logistics business expenses	—	(47,915)	(15,471)	—	(63,386)
Direct vessel expenses	—	(12,393)	(21,358)	—	(33,751)
General and administrative expenses incurred on behalf of affiliates	—	(4,142)	—	—	(4,142)
General and administrative expenses	(1,221)	(1,981)	(3,101)	—	(6,303)
Depreciation and amortization	(708)	(20,162)	(6,486)	—	(27,356)
Interest expense and finance cost, net	(19,765)	(1,248)	(6,521)	—	(27,534)
Other expense, net	(7)	(3,850)	(2,852)	—	(6,709)
(Loss)/income before equity in net earnings of affiliated companies	**(21,701)**	**(23,905)**	**11,522**	**—**	**(34,084)**
(Loss)/income from subsidiaries	(15,116)	6,791	—	8,325	—
Equity in net earnings of affiliated companies	14,756	1,837	235	—	16,828
(Loss)/income before taxes	**(22,061)**	**(15,277)**	**11,757**	**8,325**	**(17,256)**
Income tax (expense)/benefit	—	(75)	(880)	—	(955)
Net (loss)/income	**(22,061)**	**(15,352)**	**10,877**	**8,325**	**(18,211)**
Less: Net income attributable to the noncontrolling interest	—	—	(3,850)	—	(3,850)
Net (loss)/income attributable to Navios Holdings common stockholders	**$ (22,061)**	**$ (15,352)**	**$ 7,027**	**$ 8,325**	**$ (22,061)**
Other Comprehensive(loss)/ income					
Unrealized holding income on investments in available-for-sale securities	$ (707)	$ (707)	$ —	$ 707	$ (707)
Reclassification to earnings	1,782	1,782	—	(1,782)	1,782
Other comprehensive loss of affiliated companies	(1,447)	—	—	—	(1,447)
Total other comprehensive(loss)/ income	**$ (372)**	**$ 1,075**	**$ —**	**$ (1,075)**	**$ (372)**
Total comprehensive (loss)/income	**$ (22,433)**	**$ (14,277)**	**$ 10,877**	**$ 7,250**	**$ (18,583)**
Comprehensive income attributable to noncontrolling interest	—	—	(3,850)	—	(3,850)
Total comprehensive(loss)/income attributable to Navios Holdings common stockholders	**$ (22,433)**	**$ (14,277)**	**$ 7,027**	**$ 7,250**	**$ 22,433**

NAVIOS MARITIME HOLDINGS INC.
UNAUDITED CONDENSED NOTES TO THE
CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in thousands of U.S. dollars — except share data)

	Navios Maritime Holdings Inc. Issuer	Guarantor Subsidiaries	Non Guarantor Subsidiaries	Eliminations	Total
Statement of comprehensive (loss)/income for the nine months ended September 30, 2016					
Revenue	$ —	$ 142,946	$ 177,361	$ —	$ 320,307
Administrative fee revenue from affiliates	—	16,417	—	—	16,417
Time charter, voyage and logistics business expenses	—	(78,742)	(45,580)	—	(124,322)
Direct vessel expenses	—	(38,937)	(59,091)	—	(98,028)
General and administrative expenses incurred on behalf of affiliates	—	(16,417)	—	—	(16,417)
General and administrative expenses	(4,321)	(4,436)	(10,255)	—	(19,012)
Depreciation and amortization	(2,152)	(65,499)	(20,740)	—	(88,391)
Interest expense and finance cost, net	(58,555)	(5,031)	(17,671)	—	(81,257)
Gain on bond extinguishment	15,956	—	—	—	15,956
Other income/(expense), net	57	11,791	(6,558)	—	5,290
(Loss)/income before equity in net earnings of affiliated companies	**(49,015)**	**(37,908)**	**17,466**	**—**	**(69,457)**
(Loss)/income from subsidiaries	(26,557)	10,114	—	16,443	—
Equity in net earnings of affiliated companies	14,188	2,459	(1,006)	—	15,641
(Loss)/income before taxes	**(61,384)**	**(25,335)**	**16,460**	**16,443**	**(53,816)**
Income tax (expense)/benefit	—	(214)	(1,623)	—	(1,837)
Net (loss)/income	**(61,384)**	**(25,549)**	**14,837**	**16,443**	**(55,653)**
Less: Net income attributable to the noncontrolling interest	—	—	(5,731)	—	(5,731)
Net (loss)/income attributable to Navios Holdings common stockholders	**$ (61,384)**	**$ (25,549)**	**$ 9,106**	**$ 16,443**	**$ (61,384)**
Other Comprehensive income/(loss)					
Unrealized holding gain/(loss) on investments in available-for-sale securities	$ 100	$ 100	$ —	$ (100)	$ 100
Reclassification to earnings	345	345	—	(345)	345
Total other comprehensive income/(loss)	**$ 445**	**$ 445**	**$ —**	**$ (445)**	**$ 445**
Total comprehensive (loss)/income	**$ (60,939)**	**$ (25,104)**	**$ 14,837**	**$ 15,998**	**$ (55,208)**
Comprehensive income attributable to noncontrolling interest	—	—	(5,731)	—	(5,731)
Total comprehensive income/(loss) attributable to Navios Holdings common stockholders	**$ (60,939)**	**$ (25,104)**	**$ 9,106**	**$ 15,998**	**$ (60,939)**

NAVIOS MARITIME HOLDINGS INC.
UNAUDITED CONDENSED NOTES TO THE
CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in thousands of U.S. dollars — except share data)

	Navios Maritime Holdings Inc. Issuer	Guarantor Subsidiaries	Non Guarantor Subsidiaries	Eliminations	Total
Statement of comprehensive (loss)/income for the nine months ended September 30, 2015					
Revenue	$ —	$ 170,445	$ 198,629	$ —	$ 369,074
Administrative fee revenue from affiliates	—	11,946	—	—	11,946
Time charter, voyage and logistics business expenses	—	(133,646)	(57,530)	—	(191,176)
Direct vessel expenses	—	(38,003)	(62,313)	—	(100,316)
General and administrative expenses incurred on behalf of affiliates	—	(11,946)	—	—	(11,946)
General and administrative expenses	(3,435)	(7,729)	(10,618)	—	(21,782)
Depreciation and amortization	(2,102)	(54,394)	(19,544)	—	(76,040)
Interest expense and finance cost, net	(59,149)	(4,192)	(20,069)	—	(83,410)
Other expense, net	(74)	(3,090)	(8,780)	—	(11,944)
(Loss)/income before equity in net earnings of affiliated companies	**(64,760)**	**(70,609)**	**19,775**	**—**	**(115,594)**
(Loss)/income from subsidiaries	(51,620)	13,325	—	38,295	—
Equity in net earnings of affiliated companies	42,828	4,056	1,824	—	48,708
(Loss)/income before taxes	**(73,552)**	**(53,228)**	**21,599**	**38,295**	**(66,886)**
Income tax (expense)/benefit	—	(217)	1,105	—	888
Net (loss)/income	**(73,552)**	**(53,445)**	**22,704**	**38,295**	**(65,998)**
Less: Net income attributable to the noncontrolling interest	—	—	(7,554)	—	(7,554)
Net (loss)/income attributable to Navios Holdings common stockholders	**$ (73,552)**	**$ (53,445)**	**$ 15,150**	**$ 38,295**	**$ (73,552)**
Other Comprehensive(loss)/ income					
Unrealized holding loss on investments in available-for-sale securities	$ (1,197)	$ (1,197)	$ —	$ 1,197	$ (1,197)
Reclassification to earnings	1,782	1,782	—	(1,782)	1,782
Other comprehensive loss of affiliated companies	(1,447)	—	—	—	(1,447)
Total other comprehensive loss	**$ (862)**	**$ 585**	**$ —**	**$ (585)**	**$ (862)**
Total comprehensive (loss)/income	**$ (74,414)**	**$ (52,860)**	**$ 22,704**	**$ 37,710**	**$ (66,860)**
Comprehensive income attributable to noncontrolling interest	—	—	(7,554)	—	(7,554)
Total comprehensive (loss)/income attributable to Navios Holdings common stockholders	**$ (74,414)**	**$ (52,860)**	**$ 15,150**	**$ 37,710**	**$ (74,414)**

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NAVIOS MARITIME HOLDINGS INC.
UNAUDITED CONDENSED NOTES TO THE
CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in thousands of U.S. dollars — except share data)

Balance Sheet as of September 30, 2016	Navios Maritime Holdings Inc. Issuer	Guarantor Subsidiaries	Non Guarantor Subsidiaries	Eliminations	Total
Current assets					
Cash and cash equivalents	$ 35,065	$ 56,203	$ 67,287	$ —	$ 158,555
Restricted cash	—	1,871	2,900	—	4,771
Accounts receivable, net	—	33,013	35,265	—	68,278
Intercompany receivables	—	105,703	74,189	(179,892)	—
Due from affiliate companies	1,870	3,890	—	—	5,760
Prepaid expenses and other current assets	—	41,436	17,370	—	58,806
Total current assets	**36,935**	**242,116**	**197,011**	**(179,892)**	**296,170**
Deposits for vessel acquisitions	—	—	116,424	—	116,424
Vessels, port terminals and other fixed assets, net	—	1,430,188	413,955	—	1,844,143
Investments in subsidiaries	1,645,539	295,838	—	(1,941,377)	—
Investment in affiliates	360,038	12,387	10,912	—	383,337
Long-term receivable from affiliate company	—	11,001	—	—	11,001
Loan receivable from affiliate companies	—	22,406	—	—	22,406
Other long-term assets	—	19,376	19,928	—	39,304
Goodwill and other intangibles	84,641	35,731	168,504	—	288,876
Total non-current assets	**2,090,218**	**1,826,927**	**729,723**	**(1,941,377)**	**2,705,491**
Total assets	**$ 2,127,153**	**$2,069,043**	**$ 926,734**	**$(2,121,269)**	**$3,001,661**
LIABILITIES AND STOCKHOLDERS' EQUITY					
Current liabilities					
Accounts payable	$ 852	$ 56,240	$ 31,733	$ —	$ 88,825
Accrued expenses and other liabilities	14,404	49,001	24,483	—	87,888
Deferred income and cash received in advance	—	6,012	4,552	—	10,564
Due to affiliate companies	—	34,240	—	—	34,240
Intercompany payables	179,892	—	—	(179,892)	—
Current portion of capital lease obligations	—	—	3,022	—	3,022
Current portion of long-term debt	—	21,151	3,774	—	24,925
Total current liabilities	**195,148**	**166,644**	**67,564**	**(179,892)**	**249,464**
Long-term debt, net of current portion	954,299	226,269	393,132		1,573,700
Capital lease obligations, net of current portion	—	—	15,117	—	15,117
Long term payable to affiliate companies	—	6,404	—	—	6,404
Loan payable to affiliate company	48,574	—	—	—	48,574
Other long-term liabilities and deferred income	—	38,076	1,094	—	39,170
Deferred tax liability	—	—	12,777	—	12,777
Total non-current liabilities	**1,002,873**	**270,749**	**422,120**	**—**	**1,695,742**
Total liabilities	**1,198,021**	**437,393**	**489,684**	**(179,892)**	**1,945,206**
Noncontrolling interest	—	—	127,323	—	127,323
Total Navios Holdings stockholders' equity	**929,132**	**1,631,650**	**309,727**	**(1,941,377)**	**929,132**
Total liabilities and stockholders' equity	**$ 2,127,153**	**$2,069,043**	**$ 926,734**	**$(2,121,269)**	**$3,001,661**

NAVIOS MARITIME HOLDINGS INC.
UNAUDITED CONDENSED NOTES TO THE
CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in thousands of U.S. dollars — except share data)

Balance Sheet as of December 31, 2015	Navios Maritime Holdings Inc. Issuer	Guarantor Subsidiaries	Non Guarantor Subsidiaries	Eliminations	Total
Current assets					
Cash and cash equivalents	$ 34,152	$ 47,753	$ 81,507	$ —	$ 163,412
Restricted cash	—	13,480	—	—	13,480
Accounts receivable, net	—	38,716	26,097	—	64,813
Intercompany receivables	10,360	38,108	74,573	(123,041)	—
Due from affiliate companies	4,833	7,836	—	—	12,669
Prepaid expenses and other current assets	3	36,580	12,002	—	48,585
Total current assets	**49,348**	**182,473**	**194,179**	**(123,041)**	**302,959**
Deposits for vessels, port terminals and other fixed assets	—	29,695	44,254	—	73,949
Vessels, port terminals and other fixed assets, net	—	1,396,101	427,860	—	1,823,961
Investments in subsidiaries	1,636,433	285,726	—	(1,922,159)	—
Investments in available-for-sale securities	—	5,173	—	—	5,173
Investments in affiliates	356,797	13,028	11,921	—	381,746
Loan receivable from affiliate companies	—	16,474	—	—	16,474
Other long-term assets	—	21,325	22,433	—	43,758
Goodwill and other intangibles	86,793	52,829	171,171	—	310,793
Total non-current assets	**2,080,023**	**1,820,351**	**677,639**	**(1,922,159)**	**2,655,854**
Total assets	**$ 2,129,371**	**$2,002,824**	**$ 871,818**	**$(2,045,200)**	**$2,958,813**
LIABILITIES AND STOCKHOLDERS' EQUITY					
Current liabilities					
Accounts payable	$ 363	$ 45,913	$ 26,329	$ —	$ 72,605
Accrued expenses and other liabilities	33,244	54,451	15,400	—	103,095
Deferred income and cash received in advance	—	6,267	7,225	—	13,492
Intercompany payables	123,041	—	—	(123,041)	—
Due to affiliate companies	—	17,791	—	—	17,791
Current portion of capital lease obligations	—	—	2,929	—	2,929
Current portion of long-term debt	—	16,875	69	—	16,944
Total current liabilities	**156,648**	**141,297**	**51,952**	**(123,041)**	**226,856**
Long-term debt, net of current portion	983,763	213,102	367,499	—	1,564,364
Capital lease obligations, net of current portion	—	—	17,720	—	17,720
Unfavorable lease terms	—	7,526	—	—	7,526
Other long-term liabilities and deferred income	—	19,360	1,518	—	20,878
Deferred tax liability	—	—	10,917	—	10,917
Total non-current liabilities	**983,763**	**239,988**	**397,654**	**—**	**1,621,405**
Total liabilities	**1,140,411**	**381,285**	**449,606**	**(123,041)**	**1,848,261**
Noncontrolling interest	—	—	121,592	—	121,592
Total Navios Holdings stockholders' equity	**988,960**	**1,621,539**	**300,620**	**(1,922,159)**	**988,960**
Total liabilities and stockholders' equity	**$ 2,129,371**	**$2,002,824**	**$ 871,818**	**$(2,045,200)**	**$2,958,813**

NAVIOS MARITIME HOLDINGS INC.
UNAUDITED CONDENSED NOTES TO THE
CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in thousands of U.S. dollars — except share data)

Cash flow statement for the nine months ended September 30, 2016	Navios Maritime Holdings Inc. Issuer	Guarantor Subsidiaries	Non Guarantor Subsidiaries	Eliminations	Total
Net cash (used in)/provided by operating activities	**$ (65,742)**	**$ 77,837**	**$ 30,182**	**$ —**	**$ 42,277**
Cash flows from investing activities					
Disposal of available-for-sale securities	—	5,303	—	—	5,303
Loan to affiliate company	—	(4,275)	—	—	(4,275)
Acquisition of vessels	—	(60,115)	—	—	(60,115)
Deposits for vessel acquisitions	—	—	(66,421)	—	(66,421)
Purchase of property, equipment and other fixed assets	—	(202)	(3,699)	—	(3,901)
Net cash used in investing activities	—	(59,289)	(70,120)	—	(129,409)
Cash flows from financing activities					
Transfer (to)/from other group subsidiaries	38,420	(38,420)	—	—	—
Repurchase of senior notes	(15,703)	—	—	—	(15,703)
Repayment of long-term debt and payment of principal	—	(22,418)	(643)	—	(23,061)
Proceeds from long-term loans, net of deferred finance fees	—	39,128	28,871	—	67,999
Proceeds from loan payable to affiliate company, net of deferred finance fees	48,438	—	—	—	48,438
Dividends paid	(3,681)	—	—	—	(3,681)
Decrease in restricted cash	—	11,612	—	—	11,612
Acquisition of treasury stock	(819)	—	—	—	(819)
Payments of obligations under capital leases	—	—	(2,510)	—	(2,510)
Net cash provided by financing activities	**66,655**	**(10,098)**	**25,718**	**—**	**82,275**
(Decrease)/ increase in cash and cash equivalents	**913**	**8,450**	**(14,220)**	**—**	**(4,857)**
Cash and cash equivalents, at beginning of period	**34,152**	**47,753**	**81,507**	**—**	**163,412**
Cash and cash equivalents, at end of period	**$ 35,065**	**$ 56,203**	**$ 67,287**	**$ —**	**$ 158,555**

Cash flow statement for the nine months ended September 30, 2015	Navios Maritime Holdings Inc. Issuer	Guarantor Subsidiaries	Non Guarantor Subsidiaries	Eliminations	Total
Net cash (used in)/provided by operating activities	**$ (51,116)**	**$ 35,117**	**$ 38,377**	**$ —**	**$ 22,378**
Cash flows from investing activities					
Acquisition of investments in affiliates	(14,668)	(6,650)	(1,528)	—	(22,846)
Loan to affiliate company	—	(6,614)	—	—	(6,614)
Increase in long-term receivable from affiliate companies	—	9,488	—	—	9,488
Dividends from affiliate companies	14,595	—	—	—	14,595
Deposits for vessel acquisitions	—	(6,906)	(9,213)	—	(16,119)
Purchase of property, equipment and other fixed assets	—	(195)	(5,933)	—	(6,128)
Net cash used in investing activities	**(73)**	**(10,877)**	**(16,674)**	**—**	**(27,624)**
Cash flows from financing activities					
Transfer (to)/from other group subsidiaries	18,869	(20,397)	1,528	—	—
Repayment of long-term debt and payment of principal	—	(30,987)	(51)	—	(31,038)
Dividends paid	(31,369)	—	—	—	(31,369)
Decrease in restricted cash	—	1,234	—	—	1,234
Acquisition of noncontrolling interest	—	—	(6,800)	—	(6,800)
Payments of obligations under capital leases	—	—	(977)	—	(977)
Net cash used in financing activities	**(12,500)**	**(50,150)**	**(6,300)**	**—**	**(68,950)**
Net increase in cash and cash equivalents	**(63,689)**	**(25,910)**	**15,403**	**—**	**(74,196)**
Cash and cash equivalents, at beginning of period	**98,539**	**77,085**	**71,932**	**—**	**247,556**
Cash and cash equivalents, at end of period	**$ 34,850**	**$ 51,175**	**$ 87,335**	**$ —**	**$173,360**

NOTE 15: SUBSEQUENT EVENT

a) During October 2016, the Company prepaid one of its secured credit facilities, which had an outstanding balance of $15,319, using $13,802 cash, thus achieving a $1,517 benefit to nominal value. The Company entered into a new facility to refinance one Capesize vessel and the amount drawn was $16,125. The new credit facility is repayable in four consecutive quarterly instalments of $250, followed by 16 consecutive quarterly instalments of $275 each, with a final balloon repayment of 10,725 to be made on the last repayment date with the last installment. The first instalment will be due 15 months from the loan drawdown. The credit facility bears interest at LIBOR plus 300 bps per annum. The loan has a tenor of six years.

b) During October 2016, the Company repurchased $26,941 of its 2019 Notes for a cash consideration of $14,901.

c) On November 8, 2016, the Company announced the completion of the offer to exchange its Series G and Series H. A total of 24,431 Series G and Series H were validly tendered representing an aggregate nominal value of $61,078. The Company paid an aggregate of $8,657 in cash and issued a total of 7,589,176 shares of common stock.

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized.

NAVIOS MARITIME HOLDINGS INC.

By: /s/ Angeliki Frangou
Angeliki Frangou
Chief Executive Officer

Date: December 1, 2016

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EXHIBIT INDEX

Exhibit No.	Exhibit
10.1	Loan Agreement for a Loan of up to $16.125 million, dated as of November 3, 2016, by and between Nostos Shipmanagement Corp. and Alpha Bank A.E..

Exhibit 10.1

Private and Confidential

DATED 03 November 2016

NOSTOS SHIPMANAGEMENT CORP. (1)

as borrower

and

ALPHA BANK A.E. (2)

as lender

LOAN AGREEMENT

in respect of

a loan of up to USD16,125,000

INCE & CO

PIRAEUS

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THIS AGREEMENT is dated 03 November 2016 and made **BETWEEN**:

(1) **NOSTOS SHIPMANAGEMENT CORP.** as Borrower; and

(2) **ALPHA BANK A.E.** as Bank.

IT IS AGREED as follows:

1 **PURPOSE AND DEFINITIONS**

1.1 **Purpose**

This Agreement sets out the terms and conditions upon which the Bank agrees to make available to the Borrower a loan facility of up to the lesser of (i) USD16,125,000 and (ii) 75% of the Valuation Amount for the purpose of refinancing the Borrower's existing Indebtedness in respect of the Vessel.

1.2 **Definitions**

In this Agreement, unless the context otherwise requires:

"**Account Pledge**" means the pledge required to be executed hereunder by the Borrower over the Earnings Account in such form as the Bank may agree or require;

"**Approved Broker**" means each of (i) H Clarkson & Co. Ltd. of St Magnus House, 3 Lower Thames Street, London EC3R 6HE, England, (ii) Arrow Research Ltd. of Harbour House, Chelsea Harbour, London SW10 0XE, England, (iii) SSY of Lloyds Chambers, 1 Portsoken Street, London E1 8PH, England, (iv) Maersk Broker K/S, Midtermolen 1, 2100 Copenhagen, Denmark, (v) E.A. Gibson Shipbrokers Ltd., Audrey House, 16-20 Ely Place, London EC1N 6SN, England and (vi) Golden Destiny of 57 Akti Miaouli Street, Piraeus GR-185 36, Greece or such other reputable, independent and first class firm of shipbrokers specialising in the valuation of vessels of the relevant type appointed by the Bank and agreed with the Borrower;

"**Assignee**" is defined in clause 15.3;

"**Bank**" means Alpha Bank A.E. a banking société anonyme duly incorporated under the laws of Greece, having its registered office at 40 Stadiou Street, Athens, 102 52, Greece, acting for the purposes of this Agreement through its office at 93 Akti Miaouli, 185 38 Piraeus, Greece (or of such other address as may last have been notified to the Borrower pursuant to clause 16.2.3);

"**Banking Day**" means a day on which dealings in deposits in USD are carried on in the London Interbank Eurocurrency Market and a day (other than Saturday or Sunday) on which banks are open for general business in London, Piraeus and New York City;

"**Borrowed Money**" means Indebtedness in respect of (i) money borrowed and debit balances at banks, (ii) any bond, note, loan stock, debenture or similar debt instrument, (iii) acceptance or documentary credit facilities, (iv) receivables sold or discounted (otherwise than on a non-recourse basis), (v) deferred payments for assets or services acquired, (vi) finance leases and hire purchase contracts, (vii) swaps, forward exchange contracts, futures and other derivatives, (viii) any other transaction (including without limitation forward sale or purchase agreements) having the commercial effect of a borrowing or of any of (ii) to (vii) above and (ix) guarantees in respect of Indebtedness of any person falling within any of (i) to (viii) above;

"**Borrower**" means NOSTOS SHIPMANAGEMENT Corp., a corporation incorporated in the Marshall Islands with its registered office at Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, Marshall Islands, MH96960;

"**Break Costs**" means the aggregate amount of all losses, premiums, penalties, costs and expenses whatsoever certified by the Bank at any time and from time to time as having been incurred by it in maintaining or funding the Loan or in liquidating or re employing fixed deposits acquired to maintain the same as a result of either:

(a) any repayment or prepayment of the Loan or any part thereof otherwise than in accordance with, respectively, clause 4.1 or clause 4.3 whether on a voluntary or involuntary basis or otherwise howsoever or

(b) of the Borrower failing or being incapable of drawing the Loan after a Drawdown Notice has been given;

"**Certified Copy**" means in relation to any document delivered or issued by or on behalf of any company, a copy of such document certified as a true, complete and up to date copy of the original by any of the directors or officers for the time being of such company or by such company's attorneys-at-law or solicitors;

“**Charter Assignment**” means a specific assignment of any Extended Employment Contract required to be executed hereunder by the Borrower in favour of the Bank (including any notices and/or acknowledgements and/or undertakings associated therewith) in such form as the Bank may require in its sole discretion;

“**Classification**” means, in relation to the Vessel, the highest class available for a vessel of her type with the relevant Classification Society;

“**Classification Society**” means any IACS classification society which the Bank shall, at the request of the Borrower, have agreed in writing shall be treated as the classification society in relation to the Vessel for the purposes of the relevant Ship Security Documents;

“**Code**” means the US Internal Revenue Code of 1986, as amended, and the regulations promulgated and rulings issued thereunder;

“**Commitment**” means, in relation to the Loan, the maximum amount which the Bank has agreed to lend to the Borrower under clause 2.1 as reduced by any relevant term of this Agreement;

“**Compliance Certificate**” means a certificate substantially in the form set out in schedule 6;

“**Compulsory Acquisition**” means, in respect of the Vessel, requisition for title or other compulsory acquisition including, if it is not released therefrom within the Relevant Period, capture, appropriation, forfeiture, seizure, detention, deprivation or confiscation howsoever for any reason (but excluding requisition for use or hire) by or on behalf of any Government Entity or other competent authority or by pirates, hijackers, terrorists or similar persons; “Relevant Period” means for the purposes of this definition of Compulsory Acquisition either (i) ninety (90) days or, (ii) if relevant underwriters confirm in writing (in customary terms) prior to the end of such ninety (90) day period that such capture, seizure, detention or confiscation will be covered by the Borrower’s war risks insurance if continuing for a further period exceeding ten (10) calendar months, the shorter of twelve (12) months and such period at the end of which cover is confirmed to attach;

“**Corporate Guarantee**” means the guarantee required to be executed hereunder by the Corporate Guarantor in such form as the Bank may agree or require;

“**Corporate Guarantor**” means Navios Maritime Holdings Inc., a company incorporated in the Marshall Islands and having its registered office at Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, Marshall Islands, MH96960;

“**Default**” means any Event of Default or any event or circumstance which with the giving of notice or lapse of time or the satisfaction of any other condition (or any combination thereof) would constitute an Event of Default;

“**Dollars**”, “**$**” and “**USD**” mean the lawful currency of the USA and in respect of all payments to be made under any of the Security Documents means funds which are for same day settlement in the New York Clearing House Interbank Payments System (or such other US dollar funds as may at the relevant time be customary for the settlement of international banking transactions denominated in US dollars);

“**Drawdown Date**” means, any date being a Banking Day falling during the Drawdown Period, on which the Loan is, or is to be, made available;

“**Drawdown Notice**” means a notice substantially in the form of schedule 1;

“**Drawdown Period**” means the period commencing on the Execution Date and ending on the earlier of (i) 31 January 2017 or such other date as the Bank and the Borrower may agree and (ii) any date on which the Commitment is finally cancelled or fully drawn under the terms of this Agreement;

“**Earnings Account**” means an interest bearing USD account required to be opened hereunder with the Bank in the name of the Borrower designated “*Nostos Shipmanagement Corp. - Earnings Account*” and includes any other account designated in writing by the Bank to be the Earnings Account for the purposes of this Agreement;

“**Encumbrance**” means any mortgage, charge, pledge, lien, hypothecation, assignment, title retention, preferential right, option, trust arrangement or security interest or any other encumbrance, security or arrangement conferring howsoever a priority of payment in respect of any obligation of any person;

“**Environmental Affiliate**” means any agent or employee of the Borrower, the Manager, or any other Group Member or any other person having a contractual relationship with the Borrower, the Manager or any other Group Member in connection with any Relevant Vessel or its operation or the carriage of cargo and/or passengers thereon and/or the provision of goods and/or services on or from any Relevant Vessel;

"**Environmental Approval**" means any consent, authorisation, licence or approval of any governmental or public body or authorities or courts applicable to any Relevant Vessel or its operation or the carriage of cargo and/or passengers thereon and/or the provision of goods and/or services on or from any Relevant Vessel required under any Environmental Law;

"**Environmental Claim**" means (i) any claim by, or directive from, any applicable Government Entity alleging breach of, or non-compliance with, any Environmental Laws or Environmental Approvals or otherwise howsoever relating to or arising out of an Environmental Incident or (ii) any claim by any other third party howsoever relating to or arising out of an Environmental Incident (and, in each such case, "claim" shall include a claim for damages and/or direction for and/or enforcement relating to clean-up costs, removal, compliance, remedial action or otherwise) or (iii) any Proceedings arising from any of the foregoing;

"**Environmental Incident**" means, regardless of cause, (i) any actual or threatened discharge or release of Environmentally Sensitive Material from any Relevant Vessel; (ii) any incident in which Environmentally Sensitive Material is discharged or released from a vessel other than a Relevant Vessel which involves collision between a Relevant Vessel and such other vessel or some other incident of navigation or operation, in either case, where the Relevant Vessel, the Manager and/or the Borrower and/or the relevant Group Member and/or the relevant Operator are actually, contingently or allegedly at fault or otherwise howsoever liable (in whole or in part) or (iii) any incident in which Environmentally Sensitive Material is discharged or released from a vessel other than a Relevant Vessel and where such Relevant Vessel is actually or potentially liable to be arrested as a result and/or where the Manager and/or the Borrower and/or other Group Member and/or the relevant Operator are actually, contingently or allegedly at fault or otherwise howsoever liable;

"**Environmental Laws**" means all laws, regulations, conventions and agreements whatsoever relating to pollution, human or wildlife well-being or protection of the environment (including, without limitation, the United States Oil Pollution Act of 1990 and any comparable laws of the individual States of the USA);

"**Environmentally Sensitive Material**" means oil, oil products or any other products or substance which are polluting, toxic or hazardous or any substance the release of which into the environment is howsoever regulated, prohibited or penalised by or pursuant to any Environmental Law;

"**Event of Default**" means any of the events or circumstances listed in clause 10.1;

"**Execution Date**" means the date on which this Agreement has been executed by all the parties hereto;

"**Extended Employment Contract**" means any time charterparty, contract of affreightment or other contract of employment of the Vessel which has a tenor exceeding twelve (12) months (including any options to renew or extend such tenor);

"**Facility Period**" means the period starting on the Drawdown Date and ending on such date as all obligations whatsoever of all of the Security Parties under or pursuant to the Security Documents whensoever arising, actual or contingent, have been irrevocably paid, performed and/or complied with;

"**FATCA**" means:

(a) sections 1471 to 1474 of the Code or any associated regulations or other associated official guidance;

(b) any treaty, law, regulation or other official guidance enacted in any other jurisdiction, or relating to an intergovernmental agreement between the US and any other jurisdiction, which (in either case) facilitates the implementation of paragraph (a) above; or

(c) any agreement pursuant to the implementation of paragraphs (a) or (b) above with the US Internal Revenue Service, the US government or any governmental or taxation authority in any other jurisdiction;

"**FATCA Application Date**" means:

(a) in relation to a "withholdable payment" described in section 1473(1)(A)(i) of the Code (which relates to payments of interest and certain other payments from sources within the US), 1 January 2014;

(b) in relation to a "withholdable payment" described in section 1473(1)(A)(ii) of the Code (which relates to "gross proceeds" from the disposition of property of a type that can produce interest from sources within the US), 1 January 2015; or

(c) in relation to a "passthru payment" described in section 1471(d)(7) of the Code not falling within paragraphs (a) or (b) above, 1 January 2017,

or, in each case, such other date from which such payment may become subject to a deduction or withholding required by FATCA as a result of any change in FATCA after the date of this Agreement;

"**FATCA Deduction**" means a deduction or withholding from a payment under a Security Document required by FATCA;

"**FATCA Exempt Party**" means a party that is entitled to receive payments free from any FATCA Deduction;

"**FATCA FFI**" means a foreign financial institution as defined in section 1471(d)(4) of the Code which, if the Bank is not a FATCA Exempt Party, could be required to make a FATCA Deduction;

"First Indenture" means the Indenture dated as of 28 January 2011 for USD 350,000,000 issued by the Corporate Guarantor and Navios Maritime Finance II (US) Inc. for 8 1/8% Senior Notes due on 15 February 2019;

"Fixed Charge Coverage Ratio" means the Fixed Charge Coverage Ratio as defined and applied in the Secured Indenture.

"**Flag State**" means the Republic of Panama or such other state or territory agreed by the Bank, at the request of the Borrower, as the "Flag State" of the Vessel for the purposes of the Security Documents;

"**GAAP**" means generally accepted accounting principles.

"**General Assignment**" means, in respect of the Vessel, the deed of assignment of its earnings, insurances and requisition compensation executed or to be executed by the Borrower in favour of the Bank in such form as the Bank may require in its sole discretion;

"**Government Entity**" means any national or local government body, tribunal, court or regulatory or other agency and any organisation of which such body, tribunal, court or agency is a part or to which it is subject;

"Group" means at any relevant time the Corporate Guarantor and its subsidiaries but not including any subsidiary which is listed on any public stock exchange;

"**Group Member**" means any member of the Group;

"**IACS**" means the International Association of Classification Societies;

"**Indebtedness**" means any obligation howsoever arising (whether present or future, actual or contingent, secured or unsecured as principal, surety or otherwise) for the payment or repayment of money;

"Indentures" means, together, the First Indenture and the Secured Indenture;

"Indenture Excerpt" means the excerpt from the Secured Indenture set out in Schedule 4;

"**Interest Payment Date**" means the last day of an Interest Period and, if an Interest Period is longer than 3 months, the date falling at the end of each successive period of 3 months during such Interest Period starting from its commencement;

"**Interest Period**" means each period for the calculation of interest in respect of the Loan ascertained in accordance with the provisions of clause 3;

"**ISM Code**" means in relation to its application to the Borrower, the Vessel and its operation:

(a) 'The International Management Code for the Safe Operation of Ships and for Pollution Prevention', currently known or referred to as the 'ISM Code', adopted by the Assembly of the International Maritime Organisation by Resolution A.741(18) on 4 September 1993 and incorporated on 19 May 1994 into Chapter IX of the International Convention for Safety of Life at Sea 1974 (SOLAS 1974); and

(b) all further resolutions, circulars, codes, guidelines, regulations and recommendations which are now or in the future issued by or on behalf of the International Maritime Organisation or any other entity with responsibility for implementing the ISM Code, including, without limitation, the 'Guidelines on implementation or administering of the International Safety Management (ISM) Code by Administrations' produced by the International Maritime Organisation pursuant to Resolution A.788(19) adopted on 25 September 1995,

as the same may be amended, supplemented or replaced from time to time;

"**ISM Code Documentation**" means, in relation to the Vessel, the document of compliance (DOC) and safety management certificate (SMC) issued by a Classification Society pursuant to the ISM Code in relation to the Vessel within the periods specified by the ISM Code;

"**ISM SMS**" means the safety management system which is required to be developed, implemented and maintained under the ISM Code;

"**ISPS Code**" means the International Ship and Port Security Code of the International Maritime Organisation and includes any amendments or extensions thereto and any regulations issued pursuant thereto;

"**ISSC**" means an International Ship Security Certificate issued in respect of the Vessel pursuant to the ISPS Code;

"Latest Accounts" means, in respect of any financial year of the Group, the latest audited financial statements required to be prepared pursuant to clause 8.1.6;

"**LIBOR**"means, for an Interest Period:

(a) the London interbank offered rate administered by ICE Benchmark Administration Limited ("**ICE**") (or any other person which takes over the administration of that rate) for deposits in Dollars for a period equal to, or as near as possible equal to, the relevant Interest Period which appears on Thomson Reuters Page Libor 01 at or about 11.00 a.m. (London time) on the Quotation Day for that Interest Period (and, for the purposes of this Agreement, "Thomson Reuters Page Libor 01" means the display designated as the "Page LIBOR 01" on the Thomson Reuters Service or such other page as may replace Page LIBOR 01 on that service for the purpose of displaying rates comparable to that rate or on such other service as may be nominated by ICE as the information vendor for the purpose of displaying ICE Interest Settlement Rates for Dollars); or

(b) if on such date no rate is displayed, LIBOR for such period shall be the Bank's offered rate for deposits of Dollars in an amount approximately equal to the amount in relation to which LIBOR is to be determined for a period equivalent to such period to prime banks in the London Interbank Market at or about 11:00 a.m. (London time) on the Quotation Date for such period and for delivery on the first Banking Day of it,

Provided, however, that if any such rate is below zero, LIBOR shall be deemed to be zero;

"**Liquidity**" means the aggregate of all cash deposits legally and beneficially owned by any Group Member which:

(a) are free from any Encumbrance other than, in respect of any deposit with a Bank, any Encumbrance given as security for the obligations of the Borrowers under this Agreement; and

(b) are otherwise at the free and unrestricted disposal of the relevant Group Member by which it is owned;

"**Loan**" means the principal amount borrowed by the Borrower under this Agreement or (as the context may require) the principal amount owing to the Bank under this Agreement at any relevant time;

"**Management Agreement**" means, in respect of the Vessel, the agreement between the Borrower and the Manager, in a form previously approved by the Bank;

"**Manager**" means Navios Shipmanagement Inc., a corporation incorporated in the Marshall Islands and having its registered office at Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, Marshall Islands, MH96960 or (without the need for the Bank's consent) any Group Member or (with the prior written consent of the Bank) any other person appointed by the Borrower as the commercial and/or technical manager of the Vessel;

"**Manager's Undertaking**" means the undertaking and assignment required to be executed hereunder by the Manager in favour of the Bank in respect of the Vessel, in such form as the Bank may require in its sole discretion;

"**Margin**" means 3.00 per cent (3%) per annum;

"**Material Adverse Effect**" means a material adverse effect on:

(i) the ability of the Borrower to perform its obligations under this Agreement; or

(ii) the security constituted by any of the Security Documents or the enforceability of that security in accordance with its terms;

"**MII & MAP Policy**" means a mortgagee's interest and (if required by the Bank) pollution risks insurance policy (including additional perils (pollution) cover) in respect of the Vessel to be effected by the Bank to cover the Vessel as the same may be renewed or replaced annually thereafter and maintained throughout the Facility Period through such brokers, with such underwriters and containing such coverage as may be acceptable to the Bank in its sole discretion, insuring a sum of at least one hundred and ten per cent (110%) of the Loan;

"**month**" means a period beginning in one calendar month and ending in the next calendar month on the day numerically corresponding to the day of the calendar month on which it started, provided that (i) if the period started on the last Banking Day in a calendar month or if there is no such numerically corresponding day, it shall end on the last Banking Day in the such next calendar month and (ii) if such numerically corresponding day is not a Banking Day, the period shall end on the next following Banking Day in the same calendar month but if there is no such Banking Day it shall end on the preceding Banking Day and "months" and "monthly" shall be construed accordingly;

"**Mortgage**" means the first preferred mortgage of the Vessel required to be executed hereunder by the Borrower in such form as the Bank may agree or require;

"**Operator**" means any person who is from time to time during the Facility Period concerned in the operation of a Relevant Vessel and falls within the definition of "Company" set out in rule 1.1.2 of the ISM Code;

"**Party**" means a party to this Agreement.

"**Permitted Encumbrance**" means any Encumbrance created pursuant to or expressly permitted by the Security Documents and Permitted Liens or otherwise permitted by the Bank;

"**Permitted Liens**" means any lien on the Vessel for master's, officer's or crew's wages outstanding in the ordinary course of trading, any lien for salvage and any ship repairer's or outfitter's possessory lien for a sum not (except with the prior written consent of the Bank) exceeding the Casualty Amount (as defined in the Mortgage);

"**Pertinent Jurisdiction**" means any jurisdiction in which or where any Security Party is incorporated, resident, domiciled, has a permanent establishment or assets, carries on, or has a place of business or is otherwise howsoever effectively connected;

"**Proceedings**" means any litigation, arbitration, legal action or complaint or judicial, quasi-judicial or administrative proceedings whatsoever arising or instigated by anyone in any court, tribunal, public office or other forum whatsoever and wheresoever (including, without limitation, any action for provisional or permanent attachment of any thing or for injunctive remedies or interim relief and any action instigated on an ex parte basis);

"Prohibited Persons" means any person (whether designated by name or by reason of being included in a class of persons) against whose Sanctions are directed;

"**Quotation Day**" means, in respect of any period in respect of which LIBOR falls to be determined under this Agreement, the second Banking Day before the first day of such period;

"Registry" means, in relation to the Vessel, the office of the registrar, commissioner or representative of the Flag State, who is duly empowered to register the Vessel, the Borrower's title thereto and the Mortgage under the laws and flag of the Flag State;

"**Related Company**" of a person means any subsidiary of such person, any company or other entity of which such person is a subsidiary and any subsidiary of any such company or entity;

"**Relevant Vessel**" means the Vessel and any other ship from time to time (whether before or after the date of this Agreement) owned, managed or crewed by, or chartered to, any Group Member;

"**Repayment Dates**" means, subject to clause 6.3, the date falling 15 months after the Drawdown Date and each of the dates falling at three monthly intervals thereafter, up to and including the date falling 72 months after the Drawdown Date;

"**Required Authorisation**" means any authorisation, consent, declaration, licence, permit, exemption, approval or other document, whether imposed by or arising in connection with any law, regulation, custom, contract, security or otherwise howsoever which must be obtained at any time from any person, Government Entity or central bank or other self-regulating or supra-national authority in order to enable the Borrower lawfully to draw the Loan and/or to enable any Security Party lawfully and continuously to continue its corporate existence and/or perform all its obligations whatsoever whensoever arising and/or grant security under the relevant Security Documents and/or to ensure the continuous validity and enforceability thereof;

"**Required Security Amount**" means the amount in USD (as certified by the Bank) which is, in respect of:

(a) the first (1st) year following the Drawdown Date, 110% of the Loan;

(b) the second (2nd) year following the Drawdown Date, 115% of the Loan; and

(c) the remaining of the Facility Period, 120% of the Loan.

"**Sanctions**" means any embargo or sanction or prohibited order (or any similar order or directive) as referred to it in clause 8.1.21.

"Secured Indenture" means the Indenture dated as of 29 November 2013 for USD 650,000,000 issued by the Corporate Guarantor and Navios Maritime Finance II (US) Inc. for 7.375% First Priority Ship Mortgage Notes due in 2022;

"**Security Documents**" means this Agreement, the Mortgage, the General Assignment, any Charter Assignment, the Account Pledge, the Corporate Guarantee, the Manager's Undertaking and any other documents as may have been or shall from time to time after the date of this Agreement be executed in favour of the Bank to guarantee and/or to govern and/or to secure payment of all or any part of the Loan, interest thereon and other moneys from time to time owing by the Borrower pursuant to this Agreement;

"**Security Party**" means the Borrower, the Corporate Guarantor, the Manager or any other person who may at any time be a party to any of the Security Documents (other than the Bank);

"**Security Value**" means the amount in USD (as certified by the Bank) which, at any relevant time, is the aggregate of (i) the Valuation Amount as most recently determined in clause 8.2.2 and (ii) the market value of any additional security (or, in the case of cash Dollars, its face value) at that time held by the Bank and provided under clause 8.2.1 or otherwise;

"**Shareholder**" means Anemos Maritime Holdings Inc. a corporation incorporated in the Marshall Islands with its registered office at Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, Marshall Islands, MH96960;

"**Ship Security Documents**" means, together, the Mortgage, the General Assignment and the Manager's Undertaking;

"**subsidiary**" of a person means any company or entity directly or indirectly controlled by such person, and for this purpose "control" means the ownership of more than fifty per cent (50%) of the voting share capital (or equivalent rights of ownership) of such company or entity;

“**Taxes**” includes all present and future income, corporation, capital or value-added taxes and all stamp and other taxes and levies, imposts, deductions, duties, charges and withholdings whatsoever together with interest thereon and penalties in respect thereto, if any, and charges, fees or other amounts made on or in respect thereof (and “**Taxation**” shall be construed accordingly);

“**Total Assets**” means the total assets as evidenced at any relevant time by the Latest Accounts, in which they shall have been calculated by reference to the meaning assigned to them in accordance with US GAAP adjusted (i) for charter-free market values of vessels and (ii) by deducting unencumbered cash (which shall have the meaning given thereto under US GAAP);

“**Net Total Debt**’’ means total debt as evidenced at any relevant time by the Latest Accounts, in which they shall have been calculated by reference to the meaning assigned to them in accordance with US GAAP less unencumbered cash (which shall have the meaning given thereto under US GAAP) of the Group;

“**Total Loss**” means, in respect of the Vessel:

(a) actual, constructive, compromised, agreed or arranged total loss of the Vessel; or

(b) Compulsory Acquisition; or

(c) any hijacking, theft, condemnation, capture, seizure, arrest, detention or confiscation of the Vessel not falling within the definition of Compulsory Acquisition by any Government Entity, or by persons allegedly acting or purporting to act on behalf of any Government Entity, unless (i) the Vessel be released and restored to the Borrower within ninety (90) days after such incident, or (ii) if relevant underwriters confirm in writing (in customary terms) prior to the end of such ninety (90) day period that such capture, seizure, detention or confiscation will be fully covered by the Borrower’s war risks insurance, the shorter of twelve (12) months and such period for which cover is confirmed to attach;

“**Transferee**” is defined in clause 15.4; and

"**Unlawfulness**" means any event or circumstance which either is or, as the case may be, might in the reasonable opinion of the Bank become the subject of a notification by the Bank to the Borrower under clause 12.1; and

"**Underlying Documents**" means, together, any Extended Employment Contracts and the Management Agreement;

"**US Tax Obligor**" means:

(a) a person which is resident for tax purposes in the US; or

(b) a person some or all of whose payments under the Security Documents are from sources within the US for US federal income tax purposes;

"**USA**" and "**US**" means the United States of America; and

"**Valuation Amount**" means the value of the Vessel as most recently determined under clause 8.2.2.

Words and expressions defined in Schedule 3 (Vessel Details) shall have the meanings given to them therein as if the same were set out in full in this clause 1.2

1.3 **Construction**

In this Agreement, unless the context otherwise requires:

(a) clause headings and the index are inserted for convenience of reference only and shall be ignored in the construction of this Agreement;

(b) references to clauses and schedules are to be construed as references to clauses of, and schedules to, this Agreement and references to this Agreement include its schedules;

(c) references to (or to any specified provision of) this Agreement or any other document shall be construed as references to this Agreement, that provision or that document as in force for the time being and as duly amended and/or supplemented and/or novated;

(d) references to a "regulation" include any present or future regulation, rule, directive, requirement, request or guideline (whether or not having the force of law) of any Government Entity, central bank or any self-regulatory or other supra-national authority;

(e) references to any person in or party to this Agreement shall include reference to such person's lawful successors and assigns and references to the Bank shall also include a Transferee;

(f) words importing the plural shall include the singular and vice versa;

(g) references to a time of day are, unless otherwise stated, to London time;

(h) references to a person shall be construed as references to an individual, firm, company, corporation or unincorporated body of persons or any Government Entity;

(i) references to a "guarantee" include references to an indemnity or any other kind of assurance whatsoever (including, without limitation, any kind of negotiable instrument, bill or note) against financial loss or other liability including, without limitation, an obligation to purchase assets or services as a consequence of a default by any other person to pay any Indebtedness and "guaranteed" shall be construed accordingly;

(j) references to any statute or other legislative provision are to be construed as references to any such statute or other legislative provision as the same may be re enacted or modified or substituted by any subsequent statute or legislative provision (whether before or after the date hereof) and shall include any regulations, orders, instruments or other subordinate legislation issued or made under such statute or legislative provision;

(k) a certificate by the Bank as to any amount due or calculation made or any matter whatsoever determined in connection with this Agreement shall be conclusive and binding on the Borrower except for manifest error;

(l) if any document, term or other matter or thing is required to be approved, agreed or consented to by the Bank such approval, agreement or consent must be obtained in writing unless the contrary is stated;

(m) time shall be of the essence in respect of all obligations whatsoever of the Borrower under this Agreement, howsoever and whensoever arising; and

(n) the words "other" and "otherwise" shall not be construed eiusdem generis with any foregoing words where a wider construction is possible.

1.4 Accounting Terms and references to currencies

All accounting terms not otherwise defined in this Agreement shall have the meanings assigned to them in accordance with generally accepted international accounting principles (or such other accounting principles as the Bank deems appropriate).

1.5 Contracts (Rights of Third Parties Act) 1999

Except for clause 18.6.4 no part of this Agreement shall be enforceable under the Contracts (Rights of Third Parties) Act 1999 by a person who is not a party to this Agreement.

1.6 Bail-in

Notwithstanding any other term of any Security Document or any other agreement, arrangement or understanding between the Parties, each Party acknowledges and accepts that any liability of any Party to any other Party under or in connection with the Security Documents may be subject to Bail-In Action by the relevant Resolution Authority and acknowledges and accepts to be bound by the effect of:

(a) any Bail-In Action in relation to any such liability, including (without limitation):

- (i) a reduction, in full or in part, in the principal amount, or outstanding amount due (including any accrued but unpaid interest) in respect of any such liability;
- (ii) a conversion of all, or part of any such liability into shares or other instruments of ownership that may be issued to, or conferred on, it; and
- (iii) a cancellation of any such liability; and

(b) a variation of any term of any Security Document to the extent necessary to give effect to any Bail-In Action in relation to any such liability.

In this clause:

"**Bail-In Action**" means the exercise of any Write-down and Conversion Powers.

"**Bail-In Legislation**" means:

(a) in relation to an EEA Member Country which has implemented, or which at any time implements, Article 55 of Directive 2014/59/EU establishing a framework for the recovery and resolution of credit institutions and investment firms, the relevant implementing law or regulation as described in the EU Bail-In Legislation Schedule from time to time; and

(b) in relation to any other state, any analogous law or regulation from time to time which requires contractual recognition of any Write-down and Conversion Powers contained in that law or regulation.

"**EEA Member Country**" means any member state of the European Union, Iceland, Liechtenstein and Norway.

"**EU Bail-In Legislation Schedule**" means the document described as such and published by the Loan Market Association (or any successor person) from time to time.

"**ResolutionAuthority**" means any body which has authority to exercise any Write-down and Conversion Powers.

"**Write-down and Conversion Powers**" means in relation to any Bail-In Legislation described in the EU Bail-In Legislation Schedule from time to time, the powers described as such in relation to that Bail-In Legislation in the EU Bail-In Legislation Schedule.

2 THE BANK'S COMMITMENT, ADVANCE AND USE OF PROCEEDS

2.1 The Commitment

In reliance upon each of the representations and warranties in clause 7, the Bank agrees to make available by way of loan to the Borrower on the terms of this Agreement the principal sum of up to USD16,125,000 for the purpose of refinancing the Borrower's existing Indebtedness in respect of the Vessel.

2.2 Advance

On the terms and subject to the conditions of this Agreement, the Loan shall be advanced on the Drawdown Date following receipt by the Bank from the Borrower of a Drawdown Notice not later than 10 a.m. on the third Banking Day before the proposed Drawdown Date or earlier if agreed by the Bank. The Drawdown Notice shall be effective on actual receipt by the Bank and, once given, shall, subject as provided in clause 3.6.1, be irrevocable.

2.3 **Amount**

(a) The principal amount specified in the Drawdown Notice for borrowing on the Drawdown Date shall, subject to the terms of this Agreement, not exceed the lesser of (i) USD16,125,000 and (ii) 75% of the Valuation Amount.

2.4 **Availability**

Upon receipt of the Drawdown Notice complying with the terms of this Agreement the Bank shall, subject to the provisions of clause 9, make the Loan available to the Borrower on the Drawdown Date, which the Borrower acknowledges shall satisfy the obligation of the Bank to lend the Commitment to the Borrower under this Agreement.

2.5 **Cancellation**

If any part of the Loan is not drawn down by the end of the Drawdown Period, the Commitment shall thereupon be automatically cancelled and the Bank shall have no further obligation under this Agreement.

2.6 **Use of Proceeds**

Without prejudice to the Borrower's obligations under clause 8.1.4, the Bank shall have no responsibility for the Borrower's use of the proceeds of the Loan.

3 **INTEREST AND INTEREST PERIODS**

3.1 **Normal interest rate**

The Borrower agrees to pay interest on the Loan in respect of each Interest Period relating thereto on each Interest Payment Date at the rate per annum determined by the Bank to be the aggregate of (a) the Margin and (b) LIBOR for such period.

3.2 **Selection of Interest Periods**

The Borrower may by notice received by the Bank not later than 10 a.m. on the second Banking Day before the start of each Interest Period request that such Interest Period shall have a length of one (1), two (2), or three (3) months or such other longer period as the Borrower may select and the Bank may, subject to market availability, agree.

3.3 **Determination of Interest Periods**

The length of each Interest Period shall be as requested by the Borrower under clause 3.2 but so that:

(a) the first Interest Period shall start on the Drawdown Date and each subsequent Interest Period shall start on the last day of the previous Interest Period;

(b) if any Interest Period would otherwise overrun a Repayment Date, then, in the case of the last Repayment Date, such Interest Period shall end on such Repayment Date, and in the case of any other Repayment Date the Loan shall be divided into parts so that there is one part in the amount of the repayment instalment due on each Repayment Date falling in that Interest Period and having an Interest Period ending on the relevant Repayment Date and another part consisting of the balance of the Loan having an Interest Period ascertained in accordance with the other provisions of this clause 3; and

(c) if the Borrower fails to specify the length of an Interest Period in accordance with the provisions of clause 3.2 and this clause 3.3 such Interest Period shall last three months or such other period as complies with this clause 3.3.

3.4 **Default interest**

If the Bank fails to receive any sum whatsoever on its due date for payment under any of the Security Documents, the Borrower must pay interest on such sum on demand from the due date up to the date of actual payment (as well after as before judgment) at a rate determined by the Bank under this clause 3.4. The period starting on such due date and ending on such date of payment shall be divided into successive periods of not more than three (3) months as selected by the Bank each of which (other than the first, which shall start on such due date) shall start on the last day of the preceding such period. The rate of interest applicable to each such period shall be the aggregate (as determined by the Bank) of (a) two per cent (2%) per annum, (b) the Margin and (c) LIBOR for such period. Such interest shall be due and payable on the last day of each such period as determined by the Bank and each such day shall be treated as an Interest Payment Date, provided that if such unpaid sum is an amount of principal which became due and payable, by reason of a declaration by the Bank under clause 10.2 or a prepayment pursuant to clauses 4.3, 4.4, 8.2 or 12.1, on a date other than an Interest Payment Date relating thereto, the first such period selected by the Bank shall be of a length equal to the period between the due date of such principal sum and such Interest Payment Date and interest shall be payable on such principal sum during such period at a rate of two 0

(2.0) per cent above the rate applicable immediately before it shall have become so due and payable. If, for the reasons specified in clause 3.6.1, the Bank is unable to determine a rate in accordance with the provisions of this clause 3.4, interest on any sum not paid on its due date for payment shall be calculated at a rate determined by the Bank to be two per cent (2%) per annum above the aggregate of the Margin and the cost of funds to the Bank compounded at such intervals as the Bank selects.

3.5 **Notification of Interest Periods and interest rate**

The Bank agrees to notify the Borrower promptly of the length of each Interest Period and of each rate of interest determined by it under this clause 3.

3.6 **Market disruption; non-availability**

3.6.1 Whenever, at any time prior to the start of any Interest Period, the Bank determines:

(a) that adequate and fair means do not exist for determining LIBOR during such Interest Period; or

(b) that deposits in USD are not available to the Bank in the London Interbank Market in its ordinary course of business in sufficient amounts to fund the Loan for such Interest Period;

the Bank shall promptly give notice (a "**Determination Notice**") thereof to the Borrower. A Determination Notice shall give brief details of the circumstances giving rise to its issue. After the giving of any Determination Notice any undrawn amount of the Commitment may not be borrowed until notice to the contrary is given to the Borrower by the Bank;

(b) upon a Determination Notice being given, the Borrower and the Bank shall discuss the same in order to agree an alternative basis for maintaining the Loan, but if they are unable to agree an alternative basis within 30 days of the date of the Determination Notice, then 40 days after the Determination Notice being given, the Bank shall certify an alternative (such basis, or if agreed, the basis agreed by the Bank and the Borrower, the "**Substitute Basis**") for maintaining the Loan. The Substitute Basis may include alternative interest periods, alternative currencies or alternative rates of interest but must include a margin above the cost of funds to the Bank equivalent to the Margin. Each Substitute Basis certified to the Borrower or agreed shall take effect in accordance with its terms from the date specified in the Determination Notice until such time as the Bank notifies the Borrower that none of the circumstances specified in clause 3.6.1 continues to exist whereupon the normal interest rate fixing provisions of this Agreement shall again apply. If the Borrower does not agree with any Substitute Basis certified by the Bank if there is no agreement between the parties, then the Borrower may prepay the Loan or the relevant part thereof, and the terms of Clause 4.5 and 4.6 shall apply to any such prepayment

4 **REPAYMENT AND PREPAYMENT**

4.1 **Repayment**

Subject as otherwise provided in this Agreement, the Borrower must repay the Loan by:

(a) twenty (20) consecutive quarterly instalments (each called, a "**Repayment Instalment**"), the first such Repayment Instalment falling due for payment fifteen (15) months following the Drawdown Date. Each of the first four (4) such Repayment Instalments in the amount of $250,000 and the final sixteen (16) such Repayment Instalments each in the amount of $275,000, one such Repayment Instalment to be repaid on each of the Repayment Dates; and

(b) the balloon instalment in the amount of $10,725,000 (the "**Balloon Instalment**") to be repaid on the final Repayment Date together with the last (the 20th) Repayment Instalment.

If the Commitment is not drawn in full the amount of each Repayment Instalment and the Balloon Instalment shall be reduced pro rata.

4.2 **Voluntary prepayment**

The Borrower may prepay the Loan in whole or part (being USD500,000 or any larger sum which is a whole multiple of USD500,000) on any Interest Payment Date relating to the part of the Loan to be repaid without premium or penalty.

4.3 **Mandatory Prepayment on Total Loss**

On the date falling one hundred and eighty (180) days after that on which the Vessel became a Total Loss or, if earlier, on the date upon which the relevant insurance proceeds are, or Requisition Compensation (as defined in the Mortgage) is, received by the Borrower (or the Bank pursuant to the Security Documents), the Borrower must prepay the Loan.

4.3.1 **Interpretation**

For the purpose of this Agreement, a Total Loss shall be deemed to have occurred:

(a) in the case of an actual total loss of the Vessel, on the actual date and at the time the Vessel was lost or, if such date is not known, on the date on which the Vessel was last reported;

(b) in the case of a constructive total loss of the Vessel, upon the date and at the time notice of abandonment of the ship is given to the then insurers of the Vessel (provided a claim for total loss is admitted by such insurers) or, if such insurers do not immediately admit such a claim, at the date and at the time at which either a total loss is subsequently admitted by such insurers or a total loss is subsequently adjudged by a competent court of law or arbitration tribunal to have occurred;

(c) in the case of a compromised or arranged total loss of the Vessel, on the date upon which a binding agreement as to such compromised or arranged total loss has been entered into by the then insurers of the Vessel;

(d) in the case of Compulsory Acquisition, on the date upon which the relevant requisition of title or other compulsory acquisition occurs; and

(e) in the case of hijacking, theft, condemnation, capture, seizure, arrest, detention or confiscation of the Vessel (other than within the definition of Compulsory Acquisition) by any Government Entity, or by persons allegedly acting or purporting to act on behalf of any Government Entity, which deprives the Borrower of the use of the Vessel for more than ninety (90) days, upon the expiry of the Relevant Period where “Relevant Period” means, for the purposes of this clause 4.3.1(e), either (i) the period of ninety (90) days after the date upon which the relevant incident occurred or, (ii) if relevant underwriters confirm in writing (in customary terms) prior to the end of such ninety (90) day period that such capture, seizure, detention or confiscation will be covered by the Borrower’s war risks insurance if continuing for a further period exceeding ten (10) calendar months, the shorter of twelve (12) months and such period at the end of which cover is confirmed to attach.

4.4 **Mandatory prepayment on sale of the Vessel**

The Borrower must prepay the Loan on the date of completion of the sale of the Vessel, which shall be subject to the prior written consent of the Bank.

4.5 **Amounts payable on prepayment**

Any prepayment of all or part of the Loan under this Agreement shall be made together with:

(a) accrued interest on the amount to be prepaid to the date of such prepayment;

(b) any additional amount payable under clauses 6.6 or 11.2; and

(c) all other sums payable by the Borrower to the Bank under this Agreement or any of the other Security Documents including, without limitation, any Break Costs.

4.6 **Notice of prepayment; reduction of repayment instalments**

(a) No prepayment may be effected under clause 4.2 unless the Borrower shall have given the Bank at least two (2) days' prior written notice of their intention to make such prepayment. Every notice of prepayment shall be effective only on actual receipt by the Bank, shall be irrevocable, shall specify the amount to be prepaid and shall oblige the Borrower to make such prepayment on the date specified.

(b) Any amounts prepaid pursuant to clause 4.2 shall be applied against the Loan in reducing the remaining Repayment Instalments pro rata excluding the Balloon Instalment.

(c) The Borrower may not prepay any part of the Loan except as expressly provided in this Agreement.

(d) No amount prepaid may be reborrowed.

5 **FEES AND EXPENSES**

5.1 **Fees**

The Borrower agrees to pay to the Bank:

(a) on 15 January 2017 a non-refundable arrangement fee of USD120,937.50; and

(b) a commitment fee computed at the rate of zero point eight per cent (0.8%) on the undrawn amount of the Loan for the Drawdown Period. The accrued commitment fee is payable on the last day of each successive period of three months which ends during the Drawdown Period, on the last day of the Drawdown Period, on the Drawdown Date and (on the cancelled amount of the Loan) at the time the cancellation is effective.

5.2 **Expenses**

The Borrower agrees to reimburse the Bank on a full indemnity basis on demand for all expenses and/or disbursements whatsoever certified by the Bank as having been incurred by it from time to time and at any time:

(a) in connection howsoever with the negotiation, preparation, execution and, where relevant, registration of the Security Documents and of any contemplated or actual amendment, indulgence or the granting of any waiver or consent howsoever in connection with any of the Security Documents; and

(b) in contemplation or furtherance of, or otherwise howsoever in connection with, the exercise or enforcement of, or preservation of any rights, powers, remedies or discretion under any of the Security Documents or any amendment thereto or consideration of the Bank's rights thereunder or any action proposed or taken with interest at the rate referred to in clause 3.4 from the date on which such expenses and/or disbursements were demanded by the Bank to the date of payment (as well after as before judgment).

5.3 **Value Added Tax**

All fees and expenses payable under to this clause 5 must be paid with value added tax or any similar tax (if any) properly chargeable thereon. Any value added tax chargeable in respect of any services supplied by the Bank under this Agreement must, on delivery of the value added tax invoice, be paid in addition to any sum agreed to be paid hereunder.

5.4 **Stamp and other duties**

The Borrower must pay all stamp, documentary, registration or other like duties or taxes (including any duties or taxes payable by the Bank) imposed on or in connection with any of the Management Agreement, the Security Documents or the Loan and agree to indemnify the Bank against any liability arising by reason of any delay or omission by the Borrower to pay such duties or taxes.

6 PAYMENTS AND TAXES; ACCOUNTS AND CALCULATIONS

6.1 No set-off or counterclaim

All payments to be made by the Borrower under any of the Security Documents must be made in full, without any set-off or counterclaim whatsoever and, subject to clause 6.6, free and clear of any deductions or withholdings, in USD not later than 11 a.m. London time on the due date to the account of the Bank with CITIBANK N.A., New York, USA (account number 36251442; SWIFT address: CITIUS33XXX) or to such other account at such other bank in such place as the Bank may from time to time notify to the Borrower.

6.2 Payment by the Bank

The proceeds of the Loan to be advanced by the Bank to the Borrower under this Agreement must be remitted in USD on the Drawdown Date to the account or accounts specified in the Drawdown Notice.

6.3 Non-Banking Days

When any payment under any of the Security Documents would otherwise be due on a day which is not a Banking Day, the due date for payment shall be extended to the next following Banking Day unless such Banking Day falls in the next calendar month in which case payment shall be made on the immediately preceding Banking Day.

6.4 Calculations

All interest and other payments of an annual nature under any of the Security Documents shall accrue from day to day and be calculated on the basis of actual days elapsed and a 360 day year.

6.5 Currency of account

If any sum due from the Borrower under any of the Security Documents, or under any order or judgment given or made in relation thereto or for any other reason whatsoever, must be converted from the currency ("the first currency") in which the same is payable thereunder into another currency ("the second currency") for the purpose of (i) making or filing a claim or proof against the Borrower, (ii) obtaining an order or judgment in any court or other tribunal or (iii) enforcing any order or judgment given or made in relation thereto, the

Borrower undertakes to indemnify and hold harmless the Bank from and against any loss suffered as a result of any discrepancy between (a) the rate of exchange used for such purpose to covert the sum in question from the first currency into the second currency and (b) the rate or rates of exchange at which the Bank may in the ordinary course of business purchase the first currency with the second currency upon receipt of a sum paid to it in satisfaction, in whole or in part, of any such order, judgment, claim or proof. Any amount due from the Borrower under this clause 6.5 shall be due as a separate debt and shall not be affected by judgment being obtained for any other sums due under or in respect of any of the Security Documents and the term "rate of exchange" includes any premium and costs of exchange payable in connection with the purchase of the first currency with the second currency.

6.6 **Grossing-up for Taxes**

If at any time the Borrower must make any deduction or withholding in respect of Taxes from any payment due under any of the Security Documents, the sum due from the Borrower in respect of such payment must then be increased to the extent necessary to ensure that, after the making of such deduction or withholding, the Bank receives on the due date for such payment (and retains, free from any liability in respect of such deduction or withholding), a net sum equal to the sum which it would have received had no such deduction or withholding been made and the Borrower agrees to indemnify the Bank on demand against any losses or costs certified by the Bank to have been incurred by it by reason of any failure of the Borrower to make any such deduction or withholding or by reason of any increased payment not being made on the due date for such payment. The Borrower must promptly deliver to the Bank any receipts, certificates or other proof evidencing the amounts (if any) paid or payable in respect of any deduction or withholding as aforesaid.

6.7 **Loan account**

The Bank agrees to maintain a control account showing the Loan and other sums owing by the Borrower under the Security Documents and all payments in respect thereof being made from time to time. The control account shall, in the absence of manifest error, be conclusive as to the amount from time to time owing by the Borrower under the Security Documents.

6.8 **Bank may assume receipt**

Where any sum is to be paid under the Security Documents to the Bank, the Bank may assume that the payment will be made when due and the Bank may (but shall not be obliged to) make such sum available to the person so entitled. If it proves to be the case that such payment was not made to the Bank, then the person to whom such sum was so made available must on request refund such sum to the Bank together with interest thereon sufficient to compensate the Bank for the cost of making available such sum up to the date of such repayment and the person by whom such sum was payable must indemnify the Bank for any and all loss or expense which the Bank may sustain or incur as a consequence of such sum not having been paid on its due date.

6.9 **Partial payments**

If, on any date on which a payment is due to be made by the Borrower under any of the Security Documents, the amount received by the Bank from the Borrower falls short of the total amount of the payment due to be made by the Borrower on such date then, without prejudice to any rights or remedies available to the Bank under any of the Security Documents, the Bank must apply the amount actually received from the Borrower in or towards discharge of the obligations of the Borrower under the Security Documents in the following order, notwithstanding any appropriation made, or purported to be made, by the Borrower:

6.9.1 first, in or towards payment, on a pro-rata basis, of any unpaid costs and expenses of the Bank under any of the Security Documents;

6.9.2 secondly, in or towards payment of any fees payable to the Bank under, or in relation to, the Security Documents which remain unpaid;

6.9.3 thirdly, in or towards payment to the Bank of any accrued interest owing in respect of the Loan which shall have become due under any of the Security Documents but remains unpaid;

6.9.4 fourthly, in or towards payment to the Bank of any principal in respect of the Loan which shall have become due but remains unpaid;

6.9.5 fifthly, in or towards payment to the Bank for any loss suffered by reason of any such payment in respect of principal not being effected on an Interest Payment Date relating to the part of the Loan repaid and which amounts are so payable under this Agreement; and

6.9.6 sixthly, in or towards payment to the relevant person of any other sum which shall have become due under any of the Security Documents but remains unpaid (and, if more than one such sum so remains unpaid, on a pro rata basis).

The order of application set out in clauses 6.9.1 to 6.9.6 may be varied by the Bank without any reference to, or consent or approval from, the Borrower.

6.10 FATCA

6.10.1 Subject to Clause 6.10.3 below, each party shall, within ten (10) Banking Days of a reasonable request by another party:

(a) confirm to that other party whether it is:

(i) a FATCA Exempt Party; or

(ii) not a FATCA Exempt Party; and

(b) supply to that other party such forms, documentation and other information relating to its status under FATCA (including its applicable passthru percentage or other information required under the Treasury Regulations or other official guidance including intergovernmental agreements) as that other party reasonably requests for the purposes of that other party's compliance with FATCA.

6.10.2 If a party confirms to another party pursuant to Clause 6.10.1(a) above that it is a FATCA Exempt Party and it subsequently becomes aware that it is not, or has ceased to be a FATCA Exempt Party, that party shall notify that other party reasonably promptly.

6.10.3 Clause 6.10.1(a) above shall not oblige the Bank to do anything which would or might in its reasonable opinion constitute a breach of:

6.10.3.1 any law or regulation;

6.10.3.2 any policy of the Bank;

6.10.3.3 any fiduciary duty; or

6.10.3.4 any duty of confidentiality.

6.10.4 If a party fails to confirm its status or to supply forms, documentation or other information requested in accordance with Clause 6.10.1(a) above (including, for the avoidance of doubt, where Clause 6.10.3 above applies), then:

6.10.4.1 if that party failed to confirm whether it is (and/or remains) a FATCA Exempt Party then such party shall be treated for the purposes of the Security Documents as if it is not a FATCA Exempt Party; and

6.10.4.2 if that party failed to confirm its applicable passthru percentage then such party shall be treated for the purposes of the Security Documents (and payments made thereunder) as if its applicable passthru percentage is 100%,

until (in each case) such time as the party in question provides the requested confirmation, forms, documentation or other information.

6.11 **Gross-up in the event of a FATCA Deduction – Borrower**

(a) If the Borrower is required to make a FATCA Deduction, the Borrower shall make that FATCA Deduction and any payment required in connection with that FATCA Deduction within the time allowed and in the minimum amount required by FATCA;

(b) If a FATCA Deduction is required to be made by the Borrower, the amount of the payment due from the Borrower shall be increased to an amount which (after making any FATCA Deduction) leaves an amount equal to the payment which would have been due if no FATCA Deduction had been required;

(c) The Borrower shall promptly upon becoming aware that it must make a FATCA Deduction (or that there is any change in the rate or the basis of a FATCA Deduction) notify the Bank accordingly; and

(d) Within thirty days of making either a FATCA Deduction or any payment required in connection with that FATCA Deduction, the Borrower shall deliver to the Bank evidence satisfactory to the Bank that the FATCA Deduction has been made or (as applicable) any appropriate payment paid to the relevant governmental or taxation authority.

7 **REPRESENTATIONS AND WARRANTIES**

7.1 **Continuing representations and warranties**

The Borrower represents and warrants to the Bank that:

7.1.1 Due incorporation

each of the Security Parties is duly incorporated and validly existing in good standing, under the laws of its respective country of incorporation, in each case, as a corporation and has power to carry on its respective business as it is now being conducted and to own its respective property and other assets to which it has unencumbered legal and beneficial title except as disclosed to the Bank in writing;

7.1.2 Corporate power

each of the Security Parties has power to execute, deliver and perform its obligations and, as the case may be, to exercise its rights under the Underlying Documents and the Security Documents to which it is a party; all necessary corporate, shareholder and other action has been taken to authorise the execution, delivery and on the execution of the Security Documents performance of the same and no limitation on the powers of the Borrower to borrow or any other Security Party to howsoever incur liability and/or to provide or grant security will be exceeded as a result of borrowing any part of the Loan;

7.1.3 Binding obligations

the Underlying Documents and the Security Documents, when executed, will constitute valid and legally binding obligations of the relevant Security Parties enforceable in accordance with their respective terms and admissible in evidence and the Security Documents (other than the Corporate Guarantee) will create first priority Encumbrances

7.1.4 No conflict with other obligations

the execution and delivery of, the performance of its obligations under, and compliance with the provisions of, the Underlying Documents and the Security Documents by the relevant Security Parties will not (i) contravene any existing applicable law, statute, rule or regulation or any judgment, decree or permit to which any Security Party or other member of the Group is subject, (ii) conflict with, or result in any breach of any of the terms of, or constitute a default under, any agreement or other instrument to which any Security Party or any other member of the Group is a party or is subject or by which it or any of its property is bound, (iii) contravene or conflict with any provision of the constitutional documents of any Security Party or (iv) result in the creation or imposition of, or oblige any of the Security Parties (other than the Corporate Guarantor and the Manager) to create, any Encumbrance (other than a Permitted Encumbrance) on any of the undertakings, assets, rights or revenues of any of the Security Parties (other than the Corporate Guarantor and the Manager);

7.1.5 No default

no Default has occurred;

7.1.6 No litigation or judgments

no Proceedings are current, pending or, to the knowledge of the officers of the Borrower, threatened against any of the Security Parties or any other Group Members or their assets which could have a Material Adverse Effect and there exist no judgments, orders, injunctions which would materially affect the obligations of the Security Parties under the Security Documents;

7.1.7 No filings required

except for the registration of the Mortgage in the relevant register under the laws of the relevant Flag State through the relevant Registry, it is not necessary to ensure the legality, validity, enforceability or admissibility in evidence of any of the Underlying Documents or any of the Security Documents that they or any other instrument be notarised, filed, recorded, registered or enrolled in any court, public office or elsewhere in any Pertinent Jurisdiction or that any stamp, registration or similar tax or charge be paid in any Pertinent Jurisdiction on or in relation to any of the Underlying Documents or the Security Documents and each of the Underlying Documents and the Security Documents is in proper form for its enforcement in the courts of each Pertinent Jurisdiction;

7.1.8 Required Authorisations and legal compliance

all Required Authorisations have been obtained or effected and are in full force and effect and no Security Party has in any way contravened any applicable law, statute, rule or regulation (including all such as relate to money laundering);

7.1.9 Choice of law

the choice of English law to govern the Underlying Documents and the Security Documents (other than the Mortgage), the choice of the law of the Flag State to govern the Mortgage and the submissions by the Security Parties to the jurisdiction of the English courts and the obligations of such Security Parties associated therewith, are valid and binding;

7.1.10 No immunity

no Security Party nor any of their assets is entitled to immunity on the grounds of sovereignty or otherwise from any Proceedings whatsoever;

7.1.11 Financial statements correct and complete

the latest balance sheets and profit and loss accounts of the Corporate Guarantor in respect of the relevant financial year as delivered to the Bank present or will present fairly and accurately the financial position of the Corporate Guarantor for the financial year, ended on such date and, as at such date, the Corporate Guarantor had no significant liabilities (contingent or otherwise) or any unrealised or anticipated losses which are not disclosed by, or reserved against or provided for in, such financial statements;

7.1.12 Pari passu

the obligations of the Borrower under this Agreement are direct, general and unconditional obligations of the Borrower and rank at least pari passu with all other present and future unsecured and unsubordinated Indebtedness of the Borrower except for obligations which are mandatorily preferred by operation of law and not by contract;

7.1.13 Information/ Material Adverse Effect

all information, whatsoever provided by any Security Party to the Bank in connection with the negotiation and preparation of the Security Documents or otherwise provided hereafter in relation to, or pursuant to this Agreement is, or will be, true and accurate in all material respects and not misleading, does or will not omit material facts and all reasonable enquiries have been, or shall have been, made to verify the facts and statements contained therein and there has not occurred any event which could have a Material Adverse Effect on any Security Party since such information was provided to the Bank; there are, or will be, no other facts the omission of which would make any fact or statement therein misleading;

7.1.14 No withholding Taxes

no Taxes anywhere are imposed whatsoever by withholding or otherwise on any payment to be made by any Security Party under the Underlying Documents or the Security Documents to which such Security Party is or is to be a party or are imposed on or by virtue of the execution or delivery by the Security Parties of the Underlying Documents or the Security Documents or any other document or instrument to be executed or delivered under any of the Security Documents;

7.1.15 Use of proceeds

the Borrower shall apply the Loan only for the purposes specified in clauses 1.1 and 2.1;

7.1.16 The Vessel

as of the Drawdown Date, throughout the Facility Period, the Vessel (and in relation to 7.1.16.1 below, her Earnings and Insurances, as defined in, and in accordance with the requirements of, the Ship Security Documents) will be:

7.1.16.1 in the absolute sole, legal and beneficial ownership of the Borrower;

7.1.16.2 registered through the offices of the Registry as a ship under the laws and flag of the Flag State;

7.1.16.3 in compliance with the ISM Code and the ISPS Code;

7.1.16.4 operationally seaworthy, in good and cargo-worthy condition and in every way fit for service;

7.1.16.5 classed with the Classification free of all requirements and recommendations of the Classification Society which have not been complied with in accordance with their terms;

7.1.16.6 insured in accordance with the Ship Security Documents; and

7.1.16.7 managed by the Manager in accordance with the terms of the Management Agreement;

7.1.17 Sharing Earnings

except with prior notice to the Bank, there will not be any agreement or arrangement whereby the Earnings (as defined in the Mortgage) may be shared howsoever with any other person (it being understood that any arrangement under which the Borrower receives a share of income received by a charterer of the Vessel is not subject to this Clause);

7.1.18 Freedom from Encumbrances

Save as otherwise disclosed in writing by the Borrower to the Bank on or prior to the date of this Agreement, neither the Vessel nor its Earnings, Insurances or Requisition Compensation (each as defined in the Mortgage) nor the Earnings Account nor any Extended Employment Contract nor any other properties or rights which are, or are to be, the subject of any of the Security Documents nor any part thereof will be subject to any Encumbrance except Permitted Encumbrances;

7.1.19 Environmental Matters

except as may already have been disclosed by the Borrower in writing to, and acknowledged and accepted in writing by, the Bank:

7.1.19.1 the Borrower and, to the best of the Borrower's knowledge and belief (having made due enquiry), its Environmental Affiliates, have complied with the provisions of all Environmental Laws;

7.1.19.2 the Borrower and, to the best of the Borrower's knowledge and belief (having made due enquiry), its Environmental Affiliates have obtained all Environmental Approvals and are in compliance with all such Environmental Approvals;

7.1.19.3 no Environmental Claim has been made or threatened or pending against the Borrower, or, to the best of the Borrower's knowledge and belief (having made due enquiry), any of its Environmental Affiliates; and

7.1.19.4 there has been no Environmental Incident;

7.1.20 ISM and ISPS Code

the Borrower will comply with and continue to comply with and procure that the Manager complies with and continues to comply with the ISM Code, the ISPS Code and all other statutory and other requirements relative to its business and in particular the Borrower or the Manager will obtain and maintain a valid DOC and SMC for the Vessel and that it and the Manager will implement and continue to implement an ISM SMS;

7.1.21 Copies true and complete

the Certified Copies of the constitutional documents of the Security Parties and the Certified Copies or originals of the Underlying Documents delivered or to be delivered to the Bank pursuant to clause 8.1 are, or will when delivered be, true and complete copies or, as the case may be, originals of such documents; and such documents constitute valid and binding obligations of the parties thereto enforceable in accordance with their respective terms and there have been no amendments or variations thereof or defaults thereunder;

7.1.22 Beneficiary of Loan

the Borrower is the ultimate beneficiary of the Loan;

7.1.23 Indebtedness

no Security Party has incurred any Indebtedness save under this Agreement and the Indentures or as otherwise disclosed to the Bank in writing or as disclosed in the Group's public filings;

7.1.24 Filings

the Borrower has filed all tax and other fiscal returns required to be filed by any tax authority to which it is subject;

7.1.25 Office

the Borrower does not have an office in England;

7.1.26 Prohibited Persons, unlawful activity

7.1.26.1 to the best of its knowledge, none of the shares in the Borrower nor in the Vessel are or will be at any time during the Facility Period legally and beneficially owned and controlled by a Prohibited Person;

7.1.26.2 to the best of its knowledge, no Prohibited Person has or will have at any time during the Facility Period any legal or beneficial interest of any nature whatsoever in any of the shares of any of the Security Parties; and

7.1.26.3 to the best of its knowledge, no title in any property or other assets subject to an Encumbrance created by a Security Document has been obtained in breach of any existing applicable law, statute, rule or regulation;

7.1.27 Insolvency

none of the Security Parties is unable or has admitted inability to pay its debts as they fall due, has suspended making payments on any of its debts or has announced an intention to do so, is or has become insolvent; or, save as disclosed to the Bank prior to the Execution Date, or has suffered the declaration of a moratorium in respect of any of its Indebtedness;

7.1.28 No business

the Borrower has not undertaken any business or employed any person or incurred any obligations in respect of any pension scheme, save in respect of the Master, officers and crew of the Vessel;

7.1.29 Ownership of Borrower

all the shares in the Borrower are legally and beneficially owned and controlled by the Shareholder, which is legally and beneficially owned and controlled by the Corporate Guarantor;

7.1.30 Indentures

The entry by the Borrower into this Agreement, and its borrowing of the Loan hereunder, and the execution by the Corporate Guarantor of the Corporate Guarantee do not breach any provision of either Indenture;

7.1.31 FATCA

None of the Security Parties is a FATCA FFI or a US Tax Obligor;

7.1.32 Manager

the Manager is fit and proper commercial and technical manager of the Vessel with the sufficient and fully trained personnel, experience and ability to perform its obligations in accordance with all applicable laws and regulations and in accordance with first class international ship management practice.

7.2 **Repetition of representations and warranties**

During each Interest Period throughout the Facility Period, the Borrower shall be deemed to repeat the representations and warranties in clause 7 updated mutatis mutandis as if made with reference to the facts and circumstances existing on such Interest Period.

8 UNDERTAKINGS

8.1 General

The Borrower undertakes with the Bank that, from the Execution Date until the end of the Facility Period, it will:

8.1.1 Notice of Default and Proceedings

promptly inform the Bank of (a) any Default (including the occurrence of any Event of Default under (and as defined in) either Indenture, in which case the Borrower shall also provide to the Bank copies of all demands or notices made in connection therewith) and of any other circumstances or occurrence which might adversely affect the ability of any Security Party to perform its obligations under any of the Security Documents and (b) as soon as the same is instituted or threatened, details of any Proceedings involving any Security Party which could have a Material Adverse Effect on that Security Party and/or the operation of the Vessel (including, but not limited to any Total Loss of the Vessel or the occurrence of any Environmental Incident) and will from time to time, if so requested by the Bank, confirm to the Bank in writing that, save as otherwise stated in such confirmation, no Default has occurred and is continuing and no such Proceedings are on foot or threatened;

8.1.2 Authorisation

obtain or cause to be obtained, maintain in full force and effect and comply fully with all Required Authorisations, provide the Bank, upon request, with Certified Copies of the same and do, or cause to be done, all other acts and things which may from time to time be necessary or desirable under any applicable law (whether or not in the Pertinent Jurisdiction) for the continued due performance of all the obligations of the Security Parties under each of the Security Documents;

8.1.3 Corporate Existence/Ownership

ensure that each Security Party maintains its corporate existence as a body corporate duly organised and validly existing and in good standing under the laws of the Pertinent Jurisdiction and ensure that the owner of all shares, and control, of the Borrower, directly or through other companies, is the Corporate Guarantor;

8.1.4 Use of proceeds

use the Loan exclusively for the purposes specified in clauses 1.1 and 2.1;

8.1.5 Pari passu

ensure that its obligations under this Agreement shall at all times rank at least pari passu with all its other present and future unsecured and unsubordinated Indebtedness with the exception of any obligations which are mandatorily preferred by law and not by contract;

8.1.6 Financial statements

provide as soon as possible, but in no event later than 180 days after the end of each of its financial years, annual audited (prepared in accordance with US GAAP by a firm of accountants acceptable to the Bank) consolidated balance sheet and profit and loss accounts of the Corporate Guarantor (commencing with the financial year ending 31 December 2016).

8.1.7 Reimbursement of MII & MAP Policy premiums

Whether or not any amount is borrowed under this Agreement, reimburse the Bank on demand the amount of the premium payable by the Bank for the inception or, as the case may be, extension and/or continuance of the MII & MAP Policy (including any insurance tax thereon);

8.1.8 Provision of further information

provide the Bank with such financial or other information concerning the Borrower and the Corporate Guarantor, all vessels (including those under construction) owned, acquired, sold or managed by any Group Member, the Manager or any of its subsidiaries, including, commitments, financial standing, operations and in relation to Borrowed Moneys, repayment of Borrowed Money, operating expenses and charter arrangements as the Bank may from time to time reasonably require and all other documentation and information as the Bank may from time to time require in order to comply with its, and all other relevant, know-your-customer regulations;

8.1.9 Obligations under Security Documents

duly and punctually perform each of the obligations expressed to be imposed or assumed by them under the Security Documents and Underlying Documents and will procure that each of the other Security Parties will, duly and punctually perform each of the obligations expressed to be assumed by it under the Security Documents and the Underlying Documents to which it is a party;

8.1.10 Compliance with ISM Code

comply with, and will procure that any Operator will comply with, and ensure that the Vessel and any Operator comply with the requirements of the ISM Code, including (but not limited to) the maintenance and renewal of valid certificates pursuant thereto throughout the Security Period (as defined in the Mortgage);

8.1.11 Withdrawal of DOC and SMC

immediately inform the Bank if there is any actual withdrawal of their or any Operator's DOC or the SMC of the Vessel;

8.1.12 Issuance of DOC and SMC

and will procure that any Operator will promptly inform the Bank of the receipt by the Borrower or any Operator of notification that its application for a DOC or any application for an SMC for the Vessel has been refused;

8.1.13 ISPS Code Compliance

and will procure that the Manager or any Operator will:

8.1.13.1 maintain at all times a valid and current ISSC in respect of the Vessel;

8.1.13.2 immediately notify the Bank in writing of any actual or threatened withdrawal, suspension, cancellation or modification of the ISSC in respect of the Vessel; and

8.1.13.3 procure that the Vessel will comply at all times with the ISPS Code;

8.1.14 Compliance with Laws and payment of taxes

comply with, and will ensure that the Manager and the Vessel complies with, all relevant Environmental Laws, laws, statutes, directives, decrees, rulings and analogous rules (including, but not limited to, rules relating to international sanctions) and regulations and pay all taxes for which it is liable as they fall due and has or have at all times all trading certificates necessary to carry out the trade in which the Vessel are engaged at any relevant time;

8.1.15 Charters etc.

(i) deliver to the Bank a Certified Copy of each Extended Employment Contract upon its execution, (ii) forthwith on the Bank's request execute (a) a Charter Assignment in respect thereof and (b) any notice of assignment required in connection therewith and use reasonable efforts to procure the acknowledgement of any such notice of assignment by the relevant charterer (provided that any failure to procure the same shall not constitute an Event of Default) and (iii) pay all legal and other costs incurred by the Bank in connection with any such Charter Assignment, forthwith following the Bank's demand.

8.1.16 Indentures

comply with all of the obligations undertaken by the Corporate Guarantor under the Indentures which are set out in the Indenture Excerpt and the Borrower further agrees:

(a) any terms defined in the Secured Indenture shall have those meanings when used in the Indenture Excerpt;

(b) no waiver or variation of any term of the Secured Indenture by any person shall waive or vary the Borrower's obligations hereunder to comply with the obligations in the Indenture Excerpt, except with the consent of the Bank;

(c) the Borrower shall continue to be bound by its, or as the case may be, the Corporate Guarantor's, obligations as set out in the Indenture Excerpt following a Covenant Defeasance (as defined in either Indenture) or a Legal Defeasance (as defined in either Indenture) or other termination or cancellation of the Indenture;

(d) the Borrower will not, and will procure that the Corporate Guarantor will not, vary any material term of the Secured Indenture without the prior written consent of the Bank, however this will not affect its right of partial or full prepayment of either Indenture;

8.1.17 Financial Covenants of the Corporate Guarantor's Group

procure that

8.1.17.1 at no time shall the Liquidity of the Group be less than USD30,000,000;

8.1.17.2 the Fixed Charge Coverage Ratio must be at least 2 to 1;

8.1.17.3 the Net Total Debt divided by the Total Assets shall be less than 80%; and

8.1.17.4 throughout the Facility Period there is standing to the credit of an unencumbered account with the Bank in the name of the Borrower, the Manager or the Corporate Guarantor at least USD350,000, such amount to be in addition to any minimum liquidity required by the Bank in respect of any other Group Member provided that if any Group Member is required, in relation to any of its Indebtedness, to comply with any covenants (the "**Related Covenants**") which are equivalent or similar to those set out in sub-clauses 8.1.17.2-8.1.17.3, but impose (respectively), a greater ratio (in respect of sub-clause 8.1.17.2 or a lower percentage in respect of 8.1.17.3, then the Borrower shall procure that the relevant one of the Related Covenants is complied with in place of the relevant one of those set out above;

8.1.18 Compliance Certificates

deliver to the Bank on the dates of which the accounts and financial statements must be delivered to the Bank under clause 8.1.6, a Compliance Certificate signed by the chief financial officer of the Corporate Guarantor together with such supporting information as the Bank may require;

8.1.19 Inspection

permit the Bank, upon receipt of at least 30 days written notice, by surveyors or other persons appointed by it for such purpose, to board the Vessel at all reasonable times (which the Bank shall use reasonable endeavours to ensure do not adversely affect the operation of the Vessel) for the purpose of inspecting her and to afford all proper facilities for such inspections and for this purpose to give the Bank reasonable advance notice of any intended drydocking of the Vessel (whether for the purpose of classification, survey or otherwise) and the Borrower shall pay the costs in respect of (i) one inspection in each calendar year and (ii) all such inspections following the occurrence of an Event of Default which has not been remedied or waived and the Borrower shall effect all repairs which the Bank may reasonably request as a result of such inspection;

8.1.20 Subordination

ensure that all Indebtedness of the Borrower to the Shareholder or to any other Group Member (save for the Indentures) is fully subordinated, and to subordinate any Indebtedness issued to it by the Shareholder or any other Group Member, all in a form acceptable to the Bank;

8.1.21 Sanctions

ensure that the Vessel will not be employed, and will not suffer the Vessel to be employed, and will not and will ensure that no Group Member does, conduct or undertake any business:

(a) in breach of any embargo or sanction or prohibited order (or any similar order or directive) imposed by law or regulation of:

(i) the United Nations Security Council;

(ii) the European Union;

(iii) the United Kingdom;

(iv) the USA;

(v) the Flag State;

(vi) the Marshall Islands; or

(vii) any state of which any officer or crew member of the Vessel is a national

as they apply to their members or nationals; or

(b) in any trade, carriage of goods or business which is forbidden by the laws of the United Kingdom or the USA as they apply to their members or nationals, or any law applicable to the Borrower, any Operator of the Vessel, any charterer of the Vessel or any country which the Vessel may visit; or

(c) in carrying illicit or prohibited goods; or

(d) in a way which may make it liable to be condemned by a prize court or destroyed, seized or confiscated; or

(e) to the knowledge of the Borrower, by or for the benefit of a Prohibited Person;

8.1.22 Delivery of reports

deliver to the Bank upon request as many Certified Copies as the Bank may reasonably require of every report, circular, notice or like document issued by any Security Party to its shareholders or creditors generally;

8.1.23 Vessel information

provide the Bank promptly on request with all such information as it may from time to time require in relation to the Vessel, her Insurances (as defined in, and in accordance with the requirements of, the Ship Security Documents), her employment, position and engagements, particulars of all towages and salvages, and copies of all charters and other contracts for her employment, or otherwise howsoever concerning her, as well as copies of all original class records held by the Classification Society in relation to the Vessel, all reports of port state control inspections of the Vessel and information on the financial and operating performance of the Vessel in such form as the Bank may approve or require and all such information as it may from time to time require to determine the Valuation Amount of the Vessel in accordance with clause 8.2.2;

8.1.24 Dividends

the Corporate Guarantor may declare or pay dividends in accordance with the terms of the Indentures for up to USD0.06 per issued share per financial quarter and then so long as no Event of Default shall have occurred, or shall occur as a result of such declaration and/or payment; and

8.1.25 Transactions with associated companies

not enter into any transactions with any Group Member, other than on arm's length terms and shall not co-mingle its assets, other than transactions already disclosed in public filings of the Corporate Guarantor, nor become liable for any third party obligations or encumber its rights under this Agreement (and for the purpose of this clause, the Management Agreement is to be treated as having been entered into on arms-length terms).

8.2 **Security value maintenance**

8.2.1 Security shortfall

If, at any time the Security Value shall be less than the Required Security Amount, the Bank shall give notice to the Borrower requiring that such deficiency be remedied and then the Borrower must either:

8.2.1.1 prepay within a period of thirty (30) days of the date of receipt by the Borrower of the Bank's said notice such part of the Loan as will result in the Security Value after such prepayment (taking into account any other repayment of the Loan made between the date of the notice and the date of such prepayment) being equal to or higher than the Required Security Amount; or

8.2.1.2 within thirty (30) days of the date of receipt by the Borrower of the Bank's said notice either constitute to the satisfaction of the Bank such further security for the Loan as shall be acceptable to the Bank in its discretion having a value for security purposes at the date upon which such further security shall be constituted which, when added to the Security Value, shall not be less than the Required Security Amount as at such date.

The provisions of clauses 4.5 and 4.6 shall apply to prepayments under clause 8.2.1.1 provided that the Bank shall apply such prepayments in reduction of the repayment instalments under clause 4.1 pro rata and the amounts of the Loan prepaid hereunder shall not be available to be re-borrowed.

8.2.2 Valuation of Vessel

The Vessel shall, for the purposes of this Agreement, be valued in USD by taking the valuation prepared by an Approved Broker appointed by the Borrower, such valuation to be made without physical inspection, and on the basis of a sale for prompt delivery for cash at arms' length, on normal commercial terms, as between a willing buyer and a willing seller without taking into account the benefit or burden of any charterparty or other engagement concerning the Vessel and shall be no older than 30 days as at any relevant date. Valuations shall be obtained:

8.2.2.1 prior to (but no more than 30 days prior to) the Drawdown Date and annually thereafter; and

8.2.2.2 (in addition to 8.2.2.1 above) at any other time as the Bank shall require (in its reasonable discretion).

The Approved Broker's valuations for the Vessel on each such occasion shall constitute the Valuation Amount of the Vessel for the purposes of this Agreement until superceded by the next such valuation.

8.2.3 Information

The Borrower undertakes to supply to the Bank and to the relevant Approved Broker such information concerning the Vessel and its condition as such the Bank or such shipbrokers may require for the purpose of determining any Valuation Amount.

8.2.4 Costs

All costs in connection with obtaining and determining (i) any Valuation Amount pursuant to Clause 8.2.2.1, (ii) any Valuation Amount pursuant to clause 8.2.2.2 once per calendar year and at any time after the occurrence of a Default, (iii) any Valuation Amount which obliges the Borrower to make a prepayment of the Loan or provide additional security in accordance with Clause 8.2.1, and (iv) any valuation either of any additional security for the purposes of ascertaining the Security Value at any time or necessitated by the Borrower electing to constitute additional security pursuant to clause 8.2.1.2, must be paid by the Borrower and, subject to item (ii) above, all costs in connection with obtaining and determining any Valuation Amount under clause 8.2.2.2 prior to the occurrence of a Default shall be at the cost of the Bank.

8.2.5 Valuation of additional security

For the purposes of this clause 8.2, the market value (i) of any additional security over a ship (other than the Vessel) shall be determined in accordance with clause 8.2.2 and (ii) of any cash in USD shall be its face value.

8.2.6 Documents and evidence

In connection with any additional security provided in accordance with this clause 8.2, the Bank shall be entitled to receive (at the Borrower's expense) such evidence and documents as may in the Bank's opinion be appropriate and such favourable legal opinions as the Bank shall in its absolute discretion require.

8.3 **Negative undertakings**

The Borrower undertakes with the Bank that, from the Execution Date until the end of the Facility Period, it will not, without the prior written consent of the Bank, which shall not be unreasonably withheld:

8.3.1 Negative pledge

permit any Encumbrance (other than a Permitted Encumbrance or as otherwise disclosed in writing by the Borrower to the Bank on or prior to the date of this Agreement) to subsist, arise or be created or extended over all or any part of its present or future undertakings, assets, rights or revenues to secure or prefer any present or future Indebtedness or other liability or obligation of any Group Member or any other person, unless the same is reasonably required in the ordinary course of business;

8.3.2 No merger or transfer

merge or consolidate with any other person or permit any change to the legal or beneficial ownership of its shares from that existing at the Execution Date;

8.3.3 Disposals

sell, transfer, assign, create security or option over, pledge, pool, abandon, lend or otherwise dispose of or cease to exercise direct control over its present or future undertakings, assets, rights or revenues (otherwise than by transfers, sales or disposals for full consideration in the ordinary course of trading) whether by one or a series of transactions related or not;

8.3.4 Other business or manager

undertake any business other than the ownership and operation of the Vessel or employ anyone other than the Manager as commercial and technical manager of the Vessel;

8.3.5 Acquisitions or investments

acquire any further assets other than the Vessel and rights arising under contracts entered into by or on behalf of the Borrower in the ordinary course of its businesses of owning, operating and chartering the Vessel, or make any financial investments;

8.3.6 Other obligations

incur any obligations (to any Group Member or otherwise) except for obligations arising under the Underlying Documents or the Security Documents or contracts entered into (or in the case of any obligation to any Group Member, reasonably entered into) in the ordinary course of its business of owning, operating and chartering the Vessel (and for the purposes of this Agreement any obligations incurred under the Management Agreement are deemed to have been reasonably incurred in the ordinary course of business);

8.3.7 No borrowing

incur any Borrowed Money except for Borrowed Money pursuant to the Security Documents or as otherwise disclosed in writing by the Borrower to the Bank on or prior to the date of this Agreement;

8.3.8 Repayment of borrowings

repay or prepay the principal of, or pay interest on or any other sum in connection with any of its Borrowed Money except for Borrowed Money pursuant to the Security Documents or as otherwise disclosed in writing by the Borrower to the Bank on or prior to the date of this Agreement;

8.3.9 Guarantees

issue any guarantees or otherwise become directly or contingently liable, or give security or quasi security for the obligations of any person, firm, or corporation except pursuant to the Security Documents and except for (i) guarantees from time to time required in the ordinary course by any protection and indemnity or war risks association with which the Vessel is entered, guarantees required to procure the release of the Vessel from any arrest, detention, attachment or levy or guarantees required for the salvage of the Vessel and (ii) senior unsecured guarantees issued under the Indentures and (iii) such other guarantees to which the Bank shall have consented in writing;

8.3.10 Loans

make any loans or grant any credit (save for normal trade credit in the ordinary course of business) to any person or agree to do so;

8.3.11 Sureties

permit any Indebtedness of the Borrower to any person (other than the Bank pursuant to the Security Documents) to be guaranteed by any person (except for guarantees from time to time required in the ordinary course of business and in the ordinary course by any protection and indemnity or war risks association with which the Vessel is entered, guarantees required to procure the release of the Vessel from any arrest, detention, attachment or levy or guarantees or undertakings required for the salvage of the Vessel);

8.3.12 Subsidiaries

form or acquire any subsidiaries;

8.3.13 Change of name, Manager, flag or class

change the name, Manager, flag, Classification or Classification Society of the Vessel;

8.3.14 Charters

without the prior written consent of the Bank (which consent may not, in respect of 8.3.14.1.2 below, be unreasonably withheld) and then, if such consent is given, only subject to such conditions as the Bank may impose, let or agree to let the Vessel:

8.3.14.1.1 on demise charter for any period; or

8.3.14.1.2 by any time or consecutive voyage charter for a term which exceeds or which by virtue of any optional extensions therein contained may exceed twelve (12) months' duration; or

8.3.14.1.3 on terms whereby more than two (2) months' hire (or the equivalent) is payable in advance; or

8.3.14.1.4 below a fair and reasonable arms-length rate obtainable at the time when the Vessel is fixed;

8.3.15 Nuclear waste

permit the Vessel to carry nuclear waste or radioactive material;

8.3.16 Prohibited Persons

and shall use reasonable endeavours to procure that no Group Member will, have any course of dealings, directly or indirectly, with any Prohibited Person;

8.3.17 Change in constitutional documents

amend or vary its constitutional documents;

8.3.18 Employees

employ any person except the Master, officers and crew of the Vessel owned by it;

8.3.19 FATCA:

become a FATCA FFI or a US Tax Obligor and shall procure that no Security Party shall do so; or

8.3.20 Dividends

If there has occurred an Event of Default which is continuing, or an Event of Default would thereby be caused to occur, declare or pay dividends or distribute any of its present or future assets, undertakings, rights or revenues.

8.4 **Indentures**

Notwithstanding anything in this Agreement:

(i) any terms, transactions or events permitted by the Indenture Excerpt and

(ii) save as otherwise expressly provided in this Agreement, any other terms or transactions or events permitted by the Indentures

shall be deemed to be permitted by this Agreement.

9 CONDITIONS

9.1 **Documents and evidence**

The Bank's obligation to make available the Loan is subject to the following conditions precedent:

9.1.1 that, on or before the service of the Drawdown Notice hereunder, the Bank has received the documents described in Part A of Schedule 2 in form and substance satisfactory to the Bank and its lawyers;

9.1.2 that on or before the Drawdown Date, the Bank has received the documents described in Part B of Schedule 2 in form and substance satisfactory to the Bank and its lawyers;

9.1.3 the representations and warranties contained in clause 7 and clauses 4.1 and 4.2 of the Corporate Guarantee being then true and correct as if each was made with respect to the facts and circumstances existing at such time; and

9.1.4 no Default having occurred and being continuing and there being no Default which would result from the making of the Loan.

9.2 **Waiver of conditions precedent**

The conditions specified in this clause 9 are inserted solely for the benefit of the Bank and may be waived by the Bank in whole or in part and with or without conditions.

9.3 **Further conditions precedent**

Not later than five (5) Banking Days prior to the Drawdown Date and not later than five (5) Banking Days prior to each Interest Payment Date, the Bank may reasonably request and the Borrower must, not later than five (5) Banking Days prior to such date, deliver to the Bank (at the Borrower's expense) on such request further favourable certificates and/or opinions as to any or all of the matters which are the subject of clauses 7, 8, 9 and 10 of this Agreement and clauses 4 and 5 of the Corporate Guarantee.

9.4 **English language**

All documents required to be delivered under and/or supplied in connection with any of the Security Documents must either be in the English language or accompanied by an English translation certified by a notary, lawyer or consulate acceptable to the Bank.

10 EVENTS OF DEFAULT

10.1 **Events**

Each of the following events shall constitute an Event of Default (whether such event shall occur voluntarily or involuntarily or by operation of law or regulation or in connection with any judgment, decree or order of any court or other authority or otherwise, howsoever):

10.1.1 **Non-payment:** any Security Party fails to pay any sum payable by it under any of the Security Documents at the time, in the currency and in the manner stipulated in the Security Documents or the Underlying Documents (and so that, for this purpose, sums payable (i) under clauses 3.1 and 4.1 shall be treated as having been paid at the stipulated time if (aa) received by the Bank within five (5) days of the dates therein referred to and (bb) such delay in receipt is caused by administrative or other delays or errors within the banking system and (ii) on demand shall be treated as having been paid at the stipulated time if paid within five (5) Banking Days of demand); or

10.1.2 **Breach of Insurance and certain other obligations:** the Borrower or, as the context may require, the Manager or any other person fails to obtain and/or maintain the Insurances (as defined in, and in accordance with the requirements of, the Ship Security Documents) for the Vessel or if any insurer in respect of such Insurances cancels the Insurances or disclaims liability by reason, in either case, of mis-statement in any proposal for the Insurances or for any other failure or default on the part of the Borrower or any other person or the Borrower commits any breach of or omits to observe any of the obligations or undertakings expressed to be assumed by them under clause 8; or

10.1.3 **Breach of other obligations:** any Security Party commits any breach of or omits to observe any of its obligations or undertakings expressed to be assumed by it under any of the Security Documents (other than those referred to in clauses 10.1.1 and 10.1.2 above) unless such breach or omission, in the reasonable opinion of the Bank is capable of remedy, in which case the same shall constitute an Event of Default if it has not been remedied within fifteen (15) days of the occurrence thereof; or

10.1.4 **Misrepresentation:** any representation or warranty made or deemed to be made or repeated by or in respect of any Security Party in or pursuant to any of the Security Documents or in any notice, certificate or statement referred to in or delivered under any of the Security Documents is or proves to have been incorrect or misleading in any material respect unless such misrepresentation is remedied within five (5) days of the Bank giving written notice to the Borrower or the Borrower becoming aware of, the occurrence thereof; or

10.1.5 **Cross-default:** any Indebtedness of any Security Party in an amount exceeding USD5,000,000 or USD 25,000,000 in case of the Corporate Guarantor is not paid when due (subject to applicable grace periods and provided that if the Borrower has made a formal bona fide written request for a waiver in respect of a due amount to any commercial bank and has notified the Bank accordingly, then no Event of Default under this clause 10.1.5 shall be deemed to have occurred until the earlier of (i) the date on which the relevant commercial bank informs the Borrower it will not grant a waiver or that it reserves its rights and (ii) the date falling fifteen (15) days after that due date for payment if no waiver has been granted by the relevant commercial bank) or any Indebtedness of any Security Party becomes (whether by declaration or automatically in accordance with the relevant agreement or instrument constituting the same) due and payable prior to the date when it would otherwise have become due (unless as a result of the exercise by the relevant Security Party of a voluntary right of prepayment), or any creditor of any Security Party becomes entitled to declare any such Indebtedness due and payable or any facility or commitment available to any Security Party relating to Indebtedness is withdrawn, suspended or cancelled by reason of any default (however described) of the person concerned (unless the relevant creditor has granted to the Borrower a waiver in respect thereof and the Borrower has notified the Bank accordingly); or

10.1.6 **Execution:** any uninsured judgment or order made against any Security Party is not stayed, appealed against or complied with within fifteen (15) days or a creditor attaches or takes possession of, or a distress, execution, sequestration or other process is levied or enforced upon or sued out against, any of the undertakings, assets, rights or revenues of any Security Party and is not discharged within thirty (30) days; or

10.1.7 **Insolvency:** any Security Party is unable or admits inability to pay its debts as they fall due; suspends making payments on any of its debts or announces an intention to do so other than in respect of any debt withheld in accordance with the terms of any agreement governing such debt; becomes insolvent; or suffers the declaration of a moratorium in respect of any of its Indebtedness, Provide that, in all cases, if the Borrower has made a formal bona fide written request to a creditor to suspend payment of a debt or requested a creditor to write off a debt and has notified the Bank accordingly, no Event of Default under this clause 10.1.7 shall be deemed to have occurred until the earlier of (i) the date on which the relevant creditor informs the relevant Security Party it will not agree to suspend payment of the debt or write it off (as applicable) and (ii) the date falling fifteen (15) days after the relevant due date AND no Event of Default under this clause 10.1.7 shall be deemed to have occurred at all if (i) a relevant creditor informs the relevant Security Party it will agree to suspend payment of the debt or write it off (as applicable) or (ii) the relevant Security Party makes payment of the relevant debt, in each case before the date falling fifteen (15) days after the relevant due date; or

10.1.8 **Reduction or loss of capital:** a meeting is convened by any Security Party (other than the Corporate Guarantor or the Manager) without the Bank's prior written consent, for the purpose of passing any resolution to purchase, reduce or redeem any of its share capital without the Bank's prior written consent; or

10.1.9 **Dissolution:** any corporate action, Proceedings or other steps are taken to dissolve or wind-up any Security Party or an order is made or resolution passed for the dissolution or winding up of any Security Party; or

10.1.10 **Administration:** any petition is presented, notice given or other steps are taken anywhere to appoint an administrator of any Security Party or an administration order is made in relation to any Security Party; or

10.1.11 **Appointment of receivers and managers:** any administrative or other receiver is appointed anywhere of any Security Party or any part of its assets and/or undertaking or any other steps are taken to enforce any Encumbrance over all or any part of the assets of any Security Party; or

10.1.12 **Compositions:** any corporate action, legal proceedings or other procedures or steps are taken by any Security Party or by any of its creditors with a view to the general readjustment or rescheduling of all or substantially all, in the Bank's reasonable discretion, of its Indebtedness or to proposing any kind of composition, compromise or arrangement involving such company and any of its creditors; or

10.1.13 **Analogous proceedings:** there occurs, in relation to any Security Party, in any country or territory in which any of them carries on business or to the jurisdiction of whose courts any part of their assets is subject, any event which, in the reasonable opinion of the Bank, appears in that country or territory to correspond with, or have an effect equivalent or similar to, any of those mentioned in clauses 10.1.6 to 10.1.12 (inclusive) or any Security Party otherwise becomes subject, in any such country or territory, to the operation of any law relating to insolvency, bankruptcy or liquidation; or

10.1.14 **Cessation of business:** any Security Party suspends or ceases or threatens to suspend or cease to carry on its business without the prior written consent of the Bank, such consent not to be unreasonably withheld; or

10.1.15 **Seizure:** all or a material part of the undertaking, assets, rights or revenues of, or shares or other ownership interests in, any Security Party are seized, nationalised, expropriated or compulsorily acquired by or under the authority of any Government Entity; or

10.1.16 **Invalidity:** any of the Security Documents, other than as a result of any act or omission by the Bank, and the Underlying Documents shall at any time and for any reason become invalid or unenforceable or otherwise cease to remain in full force and effect, or if the validity or enforceability of any of the Security Documents and the Underlying Documents shall at any time and for any reason be contested by any Security Party which is a party thereto, or if any such Security Party shall deny that it has any, or any further, liability thereunder; or

10.1.17 **Unlawfulness:** any Unlawfulness occurs or it becomes impossible or unlawful at any time for any Security Party, to fulfil any of the covenants and obligations expressed to be assumed by it in any of the Security Documents or for the Bank to exercise the rights or any of them vested in it under any of the Security Documents or otherwise; or

10.1.18 **Repudiation:** any Security Party repudiates any of the Security Documents or does or causes or permits to be done any act or thing evidencing an intention to repudiate any of the Security Documents; or

10.1.19 **Encumbrances enforceable:** any Encumbrance (other than Permitted Liens) in respect of any of the property (or part thereof) which is the subject of any of the Security Documents becomes enforceable; or

10.1.20 **Arrest:** the Vessel is arrested, confiscated, seized, taken in execution, impounded, forfeited, detained in exercise or purported exercise of any possessory lien or other claim or otherwise taken from the possession of the Borrower and the Borrower shall fail to procure the release of the Vessel within a period of fifteen (15) days thereafter (this clause does not include capture of the Vessel by pirates for up to 12 months (but does apply if such capture exceeds 12 months) if relevant underwriters confirm in writing (in customary terms) within ninety (90) day of capture, that such capture will be covered by the Borrower's war risks insurance); or

10.1.21 **Registration:** the registration of the Vessel under the laws and flag of the relevant Flag State is cancelled or terminated without the prior written consent of the Bank; or

10.1.22 **Unrest:** the Flag State or the country in which any Security Party is incorporated or domiciled becomes involved in hostilities or civil war or there is a seizure of power in the Flag State by unconstitutional means unless the Borrower shall have transferred the Vessel onto a new flag acceptable to the Bank within sixty (60) days of the start of such hostilities or civil war or seizure of power; or

10.1.23 **Environmental Incidents:** an Environmental Incident occurs which gives rise, or may give rise, to an Environmental Claim which could, in the reasonable opinion of the Bank be expected to have a Material Adverse Effect; or

10.1.24 **P&I:** the Borrower or the Manager or any other person fails or omits to comply with any requirements of the protection and indemnity association or other insurer with which the Vessel is entered for insurance or insured against protection and indemnity risks (including oil pollution risks) to the effect that any cover (including, without limitation, any cover in respect of liability for Environmental Claims arising in jurisdictions where the Vessel operates or trades) is liable to cancellation, qualification or exclusion at any time; or

10.1.25 **Material events:** any other event occurs or circumstance arises which, in the reasonable opinion of the Bank, is reasonably likely to give rise to a Material Adverse Effect materially and adversely to affect either (i) the ability of any Security Party to perform all or any of its obligations under or otherwise to comply with the terms of any of the Security Documents or (ii) the security created by any of the Security Documents; or

10.1.26 **Required Authorisations:** any Required Authorisation is revoked or withheld or modified or is otherwise not granted or fails to remain in full force and effect or if any exchange control or other law or regulation shall exist which would make any transaction under the Security Documents or the continuation thereof, unlawful or would prevent the performance by any Security Party of any term of any of the Security Documents;

10.1.27 **Material adverse change:** there occurs a material adverse change in:

(a) the financial condition or strength of any Security Party by reference to the financial position or strength of such Security Party as described by any Security Party to the Bank in the negotiation of this Agreement; or

(b) the conditions prevailing in the international money and capital markets; or

(c) the financial, political or economic situation globally; or

(d) the financial prospects of the Borrower or the Corporate Guarantor, in each case, which, in the reasonable opinion of the Bank, could prejudice the ability of the Borrower or the Corporate Guarantor to fulfil their respective obligations under the Security Documents.

10.1.28 **Change of Control:** There shall occur a "Change of Control" (as defined in the Secured Indenture) or the "Permitted Holder" (as defined in the Secured Indenture) owns less than 20% of the issued share capital of the Corporate Guarantor or the Borrower ceases to be a wholly owned subsidiary of the Shareholder or the Shareholder ceases to be a wholly owned subsidiary of the Corporate Guarantor; or

10.1.29 **Money Laundering**: any Security Party is in breach of or fails to observe any law, requirement, measure or procedure implemented to combat "money laundering" as defined in Article 1 of the Directive (91/308 EEC) of the Council of the European Communities.

10.2 **Acceleration**

The Bank may, without prejudice to any other rights of the Bank, at any time after the happening of an Event of Default so long as the same is continuing by notice to the Borrower declare that:

10.2.1 the obligation of the Bank to make the Commitment available shall be terminated, whereupon the Commitment shall immediately be cancelled; and/or

10.2.2 the Loan and all interest accrued and all other sums payable whensoever under the Security Documents have become due and payable, whereupon the same shall, immediately or in otherwise accordance with the terms of such notice, become due and payable.

10.3 **Demand basis**

If, under clause 10.2.2, the Bank has declared the Loan to be due and payable on demand, at any time thereafter the Bank may by further notice to the Borrower demand repayment of the Loan on such date as may be specified whereupon the Loan shall become due and payable accordingly with all interest accrued and all other sums payable under this Agreement.

11 INDEMNITIES

11.1 General indemnity

The Borrower agrees to indemnify the Bank on demand, without prejudice to any of the Bank's other rights under any of the Security Documents, against any loss (including loss of Margin) or expense (including, without limitation, any Break Costs) which the Bank shall certify as sustained at any time by it in connection with this Agreement.

11.2 Environmental indemnity

The Borrower shall indemnify the Bank on demand and hold it harmless from and against all costs, claims, expenses, payments, charges, losses, demands, liabilities, actions, Proceedings, penalties, fines, damages, judgements, orders, sanctions or other outgoings of whatever nature which may be incurred or made or asserted whensoever against the Bank at any time, whether before or after the repayment in full of principal and interest under this Agreement, arising howsoever out of an Environmental Claim made or asserted against the Bank which would not have been, or been capable of being, made or asserted against the Bank had it not entered into any of the Security Documents or been involved in any of the resulting or associated transactions.

11.3 Capital adequacy and reserve requirements indemnity

The Borrower shall promptly indemnify the Bank on demand against any cost incurred or loss suffered by the Bank as a result of its complying with (i) the minimum reserve requirements from time to time of the European Central Bank (ii) any capital adequacy directive of the European Union and/or (iii) any revised framework for international convergence of capital measurements and capital standards and/or any regulation imposed by any Government Entity in connection therewith, and/or in connection with maintaining required reserves with a relevant national central bank to the extent that such compliance or maintenance relates to the Commitment or deposits obtained by it to fund the whole or part thereof and to the extent such cost or loss is not recoverable by the Bank under clause 11.2.

12 UNLAWFULNESS AND INCREASED COSTS MITIGATION

12.1 Unlawfulness

Regardless of any other provision of this Agreement, in the event that the Bank notifies the Borrower that by reason of:

12.1.1.1 the introduction of or any change in any applicable law or regulation or any change in the interpretation or application thereof; or

12.1.1.2 compliance by the Bank with any directive, request or requirement (whether or not having the force of law) of any central bank or Government Entity

it becomes unlawful or it is prohibited by or contrary to such directive request or requirement for the Bank to maintain or give effect to any of its obligations in connection howsoever with this Agreement then (i) the Commitment shall be reduced to zero and (ii) the Borrower shall be obliged to prepay the Loan either immediately or on a future date (specified in the Bank's notice) not being earlier than the latest date permitted by the relevant law, regulation, directive, request or requirement with interest and commitment commission accrued to the date of prepayment and all other sums payable whensoever by the Borrower under this Agreement.

12.2 Increased costs

If the Bank certifies to the Borrower that at any time the effect of any applicable law, regulation or regulatory requirements or the interpretation or application thereof or any change therein (including the imposition upon whomsoever of Taxes on payments hereunder or otherwise howsoever in connection with this Agreement other than taxes on the overall net income of the Bank) or the effect of complying with any applicable directive, request or requirement (whether or not having the force of law) of any central bank or Government Entity (including, but not limited to, the "International Convergence of Capital Standards, a Revised Framework" published by the Basle Committee on Banking Supervision in June 2004 as implemented in the EU by the Capital Requirements Directive (2006/48/EC and 2006/49/EC) and including any kind of liquidity, stock or capital adequacy controls or other banking or monetary controls or requirements which affect the manner in which the Bank or its holding company allocates capital resources to the Bank's obligations hereunder) is to:

12.2.1 subject the Bank to Taxes or change the basis of Taxation of the Bank relating to any payment under any of the Security Documents (other than Taxes or Taxation on the overall net income of the Bank imposed in the jurisdiction in which its principal or lending office under this Agreement is located); and/or

12.2.2 increase the cost to, or impose an additional cost on, the Bank or its holding company in making or keeping the Commitment available or maintaining or funding all or part of the Loan; and/or

12.2.3 reduce the amount payable or the effective return to the Bank under any of the Security Documents; and/or

12.2.4 reduce the Bank's or its holding company's rate of return on its overall capital by reason of a change in the manner in which it is required to allocate capital resources to the Bank's obligations under any of the Security Documents; and/or

12.2.5 require the Bank or its holding company to make a payment or forgo a return on or calculated by reference to any amount received or receivable by the Bank under any of the Security Documents; and/or

12.2.6 require the Bank or its holding company to incur or sustain a loss (including a loss of future potential profits) by reason of being obliged to deduct all or part of the Commitment or the Loan from its capital for regulatory purposes,

then and in each such case (subject to clause 12.3) the Borrower must on demand either:

12.2.6.1 pay to the Bank the amount which the Bank certifies (in a certificate setting forth the basis of the computation of such amount but not including any matters which the Bank or its holding company regards as confidential) is required to compensate the Bank and/or (as the case may be) its holding company for such liability to Taxes, cost, reduction, payment, forgone return or loss; or

(b) prepay the Loan, in respect of which prepayment the terms of clause 4.5 shall apply.

For the purposes of this clause 12.2 "**holding company**" means the company or entity (if any) within the consolidated supervision of which the Bank is included.

12.3 **Exception**

Nothing in clause 12.2 shall entitle the Bank to receive any amount relating to compensation for any such liability to Taxes, increased or additional cost, reduction, payment, foregone return or loss to the extent that the same is the subject of an additional payment under clause 6.6.

13 SECURITY, SET-OFF AND MISCELLANEOUS

13.1 Application of moneys

All moneys received by the Bank under or pursuant to any of the Security Documents and expressed to be applicable in accordance with the provisions of this clause 13.1 shall be applied by the Bank as follows:

13.1.1 first in or toward payment of all unpaid fees, commissions, sums which have been demanded by way of indemnity and expenses which may be owing to the Bank under any of the Security Documents;

13.1.2 secondly in or towards payment of any arrears of interest owing in respect of the Loan or any part thereof;

13.1.3 thirdly in or towards repayment of the Loan (whether the same is due and payable or not);

13.1.4 fourthly in or towards payment to the Bank for any loss which the Bank certifies it has suffered by reason of any such payment in respect of principal not being effected on an Interest Payment Date relating to the part of the Loan repaid;

13.1.5 fifthly in or towards payment to the Bank of any other sums which the Bank certifies are owing to it under any of the Security Documents; and

13.1.6 sixthly the surplus (if any) shall be paid to the Borrower or to whomsoever else may appear to the Bank to be entitled to receive such surplus.

13.2 Set-off

13.2.1 The Borrower authorises the Bank (without prejudice to any of the Bank's rights at law, in equity or otherwise), at any time and without notice to the Borrower, to apply any credit balance to which the Borrower is then entitled standing upon any account of the Borrower with any branch of the Bank in or towards satisfaction of any sum due and payable from the Borrower to the Bank under any of the Security Documents. For this purpose, the Bank is authorised to purchase with the moneys standing to the credit of such account such other currencies as may be necessary to effect such application.

13.2.2 The Bank shall not be obliged to exercise any right given to it by this clause 13.2. The Bank shall notify the Borrower prior to the exercise or purported exercise of any right of set-off.

13.2.3 Nothing in this clause 13.2 shall be effective to create a charge or other security interest.

13.3 **Further assurance**

The Borrower undertakes with the Bank to ensure that, throughout the Facility Period, the Security Documents shall be valid and binding obligations of the respective parties thereto and rights of the Bank enforceable in accordance with their respective terms and that they will, at their expense, execute, sign, perfect and do, and will procure the execution, signing, perfecting and doing by each of the other Security Parties of, any and every such further assurance, document, act or thing as in the reasonable opinion of the Bank may be necessary or desirable for perfecting the security contemplated or constituted by the Security Documents.

13.4 **Conflicts**

In the event of any conflict between this Agreement and any of the other Security Documents executed by the Borrower, the provisions of this Agreement shall prevail.

13.5 **No implied waivers, remedies cumulative**

No failure or delay on the part of the Bank to exercise any power, right or remedy under any of the Security Documents shall operate as a waiver thereof, nor shall any single or partial exercise by the Bank of any power, right or remedy preclude any other or further exercise thereof or the exercise of any other power, right or remedy. The remedies provided in the Security Documents are cumulative and are not exclusive of any remedies provided by law. No waiver by the Bank shall be effective unless it is in writing.

13.6 **Severability**

If any provision of this Agreement is prohibited, invalid, illegal or unenforceable in any jurisdiction, such prohibition, invalidity, illegality or unenforceability shall not affect or impair howsoever the remaining provisions thereof or affect the validity, legality or enforceability of such provision in any other jurisdiction.

13.7 **Force Majeure**

Regardless of any other provision of this Agreement the Bank shall not be liable for any failure to perform the whole or any part of this Agreement resulting directly or indirectly from (i) the action or inaction or purported action of any governmental or local authority (ii) any strike, lockout, boycott or blockade (including any strike, lockout, boycott or blockade effected by or upon the Bank or any of its representatives or employees) (iii) any act of God (iv) any act of war (whether declared or not) or terrorism (v) any failure of any information technology or other operational systems or equipment affecting the Bank or (vi) any other circumstances whatsoever outside the Bank's control.

13.8 **Amendments**

This Agreement may be amended or varied only by an instrument in writing executed by both parties hereto who irrevocably agree that the provisions of this clause 13.8 may not be waived or modified except by an instrument in writing to that effect signed by both of them.

13.9 **Counterparts**

This Agreement may be executed in any number of counterparts and all such counterparts taken together shall be deemed to constitute one and the same agreement which may be sufficiently evidenced by one counterpart.

13.10 **English language**

All documents required to be delivered under and/or supplied whensoever in connection howsoever with any of the Security Documents and all notices, communications, information and other written material whatsoever given or provided in connection howsoever therewith must either be in the English language or accompanied by an English translation certified by a notary, lawyer or consulate acceptable to the Bank.

14 EARNINGS ACCOUNT

14.1 **General**

The Borrower undertakes with the Bank that they will ensure that:

14.1.1 the Borrower will on or before the Drawdown Date, open the Earnings Account in its name; and

14.1.2 all moneys payable to the Borrower in respect of the Earnings (as defined in the Mortgage) shall, unless and until the Bank directs to the contrary pursuant to the provisions of the Mortgage, be paid to the Earnings Account, Provided however that if any of the moneys paid to the Earnings Account are payable in a currency other than USD, they shall be paid to a sub-account of the Earnings Account denominated in such currency (except that if the Borrower fails to open such a sub-account, the Bank shall then convert such moneys into USD at the Bank's spot rate of exchange at the relevant time for the purchase of USD with such currency and the term "spot rate of exchange" shall include any premium and costs of exchange payable in connection with the purchase of USD with such currency).

14.2 **Earnings Account: withdrawals**

Any sums standing to the credit of the Earnings Account may be applied from time to time (i) firstly to make the payments required under this Agreement, (ii) secondly, subject to there being no breach of Clause 14.3 and to no Event of Default having occurred, in the operation of the Vessel and (iii) subject to there being at any time sufficient funds to pay amounts due under (i) and (ii) above as they fall due, thirdly for the general corporate purposes of the Borrower.

14.3 **Application of account**

At any time after the occurrence of an Event of Default, the Bank may, without notice to the Borrower, apply all moneys then standing to the credit of the Earnings Account (together with interest from time to time accruing or accrued thereon) in or towards satisfaction of any sums due to the Bank under the Security Documents in the manner specified in clause 13.1.

14.4 **Charging of Earnings Account**

The Earnings Account and all amounts from time to time standing to the credit thereof shall be subject to the security constituted and the rights conferred by the Account Pledge.

15 ASSIGNMENT, TRANSFER AND LENDING OFFICE

15.1 **Benefit and burden**

This Agreement shall be binding upon, and ensure for the benefit of, the Bank and the Borrower and their respective successors.

15.2 **No assignment by Borrower**

The Borrower may not assign or transfer any of their respective rights or obligations under this Agreement.

15.3 **Assignment by Bank**

The Bank may assign all or any part of its rights under any of the Security Documents to any other bank or financial institution (an "**Assignee**") without the consent of the Borrower.

15.4 **Transfer by Bank**

The Bank may transfer all or any part of its rights, benefits and/or obligations under this Agreement and/or any of the other Security Documents to any one or more banks or other financial institutions (a "**Transferee**") without the consent of the Borrower, provided always that any such Transferee, by delivery of such undertaking as the Bank may approve, becomes bound by the terms of this Agreement and agrees to perform all or, as the case may be, relevant part of the Bank's obligations under this Agreement.

15.5 **Documentation**

If the Bank assigns all or any part of its rights or transfers all or any part of its rights, benefits and/or obligations as provided in clause 15.3 or 15.4 the Borrower undertakes, immediately on being requested to do so by the Bank , to enter into, and procure that the other Security Parties shall enter into, such documents as may be necessary or desirable to transfer to the Assignee or Transferee all or the relevant part of the Bank's interest in the Security Documents. Thereafter, all relevant references in this Agreement to the Bank shall be construed as a reference to the Bank and/or its Assignee or Transferee (as the case may be) to the extent of their respective interests.

15.6 **Lending office**

The Bank shall lend through its office at the address specified above or through any other office of the Bank selected from time to time by it through which the Bank wishes to lend for the purposes of this Agreement.

15.7 **Disclosure of information**

The Bank may disclose to a prospective Assignee, Transferee or to any other person who may propose entering into contractual relations with the Bank in relation to this Agreement such information about or in connection with any of the Security Parties and the Security Documents as the Bank considers appropriate.

15.8 **No additional costs**

If at the time of, or immediately after, any assignment and/or transfer by the Bank of all or any part of its rights and/or benefits and/or obligations under this Agreement, or any change in the office through which the Bank lends for the purposes of this Agreement, the Borrower would be obliged to pay to the Assignee or Transferee or (in the case of a change of lending office) the Bank under clause 6.6 or 12.2 any sum exceeding the sum (if any) which it would have been obliged to pay to the Bank under the relevant clause had no such assignment, transfer or change taken place, the Borrower shall not be obliged to pay such excess.

16 NOTICES

16.1 **General**

16.1.1 unless otherwise specifically provided herein, every notice under or in connection with this Agreement shall be given in English by letter delivered personally and/or sent by post and/or transmitted by fax;

16.1.2 in this clause "notice" includes any demand, consent, authorisation, approval, instruction, certificate, request, waiver or other communication.

16.2 **Addresses for communications, effective date of notices**

16.2.1 subject to clause 16.2.2 and clause 16.2.4 notices to the Borrower shall be deemed to have been given and shall take effect when received in full legible form by the Borrower at the address and/or the fax number appearing below (or at such other address or fax number as the Borrower may hereafter specify for such purpose to the Bank by notice in writing);

Address c/o Navios Shipmanagment Inc.
85 Akti Miaouli
185 38 Piraeus
Greece

Fax no: + 30 210 4171984

16.2.2 notwithstanding the provisions of clause 16.2.1 or clause 16.2.4, a notice of Default and/or a notice given pursuant to clause 10.2 or clause 10.3 shall be deemed to have been given and shall take effect when delivered, sent or transmitted by the Bank to the Borrower to the address or fax number referred to in clause 16.2.1;

16.2.3 subject to clause 16.2.4, notices to the Bank shall be deemed to be given, and shall take effect, when received in full legible form by the Bank at the address and/or the fax number appearing below (or at any such other address or fax number as the Bank may hereafter specify for such purpose to the Borrower by notice in writing);

Address ALPHA BANK A.E.
93 Akti Miaouli
185 38 Piraeus
Greece

Fax no: +30 210 429 0268

16.2.4 if under clause 16.2.1 or clause 16.2.3 a notice would be deemed to have been given and effective on a day which is not a working day in the place of receipt or is outside the normal business hours in the place of receipt, the notice shall be deemed to have been given and to have taken effect at the opening of business on the next working day in such place.

17 GOVERNING LAW

17.1 **Law**

This Agreement and any non-contractual obligations arising out of or in connection with it is governed by and shall be construed in accordance with English law.

18 JURISDICTION

18.1 **Exclusive jurisdiction**

For the benefit of the Bank, and subject to clause 18.4 below, the Borrower hereby irrevocably agrees that the courts of England shall have exclusive jurisdiction:

18.1.1 to settle any disputes or other matters whatsoever arising under or in connection with this Agreement (or any non-contractual obligation arising out of or in connection with this Agreement) and any disputes or other such matters arising in connection with the negotiation, validity or enforceability of this Agreement or any part thereof, whether the alleged liability shall arise under the laws of England or under the laws of some other country and regardless of whether a particular cause of action may successfully be brought in the English courts; and

18.1.2 to grant interim remedies or other provisional or protective relief.

18.2 **Submission and service of process**

The Borrower accordingly irrevocably and unconditionally submits to the jurisdiction of the English courts. Without prejudice to any other mode of service the Borrower:

18.2.1 irrevocably empowers and appoints HFW Nominees Ltd at present of Friary Court, 65 Crutched Friars, London EC3N 2AE, England as its agent to receive and accept on its behalf any process or other document relating to any proceedings before the English courts in connection with this Agreement;

18.2.2 agrees to maintain such an agent for service of process in England from the date hereof until the end of the Facility Period;

18.2.3 agrees that failure by a process agent to notify the Borrower of service of process will not invalidate the proceedings concerned;

18.2.4 without prejudice to the effectiveness of service of process on its agent under clause 18.2.1 above but as an alternative method, consents to the service of process relating to any such proceedings by mailing or delivering a copy of the process to its address for the time being applying under clause 16.2;

18.2.5 agrees that if the appointment of any person mentioned in clause 18.2.1 ceases to be effective, the Borrower shall immediately appoint a further person in England to accept service of process on its behalf in England and, failing such appointment with in seven (7) days the Bank shall thereupon be entitled and is hereby irrevocably authorised by the Borrower in those circumstances to appoint such person by notice to the Borrower.

18.3 **Forum non conveniens and enforcement abroad**

The Borrower:

18.3.1 waives any right and agrees not to apply to the English court or other court in any jurisdiction whatsoever to stay or strike out any proceedings commenced in England on the ground that England is an inappropriate forum and/or that proceedings have been or will be started in any other jurisdiction in connection with any dispute or related matter falling within clause 18.1; and

18.3.2 agrees that a judgment or order of an English court in a dispute or other matter falling within clause 18.1 shall be conclusive and binding on the Borrower and may be enforced against it in the courts of any other jurisdiction.

18.4 **Right of Bank, but not Borrower, to bring proceedings in any other jurisdiction**

18.4.1 nothing in this clause 18 limits the right of the Bank to bring proceedings, including third party proceedings, against the Borrower, or to apply for interim remedies, in connection with this Agreement in any other court and/or concurrently in more than one jurisdiction;

18.4.2 the obtaining by the Bank of judgment in one jurisdiction shall not prevent the Bank from bringing or continuing proceedings in any other jurisdiction, whether or not these shall be founded on the same cause of action.

18.5 **Enforceability despite invalidity of Agreement**

The jurisdiction agreement contained in this clause 18 shall be severable from the rest of this Agreement and shall remain valid, binding and in full force and shall continue to apply notwithstanding this Agreement or any part thereof being held to be avoided, rescinded, terminated, discharged, frustrated, invalid, unenforceable, illegal and/or otherwise of no effect for any reason.

18.6 **Effect in relation to claims by and against non-parties**

18.6.1 for the purpose of this clause "Foreign Proceedings" shall mean any Proceedings except proceedings brought or pursued in England arising out of or in connection with or in any way related to any of the Security Documents or any assets subject thereto or any action of any kind whatsoever taken by the Bank pursuant thereto or which would, if brought by the Borrower against the Bank, have been required to be brought in the English courts;

18.6.2 the Borrower shall not bring or pursue any Foreign Proceedings against the Bank and the Borrower shall use its best endeavours to prevent persons not party to this Agreement from bringing or pursuing any Foreign Proceedings against the Bank;

18.6.3 If, for any reason whatsoever, any Security Party and/or any third party brings or pursues against the Bank any Foreign Proceedings, the Borrower shall indemnify the Bank on demand in respect of any and all claims, losses, damages, demands, causes of action, liabilities, costs and expenses (including, but not limited to, legal costs) of whatsoever nature howsoever arising from or in connection with such Foreign Proceedings which the Bank certifies as having been incurred by it;

18.6.4 the Bank and the Borrower hereby agree and declare that the benefit of this clause 18 shall extend to and may be enforced by any officer, employee, agent or business associate of the Bank against whom the Borrower brings a claim in connection howsoever with (i) any of the Security Documents or any assets subject thereto or (ii) any action of any kind whatsoever taken by, or on behalf of or for the purported benefit of the Bank pursuant thereto, or which, if it were brought against the Bank, would fall within the material scope of clause 18.1. In those circumstances this clause 18 shall be read and construed as if references to the Bank were references to such officer, employee, agent or business associate, as the case may be.

IN WITNESS whereof the parties to this Agreement have caused this Agreement to be duly executed on the date first above written.

Execution page

SIGNED by Alexandros Laios attorney-in-fact for and on behalf of **NOSTOS SHIPMANAGEMENT CORP.** pursuant to a Power of Attorney dated 2 November 2016	)))))	/s/ Alexandros Laios
SIGNED by Evangelia Makri and by Chrisanthi Papathanasopoulos for and on behalf of **ALPHA BANK A.E.**	))))	/s/ Evangelia Makri /s/ Chrisanthi Papathanasopoulos Authorised signatories