Navios Maritime Partners L.P.
Form 6-K
October 27, 2010

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SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 6-K
REPORT OF FOREIGN PRIVATE ISSUER
PURSUANT TO RULE 13A-16 OR 15D-16 OF THE
SECURITIES EXCHANGE ACT OF 1934
DATED: October 27, 2010
Commission File No. 001-33811
NAVIOS MARITIME PARTNERS L.P.
85 AKTI MIAOULI STREET, PIRAEUS, GREECE 185 38
(Address of Principal Executive Offices)

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

Form 20-F þ Form 40-F o

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 o No þ

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 o No þ

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

Yes o No þ

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

N/A

NAVIOS MARITIME PARTNERS L.P.
FORM 6-K

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The information contained in this Report is hereby incorporated by reference into the Registration Statement on Form F-3, File No. 333-157000.

Operating and Financial Review and Prospects

The following is a discussion of the financial condition and results of operations for the three and nine month periods ended September 30, 2010 and 2009 of Navios Maritime Partners L.P. (referred to herein as we , us or Navios Partners). All of the financial statements have been prepared in accordance with generally accepted accounting principles in the United States of America (US GAAP). You should read this section together with the consolidated financial statements and the accompanying notes included in Navios Partners 2009 Annual Report filed on Form 20-F with the Securities and Exchange Commission.

This report contains forward-looking statements made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. These forward looking statements are based on Navios Partners current expectations and observations. Actual results may differ materially from those expressed or implied by such forward-looking statements. Factors that could cause actual results to differ materially include, but are not limited to changes in the demand for dry bulk vessels, fluctuation of charter rates, competitive factors in the market in which Navios Partners operates; risks associated with operations outside the United States; and other factors listed from time to time in the Navios Partners filings with the Securities and Exchange Commission.

Recent Developments

On October 14, 2010, Navios Partners completed its public offering of 5,500,000 common units at $17.65 per unit and raised gross proceeds of approximately $97.1 million to fund its fleet expansion. The net proceeds of this offering, including the underwriting discount and excluding estimated offering costs of $0.3 million were approximately $92.7 million. Pursuant to this offering, Navios Partners issued 112,245 additional general partnership units to its General Partner. The net proceeds from the issuance of the general partnership units were $2.0 million. On the same date, Navios Partners completed the exercise of the overallotment option, previously granted to the underwriters in connection with the offering of 5,500,000 common units, and issued 825,000 additional common units at the public offering price less the underwriting discount. As a result of the exercise of the overallotment option, Navios Partners raised additional gross proceeds of $14.5 million and net proceeds of approximately $13.9 million. Navios Partners issued 16,837 additional general partnership units to its General Partner. The net proceeds from the issuance of the additional general partnership units were $0.3 million.

As of October 26, 2010, there were outstanding: 40,991,034 common units, 7,621,843 subordinated units, 1,000,000 subordinated Series A units and 1,012,510 general partnership units. Navios Holdings owns a 27.5% interest in Navios Partners, which includes the 2% general partner interest.

Overview

General

Navios Partners is an international owner and operator of dry bulk vessels, formed in August 2007 by Navios Maritime Holdings Inc. (Navios Holdings), a vertically integrated seaborne shipping and logistics company with over 55 years of operating history in the dry bulk shipping industry. Navios Partners completed its initial public offering (IPO) of 10,000,000 common units and the concurrent sale of 500,000 common units to a corporation owned by Angeliki Frangou, Navios Partners Chairman and Chief Executive Officer, on November 16, 2007. Navios Partners used the proceeds of these sales of approximately $193.3 million, plus $160.0 million funded from its revolving credit facility as subsequently amended (the Credit Facility) to acquire its initial fleet of vessels. Six vessels have been acquired since the IPO and the fleet currently consists of ten Panamax vessels, three Capesize vessels and one Ultra-Handymax vessel.

In January 2009, Navios Partners amended the terms of its Credit Facility. The amendment was effective until January 15, 2010 and provided for (a) the repayment of $40.0 million which took place on February 9, 2009, (b) maintenance of a minimum reserve balance into a pledged account with the agent bank as follows: $2.5 million on January 31, 2009; $5.0 million on March 31, 2009; $7.5 million on June 30, 2009; $10.0 million on September 30, 2009; and $12.5 million on December 31, 2009 and (c) a margin of 2.25%. Further, the covenants were amended by (a) reducing the minimum net worth covenant to $100.0 million, (b) reducing the value maintenance covenant (VMC) to be 100% using charter free vessel values, (c) adjusting the minimum leverage covenant to be calculated using charter inclusive adjusted values until December 31, 2009 and (d) adding a new VMC based on charter inclusive valuations set at 143%.

On January 11, 2010, Navios Partners further amended its Credit Facility and borrowed an additional amount of $24.0 million to finance the acquisitions of the Navios Apollon, the Navios Sagittarius and the Navios Hyperion. The amended facility agreement provides for (a) prepayment of $12.5 million held in a pledged account, that took place on January 11, 2010, (b) increase of the minimum net worth to $135.0 million, (c) VMC to be above 143% using charter free values and (d) the minimum leverage covenant to be calculated using charter free values. The new covenants were effective commencing January 15, 2010. The commitment fee for undrawn amounts under the amended terms is 0.5%.

On March 30, 2010, Navios Partners entered into a further amendment to its Credit Facility and borrowed an additional amount of $30.0 million under a new tranche to its Credit Facility to partially finance the acquisition of the Navios Aurora II.

On June 1, 2010, Navios Partners further amended its Credit Facility and borrowed an additional amount of $35.0 million under a new tranche to its Credit Facility to partially finance the acquisition of the Navios Pollux. The amendment provided for, among other things, a new margin from 1.45% to 1.80% depending on the loan to value ratio.

As of September 30, 2010, Navios Partners was in compliance with the financial covenants of its Credit Facility.

Equity Offerings

During the fiscal year 2009, Navios Partners completed three equity offerings and issued a total amount of 10,660,400 common units and raised gross proceeds of $134.3 million to fund its fleet expansion.

On February 8, 2010, Navios Partners completed its public offering of 3,500,000 common units at $15.51 per unit and raised gross proceeds of approximately $54.3 million to fund its fleet expansion. On the same date, Navios Partners completed the exercise of the overallotment option previously granted to the underwriters in connection with the offering of 3,500,000 common units and issued 525,000 additional common units at the public offering price less the underwriting discount. As a result of the exercise of the overallotment option, Navios Partners raised additional gross proceeds of $8.1 million.

On May 5, 2010, Navios Partners completed its public offering of 4,500,000 common units at $17.84 per unit and raised gross proceeds of approximately $80.3 million to fund its fleet expansion. On the same date, Navios Partners completed the exercise of the overallotment option previously granted to the underwriters in connection with the offering of 4,500,000 common units and issued 675,000 additional common units at the public offering price less the underwriting discount. As a result of the exercise of the overallotment option, Navios Partners raised additional gross proceeds of $12.0 million.

On October 14, 2010, Navios Partners completed its public offering of 5,500,000 common units at $17.65 per unit and raised gross proceeds of approximately $97.1 million to fund its fleet expansion. On the same date, Navios Partners completed the exercise of the overallotment option previously granted to the underwriters in connection with the offering of 5,500,000 common units and issued 825,000 additional common units at the public offering price less the underwriting discount. As a result of the exercise of the overallotment option, Navios Partners raised additional gross proceeds of $14.5 million.

Fleet

Our fleet consists of ten active Panamax vessels, three Capesize vessels and one Ultra-Handymax vessel.

All of our current vessels operate under long-term time charters of three or more years at inception with counterparties that we believe are creditworthy. Under certain circumstances, we may operate vessels in the spot market until the vessels have been fixed under appropriate long-term charters.

The following table provides summary information about our fleet:

Owned Vessels	**Type**	**Built**	**Capacity (DWT)**	**Original Charter Expiration Date/ New Charter Expiration Date (1)**	**Original Charter Out Rate/ New Charter Out Rate per day (2)**
Navios Gemini S	Panamax	1994	68,636	February 2014	$ 24,225

Navios Libra II	Panamax	1995	70,136	November 2010	$ 23,513
				November 2012	$ 18,525
Navios Felicity	Panamax	1997	73,867	June 2013	$ 26,169
Navios Galaxy I	Panamax	2001	74,195	February 2018	$ 21,937
Navios Alegria	Panamax	2004	76,466	December 2010	$ 23,750
				January 2014	$ 16,984 (3)
Navios Fantastiks	Capesize	2005	180,265	March 2011	$ 32,279
				February 2014	$ 36,290
Navios Hope	Panamax	2005	75,397	August 2013	$ 17,562
Navios Apollon	Ultra-Handymax	2000	52,073	November 2012	$ 23,700
Navios Sagittarius	Panamax	2006	75,756	November 2018	$ 26,125
Navios Hyperion	Panamax	2004	75,707	April 2014	$ 37,953
Navios Aurora II	Capesize	2009	169,031	November 2019	$ 41,325
Navios Pollux	Capesize	2009	180,727	July 2019	$ 42,250
Long-term Chartered-in Vessels					
Navios Prosperity (4)	Panamax	2007	82,535	July 2012	$ 24,000
Navios Aldebaran (5)	Panamax	2008	76,500	March 2013	$ 28,391

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(1) Represents the initial expiration date of the time charter and, if applicable, the new time charter expiration date for the vessels with new time charters.

(2) Net time charter-out rate per day (net of commissions). Represents the charter-out rate during the time charter period prior to the time charter expiration date and, if applicable, the charter-out rate under the new time charter.

(3) Profit sharing 50% above $16,984/ day based on Baltic Panamax TC Average.

(4) The Navios Prosperity is chartered-in for seven years starting from June 19, 2008 and we have options to extend for two one-year periods. We have the option

to purchase the vessel after June 2012 at a purchase price that is initially 3.8 billion Yen ($45.4 million based upon the exchange rate at September 30, 2010), declining each year by 145 million Yen ($1.7 million based upon the exchange rate at September 30, 2010).

(5) The Navios Aldebaran is chartered-in for seven years and we have options to extend for two one-year periods. We have the option to purchase the vessel after March 2013 at a purchase price that is initially 3.6 billion Yen ($43.0 million based upon the exchange rate at September 30, 2010) declining each year by 150 million Yen ($1.8 million based upon the exchange rate at September 30, 2010).

Our Charters

We generate revenues by charging our customers for the use of our vessels to transport their dry bulk commodities. All of the vessels in our fleet are chartered-out under time charters, which range in length from three to ten years at inception. We may in the future operate vessels in the spot market until the vessels have been chartered under appropriate long-term charters.

For the nine month period ended September 30, 2010, we had ten charter counterparties, the most significant of which were Mitsui O.S.K. Lines Ltd, Cargill International S.A., Cosco Bulk Carrier and the Sanko Steamship Co., that accounted for approximately 28.8%, 12.4%, 10.1% and 8.7%, respectively, of our total revenues. For the fiscal year ended December 31, 2009, we had eight charter counterparties, the most significant of which were Mitsui O.S.K. Lines, Ltd., Cargill International S.A., The Sanko Steamship Co. Ltd., Daiichi Chuo Kisen Kaisha and Augustea Imprese Maritime, that accounted for approximately 34.3%, 18.8%, 13.0%, 9.6% and 9.3%, respectively, of our total revenues. We believe that the combination of the long-term nature of our charters (which provide for the receipt of a fixed fee for the life of the charter) and our management agreement with Navios ShipManagement Inc. (the Manager) (which provides for a fixed management fee through November 16, 2011) will provide us with a strong base of stable cash flows.

Our revenues are driven by the number of vessels in the fleet, the number of days during which the vessels operate and our charter hire rates, which, in turn, are affected by a number of factors, including:

the duration of the charters;

the level of spot and long-term market rates at the time of charter;

decisions relating to vessel acquisitions and disposals;

the amount of time spent positioning vessels;

the amount of time that vessels spend undergoing repairs and upgrades in dry dock;

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 long-term which may be many years. In general, a long-term time charter assures the vessel owner of a consistent stream of revenue. Operating the vessel in the spot market affords the owner greater spot market opportunity, which may result in high rates when vessels are in high demand or low rates when vessel availability exceeds demand. We intend to operate our vessels in the long-term charter market. Please read Risk Factors in

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our 2009 Annual Report on Form 20-F for a discussion of certain risks inherent in our business.

Trends and Factors Affecting Our Future Results of Operations

We believe the principal factors that will affect our future results of operations are the economic, regulatory, political and governmental conditions that affect the shipping industry generally and that affect conditions in countries and markets in which our vessels engage in business. Please read Risk Factors in our 2009 Annual Report on Form 20-F for a discussion of certain risks inherent in our business.

Results of Operations

Overview

The financial condition and the results of operations presented for the three and nine month periods ended September 30, 2010 and 2009 of Navios Partners discussed below include the following entities and chartered-in vessels:

Company name	Vessel name	Country of incorporation	Statement of income 2010		2009	
Libra Shipping Enterprises Corporation	Navios Libra II	Marshall Is.	1/1	9/30	1/1	9/30
Alegria Shipping Corporation	Navios Alegria	Marshall Is.	1/1	9/30	1/1	9/30
Felicity Shipping Corporation	Navios Felicity	Marshall Is.	1/1	9/30	1/1	9/30
Gemini Shipping Corporation	Navios Gemini S	Marshall Is.	1/1	9/30	1/1	9/30
Galaxy Shipping Corporation	Navios Galaxy I	Marshall Is	1/1	9/30	1/1	9/30
Fantastiks Shipping Corporation	Navios Fantastiks	Marshall Is.	1/1	9/30	1/1	9/30
Aurora Shipping Enterprises Ltd.	Navios Hope	Marshall Is.	1/1	9/30	1/1	9/30
Palermo Shipping S.A.	Navios Apollon	Marshall Is.	1/1	9/30		
Sagittarius Shipping Corporation (*)	Navios Sagittarius	Marshall Is.	1/1	9/30	6/10	9/30
Hyperion Enterprises Inc.	Navios Hyperion	Marshall Is.	1/8	9/30		
Chilali Corp.	Navios Aurora II	Marshall Is.	3/18	9/30		
Surf Maritime Co.	Navios Pollux	Marshall Is.	5/21	9/30		
Chartered-in vessel						
Prosperity Shipping Corporation (**)	Navios Prosperity	Marshall Is.	1/1	9/30	1/1	9/30
Aldebaran Shipping Corporation (**)	Navios Aldebaran	Marshall Is.	1/1	9/30	1/1	9/30
Other						
JTC Shipping and Trading Ltd (**)	Operating Co.	Malta	3/18	9/30		
Navios Maritime Partners L.P	N/A	Marshall Is.	1/1	9/30	1/1	9/30
Navios Maritime Operating LLC	N/A	Marshall Is.	1/1	9/30	1/1	9/30

(*) Sagittarius Shipping Corporation took ownership of the vessel Navios Sagittarius on January 12, 2010.

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

The accompanying interim condensed consolidated financial statements of Navios Partners are unaudited, but, in the opinion of management, contain all adjustments necessary to present fairly, in all material respects, Navios Partners condensed consolidated financial position as of September 30, 2010 and the condensed consolidated results of operations for the three and nine months ended September 30, 2010 and 2009. The footnotes are condensed as permitted by the requirements for interim financial statements and accordingly, do not include information and disclosures required under US GAAP for complete financial statements. All such adjustments are deemed to be of a normal, recurring nature. The results of operations for the interim periods are not necessarily indicative of the results to be expected for the full year. These financial statements should be read in conjunction with the consolidated financial statements and related notes included in Navios Partners Annual Report on Form 20-F for the year ended December 31, 2009.

FINANCIAL HIGHLIGHTS

The following table presents consolidated revenue and expense information for the three and nine month periods ended September 30, 2010 and 2009.

	(unaudited) Three Month Period ended September 30, 2010 ($ 000)	**(unaudited) Three Month Period ended September 30, 2009 ($ 000)**	**(unaudited) Nine Month Period ended September 30, 2010 ($ 000)**	**(unaudited) Nine Month Period ended September 30, 2009 ($ 000)**
Time charter and voyage revenues	$ 38,074	$ 23,717	$ 100,742	$ 67,028
Time charter and voyage expenses	(2,986)	(3,729)	(8,808)	(10,088)
Direct vessel expenses	(18)	(117)	(75)	(365)
Management fees	(5,170)	(2,668)	(14,064)	(7,917)
General and administrative expenses	(966)	(542)	(2,973)	(2,341)
Depreciation and amortization	(10,966)	(4,195)	(28,675)	(10,973)
Interest expense and finance cost, net	(1,862)	(1,698)	(4,566)	(6,045)
Interest income	224	25	530	114

Compensation expense								(6,082)
Other income		27		79		85		92
Other expense		(12)		(83)		(82)		(83)
Net income	**$**	**16,345**	**$**	**10,789**	**$**	**42,114**	**$**	**23,340**
Adjusted EBITDA	$	28,967	$	16,774	$	74,900	$	46,691
Operating Surplus	$	23,716	$	13,124	$	75,926	$	35,106

Period over Period Comparisons

For the Three Month Period ended September 30, 2010 compared to the Three Month Period ended September 30, 2009

Time charter and voyage revenues: Time charter and voyage revenues for the three month period ended September 30, 2010 increased by $14.4 million or 60.8% to $38.1 million, as compared to $23.7 million for the same period in 2009. The increase was mainly attributable to the acquisition of the Navios Apollon on October 29, 2009, the Navios Hyperion on January 8, 2010, the Navios Aurora II on March 18, 2010 and the Navios Pollux on May 21, 2010. As a result of the vessel acquisitions, available days of the fleet increased to 1,270 days for the three month period ended September 30, 2010, as compared to 920 days for the same period in 2009

Time charter and voyage expenses: Time charter and voyage expenses decreased by $0.7 million or 18.9% to $3.0 million for the three month period ended September 30, 2010, as compared to $3.7 million for same period in 2009. The decrease was mainly attributable to the exercise of the purchase option of the Navios Sagittarius which became part of the owned fleet on January 12, 2010.

Direct vessel expenses: Direct vessel expenses, comprised of the amortization of dry dock and special survey costs, decreased by $0.1 million or 83.3% to $0.02 million for the three month period ended September 30, 2010, as compared to $0.12 million for the same period in 2009 due to the full amortization of dry dock and special survey costs for two of the owned vessels.

Management fees: Management fees for the three month period ended September 30, 2010, increased by $2.5 million or 92.6% to $5.2 million, as compared to $2.7 million for the same period in 2009. The increase was mainly attributable to the acquisitions of the

Navios Apollon on October 29, 2009, the Navios Hyperion on January 8, 2010, the Navios Sagittarius on January 12, 2010, the Navios Aurora II on March 18, 2010 and the Navios Pollux on May 21, 2010.

In accordance with the management agreement entered into by Navios Partners, the Manager provides all of Navios Partners owned vessels with commercial and technical management services for a daily fee of $4,400 per owned Panamax vessel, $5,500 per owned Capesize vessel and $4,500 per owned Ultra-Handymax vessel until November 16, 2011.

General and administrative expenses: General and administrative expenses increased by $0.5 million or 100.0% to $1.0 million for the three month period ended September 30, 2010, as compared to $0.5 million for the same period of 2009. The increase was mainly attributable to the increase in administrative expenses paid to the Manager due to the increased number of vessels in Navios Partners fleet.

Pursuant to the Administrative Services Agreement, the Manager provides administrative services and is reimbursed for reasonable costs and expenses incurred in connection with the provision of these services. For the three month periods ended September 30, 2010 and 2009, the expenses charged by the Manager for administrative fees were $0.7 million and $0.3 million, respectively. The balance of $0.3 million and $0.2 million of general and administrative expenses for each of the three month periods ended September 30, 2010 and 2009, relate to legal and professional fees, as well as audit fees and directors fees.

Depreciation and amortization: Depreciation and amortization amounted to $11.0 million for the three month period ended September 30, 2010 compared to $4.2 million for the three month period ended September 30, 2009. The increase of $6.8 million is attributable to (a) an increase in depreciation expense of $2.3 million due to the acquisitions of the Navios Apollon on October 29, 2009, the Navios Sagittarius on January 12, 2010, the Navios Hyperion on January 8, 2010, the Navios Aurora II on March 18, 2010 and the Navios Pollux on May 21, 2010; and (b) an increase in amortization expense of $4.5 million due to the favorable lease terms that were recognized in relation to the acquisition of the rights on the time charter-out contracts of the vessels mentioned above.

Interest expense and finance cost, net: Interest expense and finance cost, net for the three month period ended September 30, 2010 increased by $0.2 million or 11.8% to $1.9 million, as compared to $1.7 million in the same period of 2009. The increase was due to the increase in average outstanding loan balance to $271.5 million in the three months ended September 30, 2010 from $195.0 million in the three months ended September 30, 2009, which was partially mitigated by the lower weighted average interest rate of 2.54% for the three month period ended September 30, 2010, compared to 3.28% for the same period in 2009. As of September 30, 2010 and 2009, the outstanding loan balance under Navios Partners Credit Facility was $271.5 million and $195.0 million, respectively.

Interest income: Interest income increased by $0.2 million to $0.22 million for the three month period ended September 30, 2010, as compared to $0.02 million for the same period of 2009.

Other income and expenses, net: Other income and expenses, net increased by $0.02 million to $0.02 million for the three month period ended September 30, 2010, as compared to almost $0 for the respective period of 2009.

Net income: Net income for the three months ended September 30, 2010 amounted to $16.3 million compared to $10.8 million for the three months ended September 30, 2009. The increase in net income of $5.5 million was due to the factors discussed above.

Operating surplus: Navios Partners generated operating surplus for the three month period ended September 30, 2010 of $23.7 million, compared to $13.1 million for the three month period ended September 30, 2009. Operating Surplus is a non-GAAP financial measure used by certain investors to measure the financial performance of Navios Partners and other master limited partnerships (See Reconciliation of Adjusted EBITDA to Net Cash from Operating Activities, Operating Surplus and Available Cash for Distribution contained herein).

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

For the Nine Month Period ended September 30, 2010 compared to the Nine Month Period ended September 30, 2009

Time charter and voyage revenues: Time charter and voyage revenues for the nine month period ended September 30, 2010 increased by $33.7 million or 50.3% to $100.7 million, as compared to $67.0 million for the same period in 2009. The increase was mainly attributable to the acquisition of the rights to the Navios Sagittarius in

June 2009 and the acquisition of the Navios Apollon on October 29, 2009, the Navios Hyperion on January 8, 2010, the Navios Aurora II on March 18, 2010 and the Navios Pollux on May 21, 2010. As a result of the vessel acquisitions, available days of the fleet increased to 3,498 days for the nine month period ended September 30, 2010, as compared to 2,570 days for the same period in 2009.

Time charter and voyage expenses: Time charter and voyage expenses decreased by $1.3 million or 12.9% to $8.8 million for the nine month period ended September 30, 2010, as compared to $10.1 million for same period in 2009. The decrease was mainly attributable to the exercise of the purchase option of the Navios Sagittarius which became part of the owned fleet on January 12, 2010.

Direct vessel expenses: Direct vessel expenses, comprised of the amortization of dry dock and special survey costs, decreased by $0.32 million or 80% to $0.08 million for the nine month period ended September 30, 2010, as compared to $0.4 million for the same period in 2009 due to the full amortization of dry dock and special survey costs for one owned vessel.

Management fees: Management fees for the nine month period ended September 30, 2010, increased by $6.2 million or 78.5% to $14.1 million as compared to $7.9 million for the same period in 2009. The increase was mainly attributable to the acquisition of the Navios Apollon on October 29, 2009, the Navios Hyperion on January 8, 2010, the Navios Sagittarius on January 12, 2010, the Navios Aurora II on March 18, 2010 and the Navios Pollux on May 21, 2010.

In accordance with the management agreement entered into by Navios Partners, the Manager provides all of Navios Partners owned vessels with commercial and technical management services for a daily fee of $4,400 per owned Panamax vessel, $5,500 per owned Capesize vessel and $4,500 per owned Ultra-Handymax vessel until November 16, 2011.

General and administrative expenses: General and administrative expenses increased by $0.7 million or 30.4%, to $3.0 million for the nine month period ended September 30, 2010, as compared to $2.3 million for the same period of 2009. The increase is mainly attributable to the increase in administrative expenses paid to the Manager due to the increased number of vessels in Navios Partners fleet.

Pursuant to the Administrative Services Agreement, the Manager provides administrative services and is reimbursed for reasonable costs and expenses incurred in connection with the provision of these services. For the nine month periods ended September 30, 2010 and 2009, the expenses charged by the Manager for administrative fees were $2.0 million and $1.3 million, respectively. The balance of $1.0 million of general and administrative expenses for each of the nine month periods ended September 30, 2010 and 2009, respectively, relate to legal and professional fees, as well as audit fees and directors fees.

Depreciation and amortization: Depreciation and amortization amounted to $28.7 million for the nine month period ended September 30, 2010 compared to $11.0 million for the nine month period ended September 30, 2009. The increase of $17.7 million is attributable to (a) an increase in depreciation expense of $5.5 million due to the acquisition of the Navios Apollon on October 29, 2009, the Navios Sagittarius on January 12, 2010, the Navios Hyperion on January 8, 2010, the Navios Aurora II on March 18, 2010 and the Navios Pollux on May 21, 2010; and (b) an increase in amortization expense of $12.2 million due to the favorable lease terms that were recognized in relation to the acquisition of the rights on the time charter-out contracts of the vessels mentioned above.

Interest expense and finance cost, net: Interest expense and finance cost, net for the nine month period ended September 30, 2010 decreased to $4.6 million as compared to $6.0 million in the same period of 2009. The decrease of $1.4 million was due to the lower weighted average interest rate of 2.33% for the nine month period ended September 30, 2010 compared to 3.75% for the same period in 2009, which was partially mitigated by the increase in average outstanding loan balance to $241.8 million in the nine months ended September 30, 2010 from $202.0 million in the nine months ended September 30, 2009. As of September 30, 2010 and 2009, the outstanding loan balance under Navios Partners Credit Facility was $271.5 million and $195.0 million, respectively.

Interest income: Interest income increased by $0.4 million to $0.5 million for the nine month period ended September 30, 2010, as compared to $0.1 million for the same period of 2009.

Compensation expense: On June 9, 2009, Navios Holdings relieved Navios Partners from its obligation to purchase the Capesize vessel Navios Bonavis for $130.0 million and with the delivery of the Navios Bonavis to Navios Holdings, Navios Partners was granted a 12-month option to purchase the vessel for $125.0 million. In return, Navios Partners issued 1,000,000 subordinated Series A units to Navios Holdings and recognized a non-cash compensation expense of $6.1 million.

Other income and expenses, net: Other income and expenses, net decreased by $0.01 million for the nine month period ended September 30, 2010, as compared to the respective period of 2009.

Net income: Net income for the nine months ended September 30, 2010 amounted to $42.1 million compared to $23.3 million for the nine months ended September 30, 2009. The increase in net income of $18.8 million was due to the factors discussed above.

Operating surplus: Navios Partners generated operating surplus for the nine month period ended September 30, 2010 of $75.9 million compared to $35.1 million for the nine month period ended September 30, 2009. Operating Surplus is a non-GAAP financial measure used by certain investors to measure the financial performance of Navios

Partners and other master limited partnerships (See Reconciliation of Adjusted EBITDA to Net Cash from Operating Activities, Operating Surplus and Available Cash for Distribution contained herein).

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

Liquidity and Capital Resources

Credit Facility

In November 2007, Navios Partners entered into a $260.0 million Credit Facility with DVB Bank AG and Commerzbank AG which was amended in June 2008, in part, to increase the available borrowings by $35.0 million, in anticipation of purchasing the Navios Hope, thereby increasing the total facility to $295.0 million. The availability of $60.0 million was terminated in June 2009.

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In January 2009, Navios Partners further amended the terms of its Credit Facility. The amendment was effective until January 15, 2010 and provided for (a) the repayment of $40.0 million which took place on February 9, 2009, (b) maintenance of a minimum reserve balance into a pledged account with the agent bank as follows: $2.5 million on January 31, 2009; $5.0 million on March 31, 2009; $7.5 million on June 30, 2009; $10.0 million on September 30, 2009; and $12.5 million on December 31, 2009 and (c) a margin of 2.25%. Further, the covenants were amended by (a) reducing the minimum net worth covenant to $100.0 million, (b) reducing the value maintenance covenant (VMC) to be 100% using charter free vessel values, (c) adjusting the minimum leverage covenant to be calculated using charter inclusive adjusted values until December 31, 2009 and (d) adding a new VMC based on charter inclusive valuations set at 143%.

On January 11, 2010, Navios Partners further amended its existing Credit Facility and borrowed an additional amount of $24.0 million to finance the acquisitions of the Navios Apollon, the Navios Sagittarius and the Navios Hyperion. The amended facility agreement provides for (a) prepayment of $12.5 million held in a pledged account, which took place on January 11, 2010, (b) an increase of the minimum net worth to $135.0 million, (c) adjustment of the VMC to be above 143% using charter free values and (d) adjustment of the minimum leverage covenant to be calculated using charter free values. The new covenants were effective commencing January 15, 2010. The commitment fee for undrawn amounts under the amended terms is 0.5%.

On March 30, 2010, Navios Partners borrowed an additional amount of $30.0 million under a new tranche to its Credit Facility to partially finance the acquisition of the Navios Aurora II.

On June 1, 2010, Navios Partners borrowed an additional amount of $35.0 million under a new tranche to its Credit Facility to partially finance the acquisition of the Navios Pollux. The amendment provided for, among other things, a new margin from 1.45% to 1.80% depending on the loan to value ratio.

Currently, the total borrowings under the Credit Facility are $271.5 million. As of September 30, 2010, Navios Partners was in compliance with the financial covenants of its Credit Facility. The repayment of the Credit Facility starts no earlier than February 2012 and is subject to changes in repayment amounts and dates depending on various factors, such as future borrowings under the Credit Facility.

Liquidity and Capital Resources

The following table presents cash flow information derived from the unaudited condensed consolidated statements of cash flows of Navios Partners for the nine month periods ended September 30, 2010 and 2009.

	Nine Month Period Ended September 30, 2010 ($ 000) (Unaudited)	Nine Month Period Ended September 30, 2009 ($ 000) (Unaudited)
Net cash provided by operating activities	$ 65,310	$ 69,599
Net cash used in investing activities	(285,756)	(34,600)
Net cash provided by/(used in) financing activities	187,663	(9,986)
Decrease/ increase in cash and cash equivalents	$ (32,783)	$ 25,013

Cash provided by operating activities for the nine month period ended September 30, 2010 as compared to the cash provided for the nine month period ended September 30, 2009:

Net cash provided by operating activities decreased by $4.3 million to $65.3 million for the nine month period ended September 30, 2010, as compared to $69.6 million for the same period in 2009.

Net income increased by $18.8 million, to $42.1 million in the nine month period ended September 30, 2010, from $23.3 million in the nine month period ended September 30, 2009. In determining net cash provided by operating activities for the nine month period ended September 30, 2010, net income was adjusted for the effects of certain non-cash items including depreciation and amortization of $28.7 million, $0.3 million amortization and write-off of deferred financing cost and $0.08 million amortization of deferred dry dock costs. For the period ended September 30, 2009, net income was also adjusted for the effects of certain non-cash items including depreciation and amortization of $11.0 million, $0.2 million amortization and write-off of deferred financing cost, $0.4 million amortization of deferred dry dock costs and $6.1 million of non-cash compensation expense.

Amounts due to related parties increased by $1.0 million, from $2.0 million at December 31, 2009, to $3.0 million at September 30, 2010. The main reason for such increase was an increase in administrative expenses and other payables due to affiliated companies by $1.9 million, mitigated by a decrease in management fees outstanding by $0.9 million.

Restricted cash related to operating activities was $0.8 million as of September 30, 2010 and December 31, 2009 and was held as a deposit to guarantee a claim related to an owned vessel.

Accounts receivable increased by $0.3 million, from $0.6 million at December 31, 2009, to $0.9 million at September 30, 2010.

This increase was due to the increase in amounts due from charterers.

Deferred voyage revenue primarily relates to cash received from charterers prior to it being earned. Deferred voyage revenue, net of commissions decreased by $5.4 million from $26.8 million at December 31, 2009 to $21.4 million at September 30, 2010. Out of $21.4 million at September 30, 2010, the amount of $6.8 million and $12.7 million represents the short and long term portion, respectively, of unamortized deferred revenue received from the counterparty to the Navios Hope. In January 2009, Navios Partners and its counterparty to the Navios Hope charter mutually agreed for a lump sum amount of approximately $30.4 million or $29.6 million, net of expenses. Under a new charter agreement, the balance of the aggregate value of the original contract will be allocated to the period until its original expiration. The amount of $30.4 million has been recognized as deferred revenue and amortized over the life of the vessel s contract.

Accounts payable increased by $0.4 million, from $0.5 million at December 31, 2009, to $0.9 million at September 30, 2010. The increase is attributed to the increase in brokers payable by $0.4 million and the increase in insurers and other payables by $0.1 million partially mitigated by the decrease in professional and legal fees payable by $0.1 million.

Prepaid expenses and other current assets increased by $1.7 million from $0.8 million at December 31, 2009 to $2.5 million at September 30, 2010. The main reason for the increase was the $1.9 million insurance claim that is related to the Navios Apollon capture by pirates in December 2009, mitigated by the net decrease in other assets by $0.2 million.

Accrued expenses increased by $0.4 million from $1.8 million at December 31, 2009 to $2.2 million at September 30, 2010. The primary reason for this increase was (a) an increase in accrued voyage expenses by $0.4 million; and (b) an increase in accrued loan interest by $0.1 million, partially mitigated by a $0.1 million decrease in accrued legal and professional fees.

Other long term assets increased by $0.1 million for the nine month period ended September 30, 2010, from $0.2 million as at December 31, 2009. This increase was mainly due to the long term portion of the straight line adjustment in relation to the Navios Hyperion time charter revenue.

Cash used in investing activities for the nine month period ended September 30, 2010 as compared to the nine month period ended September 30, 2009:

Net cash used in investing activities was $285.8 million for the nine month period ended September 30, 2010 as compared to $34.6 million for the same period in 2009.

Cash used in investing activities of $285.8 million for the nine month period ended September 30, 2010 is related to (a) the acquisition of the Navios Hyperion from Navios Holdings on January 8, 2010, for a cash payment of $63.0 million; (b) the acquisition of the Navios Sagittarius on January 12, 2010, from Navios Holdings for a cash payment of $22.5 million; (c) an additional amount of $0.3 million being capitalized costs paid for the acquisition of the Navios Sagittarius; (d) the acquisition of the Navios Aurora II on March 18, 2010, from Navios Holdings, which included a cash payment of $90.0 million; and (e) the acquisition of the Navios Pollux on May 21, 2010, from Navios Holdings for a cash payment of $110.0 million.

Cash provided by/ (used in) financing activities for the nine month period ended September 30, 2010 as compared to the nine month period ended September 30, 2009:

Net cash provided by/ (used in) financing activities increased by $197.7 million to $187.7 million inflow for the nine month period ended September 30, 2010 as compared to $10.0 million outflow for the same period in 2009.

Cash provided by financing activities of $187.7 million for the nine month period ended September 30, 2010 was due to: (a) $147.5 million proceeds from the issuance of 4,025,000 common units in February 2010 and 5,175,000 common units on May 5, 2010, net of offering costs; (b) $3.5 million from the issuance of additional general partnership units pursuant to the offering of 4,025,000 common units in February 2010, the issuance of 1,174,219 common units to Navios Holdings in March 2010 in relation to the acquisition of the Navios Aurora II and the offering of 5,175,000 common units on May 5, 2010; (c) proceeds of $24.0 million on January 12, 2010, under the amendment dated January 11, 2010 to the Credit Facility; (d) proceeds of $30.0 million on March 31, 2010, under the amendment dated March 30, 2010 to the Credit Facility; (e) release of restricted cash of $12.5 million; and (f) proceeds of $35.0 million on June 2, 2010, under the amendment dated June 1, 2010 to the Credit Facility. This overall increase was mitigated by: (a) prepayment of $12.5 million which took place in January 2010, according to the amendment dated January 11, 2010 to the Credit Facility; (b) payment of $1.0 million financing costs relating to the amendments to the Credit Facility, described above; and (c) payment of a total cash distribution of $51.3 million.

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

	(unaudited) Three Month Period ended September 30, 2010 ($ 000)	(unaudited) Three Month Period ended September 30, 2009 ($ 000)	(unaudited) Nine Month Period ended September 30, 2010 ($ 000)	(unaudited) Nine Month Period ended September 30, 2009 ($ 000)
Net Cash from Operating Activities	$ 14,884	$ 12,635	$ 65,310	$ 69,599
Net increase/(decrease) in operating assets	(127)	(177)	2,177	633
Net (increase)/decrease in operating liabilities	12,671	2,706	3,679	(29,282)
Net interest cost	1,638	1,673	4,036	5,931
Deferred finance charges	(99)	(63)	(302)	(190)
Adjusted EBITDA	28,967	16,774	74,900	46,691
Cash interest income	243	25	512	114
Cash interest paid	(1,740)	(1,718)	(4,141)	(6,020)
Expansion capital expenditures			(285,756)	(34,600)
Equity Issuance		32,882	151,026	67,675
Borrowings to fund expansion capital expenditures			87,975	
Release of expansion capital expenditures reserve		(32,882)	62,080	(32,882)
Maintenance and replacement capital expenditures	(3,754)	(1,957)	(10,670)	(5,872)
Operating Surplus	23,716	13,124	75,926	35,106
Cash distribution paid relating to the first half			(36,251)	(18,787)
Recommended reserves accumulated as of beginning of January 1	4,459			