Navios Maritime Partners L.P.
Form 6-K
July 28, 2011

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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: July 28, 2011
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.
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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. 333-170284.

Operating and Financial Review and Prospects

The following is a discussion of the financial condition and results of operations for the three and six month periods ended June 30, 2011 and 2010 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 2010 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 April 13, 2011, Navios Partners completed its public offering of 4,000,000 common units at $19.68 per unit and raised gross proceeds of approximately $78.7 million to fund its fleet expansion. The net proceeds of this offering, including the underwriting discount and excluding offering costs of $0.2 million, were approximately $75.2 million. Pursuant to this offering, Navios Partners issued 81,633 additional general partnership units to its general partner. The net proceeds from the issuance of the general partnership units were $1.6 million. On the same date, Navios Partners completed the exercise of the overallotment option previously granted to the underwriters in connection with the offering and issued 600,000 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 $11.8 million and net proceeds, including the underwriting discount, of approximately $11.3 million and issued 12,245 additional general partnership units to its general partner. The net proceeds from the issuance of the general partnership units were $0.2 million.

On May 19, 2011, Navios Partners acquired from Navios Maritime Holdings Inc. (Navios Holdings) the Navios Orbiter, a 76,602 dwt Panamax vessel built in 2004, for a purchase price of $52.0 million, and the Navios Luz, a 179,144 dwt Capesize vessel built in 2010, for a purchase price of $78.0 million. Upon delivery of the vessels, the remaining term of their charter-out contracts were: for the Navios Orbiter 2.9 years at a net rate of $38,052 per day and for the Navios Luz 9.5 years at a net rate of $29,356 per day. The purchase price of the vessels consisted of 507,916 common units of Navios Partners issued to Navios Holdings and cash of $120.0 million. The common units were issued at $19.6883 per unit, which reflects the NYSE s volume weighted average price of the common units for the ten-business day period prior to the acquisition of the vessels. Navios Partners financed the cash portion of the purchase price with a $35.0 million drawdown under a new credit facility it entered into on May 27, 2011 (the New Credit Facility). As a result of the issuance of common units to the seller, Navios Partners issued 10,366 additional general partnership units to its General Partner. The net proceeds from the issuance of the general partnership units were $0.2 million. For accounting purposes, the transaction was valued based on the closing price of the day of the transaction. Favorable lease terms recognized through this transaction amounted to $20.9 million for the Navios Orbiter and $22.9 million for the Navios Luz and were related to the acquisition of the rights on the time charter-out contract of the vessels. The amounts of $31.1 million for the Navios Orbiter and $55.1 million for the Navios Luz were classified under vessels, net.

As of July 27, 2011, there were outstanding: 46,887,320 common units, 7,621,843 subordinated units, 1,000,000 subordinated Series A units and 1,132,843 general partnership units. Navios Holdings owns a 27.1% 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 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 credit facility as subsequently amended (the Credit Facility) to acquire its initial fleet of vessels.

On January 11, 2010, Navios Partners amended its Credit Facility and borrowed an additional amount of $24.0 million to

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finance the acquisitions of the Navios Apollon, the Navios Sagittarius and the Navios Hyperion. The amended facility agreement provided for (a) the prepayment of $12.5 million held in a pledged account, that took place on January 11, 2010 and; (b) amendments to certain financial covenants.

On March 30, 2010 and June 1, 2010, Navios Partners entered into further amendments to its Credit Facility and borrowed additional amounts of $30.0 million and $35.0 million, respectively, under new tranches to its Credit Facility to partially finance the acquisitions of the Navios Aurora II and the Navios Pollux.

On December 15, 2010, Navios Partners borrowed an additional amount of $50.0 million under a new tranche to its Credit Facility to partially finance the acquisitions of the Navios Melodia and the Navios Fulvia. This amendment provides for, among other things, a new margin from 1.65% to 1.95% depending on the loan to value ratio and a repayment schedule that began in February 2011.

On May 27, 2011, Navios Partners entered into the New Credit Facility with Commerzbank AG and DVB Bank SE, and borrowed an amount of $35.0 million to partially finance the acquisitions of the Navios Luz and the Navios Orbiter. The New Credit Facility has a maturity of seven years and is repayable in 28 quarterly installments of $0.63 million each with a final balloon payment of $17.5 million to be repaid on the last repayment date. The New Credit Facility bears interest at a rate of LIBOR plus 270 bps and also requires compliance with certain financial covenants.

As of June 30, 2011, Navios Partners was in compliance with the financial covenants of its credit facilities.

Fleet

Our fleet currently consists of eleven active Panamax vessels, six Capesize vessels and one Ultra-Handymax vessel.

In general, our 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)**	**Charter Expiration Date**	**Charter-Out Rate per day (1)**
Navios Gemini S	Panamax	1994	68,636	February 2014	$ 24,225
Navios Libra II	Panamax	1995	70,136	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	January 2014	$ 16,984(2)
Navios Fantastiks	Capesize	2005	180,265	February 2014	$ 36,290
Navios Hope	Panamax	2005	75,397	August 2013	$ 17,562
Navios Apollon(3)	Ultra-Handymax	2000	52,073		
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
Navios Fulvia	Capesize	2010	179,263	September 2015	$ 50,588
Navios Melodia (4)	Capesize	2010	179,132	September 2022	$ 29,356(5)
Navios Luz	Capesize	2010	179,144	November 2020	$ 29,356
Navios Orbiter	Panamax	2004	76,602	April 2014	$ 38,052

Long-term Chartered-in Vessels

Navios Prosperity (6)	Panamax	2007	82,535	July 2012	$ 24,000
Navios Aldebaran (7)	Panamax	2008	76,500	March 2013	$ 28,391

(1) 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 any new time charter.

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

(3) Following an engine breakdown, the vessel is currently undergoing repairs and is expected to be operational in September 2011. As a result, the original charter contract was terminated.

(4) In January 2011, Korea Line Corporation (KLC) filed for receivership. The charter was affirmed and will be performed by KLC on its original terms, provided that during an interim suspension period, the sub-charterer of the Navios Melodia will pay us directly.

(5) Profit sharing 50% above $37,500/ day based on BCI TC Average.

(6) The Navios Prosperity is chartered-in for seven years until June 2014 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 ($46.9 million based upon the exchange rate at June 30, 2011), declining each year by 145 million Yen ($1.8 million based upon the exchange rate at June 30, 2011).

(7) The Navios Aldebaran is chartered-in for seven years until March 2015 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 ($44.4 million based upon the exchange rate at June 30, 2011) declining each year by 150 million Yen ($1.9 million based upon the exchange rate at June 30, 2011).

Our Charters

We generate revenues by charging our customers for the use of our vessels to transport their dry bulk commodities. The vessels in our fleet are generally 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 long-term charters.

For the six month period ended June 30, 2011, we had 14 charter counterparties, the most significant of which were Cosco Bulk Carrier, Mitsui O.S.K. Lines Ltd, Samsun Logix, STX Panocean and Sanko Steamship Co., that accounted for approximately 20.2%, 19.8%, 11.9%, 8.7% and 7.3%, respectively, of our total revenues. For the fiscal year ended December 31, 2010, we had 12 charter counterparties, the most significant of which were Mitsui O.S.K. Lines, Ltd., Cargill International S.A., Cosco Bulk Carrier Co, Ltd., Samsun Logix, Sanko Steamship Co. Ltd. and Constellation Energy, which accounted for approximately 27.7%, 11.8%, 11.2%, 8.5%, 8.3% and 6.8%, respectively, of our total revenues. We believe that the combination of the medium to 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), a wholly- owned subsidiary of Navios Holdings (which provides for a fixed management fee until November 16, 2011), provides us with a strong base of stable cash flows.

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

the duration of the charters;

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

decisions relating to vessel acquisitions and disposals;

the amount of time spent positioning vessels;

the amount of time that vessels spend undergoing repairs and upgrades in 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 our 2010 Annual Report on Form 20-F for a discussion of certain risks inherent in our business.

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Trends and Factors Affecting Our Future Results of Operations

We believe the principal factors that will affect our future results of operations are the economic, regulatory, political and governmental conditions that affect the shipping industry generally and that affect conditions in countries and markets in which our vessels engage in business, marine accidents and other operational matters. Please read Risk Factors in our 2010 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 six month periods ended June 30, 2011 and 2010 of Navios Partners discussed below include the following entities and chartered-in vessels:

Company name	Vessel name	Country of incorporation	Statement of income 2011		Statement of income 2010	
Libra Shipping Enterprises Corporation	Navios Libra II	Marshall Is.	1/1	6/30	1/1	6/30
Alegria Shipping Corporation	Navios Alegria	Marshall Is.	1/1	6/30	1/1	6/30
Felicity Shipping Corporation	Navios Felicity	Marshall Is.	1/1	6/30	1/1	6/30
Gemini Shipping Corporation	Navios Gemini S	Marshall Is.	1/1	6/30	1/1	6/30
Galaxy Shipping Corporation	Navios Galaxy I	Marshall Is	1/1	6/30	1/1	6/30
Fantastiks Shipping Corporation	Navios Fantastiks	Marshall Is.	1/1	6/30	1/1	6/30
Aurora Shipping Enterprises Ltd.	Navios Hope	Marshall Is.	1/1	6/30	1/1	6/30
Palermo Shipping S.A.	Navios Apollon	Marshall Is.	1/1	6/30	1/1	6/30
Sagittarius Shipping Corporation (*)	Navios Sagittarius	Marshall Is.	1/1	6/30	1/1	6/30
Hyperion Enterprises Inc.	Navios Hyperion	Marshall Is.	1/1	6/30	1/8	6/30
Chilali Corp.	Navios Aurora II	Marshall Is.	1/1	6/30	3/18	6/30
Surf Maritime Co.	Navios Pollux	Marshall Is.	1/1	6/30	5/21	6/30
Pandora Marine Inc.	Navios Melodia	Marshall Is	1/1	6/30		
Customized Development S.A.	Navios Fulvia	Liberia	1/1	6/30		
Kohylia Shipmanagement S.A.	Navios Luz	Marshall Is.	5/19	6/30		
Orbiter Shipping Corp.	Navios Orbiter	Marshall Is.	5/19	6/30		
Chartered-in vessel						
Prosperity Shipping Corporation (**)	Navios Prosperity	Marshall Is.	1/1	6/30	1/1	6/30
Aldebaran Shipping Corporation (**)	Navios Aldebaran	Marshall Is.	1/1	6/30	1/1	6/30
Other						
JTC Shipping and Trading Ltd (**)	Operating Co.	Malta	1/1	6/30	3/18	6/30
Navios Maritime Partners L.P	N/A	Marshall Is.	1/1	6/30	1/1	6/30
Navios Maritime Operating LLC	N/A	Marshall Is.	1/1	6/30	1/1	6/30

(*) Sagittarius Shipping Corporation took ownership of the vessel Navios Sagittarius on January 12, 2010. Prior to this date, it was a charter-in vessel.

(**) 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 June 30, 2011 and the condensed consolidated results of operations for the three and six months ended June 30, 2011 and 2010. 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, 2010.

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FINANCIAL HIGHLIGHTS

The following table presents consolidated revenue and expense information for the three and six month periods ended June 30, 2011 and 2010.

	Three Month Period ended June 30, 2011 ($ 000) (unaudited)	Three Month Period ended June 30, 2010 ($ 000) (unaudited)	Six Month Period ended June 30, 2011 ($ 000) (unaudited)	Six Month Period ended June 30, 2010 ($ 000) (unaudited)
Time charter revenues	$ 45,675	$ 33,255	$ 88,479	$ 62,668
Time charter expenses	(3,241)	(2,903)	(6,192)	(5,822)
Direct vessel expenses	(17)	(25)	(35)	(57)
Management fees	(6,466)	(4,836)	(12,514)	(8,894)
General and administrative expenses	(1,209)	(928)	(2,392)	(2,007)
Depreciation and amortization	(15,637)	(10,019)	(29,670)	(17,709)
Write-off of intangible asset	(3,979)		(3,979)	
Interest expense and finance cost, net	(2,009)	(1,513)	(4,038)	(2,704)
Interest income	381	149	631	306
Other income	21	14	33	58
Other expense	(8)	(10)	(212)	(70)
Net income	**$ 13,511**	**$ 13,184**	**$ 30,111**	**$ 25,769**
EBITDA(1)	**$ 30,793**	**$ 24,592**	**$ 63,223**	**$ 45,933**
Adjusted EBITDA (1)	**$ 34,772**	**$ 24,592**	**$ 67,202**	**$ 45,933**
Operating Surplus(1)	**$ 28,673**	**$ 34,402**	**$ 55,191**	**$ 36,886**

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

Period over Period Comparisons

For the Three Month Period ended June 30, 2011 compared to the Three Month Period ended June 30, 2010

Time charter revenues: Time charter revenues for the three month period ended June 30, 2011 increased by $12.4 million or 37.2% to $45.7 million, as compared to $33.3 million for the same period in 2010. The increase was mainly attributable to the acquisition of the Navios Pollux on May 21, 2010, the Navios Fulvia and the Navios Melodia on November 15, 2010 and the Navios Luz and the Navios Orbiter on May 19, 2011. As a result of the vessel acquisitions, operating days of the fleet increased to 1,450 days for the three month period ended June 30, 2011, as compared to 1,142 days for the three month period ended June 30, 2010. The increase was partially offset by the decrease of $2.1 million incurred due to the engine breakdown of the Navios Apollon. The time charter equivalent (TCE) increased to $29,640 for the three month period ended June 30, 2011, from $28,986 for the three month period ended June 30, 2010.

Time charter expenses: Time charter expenses for the three month period ended June 30, 2011 increased by $0.3 million or 10.3% to $3.2 million, as compared to $2.9 million for the same period in 2010. The increase was mainly due to the increase in the brokers commission by $0.2 million and increase in other expenses by $0.1 million.

Direct vessel expenses: Direct vessel expenses, comprised of the amortization of dry dock and special survey costs, decreased by $0.01 million or 33.3% to $0.02 million for the three month period ended June 30, 2011, as compared to $0.03 million for the same period in 2010 due to the full amortization of dry dock and special survey costs for one vessel.

Management fees: Management fees for the three month period ended June 30, 2011, increased by $1.7 million or 35.4% to $6.5 million, as compared to $4.8 million for the same period in 2010. The increase was mainly attributable to the acquisitions of the Navios Pollux on May 21, 2010, the Navios Fulvia and the Navios Melodia on November 15, 2010 and the Navios Luz and the Navios Orbiter on May 19, 2011.

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 $0.3 million or 33.3% to $1.2 million for the three month period ended June 30, 2011, as compared to $0.9 million for the same period of 2010. 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 these services. For the three month periods ended June 30, 2011 and 2010, the expenses charged by the Manager for administrative fees were $0.8 million and $0.7 million, respectively. The balance of $0.4 million and $0.2 million of general and administrative expenses for each of the three month periods ended June 30, 2011 and 2010, relate to legal and professional fees, as well as audit fees and directors fees.

Depreciation and amortization: Depreciation and amortization amounted to $15.6 million for the three month period ended June 30, 2011 compared to $10.0 million for the three month period ended June 30, 2010. The increase of $5.6 million was attributable to: (a) an increase in depreciation expense of $2.0 million due to the acquisitions of the Navios Pollux on May 21, 2010, the acquisitions of the Navios Fulvia and the Navios Melodia on November 15, 2010 and the acquisitions of the Navios Orbiter and the Navios Luz on May 19, 2011; and (b) an increase in amortization expense of $3.6 million due to the favorable and unfavorable lease terms that were recognized in relation to the acquisition of the rights on the time charter-out contracts of the vessels.

Write-off of intangible asset: In connection with Navios Apollon off hire due to the engine breakdown, the charter-out contract was terminated. The net book value of the favorable lease term that was recognized in relation to the acquisition of the rights of the time charter-out contract of the vessel amounting $4.0 million was written off in the statement of income.

Interest expense and finance cost, net: Interest expense and finance cost, net for the three month period ended June 30, 2011 increased by $0.5 million or 33.3% to $2.0 million, as compared to $1.5 million in the same period of 2010. The increase was due to: (a) the increase in average outstanding loan balance to $327.0 million in the three months ended June 30, 2011 from $247.7 million in the three months ended June 30, 2010; and (b) the higher weighted average interest rate of 2.27% for the three month period ended June 30, 2011, compared to 2.25% for the same period in 2010. As of June 30, 2011 and 2010, the outstanding loan balance under Navios Partners credit facilities was $341.9 million and $271.5 million, respectively.

Interest income: Interest income increased by $0.2 million to $0.3 million for the three month period ended June 30, 2011, as compared to $0.1 million for the same period of 2010.

Other income and expenses, net: Other income and expenses, net increased by $0.01 million for the three month period ended June 30, 2011, as compared to the same period of 2010.

Net income: Net income for the three months ended June 30, 2011 amounted to $13.5 million compared to $13.2 million for the three months ended June 30, 2010. The increase in net income of $0.3 million was due to the factors discussed above.

Operating surplus: Navios Partners generated operating surplus for the three month period ended June 30, 2011 of $28.7 million, compared to $20.0 million for the three month period ended June 30, 2010. 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 EBITDA to Net Cash from Operating Activities, Operating Surplus and Available Cash for Distribution contained herein).

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

For the Six Month Period ended June 30, 2011 compared to the Six Month Period ended June 30, 2010

Time charter revenues: Time charter revenues for the six month period ended June 30, 2011 increased by $25.8 million or 41.1% to $88.5 million, as compared to $62.7 million for the same period in 2010. The increase was mainly attributable to the acquisition of the Navios Hyperion on January 8, 2010, the Navios Sagittarius on January 12, 2010, the Navios Aurora II on March 18, 2010, the Navios Pollux on May 21, 2010, the Navios Fulvia and the Navios Melodia on November 15, 2010 and the Navios Luz and the Navios Orbiter on May 19, 2011. As a result of the vessel acquisitions, operating days of the fleet increased to 2,814 days for the six month period ended June 30, 2011, as compared to 2,218 days for the six month period ended June 30, 2010. The increase was partially offset by the decrease of $3.0 million incurred due to the engine breakdown of the Navios Apollon.

The time charter equivalent (TCE) decreased to $30,013 for the six month period ended June 30, 2011, from $28,130 for the six month period ended June 30, 2010.

Time charter expenses: Time charter expenses for the six month period ended June 30, 2011 increased by $0.4 million or 6.9% to $6.2 million, as compared to $5.8 million for the same period in 2010. The increase was mainly due to the increase in brokers commission by $0.5 million offset by a decrease in charter hire expense of $0.1 million.

Direct vessel expenses: Direct vessel expenses, comprised of the amortization of dry dock and special survey costs, decreased by $0.02 million or 33.3% to $0.04 million for the six month period ended June 30, 2011, as compared to $0.06 million for the same period in 2010 due to the full amortization of dry dock and special survey costs for certain vessels.

Management fees: Management fees for the six month period ended June 30, 2011, increased by $3.6 million or 40.4% to $12.5 million, as compared to $8.9 million for the same period in 2010. The increase was mainly attributable to the acquisitions of the Navios Hyperion on January 8, 2010, the Navios Sagittarius on January 12, 2010, the Navios Aurora II on March 18, 2010, the Navios Pollux on May 21, 2010, the Navios Fulvia and the Navios Melodia on November 15, 2010 and the Navios Luz and the Navios Orbiter on May 19, 2011.

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 $0.4 million or 20.0% to $2.4 million for the six month period ended June 30, 2011, as compared to $2.0 million for the same period of 2010. 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 these services. For the six month periods ended June 30, 2011 and 2010, the expenses charged by the Manager for administrative fees were $1.6 million and $1.3 million, respectively. The balance of $0.8 million and $0.7 million of general and administrative expenses for each of the six month periods ended June 30, 2011 and 2010, relate to legal and professional fees, as well as audit fees and directors fees.

Depreciation and amortization: Depreciation and amortization amounted to $29.7 million for the six month period ended June 30, 2011 compared to $17.7 million for the six month period ended June 30, 2010. The increase of $12.0 million was attributable to: (a) an increase in depreciation expense of $4.3 million due to the acquisitions of the Navios Sagittarius and the Navios Hyperion in January 2010, the acquisition of the Navios Aurora II on March 18, 2010, the acquisition of the Navios Pollux on May 21, 2010, the acquisitions of the Navios Fulvia and the Navios Melodia on November 15, 2010 and the acquisitions of the Navios Luz and the Navios Orbiter on May 19, 2011; and (b) an increase in amortization expense of $7.7 million due to the favorable and unfavorable lease terms that were recognized in relation to the acquisition of the rights on the time charter-out contracts of the vessels.

Write-off of intangible asset: In connection with Navios Apollon off hire due to the engine breakdown, the charter-out contract was terminated. The net book value of the favorable lease term that was recognized in relation to the acquisition of the rights of the time charter-out contract of the vessel amounting to $4.0 million was written off in the statement of income.

Interest expense and finance cost, net: Interest expense and finance cost, net for the six month period ended June 30, 2011 increased by $1.3 million or 48.1% to $4.0 million, as compared to $2.7 million in the same period of 2010. The increase was due to: (a) the increase in average outstanding loan balance to $322.6 million in the six months ended June 30, 2011 from $226.7 million in the six months ended June 30, 2010; and (b) the higher weighted average interest rate of 2.33% for the six month period ended June 30, 2011, compared to 2.19% for the same period in 2010. As of June 30, 2011 and 2010, the outstanding loan balance under Navios Partners credit facilities was $341.9 million and $271.5 million, respectively.

Interest income: Interest income increased by $0.3 million to $0.6 million for the six month period ended June 30, 2011, as compared to $0.3 million for the same period of 2010.

Other income and expenses, net: Other income and expenses, net increased by $0.2 million for the six month period ended June 30, 2011, as compared to the respective period of 2010.

Net income: Net income for the six months ended June 30, 2011 amounted to $30.1 million compared to $25.8 million for the six month period ended June 30, 2010. The increase in net income of $4.3 million was due to the factors discussed above.

Operating surplus: Navios Partners generated operating surplus for the six month period ended June 30, 2011 of $55.2 million, compared to $36.9 million for the six month period ended June 30, 2010. 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 EBITDA to Net Cash from Operating Activities, Operating Surplus and Available Cash for Distribution contained herein).

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

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Liquidity and Capital Resources

Credit Facilities

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.

On January 11, 2010, Navios Partners 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 provided for: (a) the prepayment of $12.5 million held in a pledged account, which took place on January 11, 2010; and (b) amendments to certain financial covenants.

On March 30, 2010 and June 1, 2010, Navios Partners entered into further amendments to its Credit Facility and borrowed additional amounts of $30.0 million and $35.0 million, respectively, under new tranches to its Credit Facility to partially finance the acquisitions of the Navios Aurora II and the Navios Pollux, respectively.

On December 15, 2010, Navios Partners borrowed an additional amount of $50.0 million under a new tranche to its Credit Facility to partially finance the acquisitions of the Navios Melodia and the Navios Fulvia. The amendment provides for, among other things, a new margin from 1.65% to 1.95% depending on the loan to value ratio and a repayment schedule that began in February 2011.

The first and the second installment of $7.3 million each, under the Credit Facility were repaid on February 18, 2011 and on May 16, 2011, respectively.

On May 27, 2011, Navios Partners entered into the New Credit Facility with Commerzbank AG and DVB Bank SE, and borrowed an amount of $35.0 million to partially finance the acquisitions of the Navios Luz and the Navios Orbiter. The New Credit Facility has a maturity of seven years and is repayable in 28 quarterly installments of $0.63 million each with a final balloon payment of $17.5 million to be repaid on the last repayment date. The New Credit Facility bears interest at a rate of LIBOR plus 270 bps and also requires compliance with certain financial covenants.

As of June 30, 2011, the total borrowings under the credit facilities were $341.9 million. As of June 30, 2011, Navios Partners was in compliance with the financial covenants of its credit facilities.

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 six month period ended June 30, 2011 and 2010.

	Six Month Period Ended June 30, 2011 ($ 000) (Unaudited)	Six Month Period Ended June 30, 2010 ($ 000) (Unaudited)
Net cash provided by operating activities	$ 61,870	$ 50,426
Net cash used in investing activities	(120,000)	(285,757)
Net cash provided by financing activities	59,844	205,913
Increase/(decrease) in cash and cash equivalents	$ 1,714	$ (29,418)

Cash provided by operating activities for the six month period ended June 30, 2011 as compared to the six month period ended June 30, 2010:

Net cash provided by operating activities increased by $11.5 million to $61.9 million for the six month period ended June 30, 2011, as compared to $50.4 million for the same period in 2010.

Net income increased by $4.3 million to $30.1 million for the six month period ended June 30, 2011, from $25.8 million in the six month period ended June 30, 2010. In determining net cash provided by operating activities for the six month period ended June 30, 2011, net income was adjusted for the effects of certain non-cash items, including depreciation and amortization of $29.7 million, $4.0 million write-off of intangible asset, $0.3 million amortization of deferred financing cost and $0.04 million amortization of deferred dry dock costs. For the period ended June 30, 2010, net income was also adjusted for the effects of certain non-cash items, including depreciation and amortization of $17.7 million, $0.2 million amortization and write-off of deferred financing cost, $0.06 million amortization of deferred dry dock costs.

Amounts due to related parties increased by $3.7 million, from $2.6 million at December 31, 2010, to $6.3 million at June 30,

2011. The increase was mainly attributable to an increase in accrued management fees and accrued administrative expenses by $3.9 million which was partially offset by a decrease in other expenses by $0.2 million.

Accounts receivable increased by $3.0 million, from $0.9 million at December 31, 2010, to $3.9 million at June 30, 2011 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 $4.3 million from $21.6 million at December 31, 2010 to $17.3 million at June 30, 2011. Out of the $17.3 million at June 30, 2011, the amount of $6.8 million and $7.6 million represents the short and long term portion, respectively, of unamortized deferred revenue received from the counterparty to the Navios Hope.

Accounts payable increased by $0.6 million, from $1.1 million at December 31, 2010, to $1.7 million at June 30, 2011. The increase was attributed to the increase in accounts payable by $0.4 million and the increase in brokers commissions payable by $0.4 million, partially offset by the decrease in professional and legal fees payable by $0.2 million.

Prepaid expenses and other current assets decreased by $0.3 million, from $2.6 million at December 31, 2010, to $2.3 million at June 30, 2011.

Accrued expenses increased by $0.5 million from $1.9 million at December 31, 2010 to $2.4 million at June 30, 2011. The primary reasons for the increase were: (a) an increase in accrued voyage expenses by $0.4 million; and (b) an increase in accrued loan interest by $0.1 million.

Other long term assets were $0.2 million as of June 30, 2011 and December 31, 2010.

Cash used in investing activities for the six month period ended June 30, 2011 as compared to the six month period ended June 30, 2010:

Net cash used in investing activities was $120.0 million for the six month period ended June 30, 2011 as compared to $285.8 million for the same period in 2010.

On May 19, 2011, Navios Partners acquired from Navios Holdings the Navios Luz, for a purchase price of $78.0 million, and the Navios Orbiter, for a purchase price of $52.0 million. The purchase price for the two vessels consisted of the issuance of 507,916 common units to Navios Holdings and cash of $120.0 million. Favorable lease terms recognized through this transaction amounted to $22.9 million for the Navios Luz and $20.9 million for the Navios Orbiter and were related to the acquisition of the rights on the time charter-out contracts of the vessels. The amounts of $55.1 million for the Navios Luz and the amount of $31.1 million for the Navios Orbiter were classified under vessels, net.

Cash provided by financing activities for the six month period ended June 30, 2011 as compared to the six month period ended June 30, 2010:

Net cash provided by financing activities decreased by $146.1 million to $59.8 million for the six month period ended June 30, 2011, as compared to $205.9 million for the same period in 2010.

Cash provided by financing activities of $59.8 million for the six month period ended June 30, 2011 was due to: (a) $86.3 million proceeds from the issuance of 4,600,000 common units in April 2011, net of offering costs; (b) $2.0 million from the issuance of additional general partnership units; and (c) proceeds of $35.0 million on May 27, 2011, under the New Credit Facility. This overall increase was partially offset by: (a) loan repayments of $14.6 million; (b) payment of $0.4 million financing costs relating to the New Credit Facility of $35.0 million; (c) payment of a total cash distribution of $45.8 million and (d) increase of $2.6 million in restricted cash related to the amounts held in retention account in order to service debt payments as required by Navios Partners credit facilities.

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

	Three Month Period ended June 30, 2011 ($ 000) (unaudited)	Three Month Period ended June 30, 2010 ($ 000) (unaudited)	Six Month Period ended June 30, 2011 ($ 000) (unaudited)	Six Month Period ended June 30, 2010 ($ 000) (unaudited)
Net Cash from Operating Activities	$ 30,597	$ 26,643	$ 61,870	$ 50,426
Net increase in operating assets	955	314	2,671	2,304
Net decrease/(increase) in operating liabilities	1,722	(3,628)	(492)	(8,992)
Net interest cost	1,628	1,364	3,407	2,398
Write-off of intangible asset	(3,979)		(3,979)	
Deferred finance charges	(130)	(101)	(254)	(203)
EBITDA	**$ 30,793**	**$ 24,592**	**$ 63,223**	**$ 45,933**
Write-off of intangible asset	3,979		3,979	
Adjusted EBITDA	**$ 34,772**	**$ 24,592**	**$ 67,202**	**$ 45,933**
Cash interest income	353	113	593	270
Cash interest paid	(1,883)	(1,131)	(3,692)	(2,401)
Maintenance and replacement capital expenditures	(4,569)	(3,617)	(8,912)	(6,916)
Operating Surplus(1)	**$ 28,673**	**$ 19,957**	**$ 55,191**	**$ 36,886**
Cash distribution paid relating to the first quarter			(23,939)	(18,001)
Cash reserves	(3,844)	(1,707)	(6,423)	(635)
Available cash for distribution	**$ 24,829**	**$ 18,250**	**$ 24,829**	**$ 18,250**

EBITDA represents net income plus interest and finance costs plus depreciation and amortization and income taxes. EBITDA is included because it is used by certain investors to measure a company s financial performance. EBITDA is a non-GAAP financial measure and should not be considered a substitute for net income, cash flow from operating activities and other operations or cash flow statement data prepared in accordance with accounting principles generally accepted in the United States or as a measure of profitability or liquidity.

Navios Partners believes EBITDA provides additional information with respect to Navios Partners ability to satisfy its obligations including debt service, capital expenditures, working capital requirements and determination of cash distribution. While EBITDA is frequently used as a measure of operating results and the ability to meet debt service requirements, the definition of EBITDA used here may not be comparable to that used by other companies due to differences in methods of calculation.

Adjusted EBITDA

Adjusted EBITDA represents EBITDA plus the non-cash charge for the write-off of the intangible asset associated with the Navios Apollon charter-out contract.

Navios Partners believes that Adjusted EBITDA is useful in evaluating Navios Partners performance and liquidity position because the calculation of Adjusted EBITDA generally eliminates the accounting effect of one-off items.

Adjusted EBITDA increased by $10.2 million to $34.8 million for the three month period ended June 30, 2011, as compared to $24.6 million for the same period of 2010. The increase in Adjusted EBITDA was due to a $12.4 million increase in revenue following the acquisitions of the Navios Pollux in May 2010, the Navios Melodia and the Navios Fulvia in November 2010 and the Navios Luz and the Navios Orbiter in May 2011. The above increase was partially offset by a $1.7 million increase in management fees, a $0.3 million increase in time charter expenses and a $0.3 million increase in administrative and other expenses as a result of the increased number of vessels in Navios Partners fleet.

Adjusted EBITDA increased by $21.3 million to $67.2 million for the six month period ended June 30, 2011, as compared to $45.9 million for the same period of 2010. The increase in Adjusted EBITDA was due to a $25.8 million increase in revenue following the acquisitions of the Navios Hyperion and the Navios Sagittarius in January 2010, the Navios Aurora II in March 2010, the Navios Pollux in May 2010, the Navios Melodia and Navios Fulvia in November 2010 and the Navios Luz and the Navios Orbiter in May 2011. The above increase was partially offset by a $3.6 million increase in management fees, a $0.4 million increase in time charter expenses and a $0.4 million increase in administrative and other expenses as a result of the increased number of vessels in Navios Partners fleet.

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Operating Surplus

Operating Surplus represents net income adjusted for depreciation and amortization expense, non-cash interest expense and estimated maintenance and replacement capital expenditures. Maintenance and replacement capital expenditures are those capital expenditures required to maintain over the long term the operating capacity of, or the revenue generated by, Navios Partners capital assets and are subject to periodic revenue and change by the board of directors of Navios Partners at least once a year , provided that any change must be approved by the conflicts committee of our board of directors.

Operating Surplus is a quantitative measure used in the publicly traded partnership investment community to assist in evaluating a partnership s ability to make quarterly cash distributions. Operating Surplus is not required by US GAAP and should not be considered as an alternative to net income or any other indicator of Navios Partners performance required by US GAAP.

Available Cash for Distribution

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

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

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

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

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

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